



MUTHOOT MICROFIN LIMITED

Our Company was incorporated as "Panchratna Stock and Investment Consultancy Services Private Limited" on April 06, 1992 at Mumbai, Maharashtra, India as a private limited company under the Companies Act, 1956. Our Company was converted into a public limited company pursuant to a special resolution passed by our Shareholders at the EGM held on April 30, 1994 and the name of our Company was changed to "Panchratna Stock and Investment Consultancy Services Limited". A certificate of change of name, consequent upon conversion to a public limited company was issued by the Registrar of Companies, Maharashtra at Mumbai ("RoC") on June 09, 1994. The name of our Company was changed to "Panchratna Securities Limited" pursuant to a resolution passed by the Shareholders of our Company at the EGM held on June 11, 1994. A fresh certificate of incorporation, consequent upon change of name was granted to our Company by the RoC on June 22, 1994. The Reserve Bank of India ("RBI") granted a certificate of registration dated March 18, 1998 bearing no. 13.00365 to our Company for registration as an NBFC under Section 45 IA of the Reserve Bank of India Act, 1934. Subsequently, the name of our Company was changed to "Muthoot Microfin Limited" pursuant to a resolution passed by the Shareholders of our Company at the EGM held on October 29, 2012. A fresh certificate of incorporation, consequent upon change of name was granted to our Company by the RoC on November 06, 2012. Subsequently, our Company was granted NBFC-Microfinance Institution ("NBFC-MFI") status by the RBI with effect from March 25, 2015. For further details, see "History and Certain Corporate Matters" on page 141.

Registered Office: 13th Floor, Parinee Crescendo, Bandra Kurla Complex, Bandra East, Mumbai 400 051, Maharashtra, India.

Telephone: (+91) 22 6272 8544; **Facsimile:** (+91) 48 4430 0127

Administrative Office: 5th Floor, Muthoot Towers, M.G. Road, Kochi 682 035, Kerala, India.

Telephone: (+91) 48 4427 7500; **Facsimile:** (+91) 48 4430 0127

Contact Person: Neethu Ajay, Company Secretary and Compliance Officer; **Email:** info@muthootmicrofin.com; **Website:** www.muthootmicrofin.com

Corporate Identity Number: U65190MH1992PLC066228

OUR PROMOTERS: THOMAS JOHN MUTHOOT, THOMAS MUTHOOT, THOMAS GEORGE MUTHOOT, PREETHI JOHN, REMMY THOMAS, NINA GEORGE AND MUTHOOT FINCORP LIMITED

INITIAL PUBLIC OFFER OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF MUTHOOT MICROFIN LIMITED ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE), AGGREGATING UP TO ₹ [●] MILLION ("OFFER") COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES, AGGREGATING UP TO ₹ 5,000 MILLION BY OUR COMPANY ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 16,310,072 EQUITY SHARES, AGGREGATING UP TO [●] MILLION ("OFFER FOR SALE"), COMPRISING (1) UP TO 4,060,429 EQUITY SHARES BY THOMAS JOHN MUTHOOT, AGGREGATING UP TO [●] MILLION, (2) UP TO 4,078,996 EQUITY SHARES BY THOMAS MUTHOOT, AGGREGATING UP TO [●] MILLION, (3) UP TO 4,059,019 EQUITY SHARES BY THOMAS GEORGE MUTHOOT, AGGREGATING UP TO [●] MILLION, (4) UP TO 121,180 EQUITY SHARES BY PREETHI JOHN, AGGREGATING UP TO [●] MILLION, (5) UP TO 101,460 EQUITY SHARES BY REMMY THOMAS, AGGREGATING UP TO [●] MILLION, (6) UP TO 122,870 EQUITY SHARES BY NINA GEORGE, AGGREGATING UP TO [●] MILLION, (7) UP TO 1,908,006 EQUITY SHARES BY MUTHOOT FINCORP LIMITED ("MFL"), AGGREGATING UP TO [●] MILLION AND (8) UP TO 1,858,112 EQUITY SHARES BY CREATION INVESTMENTS INDIA LLC, AGGREGATING UP TO [●] MILLION AND (TOGETHER, THE "SELLING SHAREHOLDERS" AND SUCH OFFERED SHARES, THE "OFFERED SHARES"). THE OFFER SHALL CONSTITUTE [●] % OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL. THE FACE VALUE OF EQUITY SHARES IS ₹ 10 EACH AND THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND, DISCOUNT, IF ANY, AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDERS, IN CONSULTATION WITH THE MANAGERS AND WILL BE ADVERTISED IN [●] EDITIONS OF [●], [●] EDITIONS OF [●] AND [●] EDITIONS OF [●] (WHICH ARE WIDELY CIRCULATED ENGLISH, HINDI AND MARATHI DAILY NEWSPAPERS RESPECTIVELY, MARATHI BEING THE REGIONAL LANGUAGE OF MAHARASHTRA, WHERE OUR REGISTERED OFFICE IS LOCATED) AT LEAST FIVE WORKING DAYS PRIOR TO THE BID/ OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE"), AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES.

In case of any revision in the Price Band, the Bid/ Offer Period will be extended by at least three additional Working Days after such revision in the Price Band, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the website of the Managers and at the terminals of the other members of the Syndicate.

The Offer is being made in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR"). The Offer is being made through the Book Building Process, in compliance with Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI ICDR Regulations"), wherein not more than 50% of the Offer shall be allocated on a proportionate basis to QIBs ("QIB Portion"), provided that our Company and the Selling Shareholders, in consultation with the Managers, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis ("Anchor Investor Portion"), at the Anchor Investor Allocation Price. At least one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All Bidders, other than Anchor Investors, shall mandatorily participate in this Offer through the Application Supported by Blocked Amount ("ASBA") process by providing details of their respective bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs"). Anchor Investors are not permitted to participate in the Offer through ASBA Process. For details, see "Offer Procedure" on page 296.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public offer of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 10 and the Floor Price is [●] times the face value and the Cap Price is [●] times the face value. The Offer Price (determined and justified by our Company and the Selling Shareholders, in consultation with the Managers, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under "Basis for Offer Price" on page 86) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "Risk Factors" on page 15.

ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, each of the Selling Shareholders, severally and not jointly, accept responsibility only for, and confirms, only the statements specifically made or confirmed by such Selling Shareholder in this Draft Red Herring Prospectus to the extent of information specifically pertaining to itself and its respective portion of Offered Shares, are true and correct in all material aspects and are not misleading in any material respect.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on BSE and NSE. Our Company has received an 'in-principle' approval from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of the Offer, the Designated Stock Exchange shall be [●]. A signed copy of the Red Herring Prospectus and the Prospectus shall be delivered for registration to the RoC in accordance with Section 26(4) of the Companies Act 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/ Offer Closing Date, see "Material Contracts and Documents for Inspection" on page 377.

GLOBAL CO-ORDINATORS AND BOOK RUNNING LEAD MANAGERS

Edelweiss Financial Services Limited 14th Floor, Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai 400 098, Maharashtra, India Telephone: (+91) 22 4009 4400; Facsimile: (+91) 22 4086 3610 Email: mml ipo@edelweissfin.com Investor grievance email: customerservice.mb@edelweissfin.com Website: www.edelweissfin.com Contact person: Nishita John/Pradeep Tewari SEBI Registration No.: INM0000010650	Motilal Oswal Investment Advisors Limited Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai 400 025, Maharashtra, India Telephone: (+91) 22 3846 4380; Facsimile: (+91) 22 3846 4315 Email: muthootmfin ipo@motilaloswal.com Investor grievance email: moiaipredressal@motilaloswal.com Website: www.motilaloswalgroup.com Contact person: Kristina Dias/ Subodh Mallya SEBI Registration No.: INM000011005	Credit Suisse Securities (India) Private Limited Ceejay House, 9th Floor; Plot F, Shivsagar Estate Dr. Annie Besant Road, Worli, Mumbai 400 018; Maharashtra, India Telephone: (+91) 22 6777 3885; Facsimile: (+91) 22 6777 3820 Email: list.muthootmicrofinanceipo@credit-suisse.com Investor grievance email: list.igcellmer-bnkg@credit-suisse.com Website: www.credit-suisse.com Contact person: Abhay Agarwal SEBI Registration No.: INM000011161

BOOK RUNNING LEAD MANAGER

SMC Capitals Limited A-401/402, Lotus Corporate Park, Jai Coach Junction, Off WE Highway, Goregaon (East), Mumbai 400063, Maharashtra, India Telephone: (+91) 22 6648 1818; Facsimile: (+91) 22 6734 1697; Email: mml_ipo @smccapitals.com Investor grievance id: investor.grievance@smccapitals.com; Website: www.smccapitals.com Contact person: Satish Mangutkar/ Bhavin Shah; SEBI Registration No.: INM000011427

REGISTRAR TO THE OFFER

Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Financial District, Nanakramguda Gachibowli, Hyderabad 500 032, Telangana, India Telephone: (+91) 40 6716 2222; Facsimile: (+91) 40 2300 1153; Email: einward.ris@karvy.com Investor grievance email: muthoot ipo@karvy.com; Website: www.karisma.karvy.com Contact person: M Murali Krishna; SEBI Registration No.: INR000000221

BID/ OFFER PROGRAMME

BID/ OFFER OPENS ON	[●] ⁽¹⁾	BID/ OFFER CLOSES ON	[●] ⁽²⁾

- (1) Our Company and the Selling Shareholders may, in consultation with the Managers, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/ Offer Opening Date.
- (2) Our Company and the Selling Shareholders may, in consultation with the Managers, consider closing the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations.

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act or regulation, rules, guidelines and policies as amended from time to time. In case of any inconsistency between the definitions given below and the definitions contained in the General Information Document, the definitions given below shall prevail.

The words and expressions used but not defined herein shall have the meaning as is assigned to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder, unless the context otherwise indicates or implies.

General Terms

Term	Description
“our Company”, “the Company”, or “the Issuer”	Muthoot Microfin Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered office at 13 th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai 400 051, Maharashtra, India.
“we”, “us” or “our”	Unless the context otherwise indicates or implies, refers to our Company

Company and Selling Shareholder Related Terms

Term	Description
ALM Committee	The asset liability management committee of our Company
Articles of Association/ AoA	Articles of association of our Company, as amended
Audit Committee	The audit committee of our Board as described in “Our Management” on page 154
Board/ Board of Directors	Board of directors of our Company, including a duly constituted committee thereof
CCPS	Compulsorily convertible preference shares of our Company of face value ₹ 10 each
CEO	The chief executive officer of our Company, namely, Sadaf Sayeed
CFO	The chief financial officer of our Company, namely, Praveen T
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company, namely, Neethu Ajay
Administrative Office	5 th Floor, Muthoot Towers, M.G Road, Kochi 682 035, Kerala, India
CSR Committee	The corporate social responsibility committee of our Board as described in “Our Management” on page 157
Director(s)	Director(s) of our Company
Equity Shares	Equity Shares of our Company of face value of ₹ 10 each
ESOP Plan	Muthoot Microfin Employee Stock Option Plan 2016
ESOP Trust	MML Employee Welfare Trust
Group Companies	Such companies as covered under the applicable accounting standards and also other companies as considered material by our Board pursuant to a policy on materiality of group companies approved by our Board on June 27, 2018 and as disclosed in “Our Group Company” on page 169
Independent Directors	Independent directors on our Board, and eligible to be appointed as independent directors under the provisions of the Companies Act and the SEBI Listing Regulations. For details of the Independent Directors, see “Our Management” on page 146
IPO Committee	The IPO Committee of our Board as disclosed in “Our Management” on page 157
Key Management Personnel or KMP	Key management personnel of our Company in terms of Regulation 2(1)(s) of the SEBI ICDR Regulations and as disclosed in “Our Management” on page 160
MD or Managing Director	The managing director of our Company, namely, Thomas Muthoot
MFL	Muthoot Fincorp Limited, one of our Promoters
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board as described in “Our Management” on page 156
Memorandum of Association/ MoA	Memorandum of association of our Company, as amended
Promoter(s)	The promoters of our Company namely, Thomas John Muthoot, Thomas Muthoot, Thomas George Muthoot, Preethi John, Remmy Thomas, Nina George and MFL
Promoter Group	The entities constituting the promoter group of our Company in terms of Regulation 2(1)(zb) of the SEBI ICDR Regulations. For details, see “Our Promoter and Promoter Group” on page 166
Registered Office	13 th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai 400 051, Maharashtra, India
Registrar Agreement	The agreement dated July 27, 2018, entered into amongst our Company, the Selling Shareholders and the Registrar to the Offer, in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer

Term	Description
Registrar of Companies/ RoC	Registrar of Companies, Maharashtra situated at Mumbai
Restated Financial Statements	The restated financial information of our Company which comprises the restated summary statement of assets and liabilities, the restated summary statement of profits and losses and the restated summary statement of cash flows as at and for the Financial Years ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014, together with the annexures thereto
Selling Shareholders	Thomas John Muthoot, Thomas Muthoot, Thomas George Muthoot, Preethi John, Remmy Thomas, Nina George, MFL and Creation Investments India LLC
Shareholders	Equity shareholders of our Company from time to time
Stakeholders' Relationship Committee	The stakeholders' relationship committee of our Board as described in "Our Management" on page 155
Statutory Auditors	Statutory auditors of our Company, namely, Walker Chandiok & Co. LLP., Chartered Accountants

Offer Related Terms

Term	Description
Acknowledgement Slip	The slip or document issued by the Designated Intermediary(ies) to a Bidder as proof of registration of the Bid/ Bid cum Application Form
Allot/ Allotment/ Allotted	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Fresh Issue and transfer of the Offered Shares by the Selling Shareholders pursuant to the Offer for Sale to the successful Bidders
Allotment Advice	Note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion, who has Bid for an amount of at least ₹ 100 million, in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be decided by our Company and the Selling Shareholders, in consultation with the Managers on the Anchor Investor Bidding Date
Anchor Investor Bidding Date	The day, one Working Day prior to the Bid/ Offer Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed
Anchor Investor Form	The form used by an Anchor Investor to Bid in the Anchor Investor Portion in accordance with the requirements specified under the SEBI ICDR Regulations and the Red Herring Prospectus
Anchor Investor Offer Price	Final price at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price The Anchor Investor Offer Price will be decided by our Company and the Selling Shareholders, in consultation with the Managers
Anchor Investor Pay-in Date	In case of the Anchor Investor Offer Price being higher than the Anchor Investor Allocation Price, the date as mentioned in the CAN but not later than two Working Days after the Bid/ Offer Closing Date
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company and the Selling Shareholders, in consultation with the Managers, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price
Application Supported by Blocked Amount or ASBA	An application, whether physical or electronic, used by Bidders, other than Anchor Investors, to make a Bid authorising an SCSB to block the Bid Amount in the ASBA Account
ASBA Account	An account maintained with the SCSB and specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the Bid cum Application Form
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidder(s)	Bidders (other than Anchor Investors) in the Offer who intend to submit their Bid through the ASBA process
ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders to make Bids which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Banker(s) to the Offer	Collectively, the Escrow Collection Bank(s), the Public Offer Account Bank(s) and the Refund Bank(s)
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer and which is described in "Offer Procedure" on page 325
Bid	An indication to make an offer during the Bid/ Offer Period by a Bidder (other than Anchor Investor), or on the Anchor Investor Bidding Date by an Anchor Investor pursuant to submission of the Bid cum Application Form to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations in accordance with the Red Herring Prospectus and Bid cum Application Form The term "Bidding" shall be construed accordingly
Bid/ Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated

Term	Description
	Intermediaries will not accept any Bids for the Offer, which shall be notified in [●] editions of the English national daily newspaper [●], [●] editions of the Hindi national daily newspaper [●], and [●] editions of the Marathi daily newspaper [●], which are widely circulated English, Hindi and Marathi daily newspapers respectively, Marathi being the regional language of Maharashtra, where our Registered Office is located. Our Company and the Selling Shareholders may, in consultation with the Managers, consider closing the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI Regulations which shall also be notified by advertisement in the same newspapers where the Bid/ Offer Opening Date was published, in accordance with the SEBI ICDR Regulations
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an ASBA Bidder and Anchor Investor
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the Bidder as the case may be, upon submission of the Bid
Bid cum Application Form	The Anchor Investor Form or the ASBA Form, as the context may require
Bid Lot	[●] Equity Shares
Bid/ Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids for the Offer, which shall be notified in [●] editions of the English national daily newspaper [●], [●] editions of the Hindi national daily newspaper [●], and [●] editions of the Marathi daily newspaper [●], which are widely circulated English, Hindi and Marathi daily newspapers respectively, Marathi being the regional language of Maharashtra, where our Registered Office is located, and in case of any revision, the revised Bid/ Offer Opening Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations
Bid/ Offer Period	Except in relation to Anchor Investors, the period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date, inclusive of both days, during which Bidders can submit their Bids, including any revisions thereof
Bidding Centres	Centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e. Designated Branches for SCSBs, Specified Locations for the Syndicate, Brokers Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	Book building process, as provided in Schedule XI of the SEBI ICDR Regulations, in terms of which the Offer is being made
Book Running Lead Manager or BRLM	The book running lead manager to the Offer namely, SMC Capitals Limited
Broker Centres	Broker centres of the Registered Brokers where Bidders can submit the Bid cum Application Forms to Registered Brokers
	The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
CAN/ Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bidding Date
Cap Price	The higher end of the Price Band, above which the Offer Price and Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted (including any revisions thereof)
Client ID	Client identification number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996 and registered with SEBI, who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/ CFD/ POLICYCELL/ 11/ 2015 dated November 10, 2015 issued by SEBI
Credit Suisse	Credit Suisse Securities (India) Private Limited
Cut-Off Price	Offer Price, which shall be any price within the Price Band finalised by our Company and the Selling Shareholders in consultation with the Managers
	Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
Demographic Details	The demographic details of the Bidders such as their respective addresses, occupation, PAN, name of the Bidder's father/ husband, investor status, MICR Code and bank account details
Designated Branches	Such branches of the SCSBs which shall collect the Bid cum Application Forms used by the ASBA Bidders, a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 , updated from time to time, or at such other website as may be prescribed by SEBI from time to time
Designated CDP Locations	Such locations of the CDPs where ASBA Bidders can submit the ASBA Forms, a list of which, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the websites of the respective Stock Exchanges (www.bseindia.com and www.nseindia.com/)
Designated Date	The date on which the Escrow Collection Banks transfer funds from the Escrow Accounts, and the SCSBs transfer funds from the ASBA Accounts, to the Public Offer Account or the Refund Account, as appropriate, in terms of the Red Herring Prospectus
Designated Intermediaries	Collectively, the members of the Syndicate, Sub-Syndicate/ agents, SCSBs, Registered Brokers, the CDPs and RTAs, who are authorised to collect Bid cum Application Forms from the Bidders, in relation to the Offer

Term	Description
Designated RTA Locations	Such centres of the RTAs where Bidders can submit the Bid cum Application Forms. The details of such Designated RTA locations, along with names and contact details of the RTAs are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Stock Exchange	[●]
Draft Red Herring Prospectus or DRHP	This draft red herring prospectus dated July 27, 2018, issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer, including any addenda or corrigenda thereto
Edelweiss	Edelweiss Financial Services Limited
Eligible FPIs	FPIs from such jurisdictions outside India where it is not unlawful to make an offer / invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares
Eligible NRIs	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus will constitute an invitation to purchase the Equity Shares offered there
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour Anchor Investors can transfer money through direct credit or NACH or NEFT or RTGS in respect of the Bid Amount when submitting a Bid
Escrow Agreement	The agreement dated [●] amongst our Company, the Selling Shareholders, the Registrar to the Offer, the Managers, the Syndicate Members, the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts and where applicable, remitting refunds (if any) on the terms and conditions thereof
Escrow Collection Bank	A bank, which is a clearing member and registered with SEBI as a banker to an offer and with whom the Escrow Account will be opened, in this case being [●]
First/ sole Bidder	The Bidder whose name appears first in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name appears as the first holder of the beneficiary account held in joint names
Floor Price	The lower end of the Price Band, subject to any revision thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted and which shall not be less than the face value of Equity Shares
Fresh Issue	The fresh issue of up to [●] Equity Shares aggregating up to ₹ 5,000 million by our Company pursuant to the terms of the Red Herring Prospectus
General Information Document/ GID	The General Information Document for investing in public issues, prepared and issued in accordance with the circular (CIR/ CFD/ DIL/ 12/ 2013) dated October 23, 2013 notified by SEBI, and updated pursuant to the circular (CIR/ CFD/ POLICYCELL/ 11/ 2015) dated November 10, 2015, the circular (CIR/ CFD/ DIL/ 1/ 2016) dated January 1, 2016, (SEBI/ HO/ CFD/ DIL/ CIR/ P/ 2016/ 26) dated January 21, 2016 and (SEBI / HO/ CFD/ DIL 2/ CIR / P / 2018/ 22) dated February 15, 2018, notified by SEBI and included in “Offer Procedure” on page 305
Global Co-ordinators and Book Running Lead Managers or GCBRLMs	The global co-ordinators and book running lead managers to the Offer namely, Edelweiss Financial Services Limited, Motilal Oswal Investment Advisors Limited and Credit Suisse Securities (India) Private Limited
Managers	The GCBRLMs and the BRLMs, collectively
Monitoring Agency	[●]
Motilal	Motilal Oswal Investment Advisors Limited
Mutual Fund Portion	5% of the Net QIB Portion or [●] Equity Shares which shall be available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids being received at or above the Offer Price
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Net Proceeds	Proceeds of the Fresh Issue less our Company’s share of the Offer expenses For further information about use of the Offer proceeds and the Offer expenses, see “Objects of the Offer” on page 82
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares Allotted to the Anchor Investors
Non-Institutional Bidders/ NIB(s)/ NII(s)	All Bidders, that are not QIBs or Retail Individual Investors, who have Bid for Equity Shares for an amount of more than ₹ [●]
Non-Institutional Portion	The portion of the Offer being not less than 15% of the Offer consisting of [●] Equity Shares which shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price
Non-Resident	A person resident outside India, as defined under FEMA and includes FPIs, NRIs, FVCIs and multilateral and bilateral development financial institutions
Offer	The initial public offer of up to [●] Equity Shares for cash at a price of ₹ [●], aggregating up to ₹ [●] million comprising the Fresh Issue and the Offer for Sale
Offer Agreement	The agreement dated July 27, 2018 amongst our Company, the Selling Shareholders and the Managers, pursuant to which certain arrangements are agreed to in relation to the Offer
Offer for Sale	The offer for sale of up to 16,310,072 Equity Shares aggregating up to ₹ [●] million by the Selling Shareholders in terms of the Red Herring Prospectus For further details in relation to Selling Shareholders, see “The Offer” on page 54
Offer Price	The final price at which Equity Shares will be Allotted to successful Bidders, other than Anchor Investors.

Term	Description
	Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price in terms of the Red Herring Prospectus. The Offer Price will be decided by our Company and the Selling Shareholders in consultation with the Managers on the Pricing Date in accordance with the Book-Building Process and the Red Herring Prospectus
Offered Shares	Up to 16,310,072 Equity Shares aggregating up to [●] million, including (1) up to 4,060,429 Equity Shares by Thomas John Muthoot aggregating up to [●] million, (2) up to 4,078,996 Equity Shares by Thomas Muthoot aggregating up to [●] million, (3) up to 4,059,019 Equity Shares by Thomas George Muthoot aggregating up to [●] million, (4) up to 121,180 Equity Shares by Preethi John aggregating up to [●] million, (5) up to 101,460 Equity Shares by Remmy Thomas aggregating up to [●] million, (6) up to 122,870 Equity Shares by Nina George aggregating up to [●] million, (7) up to 1,908,006 Equity Shares by MFL aggregating up to [●] million and (8) up to 1,858,112 Equity Shares by Creation Investments India LLC aggregating up to [●] million
Price Band	Price band of a minimum price of ₹ [●] per Equity Share (Floor Price) and the maximum price of ₹ [●] per Equity Share (Cap Price) including revisions thereof The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company and the Selling Shareholders in consultation with the Managers and will be advertised at least five Working Days prior to the Bid/ Offer Opening Date, in [●] editions of the English national daily newspaper [●], [●] editions of the Hindi national daily newspaper [●] and [●] editions of the Marathi daily newspaper [●], each with wide circulation at least five Working Days prior to the Bid/ Offer Opening Date with the relevant financial ratios calculated at the Floor Price and at the Cap Price, and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites
Pricing Date	The date on which our Company and the Selling Shareholders in consultation with the Managers, will finalise the Offer Price
Prospectus	The prospectus to be registered with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, <i>inter alia</i> , the Offer Price, the size of the Offer and certain other information, including any addenda or corrigenda thereto
Public Offer Account(s)	Account(s) to be opened with the Public Offer Account Bank(s) under Section 40(3) of the Companies Act, 2013, to receive monies from the Escrow Account and ASBA Accounts on the Designated Date
Public Offer Account Bank(s)	The bank(s) with whom the Public Offer Account(s) will be opened for collection of Bid Amounts from the Escrow Account and ASBA Accounts on the Designated Date, in this case being [●]
QIB Portion	The portion of the Offer (including the Anchor Investor Portion) being not more than 50% of the Offer or [●] Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	Qualified Institutional Buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
Red Herring Prospectus or RHP	The Red Herring Prospectus to be issued in accordance with Section 32 of the Companies Act, 2013 and the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares shall be allotted (including any addenda or corrigenda thereto) and which shall be registered with the RoC at least three Working Days before the Bid/ Offer Opening Date and will become the Prospectus upon registering with the RoC on or after the Pricing Date
Refund Account(s)	The account(s) opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount shall be made
Refund Bank(s)	The Banker(s) to the Offer with whom the Refund Account(s) will be opened, in this case being [●]
Refunds through electronic transfer of funds	Refunds through NACH, direct credit, NEFT, RTGS or unblocking ASBA Accounts, as applicable
Registered Brokers	Stock brokers registered with SEBI and the stock exchanges having nationwide terminals, other than the Members of the Syndicate and eligible to procure Bids at the Broker Centres in terms of Circular No. CIR/CFD/ 14/ 2012 dated October 4, 2012 issued by SEBI
Registrar to the Offer/ Registrar	Karvy Computershare Private Limited
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/ CFD/ POLICYCELL/ 11/ 2015 dated November 10, 2015 issued by SEBI
Retail Individual Bidder(s)/ Retail Individual Investor(s)/ RII(s)/ RIB(s)	Bidders (including HUFs applying through their kartas and Eligible NRIs) whose Bid Amount for Equity Shares in the Offer is not more than ₹ 200,000 in any of the bidding options in the Offer
Retail Portion	The portion of the Offer being not less than 35% of the Offer or [●] Equity Shares, available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations
Revision Form	Form used by the Bidders, to modify the quantity of the Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s), as applicable QIB Bidders and Non-Institutional Bidders are not allowed to modify their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date
Self-Certified Syndicate Bank(s) or SCSB(s)	The banks registered with SEBI, which offer the facility of ASBA, a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 and updated

Term	Description
Share Escrow Agent	from time to time and at such other websites as may be prescribed by SEBI from time to time
Share Escrow Agreement	Share escrow agent appointed pursuant to the Share Escrow Agreement, in this case being, [●]
SMCC	The agreement dated [●] amongst the Selling Shareholders, our Company and the Share Escrow Agent in connection with the deposit of the Offered Shares by the Selling Shareholders in a share escrow account and credit of such Equity Shares to the demat account of the Allottees in accordance with the Basis of Allotment
Specified Locations	SMC Capitals Limited
Stock Exchanges	Bidding centres where the Syndicate shall accept ASBA Forms a list of which is included in the ASBA Form
Sub-Syndicate centres	BSE and the NSE
Syndicate Agreement	The sub-syndicate members, if any, appointed by the Managers and the Syndicate Members, to collect Bid cum Application Forms and Revision Forms
Syndicate Members	The agreement dated [●] amongst the Managers, the Syndicate Members, our Company and the Selling Shareholders in relation to the collection of Bid cum Application Forms by the Syndicate
Syndicate or Members of the Syndicate	Intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, namely, [●]
Underwriters	The Managers and the Syndicate Members
Underwriting Agreement	[●]
Working Day	The agreement dated [●] among the Underwriters, our Company and the Selling Shareholders to be entered into on or after the Pricing Date but prior to registering of the Prospectus
	All days other than second and fourth Saturdays of the month, Sundays or public holidays, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) the time period between the announcement of Price Band the Bid/ Offer Closing Date, 'Working Day' shall mean all days, except Saturday, Sunday and public holidays on which commercial banks in Mumbai are open for business; and (b) the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/ HO/ CFD/ DIL/ CIR/ P/ 2016/ 26 dated January 21, 2016

Technical/ Industry Related Terms/ Abbreviations/ Terms relating to our business

Term	Description
ALM	Asset Liability Management
CIBIL	Credit Information Bureau (India) Limited
CIC	Credit Information Companies
CRAR	Capital-to-risk weighted assets ratio
CRISIL	CRISIL Limited
CRISIL Report	The report titled "Industry Report - Microfinance" dated July 2018 prepared by CRISIL Research
CRR	Cash Reserve Ratio
CSR	Corporate Social Responsibility
EMI	Equated Monthly Instalment
Gross Non-Performing Asset or Gross NPA or GNPA	Gross NPA represents the non-performing portfolio loans outstanding (gross) as of the last day of the relevant period
Gross NPA Ratio	Gross NPA Ratio represents Gross NPA as a percentage of the total portfolio loans outstanding as of the last day of the relevant period
GLP	Gross Loan Portfolio
HO	Head Office
JLG	Joint Liability Group
KYC	Know-Your-Customer
MFI	Micro Finance Institution
MFIN	Micro Finance Institution Network
MSE	Micro & Small Enterprises
MSME	Micro, Small and Medium Enterprises
MUDRA	Micro Units Development and Refinance Agency
Master Directions	Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time
NBFC	Non-Banking Financial Company
NBFC – MFI	Non-Banking Financial Company – Micro Finance Institution
NII	Net Interest Income
NIM	Net Interest Margin
Net Non-Performing Asset or Net NPA or NNPA	Net NPA represents the non-performing portfolio loans outstanding (net) as of the last day of the relevant period i.e. non-performing portfolio loans outstanding as reduced by the provision for non-performing assets
Net NPA Ratio	Net NPA represents the Net NPA as a percentage of total portfolio loans outstanding as reduced by the provision for non-performing assets as of the last day of the relevant period
PAR	Portfolio at Risk
PSL	Priority Sector Lending
RoAA	Return on Average Assets
RoAE	Return on Average Equity

SLR	Statutory Liquidity Ratio
South India	Tamil Nadu, Pondicherry, Kerala and Karnataka

Conventional and General Terms or Abbreviations

Term	Description
₹ / Rs./ Rupees/ INR	Indian Rupees
AGM	Annual General Meeting
AIF	Alternative Investment Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
AML	Anti-money laundering
AS/ Accounting Standards	Accounting standards issued by the Institute of Chartered Accountants of India
Banking Regulation Act	Banking Regulation Act, 1949
Bn/ bn	Billion
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Companies Act	Companies Act, 1956 and Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956 along with the relevant rules made thereunder, as amended
Companies Act, 2013	Companies Act, 2013, along with the relevant rules made thereunder, as amended
Depositories	Collectively, the NSDL and the CDSL
Depositories Act	The Depositories Act, 1996
DIN	Director Identification Number
DP ID	Depository Participant's Identification
DP/ Depository Participant	A depository participant as defined under the Depositories Act
EGM	Extraordinary General Meeting
EPF	Employees' Provident Fund
EPS	Earnings Per Share
FCNR	Foreign Currency Non-Resident
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended, read with rules and regulations thereunder
Financial Year/ Fiscal/ Fiscal Year/ FY	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
FPI(s)	Foreign Portfolio Investors as defined under the SEBI FPI Regulations
FVCI	Foreign Venture Capital Investors as defined and registered under the SEBI FVCI Regulations
GDP	Gross Domestic Product
GIR	General Index Register
GoI/ Government	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
IPC	The Indian Penal Code, 1860, as amended
Income Tax Act	The Income Tax Act, 1961
India	Republic of India
Ind (AS)	Indian Accounting Standards (Ind AS)
Indian Accounting Standard Rules	The Companies (Indian Accounting Standards) Rules, 2015
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial public offering
IRDA	Insurance Regulatory and Development Authority of India
IST	Indian Standard Time
IT	Information Technology
MCA	Ministry of Corporate Affairs, Government of India
MoU	Memorandum Of Understanding
Mn/ mn	Million
N.A./ NA	Not Applicable
NABARD	National Bank for Agricultural and Rural Development
NAV	Net Asset Value
NBFC-MFI Directions	Master Circular – 'Non-Banking Financial Company – Micro Finance Institutions' (NBFC-MFI) Directions dated July 1, 2015, updated as on April 20, 2016
NCD(s)	Non convertible debenture(s)
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External accounts
NRI	A person resident outside India, who is a citizen of India or a person of Indian origin, and shall have the

Term	Description
	meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000
NRO Account	Non-Resident Ordinary accounts
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer
p.a.	Per annum
P/ E Ratio	Price/ Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PTC	Pass-through certificate
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934, as amended
RHP	Red Herring Prospectus
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act 1992, as amended
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012, as amended
SEBI ESOP Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, as amended
SEBI Mutual Fund Regulations	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended
SEBI Portfolio Manager Regulations	Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993, as amended
SEBI Stock Broker Regulations	Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992, as amended
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as amended
U.S. Securities Act	U.S. Securities Act of 1933, as amended
SIDBI	Small Industries Development Bank of India
Stamp Act	Indian Stamp Act, 1899
State Government	The government of a state in India
Stock Exchanges	Collectively, the BSE and the NSE
Systemically Important non-deposit taking NBFC/ Systemically Important NBFC – ND/ NBFC-ND-SI	A non-banking financial company registered with the Reserve Bank of India and having total assets of more than ₹ 5,000 million as per the last audited financial statements
STT	Securities Transaction Tax
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
TAN	Tax deduction account number
U.S./ USA/ United States	United States of America
USD/ US\$	United States Dollars
US GAAP	Generally accepted accounting principles in the United States
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations

Notwithstanding the foregoing, terms in “*Statement of Special Tax Benefits*”, “*Objects of the Offer*”, “*Financial Statements*”, “*Basis for Offer Price*”, “*Industry Overview*”, “*Regulations and Policies*”, “*History and Certain Corporate Matters*”, “*Financial Indebtedness*” “*Outstanding Litigation and Material Development*”, “*Offer Procedure*” and “*Main Provisions of Articles of Association*” on pages 89, 82, 181, 86, 93, 134, 141, 258, 260, 296 and 334 respectively, shall have the meaning given to such terms in such sections.

NOTICE TO INVESTORS

The Equity Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons as defined in Regulation S under the U.S. Securities Act, except for these purposes, U.S. Persons include Persons who would otherwise have been excluded from such term solely by virtue of Rule 902(k)(1)(viii)(B) or Rule 902(k)(2)(i) (“**U.S. Persons**”) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Company has not registered and does not intend to register under the U.S. Investment Company Act in reliance upon section 3(c)(7) thereof. Accordingly, the Equity Shares are only being offered and sold (i) within the United States or to U.S. Persons that are “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act (“**Rule 144A**”) and referred to in the Draft Red Herring Prospectus as “**U.S. QIBs**”, for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in the Draft Red Herring Prospectus as “**QIBs**”) pursuant to the private placement exemption set out in Section 4(a) of the U.S. Securities Act, that are also “qualified purchasers” (as defined under the U.S. Investment Company Act) in reliance upon section 3(c)(7) of the U.S. Investment Company Act and (ii) outside the United States to non-U.S. Persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. The Equity Shares may not be re-offered, re-sold, pledged or otherwise transferred except in an offshore transaction in accordance with Regulation S to a person outside the United States and not known by the transferor to be a U.S. Person by pre-arrangement or otherwise (including, for the avoidance of doubt, a bona fide sale on BSE Limited or the National Stock Exchange of India Limited). See “*Offer Information – Terms of the Offer – Eligibility and Transfer Restrictions*” beginning on page 285.

As we are relying on an analysis that our Company does not come within the definition of an “investment company” under the U.S. Investment Company Act because of the exception provided under section 3(c)(7) thereunder, our Company may be considered a “covered fund” as defined in the Volcker Rule. See “*Risk Factors - U.S. regulation of investment activities may negatively affect the ability of banking entities to purchase our Equity Shares*” beginning on page 34.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references in this Draft Red Herring Prospectus to “India” are to the Republic of India and all references to “USA”, “US” and “United States” are to the United States of America.

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

Financial Data

Unless stated otherwise or unless the context requires otherwise, and to the extent applicable, the financial data in this Draft Red Herring Prospectus is derived from our Restated Financial Statements prepared in accordance with the Companies Act and Indian GAAP and restated in accordance with the SEBI ICDR Regulations.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures in decimals and all percentage figures, unless otherwise specified, have been rounded off to the second decimal place and accordingly there may be consequential changes in this Draft Red Herring Prospectus on account of rounding adjustments.

Our Company’s Financial Year commences on April 1 and ends on March 31 of the next year; accordingly, all references to a particular “Financial Year”/ “Fiscal”/ “FY”, unless stated otherwise, are to the 12 month period ended on March 31 of that year.

We prepare our financial statements in accordance with Indian GAAP, which differs in some material respects from IFRS and U.S. GAAP. Accordingly, the degree to which our Restated Financial Statements, as included in this Draft Red Herring Prospectus, will provide meaningful information is entirely dependent on the reader’s level of familiarity with the Companies Act, 2013, Indian GAAP and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. We have not made any attempt to quantify or identify the impact of the differences between Indian GAAP and Ind (AS) as applied to our Restated Financial Statements and it is urged that you consult your own advisors regarding the impact of difference, if any, on financial data included in this Draft Red Herring Prospectus. We have only included a summary of qualitative differences of certain items between Indian GAAP and Ind (AS) in this Draft Red Herring Prospectus. For details in connection with risks, see “*Risk Factors – Significant differences exist between Indian GAAP and other accounting principles, such as Ind AS, U.S. GAAP and IFRS, which may be material to investor’s assessments of our financial condition*” on page 32.

Indian GAAP also differs in certain material respects from Ind (AS) which is applicable to our Company for the financial periods commencing April 1, 2018. Given that Ind (AS) differs in many respects from Indian GAAP, our financial statements prepared and presented in accordance with Ind AS relating to any period subsequent to April 1, 2018, may not be comparable to our historical financial statements prepared under Indian GAAP. In the event that any of our historical financial statements, including our financial statements for Fiscal 2018 are required to be also prepared in accordance with Ind (AS), such historical Ind (AS) financial statements may vary from our historical India GAAP financial statements, and there can be no assurance that such variation will not be material. See “*Summary of Certain Significant differences between Indian GAAP and Ind AS*” and “*Risk Factors – We are required to prepare our financial statements with effect from April 1, 2018 under the Ind AS. As Ind AS differs in various respects from Indian GAAP, our financial statements for financial year 2019 may not be comparable to our historical financial statements*” on pages 232 and 32.

Any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” on pages 15, 116 and 236 respectively, and elsewhere in this Draft Red Herring Prospectus, to the extent applicable, have been calculated on the basis of our Restated Financial Statements prepared in accordance with the Companies Act and Indian GAAP and restated in accordance with the SEBI ICDR Regulations.

Currency and Units of Presentation

All references to:

- “Rupees” or “₹” or “INR” or “Rs.” are to the Indian Rupee, the official currency of the Republic of India.
- “US\$” or “USD” are to the United States Dollar, the official currency of the United States.

Our Company has presented certain numerical information in this Draft Red Herring Prospectus in “million” or “billion” units, or in absolute number where the number have been too small to present in million unless as stated, otherwise, as applicable. One million represents 1,000,000, one billion represents 1,000,000,000 and one crore represents 10,000,000. However, figures sourced from third party industry sources may be expressed in denominations other than millions or may be rounded off to other than two decimal points in the respective sources, and such figures have been expressed in this Draft Red Herring Prospectus in such denominations or rounded off to such number of decimal points as prescribed in such respective sources.

Exchange Rates

This Draft Red Herring Prospectus contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the USD (in Rupees per USD):

Currency	As on March 31, 2014	As on March 31, 2015 ⁽¹⁾	As on March 31, 2016 ⁽¹⁾	As on March 31, 2017 ⁽¹⁾	As on March 31, 2018 ⁽¹⁾
	₹	₹	₹	₹	₹
1 USD	60.10	62.59	66.33	64.84	65.18

(Source: RBI website)

(1) In the event that March 31 of any of the respective years is a public holiday, the previous calendar day not being a public holiday has been considered

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus has been obtained or derived from publicly available information as well as industry publications and sources.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe the industry and market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by us or the Managers or any of their affiliates or advisors. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “Risk Factors – This Draft Red Herring Prospectus contains information from third parties and an industry report which we have commissioned from CRISIL Research, and such data has not been independently verified by us, the BRLMs or the Selling Shareholders.” on page 33. Accordingly, investment decisions should not be based solely on such information.

The sections “Summary of Industry”, “Summary of our Business”, “Industry Overview”, “Our Business” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” of this Draft Red Herring Prospectus contain data and statistics from the report titled “Industry Report – Microfinance” dated July 2018 prepared by CRISIL Research, which is subject to the following disclaimer:

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

In accordance with the SEBI ICDR Regulations, “*Basis for Offer Price*” on page 86 includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we, nor the Managers have independently verified such information.

The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

Further, in accordance with Regulation 51A of the SEBI ICDR Regulations, and SEBI Listing Regulations, as applicable, our Company may be required to undertake an annual updation of the disclosures made in this Draft Red Herring Prospectus and make it publicly available in the manner specified by SEBI.

Time

Unless otherwise stated, all references to time in this Draft Red Herring Prospectus are to Indian Standard Time.

Selling Shareholders’ statements

Only statements and undertakings which are specifically “confirmed” or “undertaken” by each of the Selling Shareholders, as the case may be, in this Draft Red Herring Prospectus shall, severally and not jointly, deemed to be statements and undertakings made by the respective Selling Shareholder. All other statements and/ or undertakings in this Draft Red Herring Prospectus shall be statements and undertakings made by our Company even if the same relates to the Selling Shareholders.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring 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”, “plan”, “project”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our Company’s strategies, objectives, plans or goals are also forward-looking statements.

All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. For the reasons described below, we cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Therefore, investors are cautioned not to place under reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with the expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company has businesses and its ability to respond to them, its ability to successfully implement its strategy, its growth and expansion, technological changes, its exposure to market risks, general economic and political conditions in India and globally which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in laws, regulations and taxes and changes in competition in its industry. Important factors that could cause actual results to differ materially from our Company’s expectations include, but are not limited to, the following:

- The microfinance industry in India faces certain risks due to the category of borrowers that it services, which are not generally associated with other forms of lending. As a result, we may experience increased levels of non-performing assets (“NPAs”) and related provisions and write-offs that may adversely affect our business, financial condition and results of operations.
- Our business is particularly vulnerable to interest rate risk, and volatility in interest rates could have an adverse effect on our net interest income and net interest margin, thereby affecting our results of operations.
- We are subject to laws and regulations governing the financial services industry in India and changes in laws and regulations governing us could adversely affect our business, results of operations and prospects.
- Our Promoter, MFL, is involved in other financial services related businesses and is subject to extensive regulation. Any non-compliance or perceived non-compliance by our Promoters may adversely affect our reputation, business, results of operations and prospects.
- If we are unable to manage our growth effectively, our business and reputation could be adversely affected. Further, we may not be able to sustain the growth rates we have had since our inception.
- Our operations are concentrated in South India, and any adverse developments in the southern states of India may have an adverse effect on our business, results of operations, financial condition and cash flows.
- Any disruption in our sources of funding or increase in costs of funding could adversely affect our liquidity and financial condition.
- An increase in the level of our NPAs or our provisions may adversely affect our financial condition and results of operations.
- Any non-compliance with mandatory AML and KYC policies could expose us to additional liability and harm our business and reputation.
- To support and grow our business, we must maintain a minimum capital to risk weighted assets ratio, and lack of access to capital may prevent us from maintaining an adequate ratio.

For further discussion of factors that could cause the actual results to differ from the expectations, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 15, 116 and 236, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

We cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Forward-looking statements reflect the current views of our Company as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on the management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking

statements based on these assumptions could be incorrect. Neither our Company, our Directors, the Selling Shareholders, the Managers nor any of their respective affiliates 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 regulatory requirements, our Company and the Managers will ensure that investors in India are informed of material developments from the date of registration of the Red Herring Prospectus with the RoC until the receipt of final listing and trading approvals from the Stock Exchanges. Each of the the Selling Shareholders will ensure that it will keep our Company, the Managers and investors informed of material developments in relation to statements and undertakings made by such Selling Shareholder with respect to itself and its respective portion of the Offered Shares in the Red Herring Prospectus and the Prospectus until the time of the grant of final listing and trading approvals by the Stock Exchanges.

SECTION II: RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider each of the following risk factors and all other information set forth in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. You should read this section together with “Our Business”, “Selected Statistical Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 116, 174 and 236, respectively, as well as the financial statements, including the notes thereto, and other financial information included elsewhere in this Draft Red Herring Prospectus. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in the Equity Shares.

The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business, prospects, financial condition and results of operations and cash flows. If any or some combination of the following risks, or other risks that we do not currently know about or believe to be material, actually occur, our business, financial condition and results of operations and cash flows could suffer, the trading price of, and the value of your investment in, our Equity Shares could decline, and you may lose all or part of your investment. In making an investment decision, you must rely on your own examination of our Company and the terms of this Offer, including the merits and risks involved.

This Draft Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this document.

The terms “total outstanding loan portfolio”, “average outstanding loan portfolio” and “outstanding non-performing loan portfolio” appearing in this section refer to our portfolio loans, as referred to in our restated financial statements, and “gross outstanding loan portfolio” or “gross loan portfolio” includes securitized, assigned and managed loans.

Unless otherwise indicated or the context requires otherwise, the financial information included herein is based on our Restated Financial Statements as of and for the years ended March 31, 2018, 2017, 2016, 2015 and 2014 included in this Draft Red Herring Prospectus. See “Financial Statements” on page 181.

INTERNAL RISKS

Risks Relating to our Business

1. ***The microfinance industry in India faces certain risks due to the category of borrowers that it services, which are not generally associated with other forms of lending. As a result, we may experience increased levels of non-performing assets (“NPAs”) and related provisions and write-offs that may adversely affect our business, financial condition and results of operations.***

The focus customer segment for our micro-loan business is women with an annual household income of ₹160,000 or less in urban areas and ₹100,000 or less in rural areas. Our borrowers and members generally have limited sources of income, savings and credit histories. Further, as there is generally limited financial information available about our focus customer segment and many of our borrowers and members do not have any credit history supported by tax returns, bank or credit card statements, statements of previous loan exposures, or other related documents, it is difficult to consistently carry out credit risk analyses on our borrowers.

Further, we primarily make unsecured loans and rely primarily on non-traditional guarantee mechanisms rather than any tangible assets or collateral. Thus, our loans generally involve a joint liability mechanism whereby borrowers form an informal joint liability group (“JLG”) (generally comprising between four to ten members) and provide joint and several guarantees for loans obtained by each member of the group. We cannot assure you that such joint liability arrangements will ensure repayment by the other members of the JLG in the event of default by any one of them. Such joint liability arrangements are likely to fail if there is no meaningful personal relationship or bond among members of such group, if members do not participate regularly in group meetings, if inadequate risk management procedures have been employed to verify the group members and their ability to repay such loans, or as a result of adverse external factors such as natural calamities or forced migration. Further, while we have our own due diligence and credit analysis procedures, we cannot assure you that we will be able to ensure low delinquency rates. As a result, our borrowers potentially present a higher risk of loss in case of a credit default compared to that of borrowers in other asset-backed financing products.

In addition, the microfinance business is susceptible to various political and social risks, including any adverse publicity or litigation relating to the microfinance sector. For example, in October 2010, the government of formerly unified Andhra Pradesh passed the Andhra Pradesh Microfinance Ordinance to impose and institute stringent operating guidelines for NBFC-MFIs in response to the allegedly coercive collection practices adopted

by MFIs in Andhra Pradesh. After the implementation of the ordinance, there was a significant reduction in the loan collections in Andhra Pradesh, and a resultant deterioration in asset quality across the microfinance industry. Further, according to CRISIL Research, in the financial year 2017, four states, Uttar Pradesh, Maharashtra, Karnataka and Punjab announced farm-loan waivers with varying coverage, which impacted collections in the short term, due to the anticipation of loan waivers for microfinance loans. In the financial year 2018, seven states had provisioned the farm loan waivers and the intended waiver amount was estimated to be more than ₹800 billion. See “*Industry Overview - Historical Growth and Development of the Indian Microfinance Industry*” on page 41.

In addition, due to the nature of our borrowers and members, we may, in the future, experience increased levels of NPAs and related provisions and write-offs, which may adversely affect our business, financial condition and results of operations. We cannot assure you that our risk management policies will continue to be sufficient or that additional risk management policies for individual borrowers will not be required.

2. *Our business is particularly vulnerable to interest rate risk, and volatility in interest rates could have an adverse effect on our net interest income and net interest margin, thereby affecting our results of operations.*

Our results of operations depend to a large extent on the amount of our net interest income as our primary revenue source is interest income. During the years ended March 31, 2018, March 31, 2017 and March 31, 2016, interest on loans outstanding represented 85.96%, 84.59% and 79.14% of our total revenues, respectively. Net interest income is the difference between our revenue from lending activity and our finance costs. The differential between the interest rates that we charge on interest-earning assets (i.e., our microfinance loans) and the interest rates that we pay on interest-bearing liabilities, and the volume of such assets and liabilities, tend to have a significant effect on our results of operations.

Changes in market interest rates affect the interest rates we charge on our interest-earning assets differently from the interest rates we pay on our interest-bearing liabilities. An increase in interest rates could result in an increase in interest expense relative to interest income if we are not able to increase the rates charged on our portfolio loans and advances or if the volume of our interest-bearing liabilities is larger or growing faster than the volume of our interest-earning assets. Further, such increase in interest rates could affect our ability to raise low cost funds as compared to some of our competitors who may have access to lower cost deposits.

As per RBI regulations, the interest rates charged by us on our microfinance loans is required to be the lower of (i) 10% margin above our cost of funds or (ii) 2.75 times the average base rate of the five largest commercial banks by assets (as notified every quarter by the RBI). Further, in a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, it could lead to a reduction in our net interest income (representing our revenue from operations as reduced by our finance costs) and net interest margin. Further, changes in interest rates could affect our fixed income portfolio and treasury income.

Interest rates are highly sensitive and fluctuations thereof are dependent upon many factors which are beyond our control, including the monetary policies of the RBI, de-regulation of the financial services sector in India, domestic as well as international economic and political conditions, inflation and other factors. For example, on February 2, 2017, the RBI notified guidelines on the pricing of credit applicable to NBFC-MFIs, pursuant to which all NBFC-MFIs are required to ensure that the average interest on loans sanctioned during a quarter does not exceed the average borrowing cost during the preceding quarter plus the margin, within the prescribed cap. If we are unable to effectively manage our interest rate risks, it could have an adverse effect on our net interest income and net interest margin, thereby affecting our results of operations.

3. *We are subject to laws and regulations governing the financial services industry in India and changes in laws and regulations governing us could adversely affect our business, results of operations and prospects.*

As an NBFC-MFI, we are subject to regulation by Government authorities, including the RBI. The RBI regulates the credit flow by banks to NBFCs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to NBFCs. Additionally, we are required to make various filings with the RBI, the Registrar of Companies and other relevant authorities pursuant to the provisions of RBI regulations, the Companies Act and other regulations. If we fail to comply with these requirements, or a regulator claims we have not complied with these requirements, we may be subject to penalties and legal proceedings. Being regulated, we are subject to regular scrutiny and supervision by our regulators, such as regular inspections that may be conducted by the RBI. Any non-compliance with regulatory guidelines and directions may result in substantial penalties and reputational impact. Among other things, if found non-compliant, we could be fined or prohibited from engaging in certain business activities. In addition, the regulations applicable to us also govern issues such as our conduct with

borrowers and recovery practices, market conduct and foreign investment. Compliance with many of the regulations applicable to our operations in India, involves a number of risks, particularly in markets where applicable regulations may be subject to varying interpretations. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and our business could be adversely affected.

Further, the legal, regulatory and policy environment in which we operate is evolving and subject to change. For example, in November 2016, the Government announced the demonetization of bank notes of ₹500 and ₹1,000. Around 86% of the Indian currency in terms of value (₹500 and ₹1,000 notes) was removed from circulation. Thus, according to CRISIL, the gross loan portfolio of the MFI industry, which was growing at a rate of approximately 70% in the first half of the year ended March 31, 2017, slumped to a growth of 22% by the end of such financial year. Disbursements were affected even more with growth plunging to a contraction of 29% in the second half of the year ended March 31, 2017 compared to a growth of 60% in the first half. (Source: CRISIL) Our results of operations for the financial years 2017 and 2018 were also affected by demonetization and our provisions and write-offs increased by 448% to ₹236.51 million for the financial year 2018 from ₹43.16 million for the financial year 2016.

The laws, regulations and policies applicable to us may be amended, supplemented or changed at any time such that we may be required to restructure our activities and incur additional expenses to comply with applicable laws and regulations. Such changes may also adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law, regulations and policies. Any change to the existing legal or regulatory framework will require us to allocate additional resources, which may increase our regulatory compliance costs and direct management attention, and consequently affect our business, results of operations and prospects. For further information on laws and regulations applicable to us, see “Regulations and Policies” on page 41.

4. *Our Promoter, MFL, is involved in other financial services related businesses and is subject to extensive regulation. Any non-compliance or perceived non-compliance by our Promoters may adversely affect our reputation, business, results of operations and prospects.*

Our Promoter, MFL, is registered with the RBI as an NBFC-ND-SI and carries out financial services in India. NBFC-ND-SIs are subject to extensive RBI regulations. Any non-compliance by our Promoters with these regulations or any other regulations applicable to them, may adversely affect our ability to comply with regulations applicable to us and our business, results of operations and prospects may be adversely affected. For example, on May 18, 2012, MFL received a show cause notice from the RBI (“**RBI Show Cause Notice**”), which alleged that the affairs of MFL had been conducted in a manner detrimental to the interest of the public and that MFL was functioning in contravention of the provisions of the RBI Act, 1934. The RBI Show Cause Notice was issued to MFL, on account of, among others, (a) the alleged unauthorized acceptance of deposits by Muthoot Estate Investments (“**MEI**”), a partnership firm where the promoters of MFL were partners; (b) the operations of MEI being conducted out of certain premises of MFL; and (c) the staff of MFL being involved in the operations of MEI. MFL responded to the RBI Show Cause Notice on May 31, 2012, and through subsequent correspondences, including on July 13, 2018 and clarified that alleged non-compliances highlighted in the RBI Show Cause Notice, both in relation to MFL and MEI, had been rectified, and requested for a closure of the RBI Show Cause Notice. The RBI has not confirmed that the matters relating to the RBI Show Cause Notice are closed. We cannot assure you that the RBI will not take any adverse action against MFL, or the promoters of MFL, who are also our Promoters and certain of our Directors, pursuant to the RBI Show Cause Notice.

Similarly, in another instance, MFL received a show cause notice on June 16, 2017 from the RBI for two alleged violations, for incomplete disclosure to customers of appropriation of gold auction proceeds and non-issuance of loan sanction letters on company letter heads. MFL corrected the deficiencies and reported compliance to the RBI on July 13, 2018. As on the date of this Draft Red Herring Prospectus, MFL has not received any further correspondence from the RBI on the matter.

Any adverse action against MFL, or our other Promoters and Directors may have an adverse impact on our ability to carry out our business and comply with regulations applicable to us. For example, under the RBI regulations applicable to us we are obliged to, among other things, maintain a policy approved by the board of directors for ascertaining the fit and proper criteria of the directors at the time of appointment, and on a continuing basis and furnish to the RBI a quarterly statement on change of directors and a certificate from our managing director that fit and proper criteria in selection of the directors has been followed. We received a letter from the RBI dated August 20, 2013 (“**RBI Letter**”) which directed our Company to cause our Promoters, Thomas Muthoot, Thomas John

Muthoot and Thomas George Muthoot, to step down from their directorship in our Company. The RBI Letter alleged that these directors did not fulfil the 'fit and proper' criteria as a result of their holding a substantial interest in MEI.

In compliance with the RBI Letter, our Board was reconstituted on September 9, 2013. Subsequently, pursuant to specific approval from the RBI on April 26, 2017, these directors were reinstated on our Board. Our Promoters continue to hold a substantial interest in several entities which operate across a variety of sectors and are regulated by specific regulators and regulations. For details in relation to the entities in which our Promoters are interested, see "*Our Promoters and Promoter Group – Promoter Group*" on page 166. We cannot assure you that in the future, the RBI or any other sector specific regulator will not consider any other entity with which our Promoters are associated, to be in non-compliance with any applicable regulations, or that any adverse order against such entity or our Promoters will not have an impact on their ability to continue to participate in the management of our Company. Any such action may adversely affect our reputation, business, results of operations and prospects.

5. *If we are unable to manage our growth effectively, our business and reputation could be adversely affected. Further, we may not be able to sustain the growth rates we have had since our inception.*

Our business has experienced significant growth over the past few years. In addition, our results of operations in the financial years 2016, 2017 and 2018 have been impacted by the transition and transfer of the microfinance business from MFL to our Company, in a staggered manner. The transition included a transfer of the microfinance loan portfolio and active borrowers, employees and leases for branches from MFL to our Company. Our network of branches and borrowers in India expanded significantly from 180 branches servicing 0.3 million active borrowers as of March 31, 2016 to 467 branches servicing approximately 1.2 million active borrowers, as of March 31, 2018. Accordingly, our results of operations and growth during the past three financial years may not be comparable to each other or any future periods, due to the impact of this transition. See "*Management's Discussion and Analysis of Financial Condition And Results Of Operations – Significant Factors Affecting Our Results of Operations – Transition of the Microfinance Business from MFL to our Company*" on page 238.

Further, as part of our growth strategy, we expect the contiguous expansion of our geographic footprint and network of branches to continue, which may further constrain our capital and human resources, and make asset quality management increasingly important. As we move to newer geographies, we may not be able to maintain the level of our NPAs or the quality of our portfolio. We will need to continue to enhance and upgrade our financial, accounting, information technology, administrative, risk management and operational infrastructure and internal capabilities to manage the future growth of our business effectively. Further, we may be unable to develop adequate infrastructure or devote sufficient financial resources or develop and attract talent to manage our growth. We may not be able to implement the necessary improvements in a timely manner, or at all, and we may encounter deficiencies in existing systems and controls. If we are unable to manage our future expansion successfully, our ability to provide products and services to our borrowers would be adversely affected, and, as a result, our business and reputation could be adversely affected.

6. *Our operations are concentrated in South India, and any adverse developments in the southern states of India may have an adverse effect on our business, results of operations, financial condition and cash flows.*

As of March 31, 2018, we conducted our operations through 467 branches in India, of which 138 branches were located in Tamil Nadu and Puducherry, 104 branches were located in Kerala and 88 branches were located in Karnataka. Further, as of March 31, 2018, we used 1,561 branches of MFL in India for cash management services, of which 680 branches were located in Kerala, 192 branches were located in Karnataka and 509 branches were located in Tamil Nadu and Puducherry. As of March 31, 2018, 36.56% of our gross loan portfolio originated in Tamil Nadu and Puducherry, 34.24% of our gross loan portfolio originated in Kerala and 14.32% of our gross loan portfolio originated in Karnataka. In the event of a regional slowdown in the economic activity in these states, or any other developments including political unrest, disruption or sustained economic downturn that make our products in these states less beneficial, we may experience an adverse effect on our business, financial condition and results of operations, which are largely dependent on the performance and other prevailing conditions affecting the economies of these states or South India generally.

The market for our products in these states may perform differently from, and be subject to, market and regulatory developments that are different from the requirements in other states of India. We cannot assure you that the demand for our products will grow or will not decrease in the future in these states. Further, in the past, there have been instances of irregularities in the functioning of certain NBFCs in South India, specifically, Andhra Pradesh (see "*Industry Overview*" on page 93). While NBFC-MFIs are currently regulated by the RBI, the respective state government of these states may, on their own initiative or in response to any legal action against NBFC-MFIs in a state, pass laws which affect the business of NBFC-MFIs. We cannot assure you that any such actions taken by the

state governments in Kerala, Karnataka or Tamil Nadu and by the government in Puducherry will not affect our business, results of operations, financial condition and cash flows.

7. *Any disruption in our sources of funding or increase in costs of funding could adversely affect our liquidity and financial condition.*

The liquidity and profitability of our business depend, in large part, on our timely access to, and the costs associated with, raising funds. Our funding requirements historically have been met from various sources, including bank loans, non-convertible debentures, equity and preference shares and subordinated debt. Our business thus depends and will continue to depend on our ability to access a variety of funding sources. Further, our ability to compete effectively will depend, in part, on our ability to maintain or increase our margins. Our margins are affected in part by our ability to continue to secure low-cost funding at rates lower than the interest rates at which we lend to our borrowers. Our ability to raise funds at competitive rates depends on various factors including our current and future results of operations and financial condition, our risk management policies, the shareholding of our Promoter in our Company, our management of certain financial ratios, our credit ratings, our brand equity, the regulatory environment and policy initiatives in India and developments in the international markets affecting the Indian economy. If we are unable to access funds at an effective cost that is comparable to or lower than that of our competitors, our net interest margins, income and market share may be adversely affected.

Further, the restrictions imposed on NBFCs by the RBI through a Master Circular – Bank Finance to Non- Banking Financial Companies dated July 1, 2015 (the “**Master Circular**”), as well as Priority Sector Lending targets, may restrict our ability to obtain bank financing for specific activities. Our ability to raise foreign funds through debt is governed by RBI regulations and is subject to certain restrictions, including raising loans only from certain recognized lenders and with minimum average maturity of not less than three years. Further, subsequent to the offer we will require prior approval of the RBI in the event raising equity which would result in a takeover or acquisition or transfer of control or any change in the shareholding, including a progressive increase over time, which would result in an acquisition or transfer of shareholding of 26% or more of the paid up Equity Share capital of our Company. See “*Regulations and Policies*” on page 134. Changes in economic, regulatory and financial conditions or any lack of liquidity in the market could adversely affect our ability to access funds at competitive rates, or at all, which could adversely affect our liquidity and financial condition.

8. *An increase in the level of our NPAs or our provisions may adversely affect our financial condition and results of operations.*

Our management of credit risk involves having appropriate credit policies, underwriting standards, approval processes, loan portfolio monitoring, collection and remedial management, provisioning policies and an overall architecture for managing credit risk. If our NPAs increase or our provisioning levels deteriorate, it could have an adverse effect on our financial condition and results of operations. Further, our credit monitoring and risk management policies and procedures may not be accurate, properly designed, or appropriately implemented or complied with by our borrowers. In addition, even if our policies and procedures are accurate and appropriate, we may not be able to anticipate future economic or financial developments or downturns, which could lead to an increase in our NPAs.

Pursuant to the RBI guidelines and our accounting policies, we make contingent provisions against standard and non-performing assets, which are recognized under provisions and write-offs in our restated summary statement of profit and loss. In addition to requiring us to make a provision on loan assets, the RBI requires us to classify and, depending on the duration of non-payment of dues, to NPAs. As the number of our loans that become NPAs increases, the credit quality of our loan portfolio decreases and the provisioning requirement also will increase.

In addition to the relevant minimum regulatory provision, we also consider our internal estimates for loan losses and risks inherent in the loan portfolio when deciding on the appropriate level of provisioning. The determination of an appropriate level of loan losses and provisions involves a degree of subjectivity and requires that we make estimates of current credit risks, all of which may be subject to material changes. Any incorrect estimation of risks may result in our provisions not being adequate to cover any further increase in the amount of NPAs or any further deterioration in our NPA portfolio. Further, the RBI may introduce regulations relaxing the provisioning requirements in relation to a class or classes of borrowers, which will affect our ability to create an appropriate level of provisioning. For example, on February 7, 2018, the RBI notified that MSME borrowers registered under GST will not be classified as NPAs based on the standard delinquency norm of 120 days applicable to borrowers of NBFCs, subject to the fulfilment of certain prescribed conditions.

The following table sets forth the classification of our gross loan portfolio as of the dates indicated herein below:

Asset Classification	As of March 31,		
	2018	2017	2016
Portfolio loans outstanding (Gross)	<i>(₹in millions)</i>		
Standard	16,734.43	9,890.10	4,313.97
Non-performing	595.04	28.75	2.40
Total Portfolio loans outstanding (Gross)	17,329.47	9,918.85	4,316.37
Provision for standard and non-performing assets			
Standard	1.10	100.28	43.15
Non-performing	258.99	0.28	0.02
Total provisions	260.09	100.56	43.17
Portfolio loans outstanding (Net)			
Standard Assets	16,733.33	9,789.82	4,270.82
Non-performing	336.05	28.47	2.38
Total Portfolio loans outstanding (Net)	17,069.38	9,818.29	4,273.20

*NPA reported in the financial year 2017 is reported taking addition dispensation given by RBI during demonetization period.

A number of factors outside of our control affect our ability to limit and reduce NPAs. These factors include developments in the Indian and global economy, domestic and global political scenario, competition, changes in customer behaviour and demographic patterns, various central and state government decisions (including farm loan waivers), changes in interest rates and exchange rates and changes in regulations, including with respect to regulations requiring us to lend to certain sectors identified by the RBI, or the Government of India. These factors, coupled with other factors such as volatility in commodity markets, decrease in agriculture productivity and decline in business and consumer confidence, could affect our borrowers and in turn affect their ability to fulfil their obligations under the loans we extended to them. In addition, the expansion of our business may cause our NPAs to increase and the overall quality of our loan portfolio to deteriorate. If our NPAs increase, we will be required to increase our provisions, which would result in our net profit being less than it otherwise would be and could adversely affect our financial condition and results of operations.

9. Any non-compliance with mandatory AML and KYC policies could expose us to additional liability and harm our business and reputation.

In accordance with the requirements applicable to us, we are mandated to comply with applicable AML and KYC regulations in India. These laws and regulations require us, among other things, to adopt and enforce AML and KYC policies and procedures. See “Regulations and Policies” on page 134 for details of KYC policies. While we have adopted policies and procedures aimed at collecting and maintaining all AML and KYC related information from our borrowers and members to detect and prevent the use of our business networks for illegal money-laundering activities, there may be instances where we may be used by other parties in attempts to engage in money-laundering and other illegal or improper activities.

We cannot assure you that we will be able to fully control instances of any potential or attempted violation by any party and may accordingly be subject to regulatory actions including imposition of fines and other penalties by the relevant government agencies to whom we report. Our business and reputation could suffer if any such party uses or attempts to use us for money-laundering or illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in compliance with applicable regulatory requirements.

See “Outstanding Litigation and Material Developments” on page 260.

10. To support and grow our business, we must maintain a minimum capital to risk weighted assets ratio, and lack of access to capital may prevent us from maintaining an adequate ratio.

As an NBFC-MFI, the RBI requires us to maintain a minimum capital to risk weighted assets ratio (“CRAR”) consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets on-balance sheet and of the risk-adjusted value of off-balance sheet items. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. Our ability to support and grow our business would become limited if our CRAR is low. As we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital to continue to meet applicable CRAR with respect to our business. We cannot assure you that we will be able to raise adequate additional capital in the future on terms favourable to us, and this may adversely affect the growth of our business. In addition, any changes in the RBI or other government actions in relation to securitizations or assignments by NBFCs in general or MFIs specifically, including if any assignment is held unenforceable under applicable law, could have an adverse effect on our assignment and securitization

plans in the future. This may result in non-compliance with applicable capital requirements, which could have an adverse effect on our business, financial condition and results of operations. If we are unable to meet any existing or new and revised requirements, our business and results of operations may be adversely affected.

11. *We may face various risks associated with our large number of branches and widespread network of operations which may adversely affect our business, financial condition and results of operations.*

As of March 31, 2018, we have 1.2 million active borrowers, who are served by our 467 branches across 16 states and union territories in India. As a consequence of our large network, we may be exposed to certain risks, including, among others:

- developing and improving our product delivery channels;
- upgrading, expanding and securing our technology platform;
- maintaining high levels of customer satisfaction;
- difficulties arising from operating a larger and more complex organization;
- difficulties arising from coordinating and consolidating corporate and administrative functions;
- delay in the transfer of data among various locations;
- failure to efficiently and optimally allocate management, technology and other resources across our branch network;
- failure to manage third-party service providers in relation to any outsourced services;
- difficulties in the integration of new branches with our existing branch network;
- difficulties in supervising local operations from our centralized locations;
- risk of fraud or other misconduct by employees or outsiders, exacerbated by the high level of autonomy on the part of our loan officers and back-end managers, which our business model requires;
- risk of our employees being the target of violent crimes such as thefts and robberies due to the high volume of cash we handle;
- difficulties in hiring and training skilled personnel in sufficient numbers to operate the new branches locally and management to supervise such operations from centralized locations;
- failure to maintain the level of customer service at all branches; and
- unforeseen legal, regulatory, property, local taxation, labour or other issues.

Any of the above reasons may result in our failure to manage our business operations in an effective manner, which may adversely affect our brand, reputation, business, financial condition and results of operations.

12. *As an NBFC-MFI, we are subject to periodic inspections by the RBI. Non-compliance with observations made by the RBI during these inspections could expose us to penalties and restrictions.*

As an RBI-registered NBFC-MFI, we are subject to periodic inspections by the RBI to verify the correctness or completeness of our business and operations, internal controls, and any statement, information or particulars furnished to the RBI. We will continue to be subject to inspections by the RBI, in the course of which the RBI may report on divergences (if any) from regulatory requirements applicable to NBFCs. For instance, in the past, the RBI has made observations in its inspection reports, in relation to: (i) differences in assessed net owned funds (“NOF”) and reported NOF; (ii) variations in reported and assessed CRAR; (iii) variations in reported and assessed risk weighted assets; (iv) variations in reported and assessed profit after tax; (v) deficiencies in compliance with the RBI Guidelines on Fair Practices Code for NBFCs; and (vi) non-compliance of composition of Audit Committee and Nomination and Remuneration Committee with Companies Act, 2013; and (vii) delay in filing of FMR1 returns i.e. Report on Actual or Suspected Frauds in NBFCs as per circular DNBR (PD). CC. No. 058/ 03. 10. 119/ 2015-16 dated July 01, 2015.

We have responded to the observations made by the RBI in its inspection reports in the past, and have not received any adverse remarks following the submission of our responses. However, we cannot assure you that we will be able to respond to the observations made by the RBI in its inspection reports in the future to its satisfaction, or that the RBI will not make an adverse remark or impose a penalty as a consequence of such inspections. If we are unable to resolve such deficiencies and other matters to the RBI's satisfaction, we could be exposed to penalties and restrictions, and our ability to conduct our business may be adversely affected.

13. Any downgrade of our credit ratings may constrain our access to capital and debt markets and, as a result, may adversely affect our cost of borrowings and our results of operations.

We have obtained the grading and credit ratings provided below:

Grading/Credit Rating	Organization which gave the rating	Date given	Details of the rating
A/Stable	CRISIL	26/06/2018	External rating
IND A-	India Rating & Research	14/02/2018	External rating
M1C1	CRISIL	11/05/2018	Comprehensive Microfinance Grading; M1C1 being the best possible rating
A/Stable	CRISIL	26/06/2018	NCD rating
IND A-	India Rating & Research	14/02/2018	NCD rating
A1	CRISIL	04/01/2018	Commercial Paper

The cost and availability of funds is dependent, among other factors, on our short-term and long-term credit ratings. Credit ratings reflect a rating agency's opinion of our financial strength, operating performance, industry position, and ability to meet our obligations. Any future performance issues for our Company or the industry may result in a downgrade of our credit ratings, which may constrain our access to capital and debt markets and, as a result, may adversely affect our cost of borrowings and our results of operations. In addition, any downgrade of our credit ratings could result in additional terms and conditions being included in any additional financing or refinancing arrangements in the future. For details of our credit ratings, see “Our Business” on page 116.

During the year ended March 31, 2010, credit ratings were reduced for MFIs operating in a particular state as a result of a crisis in the MFI industry. Further, in 2016, as a result of a number of factors, the credit ratings of certain MFI companies were downgraded. See “Industry Overview” on page 93. Any such development in the future may adversely affect our net interest margins and our results of operations.

14. Competition from banks and financial institutions, as well as state-sponsored social programs, may adversely affect our profitability and position in the Indian microcredit lending industry.

We face significant competition from other MFIs and banks in India (including SFBs). For details, see “Our Business – Competition” on page 131. Many of the institutions with which we compete may be larger in terms of business volume or may have greater assets, higher geographical penetration and better access to, and lower cost of, funding than we do. In certain areas, they may also have better brand recognition and larger customer bases than us. We anticipate that we may encounter greater competition as we continue expanding our operations in India, and this may result in an adverse effect on our business, results of operations and financial condition.

We believe traditional commercial banks, as well as regional rural and cooperative banks, have generally not directly targeted the lower income segments of the population for new customers. However, some banks do participate in microfinance by financing the loan programs of self-help groups often in partnership with NGOs, or through certain state-sponsored social programs. Further, most small finance banks which received approval from the RBI for the commencement of SFB operations are focused on low and middle income individuals and micro, small and medium enterprises. Further, some commercial banks are also beginning to directly compete with for-profit MFIs, including through the business correspondent operating model, for lower income segment customers in certain geographies.

Disruption from digital platforms could also have an adverse effect on our business model and the success of our products and services that we offer to our customers. We face threats to our business from newer business models that leverage technology to bring together savers and borrowers. The verification and disbursement process, undertaken through e-KYC and Aadhaar ID, is generally much faster than a typical NBFC, and is not reliant on the JLG model. We may not be competitive in facing challenges from such newer entrants.

In addition, as competition amongst micro-finance players increases, borrowers may take more than one loan from

different micro-finance players, which may adversely affect our asset quality or the asset quality of the industry as a whole.

15. *We have entered into related party transactions which may potentially involve conflicts of interest.*

We have entered into several transactions with related parties, including our Promoters and certain members of our Promoter Group. Such material related party transactions in the financial years 2018, 2017 and 2016 constitute cash management charges, commission income, purchase of assets, software support charges, advances given, deposits given, rent charges, expenses reimbursement and CSR expense management. We utilize a hub and spoke model, where our branches act as hubs and MFL's branches are utilized as spokes, to enable coordination between our branches and our centers under a cash management agreement with MFL. Further, we have entered into agreements for lease of branch and office premises, our business correspondent business and asset transfer agreements with MFL. We have also entered into agreements with our Group Company, Muthoot Pappachan Technologies Limited, for the use and customization of software and information technology systems across our operations in an efficient manner. For further details on our related party transactions, see "Related Party Transactions" on page 172.

We cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. Such related party transactions may potentially involve conflicts of interest which may be detrimental to the interest of our Company. We cannot assure you that such related party transactions, individually or in the aggregate, will always be in the best interests of our shareholders and will not have an adverse effect on our business, results of operations, cash flows and financial condition.

16. *We are subject to certain conditions and restrictions in terms of our financing arrangements, which could restrict our ability to conduct our business and operations in the manner we desire.*

As of March 31, 2018, we had total current and non-current borrowings aggregating to ₹17,515.24 million, comprising of non-current long-term borrowings amounting to ₹9,456.20 million and current portion of long-term borrowings amounting to ₹8,059.04 million. Incurring indebtedness is a direct consequence of the nature of our business, and having large outstanding borrowings portfolio may have significant implications on our business and results of operations, including, inter alia:

- low availability of cash flow for capital expenditures and other general corporate requirements;
- fluctuations in market interest rates may affect the cost of our borrowings, as our indebtedness is at variable interest rates;
- affecting our ability to obtain additional financing in the future at acceptable terms;
- triggering provisions of cross-default across multiple financing arrangements;
- adverse and onerous implications (including limitations on the use of funds in the relevant facility) in the event of inability to comply with financial and other covenants specified in the financing agreements;
- the right to recall loans by our lenders; and
- reduction in the ability to respond to changing business, regulatory and economic conditions.

Some of the financing arrangements entered into by us also include conditions that require us to obtain the respective lender's consent prior to carrying out certain activities. These covenants vary depending on the requirements of the financial institution extending the loan, and limit our ability to: (i) change our capital structure; (ii) approach capital markets for mobilizing additional sources, either as debt or equity; (iii) change the nature or scope of business or operations other than in the normal course of business; (iv) formulate any scheme of amalgamation with any other borrower or reconstruction; (v) alter the management or the charter documents; (vi) change control, ownership or shareholding pattern of our Company; (vii) restrict or reduce equity holding of our Promoter in our Company to less than 51%; (viii) reduce shareholding of our Promoter and Directors; (ix) registration of the transfer of shares in our Company's capital made by our Promoter and their associates; and (x) changes to Key Management Personnel.

Further, the covenants under the financing arrangements entered into by us, require us to, among other things, maintain the capital adequacy ratio, capital to risk weighted asset ratio, debt equity ratio, portfolio at risk and the operational self-sufficiency, as per the prescribed limits. Failure to observe covenants under our financing

arrangements or failure to obtain necessary waivers may lead to the termination of our credit facilities, acceleration of amounts due under such facilities, trigger of cross-default provisions and the enforcement of security provided. We cannot assure you that we would be able to persuade our lenders to grant extensions or refrain from exercising such rights which may adversely affect our operations and cash flows. Our lenders also have the ability to recall or accelerate all or part of the amounts owed by us, subject to the terms of the relevant financing arrangement. We cannot assure you that we will be able to repay our loans in full, or at all, at the receipt of a recall or acceleration notice, or otherwise. Our inability to comply with the conditions prescribed under the financing arrangements, or repay the loans as per the repayment schedule, may have an adverse effect on our credit rating, business, results of operations and financial performance.

17. *Changes in the tenure of our loan products could result in asset liability mismatches and expose us to interest rate and liquidity risks, which may adversely affect our business, financial condition, results of operations and cash flows.*

We may face adverse asset-liability mismatches in the future, which could expose us to interest rate and liquidity risks. The Master Directions require every loan above ₹30,000 issued by an NBFC-MFI as part of its “qualifying assets” to have a minimum maturity of 24 months, for which a matching funding source of similar maturity may not be available to us. In November 2015, the RBI increased the minimum loan amount subject to the minimum 24-month tenure requirement from ₹15,000 to ₹30,000. Loans with a tenure of 24 months constitute 72.19% of our total loans outstanding as of March 31, 2018. We may face potential liquidity risks due to varying periods over which our assets and liabilities may mature. Such mismatches could adversely affect our business, financial condition, results of operations and cash flows.

18. *Any failure or material weakness of our internal control systems could cause significant operational errors, which would adversely affect our reputation and profitability.*

We are responsible for establishing and maintaining adequate internal measures and controls commensurate with the size and the complexity of our operations. Our internal or concurrent audit functions are equipped to make an independent evaluation of the adequacy and effectiveness of internal controls on an ongoing basis to ensure that business personnel adhere to our policies, compliance requirements and internal guidelines. While we periodically test and update our internal control systems as necessary, we are exposed to operational risks arising from the potential inadequacy or failure of internal processes or systems, and our actions may not be sufficient to guarantee effective internal controls in all circumstances.

Given our high volume of transactions, it is possible that errors may repeat or compound before they are discovered and rectified. Our management information systems and internal control procedures that are designed to monitor our operations and overall compliance may not identify every instance of non-compliance or every suspicious transaction. If internal control weaknesses are identified, our actions may not be prompt or sufficient to fully correct such internal control weakness. We face operational risks in our business and there may be losses due to deficiencies in the credit sanction process, inaccurate financial reporting and fraud and failure of critical systems and processes. In addition, we carry out certain processes manually, which may increase the risk that human error, tampering or manipulation will result in losses that may be difficult to detect. As a result, we may suffer losses. Such instances may also adversely affect our reputation and profitability.

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

We do not own the “Muthoot” trademark and  logo. We have entered into an agreement dated February 14, 2017 with Thomas John Muthoot, Thomas George Muthoot and Thomas Muthoot for the license and use of the “Muthoot Pappachan” trademark and logo, subject to the terms of the license agreement. The license is valid for a period of 10 years commencing January 1, 2017 and may be terminated by either party by giving a written notice of 30 days to the other party. We are subject to certain covenants under the license agreement, including use of the trademarks in relation to our microfinance business and for brand promotion activities, which might affect our usage of the “Muthoot” trademark. Further, the terms of the license may not permit any proposed use of such trademark which may be deemed infringing, and thereby restrict our usage of this trademark.

Our Promoters, Thomas Muthoot, Thomas John Muthoot and Thomas George Muthoot, have filed an application before the Intellectual Property Appellate Board, Chennai (“IPAB”) for the removal, rectification and cancellation of the trademark labelled ‘MUTHOOT’. The mark ‘MUTHOOT’ has been currently registered as a trademark by M. Mathews, Chairman and Managing director of Muthoot Mercantile Limited. The matter is currently pending before the IPAB. Our business is dependent on the continued usage of the ‘MUTHOOT’ brand

and trademark, and an adverse outcome in this proceeding, may impact our ability to use the 'MUTHOOT' brand name.

Further, the "Muthoot" brand name is also used by one of our competitors. Any adverse impact on the 'Muthoot' brand name due to the actions of our competitor, which utilizes the brand name, may adversely impact our reputation and business. We believe that any damage to our brand or reputation could substantially impair our ability to maintain or grow our business, or have an adverse effect on our business, financial condition and results of operations. If we fail to maintain brand recognition with our target customers due to any issues with our product offerings, a deterioration in service quality, or otherwise, or if any premium in value attributed to our business or to the brand under which our services are provided declines, market perception and customer acceptance of our brand may also decline. Any negative news affecting us might also affect our reputation and brand value. In such an event, we may not be able to compete for customers effectively, and our business, financial condition and results of operations may be adversely affected.

20. *Part of our collections and disbursements from customers are in cash, exposing us to certain operational risks.*

Part of our collections and disbursements are in cash. In the financial years 2018, 2017 and 2016 49.80%, 66.90% and 98.84%, respectively, of our loans were disbursed through cash and 100% of our collections in respective years were in cash. Large cash collections and disbursements expose us to the risk of theft, fraud, misappropriation or unauthorized transactions by employees responsible for dealing with such cash collections. We may also be party to criminal proceedings and civil litigation related to our cash collections. These risks are exacerbated by the high levels of responsibility we delegate to our employees and the geographically dispersed nature of our network. Our customers are primarily from rural markets, which carry additional risks due to limitations on infrastructure and technology. We have experienced 5 and 4 instances of theft and robbery, for amounts aggregating to ₹3,131,388 and ₹5,316,699, respectively, in the financial years 2018, and 2017, respectively, including theft and misappropriation by our employees. While we obtain insurance for our cash in transit and safes for storage of cash, we cannot assure you that the insurance obtained by us adequately covers all risks involved or will be paid in relation to the entire amount involved, or at all.

21. *We may be subject to regulatory or other proceedings in connection with any unauthorized transactions, fraud or misappropriation by our representatives and employees, which could adversely affect our business and goodwill.*

We may be subject to regulatory or other proceedings in connection with any unauthorized transactions, fraud or misappropriation by our representatives and employees, which could adversely affect our business and goodwill. Our business is also susceptible to fraud by other agents through the forgery of documents and unauthorized collection of instalments on behalf of us. Certain instances of fraud and misconduct by our representatives or employees may go unnoticed for some time before they are discovered and successfully rectified. Even when we discover instances of fraud and other misconduct and pursue legal recourse or file claims with our insurance carriers, we cannot assure you that we will recover any amounts lost through such fraud or other misconduct. Our dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of such systems will result in losses that are difficult to detect or recover.

22. *Failure to train and motivate our employees may lead to an increase in our employee attrition rates and our results of operations could be adversely affected as a result of any disputes with our employees.*

Our operations are personnel-driven, and we place significant emphasis on the effective training of our personnel in communication and service orientation skills. However, failure to train and motivate our employees may lead to an increase in our employee attrition rates, erode the quality of customer service, divert management resources and impose significant costs on us which may have an adverse effect on our results of operations. We employ 5,583 full-time employees as of March 31, 2018, and place significant emphasis on our employees' overall welfare. However, we cannot assure you that there will not be any future disruptions in our operations due to any disputes with our employees. Further, we depend on our branch-level employees for sourcing, disbursements and collections and customer liaison, and significant attrition at any of our branches could adversely affect our operations. Moreover, in the event of a labour dispute, protracted negotiations and strike action may impair our ability to carry on our day-to-day operations, which could adversely affect our results of operations.

23. ***We may face difficulties and incur additional expenses in operating in rural markets, where infrastructure may be limited, which may impact our profitability.***

A significant majority of our borrowers are located in rural markets, which may have limited infrastructure, particularly for transportation and electricity. At branches in remote markets, we may face difficulties in conducting operations, such as accessing power facilities, transporting people and equipment and implementing technology measures. We may also face increased costs in conducting our business and operations and implementing security measures. We cannot assure you that such costs will not increase in the future as we further expand our network in rural markets, which may adversely affect our profitability.

24. ***Any deterioration in the performance of any pool of receivables assigned by us and other institutions may adversely affect our financial condition and results of operations.***

To improve liquidity and minimize risks, we assign or securitize a portion of our receivables from our loan portfolio to banks and other NBFCs. We undertake such direct assignment and securitization transactions based on our internal estimates of funding requirements, which may vary from time to time. In the financial years ended March 31, 2018, 2017 and 2016, the book value of loans assigned or securitized was ₹12,769.68 million, ₹10,969.19 million and ₹2,425.44 million, respectively.

In the event the banks or NBFCs do not realize the receivables due under loans that have been securitized or assigned, the relevant banks or NBFCs can enforce the underlying credit enhancements assured by us. Further, any deterioration in the performance of any batch of receivables assigned or securitized to banks and NBFCs could adversely affect our credit ratings and credibility and therefore our ability to conduct further assignments and securitizations. We may also be named as a party in legal proceedings initiated by such financial institution in relation to the assigned or securitized assets. Should a substantial portion of our securitized or assigned loans suffer a deterioration in their performance, it could have an adverse effect on our financial condition and results of operations.

25. ***We enter into assignment and securitization transactions to transfer certain receivables from our outstanding loan portfolio. If such assignment of receivables is held to be unenforceable under applicable law, or the laws, rules and regulations governing assignments and securitizations change, our business, financial condition and results of operations could be adversely affected.***

From time to time we novate or assign receivables or enter into securitization transactions from our outstanding loan portfolio to other NBFCs and banks for a consideration to, among other reasons, improve our liquidity and financial ratios. As of March 31, 2018, our portfolio of assigned or securitized outstanding loans was ₹9,586.88 million, constituting 32.83% of our Company's loan assets. The loan assignment agreements may contain certain representations and warranties made by us regarding the assigned loans, which, if breached could result in additional costs and expenses to us. Any change in the RBI or other government regulations in relation to assignments and securitizations by NBFCs could have an adverse effect on our business. If in the future, one or more of the assignment transactions entered into by us is held to be unenforceable by a court of law, we may be required to terminate such assignment transactions. Such events may adversely affect our business, financial condition and results of operations.

26. ***We depend on the accuracy and completeness of information about borrowers and counterparties for our credit assessment and risk management. Any misrepresentation, errors in or incompleteness of such information could adversely affect our business and results of operations.***

In deciding whether or not to extend credit or enter into other transactions with borrowers, we rely on, among others, information furnished to us by or on behalf of borrowers. We may also rely on certain representations from our borrowers as to the accuracy and completeness of that information. To ascertain the creditworthiness of potential borrowers, we may depend on credit information companies or credit bureaus, and our reliance on any misleading information may affect our judgement of credit worthiness of potential borrowers, which may affect our business and results of operations. We may receive inaccurate or incomplete information as a result of negligence or fraudulent misrepresentation. Our risk management measures may not be adequate to prevent or deter such activities in all cases, which may adversely affect our business and results of operations.

27. ***Our Individual Promoters have given personal guarantees to various third parties.***

Our Individual Promoters, namely, Thomas Muthoot, Thomas John Muthoot, Thomas George Muthoot, Remmy Thomas, Nina George and Preethi John have given personal guarantees to various third parties from time to time,

on behalf of entities with which they are associated, including as directors and partners, in relation to financial assistance availed by such entities in the normal course of their business. In the event such entities default on any of their obligations in respect of the financial assistance availed by them, the personal guarantees issued by the relevant Individual Promoter may be invoked against such Individual Promoter, which will have an adverse impact on the reputation and financial position of the relevant Individual Promoter, and which may consequently affect our reputation and business prospects.

28. *We require several statutory and regulatory approvals, licenses, registrations and permissions to conduct our business and an inability to obtain or maintain such approvals, licenses, registrations and permissions in a timely manner, or at all, may adversely affect our operations.*

We require several approvals, licenses, registrations and permissions to operate our business, including a registration for our Company with the RBI as an NBFC-MFI as well as various other corporate actions. We are also required to comply with the prescribed requirements, including classification of NPAs and provisioning, KYC requirements, qualifying assets and other internal control mechanisms. See “*Regulations and Policies*” on page 134. In the future, we will be required to maintain such permits and approvals and obtain new permits and approvals for any proposed expansion strategy or diversification into additional business lines or new financial products. We cannot assure you that the relevant authorities will issue any such permits or approvals in a timely manner, or at all, or on favourable terms and conditions. Our failure to comply with the terms and conditions of such permits or approvals or to maintain or obtain the required permits or approvals may result in an interruption of our business operations and may have an adverse effect on our operations.

If we are unable to comply with the requirements within the specified time limit, or at all, we may be subject to regulatory actions by the RBI, including the levy of fines or penalties or the cancellation of our license to operate as an NBFC-MFI. In addition, we require several registrations to operate our branches in the ordinary course of business. These registrations include those required to be obtained or maintained under applicable legislations governing shops and establishments, professional tax, labour-related registrations, GST registrations and trade licenses of the particular state in which we operate. Some of these approvals may have expired in the ordinary course, and our Company has either applied, or is in the process of applying for renewals of them. For further information on our key approvals and licenses, see “*Government and Other Approvals*” on page 266. 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 that we have not complied, with any of these conditions, we may be liable to fines or penalties, and our certificates of registration may be suspended or cancelled and we would no longer be able to carry on such activities required for our business.

29. *We face the threat of fraud and cyber-attacks targeted at disrupting our services, such as hacking, phishing and theft of sensitive internal data or customer information. This may damage our reputation and adversely affect our business and results of operations.*

Our systemic and operational controls may not be adequate to prevent adverse impact from frauds, and cyber-attacks targeted at disrupting our services, such as hacking, phishing and theft of sensitive internal data or customer information. For example, in the financial year 2018, our Company noticed the existence of a website under the name of “www.muthootmicrofin.com”, which was unrelated to our Company or our Promoter. Even though this website is currently non-operational, we cannot assure you that such instances of misleading or confusingly similar webpages will not occur in the future. Further, our internet platforms are exposed to being hacked or compromised by third-parties, resulting in thefts and losses to our borrowers and us. Some of these cyber threats from third-parties include data theft, ransom-ware attacks and advanced persistent threats. The frequency of such cyber threats may increase in the future with the increased digitization of our services. Not only are we exposed to such risks from our own actions or those of our employees, but from actions of our third-party service providers, whom we do not control. If we become the target of any of such cyber-attacks, it could adversely affect our business and results of operations.

A significant system breakdown, network outage or system failure caused by intentional or unintentional acts would have an adverse effect on our revenue-generating activities and lead to financial loss. Further, since we review and retain, in our ordinary course of business, sensitive personal data of our borrowers for diligence and KYC checks, any security breaches in our systems could give rise to regulatory liability or litigation. In June 2017, the RBI issued master directions on information technology frameworks for NBFCs. These directions prescribe measures to be adopted by NBFCs to minimize cyber risk, including adoption of IT strategy policies (overseen by a strategy committee), information and cyber security protocols and policies, and reporting of cyber- security incidents and breaches to the RBI from time to time. Any cyber-security breach could also subject us to additional regulatory scrutiny and expose us to civil litigation and related financial liability.

30. Our success depends, in large part, upon our management team and skilled personnel and on our ability to attract and retain such persons.

We are dependent on our Board of Directors and Key Management Personnel, senior management, and our future performance is dependent on their continued service. The RBI also mandates NBFCs to have in place supervisory standards to ensure that directors have appropriate qualifications, technical expertise and a sound track record, and such requirements may make it more difficult for us to identify suitable replacement for our directors. We also face a continuing challenge to hire, assimilate and retain skilled personnel. We have experienced attrition at a rate of 41.91%, 42.24% and 20.84% in relation to our employees for the financial years 2018, 2017 and 2016, respectively. Competition for management and other skilled personnel is intense, and we may not be able to attract and retain the personnel we need in the future. The loss of key personnel or our inability to replace key personnel may restrict our ability to grow, to execute our strategy, to raise the profile of our brand, to raise funding, to make strategic decisions and to manage the overall running of our operations, which would have an adverse effect on our results of operations and financial position.

31. Our business is subject to seasonality, which may contribute to fluctuations in our results of operations and financial condition.

Our business is subject to seasonality as we generally see higher borrowings by our borrowers during the third and fourth quarter of each financial year due to increased economic activity towards the end of the financial year and in line with harvest season in rural areas in India. We also generally have higher drawdowns under our facilities in the third and fourth quarter of each financial year. Accordingly, our results of operations and financial condition in one quarter may not accurately reflect the trends for the entire financial year and may not be comparable with our results of operations and financial condition for other quarters.

32. Our business, financial condition, cash flows and results of operations may be adversely affected by certain state regulations.

While NBFC-MFIs are currently regulated by the RBI, the respective state government of the states where we operate may pass laws either *suo moto*, or in response to any legal action initiated against the NBFC-MFIs of a state, which impact the business of NBFC-MFIs. We cannot assure you that any such actions taken by the state governments in these states will not adversely impact our business, financial condition and results of operations. For example, our Promoter, MFL has filed a special leave petition before the Supreme Court of India against a judgment passed by the division bench of the High Court of Kerala directing it to register under the provisions of Kerala Money Lenders Act, 1946, as amended. This matter is pending for hearing and final disposal at the Supreme Court of India. For further details see “*Outstanding Litigations and Material Developments-Outstanding Civil Litigation involving MFL*” on page 263. An adverse finding in this special leave petition may adversely impact our business, financial condition, cash flows and results of operations.

33. There are several outstanding legal proceedings against our Company, Directors and Promoters.

There are several outstanding legal proceedings against our Company, Directors and Promoters. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals. The brief details of such outstanding legal proceedings are as follows:

Litigation against our Company

Nature of the cases/claims	No. of cases outstanding	Amount involved (₹in million)
Actions by statutory/ regulatory authorities	3	0.15
Civil matters	-	-
Criminal matters	-	-
Direct tax matters	-	-
Indirect tax matters	-	-

**To the extent quantifiable*

Litigation against our Directors

Nature of the cases/claims	No. of cases outstanding	Amount involved (₹in million)
Actions by statutory/ regulatory authorities	1	-
Civil matters	1	-

Criminal matters	2	-
Direct tax matters	40	596.31
Indirect tax matters	-	-

**To the extent quantifiable*

Note: The table includes the cases involving our Promoters as well

Litigation against our Promoters (other than Directors)

Nature of the cases/claims	No. of cases outstanding	Amount involved (₹in million)
Actions by statutory/ regulatory authorities	3	740.60
Civil matters	2	10.45
Criminal matters	2	-
Direct tax matters	4	820.46
Indirect tax matters	4	503.36

**To the extent quantifiable*

In relation to such outstanding litigation matters involving our Company, Directors and Promoters, while the amounts and interests levied thereon to the extent ascertainable and involved in these matters have been mentioned above, the amounts and interests involved in many pending litigations are not ascertainable or quantifiable and are hence not disclosed. Further, our Company does not consider the entire amount involved or unquantifiable amount in respect of outstanding legal proceedings to be a present or a potential liability and hence contingency for the entire amount has not been provided for in our financial statements. For further details of such outstanding legal proceedings against our Company, Directors and Promoters, see “*Outstanding Litigation and Material Developments*” on page 260.

Such proceedings could divert management time and attention, and consume financial resources in their defense or prosecution. Further, an adverse outcome in any of these proceedings may affect our reputation, standing and future business, and could have an adverse effect on our business, prospects, financial condition and results of operations. We cannot assure you that any of these proceedings will be decided in favour of our Company, Directors and Promoters, or that no further liability will arise out of these proceedings.

34. *We rely on third-party service providers who may not perform their obligations satisfactorily or in compliance with law.*

We enter into arrangements with third-party vendors, and independent contractors to provide services that include, among others, telecommunications infrastructure services and software services including for core banking and e-KYC solutions. We also enter into agreements with credit bureaus for availing credit assessment and other services. We cannot guarantee that there will be no disruptions in the provision of such services or that these third parties will adhere to their contractual obligations. If there is a disruption in the third-party services, or if the third-party service providers discontinue their service agreements with us, our business, financial condition and results of operations will be adversely affected. In case of any dispute, we cannot assure you that the terms of such agreements will not be breached, and this may result in litigation or other costs. Further, we finance loans for purchase of products such as sewing machines, mobile phones, solar lanterns and fans, water purifiers and induction stoves, among others, from third parties. Any defects or deficiencies in the products sold by such third parties may impact repayment of the loans provided by us.

Our arrangements with third-party service providers may also be subject to government regulations, with which we may not be able to comply. On November 9, 2017, the RBI issued Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs (“**Outsourcing Directions**”). Pursuant to the Outsourcing Directions, the RBI has directed NBFCs to put in place necessary safeguards for activities outsourced by them. In this regard, NBFCs are required to put in place a comprehensive, Board-approved outsourcing policy that incorporates criteria for selection of activities as well as service providers, delegation of authority depending on risks and materiality, and systems to monitor and review the operation of these activities. Further, in case NBFCs have back-office and service arrangements or agreements with group entities such as sharing of premises, legal and other professional services, and hardware and software applications, NBFCs are required to have a Board-approved policy prior to entering into such arrangements with group entities, which shall cover demarcation of sharing resources such as premises and personnel. Further, the Company must maintain a central record of all material outsourcing arrangements, which must be readily accessible for review by the Board and senior management. The Company must also update records promptly, and half-yearly reviews must also be placed before the Board or risk management committee.

Further, certain of our agreements require us to indemnify our counterparties for certain losses, and limit contractual or other liabilities of our counterparties to fees or other amounts received by them from us for a certain period of time. If such indemnities are invoked, or if our counterparties limit their liabilities to an extent that our losses are not fully recovered, we may incur additional costs. Such additional costs, in addition to the cost of entering into agreements with third parties in the same industry, may adversely affect our business, financial condition and results of operations.

35. *We have had negative cash flows in the past and may continue to have negative cash flows in the future.*

We had negative cash flows from operating activities of ₹7,015.97 million, ₹4,688.89 million, ₹3,956.31 million and ₹4.21 million in the financial years 2018, 2017, 2016 and 2015, respectively. Further, we had negative cash flows from investing activities of ₹119.75 million, ₹657.56 million, and ₹285.46 million in the financial years 2018, 2017 and 2016, respectively. If we experience negative cash flows in the future, it could adversely affect our results of operations and financial condition. For further details, see “*Financial Statements*” and “*Management's Discussion and Analysis of Financial Condition and Results of Operations*” on pages 181 and 236, respectively.

36. *We are subject to the risks associated with all of our properties being leased.*

We do not own the premises on which our Registered Office, our Corporate Office and all of our branches are situated and as of March 31, 2018, such premises are utilized by us on lease or leave and license basis. Some of our lease or license agreements have expired and are expected to be renewed. Failure to renew lease or license agreements for these premises on terms and conditions acceptable to us or at all, may require us to move the concerned branch offices to new premises. We may incur substantial rent escalation and relocation costs as a result or such relocation. We may also face the risk of being evicted if our landlords allege a breach on our part of the terms of the lease agreements. Further, certain lease agreements may not be duly registered or adequately stamped. Consequently, should any dispute arise in relation to our use of the relevant properties, we may be unable to, or may incur additional expenses to, enforce our rights in relation to such properties.

37. *We will continue to be controlled by our Promoters and certain related entities after the completion of the Issue.*

Our Promoters currently hold 96.93% of the issued, subscribed and paid-up equity share capital of our Company. Upon conversion of CCPS and completion of the Offer, our Promoter together will own [●]% of our Equity Share capital, which will allow them to continue to control the outcome of matters submitted to our Board or Shareholders for approval. After the completion of this Offer, certain of our Promoters will continue to exercise significant control or exert significant influence over our business and major policy decisions, including but not limited to the following:

- controlling the election of Directors;
- controlling the selection of senior management;
- approving significant corporate transactions, including acquisitions and disposals of our assets or business, or change of control transactions;
- making overall strategic and investment decisions;
- approving our annual budgets; and
- amending our Memorandum and Articles of Association.

The interests of our Promoter and certain related entities may conflict with your interests and the interests of our other shareholders, and our Promoter and certain related entities could make decisions that may adversely affect our business operations, and hence the value of your investment in the Equity Shares.

38. *Our contingent liabilities could adversely affect our financial condition.*

As of March 31, 2018, we had the following contingent liabilities (as determined in accordance with AS-29 issued by ICAI) which have not been provided for:

	As of March 31,		
	2018	2017	2016
	(₹ in millions)		
Credit enhancements provided by our Company towards securitization or assignment (including cash collaterals,	267.99	630.32	116.75

	As of March 31,		
	2018	2017	2016
	(₹ in millions)		
principal and interest subordination)			

We cannot assure you that we will not incur similar or increased levels of contingent liabilities in the future. If the aforementioned contingent liabilities materialize, our financial condition may be adversely affected. See also “Financial Statements” on page 181.

39. *Our insurance coverage may not be adequate to protect us against all potential losses, which may have an adverse effect on our business, financial condition and results of operations.*

Our operations are subject to various risks inherent to the finance industry, as well as fraud, theft, robbery, acts of terrorism and other force majeure events. We currently maintain non linked non participating group term micro-insurance for the members and their nominees, group term insurance plan, money insurance policy that covers burglary, theft and robbery of cash maintained at our properties and branches and cash-in transit and directors’ and officers’ liability insurance covering liability pay-outs by our directors and key officers. An event that causes losses in excess of the limits specified in our policies, or losses arising from events or risks not covered by insurance policies or due to the same being inadequate, could harm our business, financial condition and results of operations. We cannot assure you that any claims filed will be honored fully or timely under our insurance policies. Our business, financial condition and results of operations may be affected to the extent we suffer any loss or damage that is not covered by insurance or which exceeds our insurance coverage. In addition, we may not be able to renew certain of our insurance policies upon their expiration, either on commercially acceptable terms or at all.

40. *Concerns about terms of loans provided by us may adversely affect our reputation and thereby the growth and the market acceptance of our products and services.*

We provide loans to women, belonging to low-income groups in rural areas. As a result of our business model of providing financial services at the villages of our borrowers, our operating expenses, particularly, finance, employee, travel and rent costs are quite high. This, along with our cost of financing, may result in the interest rates we charge to our borrowers to be higher than the interest rates banks generally charge. This observation, including the terms of our loans, continue to be the subject of careful evaluation, analysis and often, criticism. Perception of our business and business model, including, among others, by social and political workers or disgruntled former stakeholders, despite our initiative to provide financing to individuals who have none, or very limited access to loans from institutional sources of funding, could harm our reputation. Further, farmers and rural borrowers may undergo stress in meeting repayment schedules due to failure of crop harvests or other factors, resulting in significant publicity and media coverage. Any adverse publicity may adversely affect our growth and the market acceptance of our products and services.

41. *Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures and lender consents and we cannot assure you that we will be able to pay dividends in the future.*

We currently intend to invest our future earnings, if any, to fund our growth. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. In addition, any dividend payments we make are subject to the prior consent of certain of our lenders pursuant to the terms of the agreements we have with them. We have not paid any dividends historically on our Equity Shares and we cannot assure you that we will be able to pay dividends in the future.

42. *We have availed certain unsecured loans may be recalled by the lenders, subject to the terms and conditions of their grant, at any time.*

We have availed certain unsecured loans and other debt instruments, amounting to ₹250 million as of July 10, 2018, and we have availed of secured loans for ₹13,992.71 million as of July 10, 2018, in aggregate constituting 83.57% of our total borrowings as of that date, which may be recalled by our lenders on demand. In such cases, the lenders are empowered to require repayment of the facility at any point in time during the tenure. In case any of such loans are recalled on demand by our lenders and we are unable to repay the outstanding amounts under the facility at that point, it would constitute an event of default under the respective loan agreements. See “Financial Statements” on page 181.

43. ***We have presented, in this Draft Red Herring Prospectus, certain financial measures and other selected statistical information relating to our financial condition and operations which is not prepared under or required by Indian GAAP. These financial measures and statistical information may vary from any standard methodology that is applicable across the financial services industry, and therefore may not be comparable with financial or statistical information of similar nomenclature computed and presented by other financial services companies.***

This Draft Red Herring Prospectus includes financial measures and certain other statistical information of our financial condition and operations not prepared under or required by Indian GAAP, i.e., non-GAAP financial information, which may not accurately represent our financial condition, performance and results of operations. We compute and disclose such non-GAAP financial information relating to our financial condition and operations as we consider such information to be useful measures of our business and financial performance. Such non-GAAP financial information is based on management accounts and internal financial information systems of our Company and is prepared by adjusting, based on management estimates, the financial measures in the restated financial statements of our Company. Non-GAAP information should not be considered in isolation from, or as a substitute for, financial information presented in the restated financial statements of our Company.

Further, the non-GAAP financial information may be different from financial measures and statistical information disclosed or followed by other NBFCs or micro finance companies. The non-GAAP financial information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by NBFCs, micro finance companies or other financial services companies. Accordingly, investors should not place undue reliance on the non-GAAP financial information included in the Draft Red Herring Prospectus.

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

For periods prior to April 1, 2018, we were required to prepare our financial statements in accordance with Indian GAAP. The Companies (Indian Accounting Standards) Rules, 2015 (“IAS Rules”), as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, which enacted changes to Indian GAAP that are intended to align Indian GAAP with IFRS. The IAS Rules provide that financial statements of companies to which such rules apply shall be prepared in accordance with Ind AS. Ind AS differs in various respects from Indian GAAP. We are required to prepare our financial statements in accordance with Ind AS with effect from April 1, 2018. While we have not determined with any degree of certainty the effect that the adoption of Ind AS will have on our financial statements, we are aware that Ind AS will affect certain items in our financial statements. We have not attempted to quantify the effect of Ind AS on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of Ind AS since early adoption of Ind AS for NBFCs is not permitted by the RBI.

For a summary of the significant qualitative differences between Indian GAAP and Ind AS applicable to our Company, see “Significant Differences between Indian GAAP and Ind AS” on page 232. However, this summary may not contain all significant differences between Indian GAAP and Ind AS applicable to our Company and reliance by prospective investors on this summary should be limited. Accordingly, our financial statements for the period commencing from April 1, 2018 will not be comparable to our historical financial statements.

45. ***Significant differences exist between Indian GAAP and other accounting principles, such as Ind AS, U.S. GAAP and IFRS, which may be material to investor’s assessments of our financial condition.***

Our Company has prepared its annual and interim financial statements under Indian GAAP. Our Company is required to prepare annual and interim financial statements under Ind AS with effect from April 1, 2018 as required under Section 133 of the Companies Act 2013 read with Circular SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016. US GAAP, Ind AS and IFRS differ in significant respects from Indian GAAP. Accordingly, the degree to which the Indian GAAP financial statements, which are restated as per SEBI ICDR Regulations included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. We urge you to consult your own advisors regarding such differences and their effect on our financial data. See “Significant Differences Between Indian GAAP and Ind AS” on page 232.

46. ***This Draft Red Herring Prospectus contains information from third parties and an industry report which we have commissioned from CRISIL Research, and such data has not been independently verified by us, the BRLMs or the Selling Shareholders.***

We have not independently verified data from industry publications contained in the sections “Our Business”, “Summary of Business”, “Summary of Industry”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Industry Overview”, including the CRISIL Report, which have been commissioned by us from CRISIL Research. Although we believe these sources to be reliable, we cannot assure you that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled with regards to other countries. Therefore, discussions of matters relating to India, the Indian economy, as well as NBFCs that are included herein have not been verified by us and may be incomplete, inaccurate or unreliable. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistical data herein may be inaccurate or may not be comparable to statistical data produced elsewhere and should not be unduly relied upon.

CRISIL has advised that while it has taken due care and caution in preparing the reports based on information obtained from sources which it considers reliable, it does not guarantee the accuracy, adequacy or completeness of the reports or the data therein and is not responsible for any errors or omissions or for the results obtained from the use of reports or the data therein. The reports highlight certain industry and market data relating to our Company and its competitors. Such data is subject to many assumptions. 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. Further, such assumptions may change based on various factors. We cannot assure you that CRISIL’s assumptions are correct or will not change and accordingly our position in the market may differ from that presented in this Draft Red Herring Prospectus. Further, the reports are not a recommendation to invest or disinvest in our Company or any company covered in the reports. CRISIL has stated that it has no liability whatsoever to the subscribers, users, transmitters or distributors of the reports.

47. ***Our management will have broad discretion over the use of the Net Proceeds.***

We intend to use the Net Proceeds for the purposes described in the “Objects of the Offer” on page 82 of this Draft Red Herring Prospectus. We currently intend to use the Net Proceeds from the Fresh Issue towards augmenting our capital to meet future capital requirements. Pending utilization of the Net Proceeds, we intend to deposit such Net Proceeds in one or more scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, as may be approved by our Board. Our management will have broad discretion to use the Net Proceeds (which have not been independently appraised) and you will be relying on the judgment of our management regarding the application of the Net Proceeds.

Expenditure of the Net Proceeds in our business may not lead to an increase in the value of your investment. Various risks and uncertainties, including those set forth in this “Risk Factors” section, may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in our business, which may affect our prospects and results of operations.

48. ***We will not receive any proceeds from the Offer for Sale. The Selling Shareholders will receive the entire proceeds from the Offer for Sale.***

This Offer includes an Offer for Sale of up to 16,310,072 Equity Shares by the Selling Shareholders. The entire proceeds from the Offer for Sale will be paid to the Selling Shareholders and we will not receive any such proceeds. See “Capital Structure” and “Objects of the Offer” on pages 66 and 82, respectively.

49. ***We and our Group Company have incurred losses in recent financial years and our Group Company has negative net worth, based on the last audited financial statements available.***

We have incurred net loss after tax of ₹1.58 million and ₹0.11 million in the financial year 2015 and 2014, respectively. Further, our Group Company has incurred losses in the financial year 2016 and has negative net worth in the financial years 2016, 2017 and 2018, based on its audited financial statements. For further details, see “Our Group Companies – Group Companies with negative net worth” and “Our Group Companies – Details of Loss making Group Companies” on pages 169 and 170, respectively. We cannot assure you that we or our Group Company will not incur losses or have negative net worth in the future.

50. *We are not in possession of certain filings made by our Company with statutory authorities. Accordingly, we may be subject to regulatory actions and penalties in this regard.*

We do not have records of certain statutory filings made with the RoC or acknowledgements for some of the filings made with the RoC. These include, *inter alia*:

- Form 2 filed with the RoC in relation to the allotments of (a) 100,000 Equity Shares on November 28, 1994; and (b) 199,960 Equity Shares on January 23, 1995; and
- Form 23 and Form 5 filed with the RoC in relation to (a) increase in authorised share capital from ₹2,500,000 comprising 250,000 Equity Shares of ₹10 each to ₹10,000,000 comprising 1,000,000 Equity Shares of ₹10 each; (b) Increase in authorised share capital from ₹10,000,000 comprising 1,000,000 Equity Shares of ₹10 each to ₹35,000,000 comprising 3,500,000 Equity Shares of ₹10 each; and (c) Increase in authorised share capital from ₹35,000,000 comprising 3,500,000 Equity Shares of ₹10 each to ₹100,000,000 comprising 10,000,000 Equity Shares of ₹10 each.

While we have made attempts to locate copies of the filings made with the RoC in our internal records and by conducting a third party search at the RoC, these filings have not been located as these have been destroyed by the RoC on account of passage of time. We cannot assure you that we will not be subject to any action, including monetary penalties by statutory authorities on account of non-availability of, any of its secretarial records and filings, which may adversely affect our business and financial condition.

51. *Our Company is not, and does not intend to become, regulated as an investment company under the U.S. Investment Company Act and related rules.*

Our Company has not been and does not intend to become registered as an investment company under the U.S. Investment Company Act. Accordingly, unlike registered investment companies, our Company will not be subject to the vast majority of the provisions of the U.S. Investment Company Act, including provisions that require investment companies to have a majority of disinterested directors, provide limitations on leverage and limit transactions between investment companies and their affiliates. None of these protections or restrictions is or will be applicable to our Company.

If our Company was to become subject to the U.S. Investment Company Act because of a change of law or otherwise, the various restrictions imposed by the U.S. Investment Company Act, and the substantial costs and burdens of compliance therewith, could adversely affect our results of operations. Moreover, parties to a contract with an entity that has improperly failed to register as an investment company under the U.S. Investment Company Act may be entitled to cancel or otherwise void their contracts with the unregistered entity, and shareholders in that entity may be entitled to withdraw their investment.

Our Company is relying on the exemption provided by Section 3(c)(7) of the U.S. Investment Company Act to avoid being required to register as an investment company under the U.S. Investment Company Act and related rules. In order to help ensure compliance with the exemption provided by Section 3(c)(7) of the U.S. Investment Company Act, our Company has implemented restrictions on the ownership and transfer of Equity Shares by any persons acquiring our Equity Shares in the Issue who are in the United States or who are U.S. Persons (as defined in Regulation S under the U.S. Securities Act, except for these purposes, U.S. Persons include Persons who would otherwise have been excluded from such term solely by virtue of Rule 902(k)(1)(viii)(B) or Rule 902(k)(2)(i)), which may materially affect your ability to transfer our Equity Shares. See “*Transfer Restrictions*” on page 285.

52. *U.S. regulation of investment activities may negatively affect the ability of banking entities to purchase our Equity Shares.*

The Volcker Rule, generally prohibits certain banking entities from acquiring or retaining an ownership interest in, sponsoring or having certain relationships with covered funds, subject to certain exclusions and exemptions. As we are relying on an analysis that our Company does not come within the definition of an “investment company” under the U.S. Investment Company Act because of the exception provided under section 3(c)(7) thereunder, our Company may be considered a “covered fund” for purposes of the Volcker Rule. The following would be considered a “banking entity” subject to the Volcker Rule: (i) any U.S. insured depository institution, (ii) any company that controls an U.S. insured depository institution, (iii) any non-U.S. company that is treated as a bank holding company for purposes of Section 8 of the International Banking Act of 1978 (i.e., a non-U.S. company that maintains a branch, agency or commercial lending office in the U.S.) and (iv) any affiliate or subsidiary of any of the foregoing under the U.S. Bank Holding Company Act, other than a covered fund that is not itself a banking

entity under clauses (i), (ii) or (iii).

There may be limitations on the ability of banking entities to purchase or retain our Equity Shares in the absence of an applicable Volcker Rule exemption. Consequently, depending on market conditions and the banking entity status of potential purchasers of our Equity Shares from time to time, the Volcker Rule restrictions could negatively affect the liquidity and market value of our Equity Shares.

Each investor must make its own determination as to whether it is a banking entity subject to the Volcker Rule and, if applicable, the potential impact of the Volcker Rule on its ability to purchase or retain our Equity Shares. Investors are responsible for analyzing their own regulatory position and none of our Company, the Managers or any other person connected with the Offer makes any representation to any prospective investor or holder of our Equity Shares regarding the treatment of our Company under the Volcker Rule, or to such investor's investment in the our Company at any time in the future.

EXTERNAL RISKS

Risks Relating to India

53. *Our business is affected by prevailing economic, political and other prevailing conditions in India and the markets we currently serve.*

Our Company is incorporated in India, and all of our assets and employees are located in India. As a result, we are dependent on prevailing economic conditions in India and our results of operations are affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, or change in India's credit rating, resulting in an adverse effect on economic conditions in India and scarcity of financing of our developments and expansions;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies, such as application of GST;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring countries;
- natural or man-made disasters;
- infectious disease outbreaks or other serious public health concerns;
- prevailing regional or global economic conditions, including in India's principal export markets; and
- other significant regulatory or economic developments in or affecting India or its financial services sectors.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely affect our business, results of operations and financial condition and the price of the Equity Shares. Our performance and the growth of our business depend on the performance of the Indian economy and the economies of the regional markets we currently serve. These economies could be adversely affected by various factors, such as political and regulatory changes including adverse changes in liberalization policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in these economies could adversely affect the ability of our customers to afford our services, which in turn would adversely affect our business and results of operations and the price of the Equity Shares.

54. *It may not be possible for you to enforce any judgment obtained outside India against us, our management or any of our respective affiliates in India, except by way of a suit in India on such judgment.*

We are incorporated under the laws of India and most of our Directors reside in India. Further, all of our Company's assets are located in India. As a result, you may be unable to effect service of process in jurisdictions outside India, upon our Company or enforce in Indian courts judgments obtained in courts of jurisdictions outside India against our Company, including judgments predicated upon the civil liability provisions of securities laws of jurisdictions outside India.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions. A judgment from certain specified courts located in a jurisdiction with reciprocity must meet certain requirements of the Code of Civil Procedure, 1908, as amended (the "**Civil Code**"). The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in a non-reciprocating territory, such as the United States, for civil liability, whether or not predicated solely upon the general securities laws of the United States, would not be enforceable in India under the Civil Code as a decree of an Indian court.

The United Kingdom, Singapore and Hong Kong have been declared by the Government of India to be reciprocating territories for purposes of Section 44A of the Civil Code. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit on the judgment under Section 13 of the Civil Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated on except (i) where the judgment has not been pronounced by a court of competent jurisdiction, (ii) where the judgment has not been given on the merits of the case, (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where the judgment has been obtained by fraud or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the Civil Code, a court in India shall, on the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record.

However, the party in whose favour such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States or other such jurisdiction within three years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis as a foreign court if an action is brought in India. Moreover, it is unlikely that an Indian court would award damages to the extent awarded in a final judgment rendered outside India if it believes that the amount of damages awarded were excessive or inconsistent with Indian practice. In addition, any person seeking to enforce a foreign judgment in India is required to obtain the prior approval of the RBI to repatriate any amount recovered.

55. *Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations across the multiple jurisdictions we operate in, may adversely affect our business, financial condition and results of operations.*

Our business, financial condition and results of operations could be adversely affected by changes in the laws, rules, regulations or directions applicable to us and our general and microfinance businesses, the interpretations of such existing laws, rules and regulations, or the promulgation of new laws, rules and regulations.

The governmental and regulatory bodies may notify new regulations or policies, which may require us to obtain approvals and licenses from the government and other regulatory bodies, or impose onerous requirements and conditions on our operations, in addition to those which we are undertaking currently. Any such changes and the related uncertainties with respect to the implementation of new regulations may have an adverse effect on our business, financial condition and results of operations. See "*Regulations and Policies*" on page 134.

In addition, unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment laws governing our business, operations and investments in our Company by non-residents, could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals.

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, 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. The final

determination of our tax liabilities involves the interpretation of local tax laws and related regulations in each jurisdiction as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. For example:

- The General Anti Avoidance Rules (“GAAR”) came into effect from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement may result in, among others, a denial of tax benefit. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to us, it may have an adverse tax impact on us;
- On February 23, 2018, the RBI released the Ombudsman Scheme for Non-Banking Financial Companies, 2018 (“NBFC Ombudsman Scheme”). Under the NBFC Ombudsman Scheme, any customer or person can file a complaint with the ombudsman on grounds such as non-payment or inordinate delay in payment of interest, non-repayment of deposits, lack of transparency in loan agreement, non-compliance with RBI directives on fair practices code for NBFCs, levying of charges without sufficient notice to customers and failure or delay in returning the securities documents despite repayment of dues. The ombudsman may require the NBFC to perform its obligations or pay compensation to the complainant; and
- The Government of India has implemented a comprehensive national goods and services tax (“GST”) regime with effect from July 1, 2017 that combines taxes and levies by the central and state governments into a unified rate structure. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If the tax costs associated with certain transactions because of a particular tax risk materializing are greater than anticipated, it could affect the profitability of such transactions.

Further, as of March 31, 2018, we had a total of 5,583 full-time employees. Our full-time employees are employed by us and are entitled to statutory employment benefits, such as a defined benefit gratuity plan. In addition to our full-time employees, we use agencies for our outsourcing requirements and engage persons on a contractual basis. We are subject to various labor laws and regulations governing our relationships with our employees and contractors, including in relation to minimum wages, working hours, overtime, working conditions, hiring and terminating the contracts of employees and contractors, contract labor and work permits. A change of law that requires us to increase the benefits to the employees from the benefits currently provided may create potentially liability for us. Such benefits could also include provisions which reduce the number of hours an employee may work or increase the number of mandatory casual leaves, which can all affect the productivity of the employees. A change of law that requires us to treat and extend benefits to our outsourced personnel, and personnel retained on a contractual basis, similar to our full-time employees may create potential liability for us. Moreover, our failure to comply with current and future health and safety and labor laws and regulations at all times, including obtaining relevant statutory and regulatory approvals, could adversely affect our business, financial condition and results of operations.

Risks Relating to the Equity Shares and this Offer

56. *We have issued Equity Shares during the last twelve months at a price that may be lower than the Offer Price.*

We have in the last twelve months prior to filing this Draft Red Herring Prospectus, issued Equity Shares at prices that could be lower than the Offer Price. For further details regarding such issuances of Equity Shares, see “Capital Structure—Notes to Capital Structure” on page 67. The prices at which Equity Shares have been issued by us in the last one year should not be taken to be indicative of the Price Band, Offer Price and the trading price of our Equity Shares after listing.

57. *The Equity Shares have never been publicly traded, and, after the Offer, the Equity Shares may experience price and volume fluctuations, and an active trading market for the Equity Shares may not develop. Further, the price of the Equity Shares may be volatile, and you may be unable to resell the Equity Shares at or above the Offer Price, or at all.*

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The Offer Price of the Equity Shares is proposed to be determined through a book-building process and may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. The market price of the Equity Shares may be subject to significant fluctuations in

response to, among other factors, variations in the operating results of our Company, including as a result of the strain of being a listed company, market conditions specific to the industry we operate in, developments relating to India, volatility in securities markets in jurisdictions other than India, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications, and changes in economic, legal and other regulatory factors.

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

Capital gains arising from the sale of our Equity Shares are generally taxable in India. Any gain realized on the sale of our Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if securities transaction tax, or STT, has been paid on the transaction. STT will be levied on and collected by an Indian stock exchange on which our Equity Shares are sold. Any gain realized on the sale of our Equity Shares held for more than 12 months by an Indian resident, which are sold other than on a recognized stock exchange and as a result of which no STT has been paid, will be subject to long-term capital gains tax in India. Further, any gain realized on the sale of our Equity Shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less which are sold other than on a recognized stock exchange and on which no STT has been paid, will be subject to short-term capital gains tax at a higher rate compared to the transaction where STT has been paid in India. Further, in accordance with the Finance Act, 2018, which has been notified with effect from April 1, 2018, the exemption on long-term capital gains tax has been withdrawn, so investors are now subject to such tax. Capital gains arising from the sale of our Equity Shares will be exempt from taxation in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains.

As a result, subject to any relief available under an applicable tax treaty or under the laws of their own jurisdictions, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of our Equity Shares.

59. *Currency exchange rate fluctuations may affect the value of the Equity Shares.*

The Equity Shares are, and will be quoted in Rupees on the Stock Exchanges. Any dividends in respect of the Equity Shares will be paid in Rupees and subsequently converted into other currencies for repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by shareholders.

60. *Foreign investors are subject to foreign investment restrictions under Indian law that limit our ability to attract foreign investors, which may adversely affect the trading price of our Equity Shares.*

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If the transfer of shares does not comply with such requirements or falls under any of the specified exceptions, then prior approval of the RBI will be required. In addition, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Indian government may impose foreign exchange restrictions in certain emergencies, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. We cannot assure you that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

61. *QIBs and Non-Institutional Bidders are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid.*

In accordance with SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are required to block the Bid Amount upon submission of the Bid and are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Bidders can revise or withdraw their Bids only until the Bid or Offer Closing Date. While our Company is required to complete

Allotment pursuant to the Offer within six Working Days from the Bid or Offer Closing Date, events affecting the Bidders' decision to invest in the Equity Shares, including material adverse changes in international or national monetary policy, financial, political or economic conditions, regulations, or changes to our business, results of operation or financial condition, may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events may limit the Bidders' ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing.

62. Any future issuance of Equity Shares by us or sales of our Equity Shares by any of our significant shareholders may adversely affect the trading price of our Equity Shares.

Any future issuance of our Equity Shares, including pursuant to the ESOP Schemes, by us could dilute your shareholding. Any such future issuance of our Equity Shares or sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares, and could affect our ability to raise capital through an offering of our securities. We cannot assure you that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

63. The Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Offer.

The Offer Price of the Equity Shares will be determined by our Company and the Promoter Selling Shareholder in consultation with the BRLMs, and through the Book Building Process. This price will be based on numerous factors, including as described under "Basis for Offer Price" on page 86 and may not be indicative of the market price for the Equity Shares after the Offer. The market price of the Equity Shares could be subject to significant fluctuations after the Offer, and may decline below the Offer Price. We cannot assure you that you will be able to resell your Equity Shares at or above the Offer Price.

Prominent Notes

1. This Offer is for up to [●] Equity Shares for cash at price of ₹ [●] (including a premium of ₹ [●] aggregating to ₹ [●] million comprising a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 5,000 million by our Company and an Offer for Sale of up to 16,310,072 Equity Shares aggregating up to ₹ [●] million by the Selling Shareholders. This Offer is being made under Rule 19(2)(b) of the SCRR.
2. Our net worth was ₹ 6,148.04 million as at March 31, 2018, as per our Restated Financial Statements.
3. Our net asset value per Equity Share was ₹ 59.76 as at March 31, 2018, as per our Restated Financial Statements. NAV (book value per share) represents the total net worth divided by number of equity shares outstanding as on March 31, 2018.
4. The average cost of acquisition of Equity Shares by our Promoters in respect of their shareholding is as follows:

S.No.	Name of the Promoter	Average cost of acquisition (in ₹ million)
1.	Thomas John Muthoot	57.00
2.	Thomas Muthoot	56.91
3.	Thomas George Muthoot	57.01
4.	Preethi John	143.94
5.	Remmy Thomas	144.89
6.	Nina George	143.86
7.	MFL	16.14

5. For details of related party transactions entered into by our Company during the last Fiscal and the nature of transactions, see "Related Party Transactions" on page 172.
6. Except as disclosed under "Related Party Transactions" on page 172, there have been no financing arrangements whereby our Promoter, directors of our Promoter, Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the filing of this Draft Red Herring Prospectus with SEBI.

7. There has been no change in the name of our Company in the past one year prior to filing this Draft Red Herring Prospectus.
8. Investors may contact any of the Managers, all of who have submitted the due diligence certificate to SEBI for any complaints, information or clarification pertaining to the Offer. For further information regarding grievances in relation to the Offer, see “*General Information*” on page 56.

SECTION III: INTRODUCTION

SUMMARY OF INDUSTRY

The information contained in this section is derived from a research report titled “Industry Report-Microfinance” dated July 2018 prepared by CRISIL which has been commissioned by our Company in relation to the Offer. Neither we, nor any other person connected with the Offer has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.

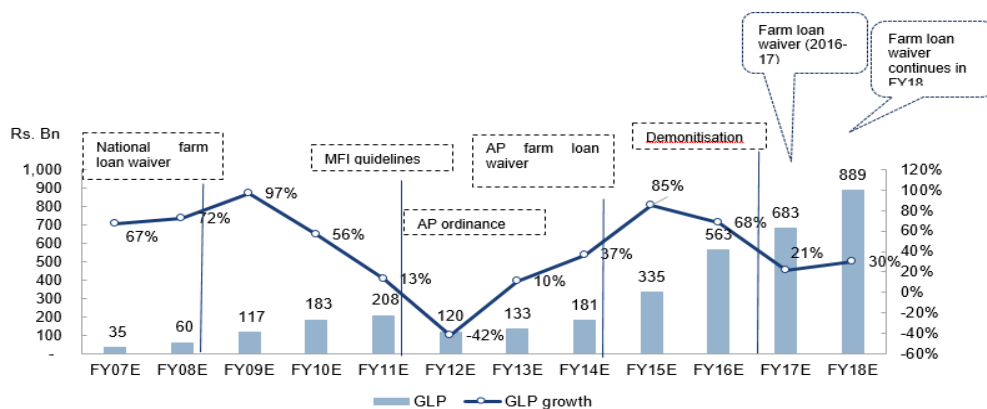
Investors should note that this is only a summary description of the industry in which we operate and does not contain all information that should be considered before investing in the Equity Shares. Before deciding to invest in the Equity Shares, prospective investors should read the entire Draft Red Herring Prospectus, including the information in the sections titled “Risk Factors”, “Industry Overview”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operation” and “Financial Information” on pages 15, 93, 116, 236 and 181, respectively. An investment in the Equity Shares involves a high degree of risk.

Historical Growth and Development of the Indian Microfinance Industry

Gross Loan Portfolio grew in the past five years

The microfinance industry’s gross loan portfolio grew at a CAGR of 46% between the financial years 2013 to 2018, to reach ₹ 889 billion (including small finance banks (“SFB”s)), as of March 2018. The domestic microfinance industry has an opportunity to capture share from unorganised players by growing their portfolios and covering areas that are under-penetrated. The gross loan portfolio of non-banking finance company-micro finance institutions (“NBFC-MFI”s) (excluding SFBs) also expanded at significant pace in the last five years from the financial years 2013 to 2018 at a CAGR of 45% to ₹ 589 billion. As of the financial year 2018, the NBFC-MFIs (excluding SFBs) had increased their reach with operations in 30 states/union territories, catering to 25 million clients across India. The portfolio of the NBFC-MFIs (excluding SFBs), is currently well diversified across regions with the South, North, West and East and North-East regions contributing to 20%, 14%, 11% and 44%, respectively, thus reducing susceptibility to local events.

The following chart sets forth the estimated gross loan profit and the gross loan profit growth of the microfinance industry for the past decade:



Notes: E- Estimated. The data for the microfinance industry includes small finance banks (which were earlier NBFC-MFIs) and NBFC-MFIs and excludes Bandhan bank as it is converted into a universal bank. Bandhan’s gross loan portfolio in micro banking was ₹ 214 billion in the financial year 2017 and ₹ 277 billion in the financial year 2018. (Source: CRISIL)

Gross loan portfolio per branch and per employee

The consistent increase in the productivity of branches, employees and loan officers was arrested by demonetisation. The industry had planned expansion, based on high growth witnessed during the three years until the financial year 2016 and a similar run in the financial year 2017. However, on account of demonetisation, gross loan portfolio growth was far lower than expected in the financial year 2017, leading to subdued productivity across parameters.

The following table sets forth operational data for NBFC-MFIs:

Parameters	Financial Year 2018	Financial Year 2017	Financial Year 2016
Gross loan portfolio per branch (in ₹ million)	48	40	41
Gross loan portfolio per employee (in ₹ million)	5.9	4.9	5.4
Clients per loan officer	481	503	562
Gross loan portfolio per loan officer (in ₹ million)	9.2	8.0	8.7

Notes: Above data excludes SFBs. (Source: CRISIL)

Key Success Factors

Adoption of technology initiatives to bring down costs, improve efficiency and profitability for MFIs

Geographically diversified portfolio helps MFIs mitigate risks

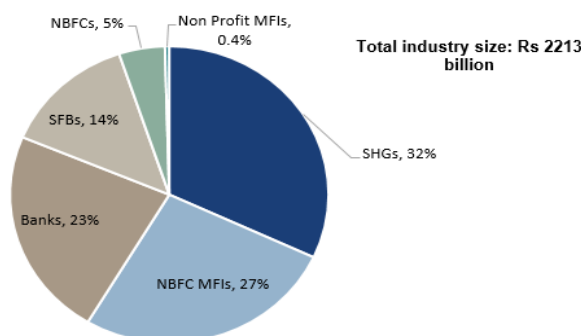
Managing local stakeholders - Key determinant of MFIs' success

Operational Performance of MFIs and Other Key Industry Parameters

NBFC MFIs have grown the fastest in the microfinance industry

There are multiple players in the microfinance industry with varied organisational structures. Loans in the microfinance sector are provided by banks, SFBs, NBFCs-MFIs, other NBFCs and non-profit organisations. Banks provide loans under the SHG model, however they also give microfinance loans directly or through business correspondents in order to meet their priority sector lending targets. As of March 2018, the microfinance industry, including all player groups, is estimated to have a total loan portfolio of ₹ 2,213 billion.

The following chart sets forth the share of lenders in the microfinance space, for the financial year 2018:



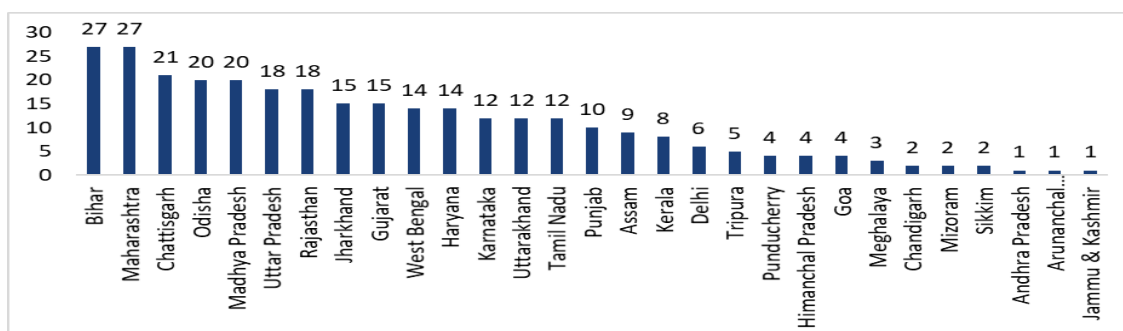
Notes: Data for SHGs is projected for the financial year 2018 (Source: CRISIL)

Top 10 states contribute approximately 85% of total NBFC-MFIs' gross loan portfolio as of March 2018

Approximately 85% of the gross loan portfolio of NBFC-MFIs is concentrated in top 10 states. Karnataka (13%), Odisha (11%), Uttar Pradesh (10%), Bihar (10%) and Tamil Nadu (10%) are the top five states, as of March 31, 2018.

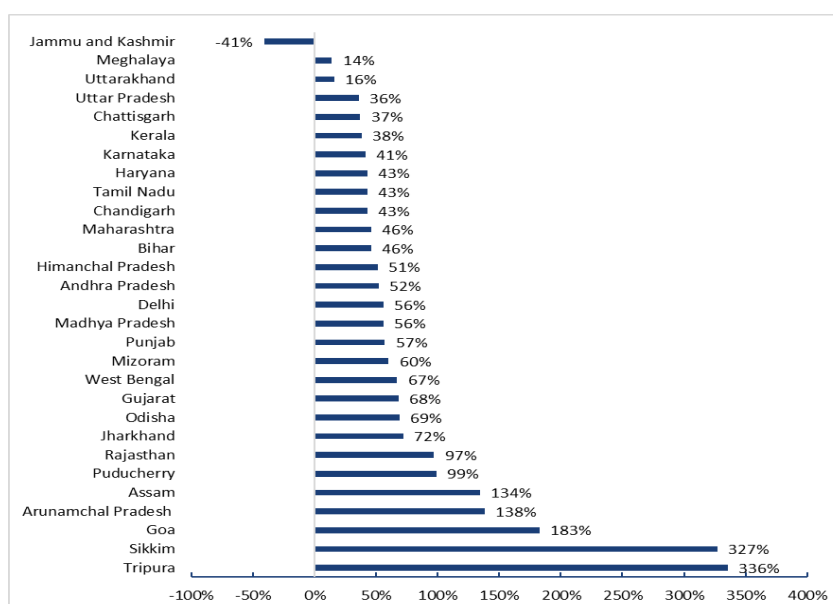
The growth in the MFI portfolio is expected to come from states that have a relatively lower penetration. Thus, states like Uttar Pradesh, Rajasthan and Gujarat are expected to drive future growth. The northern and western states are relatively underpenetrated and eastern states are moderately penetrated as compared with pan-India's average penetration.

The following chart sets forth the number of NBFC MFI players in each state/union territory, as of March 2018:



Notes: The data for each state is only for NBFC MFIs (Source: CRISIL)

The following chart sets forth the state-wise gross loan portfolio growth for NBFC-MFIs, in the financial year 2018 as compared to the financial year 2017:

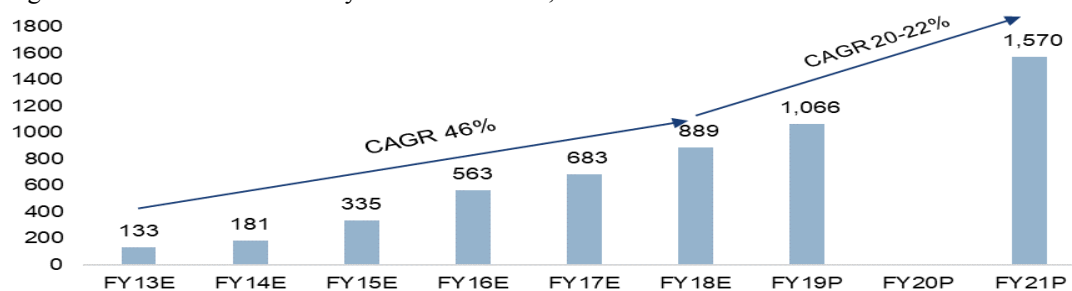


Notes: State-wise gross loan portfolio growth in the financial year 2018 over the financial year 2017. The data for each states excludes the data of all 8 MFI turned into small finance bank and only for NBFC MFIs. (Source: CRISIL)

Growth outlook for the microfinance industry

Rising penetration to help industry grow at an approximate CAGR of 21% during the financial years 2018 to 2021

The following chart sets forth the estimated growth in the MFI loan portfolio between the financial years 2013 to 2018 and projections of growth between the financial years 2019 to 2021, in ₹ billion:

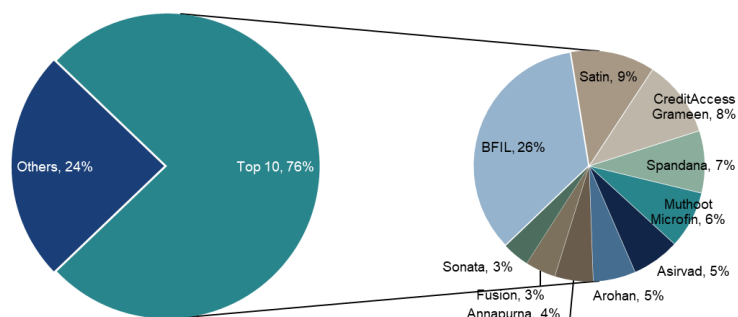


Notes: E- Estimated, P- Projected. Gross loan portfolio includes NBFC-MFIs and all eight MFI turned SFBs and excludes, for all years, the numbers of Bandhan Financial Services Ltd, which has now become a universal bank. However, even on including the microfinance portfolio of Bandhan Bank in all years from the financial year 2013 to the financial year 2018, the five year CAGR in the gross loan portfolio for the industry (between the financial year 2013 to the financial year 2018) would be 46%, which is same as calculated excluding Bandhan Bank's portfolio. Bharat Financial Inclusion ("BFIL") is also included in the analysis. (Source: CRISIL)

Overview of top 10 players in NBFC microfinance industry

The top 10 NBFC-MFIs accounted for 76% of the industry's overall gross loan portfolio in the financial year 2018.

The following chart sets forth the share of major players in the industry, as of March 31, 2018:



Notes: The player wise share is calculated as per the data given by MFIN for the players and NBFC-microfinance industry in the March 2018 Micrometre. (Source: CRISIL)

The return on assets (“**RoA**”) of 3.7% by Muthoot Microfin was the highest among the top 10 players in the NBFC-microfinance industry, followed by Bharat Financial Inclusion Limited and Arohan Financial. The high RoA shows that the percentage of profit these companies are earning in relation to their overall resources is relatively higher than others. The comparison of return on equity (“**RoE**”) among the top ten NBFC-MFIs also shows that Muthoot Microfin has the highest RoE of 28.7% followed by Bharat Financial Inclusion Limited.

SUMMARY OF OUR BUSINESS

The industry information contained in this section is derived from a report titled “Industry Report-Microfinance” dated July 2018 prepared by CRISIL Research and commissioned by our Company in connection with the Offer. Neither we, nor the BRLMs, nor any other person connected with the Offer has independently verified this information.

The terms “total outstanding loan portfolio,” “average outstanding loan portfolio,” and “outstanding non-performing loan portfolio” appearing in this section refer to the loans provided by us, as referred to in our restated financial statements, and “gross outstanding loan portfolio” or “gross loan portfolio” includes “total outstanding loan portfolio” together with our securitized, assigned and managed loans.

Investors should note that this is only a summary description of our business and does not contain all information that should be considered before investing in the Equity Shares. Before deciding to invest in the Equity Shares, prospective investors should read the entire Draft Red Herring Prospectus, including the information in the sections titled “Risk Factors”, “Industry Overview”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operation” and “Financial Information” on pages 15, 93, 116, 236 and 181, respectively. An investment in the Equity Shares involves a high degree of risk.

Overview

We are one of the leading micro-finance institutions focused on providing micro-loans to women customers with a focus on rural regions of India. We are the fifth largest NBFC-MFI in India in terms of gross loan portfolio, as of March 31, 2018, according to CRISIL Research. We have 1.2 million active borrowers, who are served by our 467 branches across 168 districts in 16 states and union territories in India, as of March 31, 2018. Our gross loan portfolio was ₹29,202.97 million, while our gross loan portfolio in South India was ₹24,856.50 million, our gross loan portfolio was serviced by 5,583 employees, as of March 31, 2018.

We are part of the Muthoot Pappachan Group, which is one of the leading business conglomerates in South India, with presence across financial services, automotive, hospitality, real estate, healthcare, information technology, precious metals and alternate energy sectors. We believe that our relationship with the Muthoot Pappachan Group provides us with a strong brand recall and we continue to derive significant marketing and operational benefits from our relationship. We also believe there are significant synergies between the financial services business of the Group, and our micro-finance business.

We have built our branch network with an emphasis on under-served rural markets with growth potential, in order to ensure ease of access to borrowers. Our branches are connected to our IT networks and are primarily located in commercial spaces which we believe are easily accessible by our customers. We also leverage the infrastructure and branch network of one of our Promoters, Muthoot Fincorp Limited (“MFL”), for loan disbursements, collections of receipts and collection of processing fee, insurance and any other receipts to ensure safety, efficient and better management of cash and to offer our products and services in a more effective manner. MFL commenced the microfinance business currently undertaken by our Company in the financial year 2010, which was subsequently transitioned and transferred to our Company between April 2014 and March 2017, in a staggered manner. See “– Description of Our Business – Transition of the Microfinance Business from MFL to our Company” on page 127.

Our wide range of lending products are aimed at catering to the life-cycle needs of rural households. We provide loans for income generating purposes to women entrepreneurs living in rural areas. Our loan products comprise of (i) group loans for livelihood solutions such as income generating loans and dairy loans, as well as individual loans such as sewing machine loans; (ii) life betterment solutions including emergency loans, mobile phones loans, solar lantern loans, solar fan and education loans; and (iii) health and hygiene loans such as water purifier loans and induction stove loans. We have adopted a joint liability group model which caters exclusively to women in lower income households and is premised on the fact that if such individuals are given access to credit, they will be able to identify new opportunities and supplement and grow their existing income. We believe that the history of the Muthoot Pappachan Group in working with customers in the bottom of the economic pyramid, helps us better address needs of women in rural households and design lending products to cater to their requirements.

Our Board, Promoters and senior management comprises of experienced professionals, industry experts and management professionals, supported by a qualified and motivated pool of employees. Our senior management team has members who have significant experience in the microfinance and various lending businesses as well as across major functions related to our business, which include policy making, credit administration, operations, risk management, strategy, rural agri-banking, collateral management, debt management, risk-based audit framework and enterprise risk management, fund raising, budgeting, and cash flow management. Collectively, they have demonstrated an ability to manage and grow our operations. For details of our management team, see “Our Management” on page 146.

We have received several awards and certifications in recognition of our approach of integrating social values in the conduct of

our business, including the ‘Golden Peacock Award for Business Excellence’ by the Institute of Directors; the ‘MFIN Microfinance’ award under ‘microfinance plus activities’; and the ‘Most Trusted Microfinance Brand’ by India Best Brand Series and Awards, all in 2018.

The following table sets forth our key financial and operational metrics as of or for the years indicated:

	As of/ for the year ended March 31, 2018	As of/ for the year ended March 31, 2017	As of/ for the year ended March 31, 2016
Gross Outstanding Loan Portfolio (₹ million) ⁽¹⁾	29,202.97	19,558.64	6,530.38
Year on year growth in Gross Loan Portfolio (%)	49.31%	199.50%	N.A.
Disbursements (₹ million) ⁽²⁾	30,363.01	2,0285.55	765.80
Year on year growth in Disbursements (%)	49.68%	165.14%	N.A.
Total Number of Loans Sanctioned	1,348,508	1,006,049	396,961
Active Borrowers ⁽³⁾	1,209,781	765,541	294,803
Revenue from Operations (₹ million) ⁽⁴⁾	4,511.44	2,438.42	521.55
Net Interest Income (₹ million) ⁽⁵⁾	2,864.36	1,620.56	310.92
Net Interest Margin ⁽⁶⁾	9.22%	8.72%	6.60%
Adjusted Net Interest Margin ⁽⁷⁾	11.75%	12.42%	9.52%
Ratio of Operating Expenses to Annual Average Gross Loan Portfolio	6.43%	7.60%	3.73%
Ratio of Provisions and Write Offs to Annual Average Gross Loan Portfolio	0.97%	0.44%	1.32%
Profit After Tax (₹ million) ⁽⁸⁾	760.07	370.38	94.10
Gross NPAs (₹ million) ⁽⁹⁾	595.04	28.75	2.40
Gross NPAs Ratio ⁽¹⁰⁾	3.43%	0.29%	0.06%
Net NPAs (₹ million) ⁽¹¹⁾	336.05	28.47	2.37
Net NPAs Ratio ⁽¹²⁾	1.97%	0.26%	0.06%
RoA ⁽¹³⁾	3.86%	3.72%	3.53%
RoE ⁽¹⁴⁾	18.91%	28.69%	25.28%
Net Worth ⁽¹⁵⁾	6,148.04	1,890.16	691.82

⁽¹⁾ Gross outstanding loan portfolio represents the aggregate of future principal outstanding and overdue principal outstanding, if any, for all loan assets which includes loan assets held by the Company as of the last day of the relevant period as well as loan assets which have been transferred by our Company by way of securitization or assignment and are outstanding as of the last day of the relevant period.

⁽²⁾ Revenue from Operations represents our restated Revenue from Operations.

⁽³⁾ Net Interest Income represents Revenue from Operations for the relevant period reduced by Interest Expense and Other Borrowing Costs in such period.

⁽⁴⁾ Disbursements is the total amount disbursed to borrowers in the relevant period, pursuant to loans sanctioned.

⁽⁵⁾ Active Borrowers are our borrowers which have an active loan account as on the last day of the relevant period.

⁽⁶⁾ Net Interest Margin as represented in our Restated Financial statements, which is the difference between average interest on qualifying assets and average effective cost of borrowing as computed as per the guidelines prescribed by the RBI.

⁽⁷⁾ Adjusted Net Interest Margins is our Net Interest Income / Average annual gross outstanding loan portfolio. As part of the adjustments we consider interest on non-qualifying assets and excess interest spread on our securitised and assigned loan portfolio.

⁽⁸⁾ Profit After Tax represents our restated profit for the period (after tax).

⁽⁹⁾ Gross NPAs represents our restated NPA (Gross)

⁽¹⁰⁾ Gross NPAs Ratio represents Gross NPAs/ Total Advances on the date mentioned

⁽¹¹⁾ Net NPAs represents our restated Net NPA

⁽¹²⁾ Net NPAs Ratio represents our restated Net NPA's to Net Advances

⁽¹³⁾ ROA represents Net Profit attributable to equity holders/ annual average total assets

⁽¹⁴⁾ ROE represents Net Profit attributable to equity holders/ annual average of net worth

⁽¹⁵⁾ Net Worth represents our restated net worth as of the last day of the relevant period.

Our Strengths

Market leadership in India with a widespread distribution network

We are one of the leading micro-finance institutions focused on providing micro-loans to women customers with a focus on rural regions of India. We are the fifth largest NBFC-MFI in India in terms of gross loan portfolio, as of March 31, 2018, according to CRISIL Research. We have 1.2 million active borrowers, who are served by our 467 branches across 168 districts in 16 states and union territories in India, as of March 31, 2018. Our gross loan portfolio was ₹29,202.97 million, while our gross loan portfolio in South India was ₹24,856.50 million, our gross loan portfolio was serviced by 5,583 employees, as of March 31, 2018. We believe that our position amongst the leading NBFC-MFIs in the microfinance sector enhances our reputation and credibility with our borrowers, lenders and other stakeholders. We believe that we derive numerous benefits from our leadership position, including our ability to secure capital at competitive costs, recruit and retain skilled employees, retain existing borrowers, add new borrowers, expand into new regions and grow our portfolio of new products which we introduce from time to time.

We have built our distribution platform with an emphasis on under-served rural markets with growth potential, in order to ensure ease of access to village level borrowers and rural households. Historically, we have built our distribution infrastructure near and around the branches of our Promoter, MFL, in order to leverage on a hub and spoke model. Our branches act as hubs facilitating loan sanctioning, staff reporting, data entry file storage as well as client interaction and MFL's branches are utilized as spokes, for disbursement and management as well as coordination between our branches and our centers. We endeavour that our branches are located within a radius of fifteen kilometres from MFL's branches and that our centers are located within four to five kilometres of MFL's branches and also in close proximity of our borrowers' homes. As of March 31, 2018, we employed 4,639 branch managers, credit officers and relationship officers. We believe that our branch and center network in rural markets results in significant competitive advantages, particularly by giving us the capability to offer a variety of financial products in areas where we believe financial services penetration is limited. Our branch and center network also assists us in managing disbursement and collection in an efficient manner and provides local knowledge and know-how, which we believe is critical to the success of our operations.

Brand recall and synergies with Muthoot Pappachan Group

We are part of the Muthoot Pappachan Group, which is one of the leading business conglomerates in South India, with presence across financial services, automotive, hospitality, real estate, healthcare, information technology, precious metals and alternate energy sectors. We believe that our relationship with the Muthoot Pappachan Group provides us with a strong brand recall and we continue to derive significant marketing and operational benefits from our relationship with Muthoot Pappachan Group. Several companies forming part of the Muthoot Pappachan Group are in the financial services sector including gold finance, two wheeler finance and affordable housing.

We believe there are significant synergies between our micro-finance business and the other financial services businesses of the Muthoot Pappachan Group. We believe that the history of the Muthoot Pappachan Group in working with borrowers in economically weaker sections, helps us better cater to the needs of women in rural households and design lending products to cater to their requirements. We believe that we are able to provide products covering the life-cycle of requirements of our borrowers, commencing from the smaller-ticket micro-finance loans to larger loans such as business loans, by utilizing the customer knowledge, database, brand equity and expertise in dealing with the target consumers of MFL, and thus ensuring that the needs of our borrowers are met by us. In addition, we believe, there are opportunities presented by financial services businesses of the Muthoot Pappachan Group for the growth of our operations. We leverage cross-selling opportunities to offer diverse products to meet multiple needs of our target consumers, for example, our Company earns fee-income from distribution of a variety of loans to our customers on behalf of MFL.

Other than financial services, we believe we have synergies with the operations of MFL. For example, we use MFL's branches and expertise in specific areas of our operations including cash management, legal services and treasury operations. We have also entered into agreements with Muthoot Pappachan Technologies Limited, our Group Company, for the use and customization of proprietary software and information technology systems across our operations in an efficient manner.

Robust risk management framework leading to healthy portfolio quality

Risk management forms an integral part of our business and we recognize the importance of risk management towards our long term success. We have implemented well-defined key risk management policies which primarily focus on addressing credit risk, operational risk and financial risk.

Credit Risk: We seek to ensure efficient and uniform appraisal, disbursement, collection and delinquency management resulting from streamlined approval and administrative procedures. We have established underwriting norms which ensure that customer selection is done after evaluating repayment capacity and completing detailed cash flows analysis. We use technology and automation to establish credit worthiness and repayment behaviour of individual borrowers by analysing credit bureau reports of borrowers, where available, before sanctioning loans. Further, we seek to emphasize regular end use and payment monitoring, which tie into our key risk parameters. For example, we carry out regular loan utilization checks, and endeavor to conduct such checks within one month of disbursement of the loans. These periodic checks and regular monitoring helps us in timely identification of borrowers or groups with increasing risk, enabling timely remedial measures, as applicable. We have also implemented real time collections monitoring which ensures that any delay in collections is regularly highlighted and followed up to seek payment recovery.

Operational Risk: Establishment of a credit hierarchy is an essential feature of our operations. We appoint credit officers at our branches who are responsible for sanctioning loans and establishing joint liability groups among our borrowers. Our credit officers are also responsible for cash flow analysis of borrowers to determine whether the borrower has sufficient surplus over her household expenditure and other obligations to service the proposed loan. Our customer due diligence procedures encompass know-your-customer checks; group training; visits to the homes of new customers to verify details and obtain consents; and revalidation to assess the quality of the proposed group and to confirm that they meet all our specified criteria. We have a strong internal audit team of 192 employees, as of June 30, 2018. This team ensures that our branches are audited within an interval of two months. We also endeavour to limit the amount of cash handling outside the branch. For

example in the month of June 30 2018, 94.51% of our loans were disbursed in a cash-less manner by direct bank credit into our customers' bank accounts. During the collection process our relationship officers are responsible for depositing the collection with a nearby MFL or bank branch. This ensures that our field staff does not have to carry the money for long distances and the pool of money they handle on a daily basis remains low.

Financial Risk: We have adopted conservative policies to ensure there is no asset liability mismatch. Our borrowing committee works under the supervision of our Board to ensure that our cost of borrowings, interest rates for our borrowings and draw-downs on our loan facilities are well managed. Our investment committee seeks to ensure that our treasury operations are optimal, including by selecting appropriate short term savings instruments for the deployment of cash collected. Our cash management tie up with MFL helps greatly in treasury operations by limiting the amount of cash we collect and hold.

We believe that our robust risk management framework, customer selection methodologies and regular end use and payment monitoring have resulted in healthy portfolio quality indicators such as robust repayment rates, stable PAR and low rates of gross NPAs and net NPAs. Our cumulative repayment rate was 97.64% for the financial year 2018 and our gross NPA ratio was 3.43% and net NPA ratio was 1.97%, as of March 31, 2018. As of March 31, 2018, loans outstanding for which principal repayment is overdue for more than 0, 30 and 90 days (PAR 0+, PAR 30+ and PAR 90+) were ₹1,415.65 million, ₹1,089.32 million and ₹846.66 million, respectively, accounting for 5.25%, 4.04% and 3.14% of our total outstanding loan portfolio, respectively.

Strong track record of financial performance

We believe we have maintained a strong track record of financial performance and operating efficiency over the years through high rates of customer retention, geographical expansion, improved staff productivity, increase and diversification of our loan portfolio, lower credit cost and growth in our customer base led by distribution network expansion. Further, we believe that our deep penetration in rural markets, leveraging on MFL's branch network, has helped us achieve lower operating expense ratios. Our gross loan portfolio was ₹29,202.97 million as of March 31, 2018. Our total disbursements across all microfinance operations for the financial years 2018, 2017 and 2016 were ₹30,363 million, ₹20,285 million and ₹7,651 million, respectively. Our Return on Equity for the financial years 2018, 2017 and 2016 was 18.91%, 28.69% and 25.28%, respectively.

Access to diversified sources of capital and effective cost of funds

We believe that we have a well-diversified funding profile that underpins our strong liquidity management system, credit rating and brand equity. We have historically secured, and seek to continue to secure, cost effective funding through a variety of sources, including banks, mutual funds, insurance companies and other financial institutions, together with pass through certificates and direct assignment of loans. As of July 10, 2018, we had outstanding debt in principal amount of ₹17,042.71 million from over 35 banks, financial and other lending institutions. During the financial year 2018, we received net proceeds of ₹12,769 million from direct assignment of 719,934 loan accounts.

Historically, the micro-finance industry has relied on priority sector loans from public and private sector banks and the cost of such funds is considerably less than the cost of other bank funds. We are eligible to borrow priority sector loans from banks as an NBFC-MFI. We leverage on our loan portfolio in order to enter into direct assignment transactions with banks. Such transactions allow us better margins as our priority-sector loan portfolio is bought by banks at cheaper rates as compared to term loans. In addition, as an NBFC-MFI, subject to certain conditions being met, we are eligible to access external commercial borrowings. In addition to such funding, we have the ability to fund the growth of our operations and loan portfolio through issuances of debt securities such as redeemable non-convertible debentures, commercial paper, loans with various maturities raised from domestic and international banks, financial and other institutions.

We maintain a conservative ALM policy, with a bank-like CRR/SLR approach which is calibrated over time, recognizing our operating metrics. We have aggregate loan provision of 1.50% of our total outstanding loan portfolio as of March 31, 2018, which is higher than the regulatory requirements applicable to us. Our capital adequacy ratio of 34.83% of risk-weighted assets as of March 31, 2018 which is well above the requirement of 15.00% of risk-weighted assets prescribed by the RBI. We believe that these factors provide us with a competitive advantage when borrowing funds for our operations. We have reduced our average effective cost of borrowings from 16.29% for the financial year 2016 to 12.15% for the financial year 2018. CRISIL has provided us with a comprehensive microfinance grading of "M1C1" as an MFI, which is the highest available grading on an eight point scale for microfinance capacity assessment and the highest available grading on a five point scale for code of conduct assessment.

Streamlined operating model with effective use of technology

We recognize that establishing and growing a successful microfinance business in India involves the significant challenge of addressing a borrower base that is quite large and typically lives in remote locations. To address this challenge, we believe that we have designed a streamlined and scalable operating model and developed systems and solutions for our operations.

Through agreements with MFL and Muthoot Pappachan Technologies Limited, we have access to customized process-based proprietary systems and customized software that reduce the cost of conducting transactions across a widespread branch network and a substantial member base. To manage our operating expenses and increase efficiency, we have started equipping our field staff with mobile solutions and deploying customized and comprehensive software which simplifies data entry and improves the accuracy and efficiency of collections and fraud detection. The mobility solutions help staff at the centers to avoid manual data entry at center meetings and save time. Further, we have instituted “*Legacy*” our integrated loan origination and management system which allows for real-time tracking of collections.

Our systems operate in a secured technological environment with a robust back-end system supported by computerized, internet-enabled branches ensuring that transactions are recorded and completed electronically. Leveraging on our technology initiatives we believe we are able to achieve quicker turn-around times for our loan approval and disbursement processes. Leveraging our technological initiatives, we have increased the average number of borrowers served per branch from 1,638 as of March 31, 2016 to 2,591 as of March 31, 2018.

Our business processes, from member acquisition to cash collections, have been standardized and documented, allowing for the quicker commencement of operations at our new branches. In addition, the terms and conditions of our loan products are generally uniform throughout India. Further, we have standardized our recruitment and training programs and materials so that they may be easily replicated across our operations. This standardized approach also allows our employees to efficiently move from region to region based on demand and growth requirements.

Experienced and Professional Management Team

Our Board, Promoters and senior management is composed of experienced professional, industry experts and management professionals. We believe that we have a strong senior management team to lead us, a majority of whose members have been with us for over five years. Our senior management team includes experts at various functions and professionals with ground level knowledge of the microfinance industry, who are supported by a capable and motivated pool of employees. Our senior management team has members who have significant experience in the microfinance and various lending businesses as well as across major functions related to our business. Together, they have demonstrated an ability to manage and grow our operations. Our team has developed the skills to identify, develop and offer products and services that meet the needs of our borrowers and members, while maintaining effective risk management and competitive margins. Our mid-level management personnel also have in-depth industry knowledge and expertise. Further, we have instituted several training and mentorship programs for our junior and mid-level management employees. We have successfully recruited and retained employees from a variety of backgrounds, including credit evaluation, risk management, treasury, technology and marketing. We endeavour to hire qualified personnel and 72.19% of our employees have college graduation as their minimum academic qualification, as of March 31, 2018.

Our Strategies

Diversification of Revenue Streams and Cross-Selling of Products and Services

Our strategy is to cater to the lifecycle need of a rural household to drive customer retention. We believe that our large customer base provides significant opportunities from increased cross-selling and up-selling of products and services. As part of our growth strategy, we intend to leverage our large customer base, branch network and experienced employee-base to offer additional financing products to existing customers who have a positive track record of loan repayment. We have commenced the offering of additional financing products such as loans to purchase bicycles and home appliances.

We also intend to reduce our reliance on net interest margins alone, and shift to a combination of net interest margin and fee based income. We earn fee income by cross-selling housing loans and two-wheeler loan products offered by our Group Companies to our customers. We believe such cross-selling provides us with a significant opportunity to scale up our operations. In addition, we have entered into a business correspondence agreement with YES Bank Limited (“**YES Bank**”) including identification of JLGs, conducting education and trainings for such JLGs, facilitating evaluation of applications, disbursement and collections for their microfinance product. We are conducting this business at three of our branches on a pilot basis, and have disbursed ₹111 million to 3,663 customers with an outstanding loan portfolio of ₹92.97 million as of March 31, 2018 and we receive commission as a percentage of the interest collection and processing fee. Similarly, we are also acting as a business correspondent of MFL for its ‘Muthoot Small & Growing Business’ loan, and we receive a percentage of the amounts disbursed and collected.

We believe additional products and cross-selling opportunities also help strengthen our relationship with our customers and enable higher customer retention. We believe this strategy serves as an effective mitigation mechanism from potential interest rate volatility and would contribute to our profitability. Further, given our high customer retention rates, we expect to derive benefits from economies of scale as there is limited incremental sourcing cost for existing customers, and they are eligible to borrow higher loan amounts from us since they have progressed to higher loan cycles and they have been our customers for a number of months or years.

Expand our geographical footprint and sourcing platform across India

We plan to selectively expand our business operations into regions where we expect that the individual borrowers are underserved, have lower penetration by micro-finance companies, and we believe that there will be an opportunity for us to service an increased customer base. According to CRISIL Research, in 2017, India's Northern and Western states were relatively underpenetrated and the Eastern states were moderately penetrated as compared to the pan-India average penetration and the growth in the MFI portfolio is expected to come from states that have a relatively lower penetration. We expect that a significant portion of our future geographic expansion will include rural areas in these regions of India and intend to grow our branches in eight key states including Uttar Pradesh, Gujrat, Bihar, Rajasthan, Jharkhand, Odisha, Punjab and West Bengal.

Our customer origination and servicing efforts strategically focus on building long-term relationships with our customers and address specific requirements in a particular region. We select new geographies for expansion based on detailed studies and analysis which include field surveys, industry reports comparison including delinquency pattern and concentration of competitors. We generally launch operations in new territories in a phased manner starting with limited branches to understand the market and then seek to expand, based on market response.

Further, we intend to continue to leverage the expansion of branch network by MFL. For instance, we will continue to utilize the hub-and-spoke model in an effort to leverage branch infrastructure of MFL to market our products and services which we believe would allow us to expand with lower marginal costs and increase our profitability. MFL's widespread branch network also enables us to mitigate our exposure to local or regional economic downturns, political circumstances and/or disruptions. We also intend to continue expand into districts and regions where MFL may not have branches or significant presence.

Continue to Enhance Information Technology with a Focus on Customer Service

We continue to invest in our technology platform and technology-enabled operating procedures to increase operational and management efficiencies as well as ensure strong customer credit quality. Our focus on the effective use of technology is aimed at allowing employees across our branch network to collect and enter data to a centralized management system, providing our senior management real-time access to credit processing and decision making. We believe that the accurate and timely collection of such data gives us the ability to operate our business in a centralized manner and develop better credit procedures and risk management. As we continue to expand our geographic reach and scale of operations, we intend to further develop and invest in our technology to support our growth, improve the quality of our services and achieve superior turnaround time in our operations.

We believe that superior customer service is an integral part of our value proposition to our customers. We intend to leverage information technology to improve our customer's experience from sourcing, know-your-customer procedures and appraisal to post sales service stage. Our current platform allows us to undertake integrated credit bureau data collection, automated appraisal in the form of approval and rejection, stage wise review of the customer disbursement process, online real-time process integrating all branch information. We are working on implementing mobility-based loan origination systems with electronic know-your-customer checks, digital document signatures, GPS tagging and real time credit scoring. We believe that implementing robust technology infrastructure will enable us to respond swiftly to market opportunities and challenges, improve the quality of services, scale-up our risk management capabilities, optimize our operating costs and improve our operational efficiency.

We will continue using our analytics capabilities for finding out customer patterns, developing insights for marketing and sales strategy, and customize our products based on customer segments. We believe that superior analytics capability and a large customer base also provides us with the opportunity to identify avenues for cross-sell and sell additional products to borrowers eligible for larger loans. We intend to continue investing and augmenting our analytics capabilities with real time analytics and machine learning in order to better service the needs of our customers.

Diversifying our Sources of Funds

We believe that we have been able to access cost-effective debt financing and reduced our average cost of borrowings over the years due to our stable credit history and improving credit ratings, diversification of borrowings and enhancement of scale of our business. As we continue to grow the scale of our operations, we seek to reduce our dependence on more costly term loans from banks and financial institutions including by raising additional Tier II capital and from issuing NCDs, optimize our cost of funds and continue to improve our credit ratings. A lower average cost of borrowings enables us to competitively price our loan products. Further, we will continue to evaluate opportunities to securitize or assign loans to financial institutions, which would enable us to optimize our cost of borrowings and liquidity requirements, capital management and asset liability management.

SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our Restated Financial Statements of our Company.

Summary statement of assets and liabilities, as restated

(Amounts in INR millions)

Particulars	As at 31 March				
	2018	2017	2016	2015	2014
Equity and liabilities					
Shareholders' funds					
Share capital	1,141.71	881.68	600.00	55.00	55.00
Reserves and surplus	5,006.33	1,008.48	91.82	(2.28)	(0.70)
Non-current liabilities					
Long-term borrowings	9,456.20	7,486.16	2,243.44	-	-
Other long-term liabilities	-	15.80	12.30	-	-
Long-term provisions	6.51	38.06	22.46	-	-
Current liabilities					
Other current liabilities	8,882.72	5,134.50	2,279.68	0.15	0.98
Short-term provisions	260.09	88.13	29.39	0.01	-
Total	24,753.56	14,652.81	5,279.09	52.88	55.28
Assets					
Non-current assets					
Property, plant and equipment	131.03	70.63	22.27	0.01	0.04
Intangible assets	0.90	1.16	0.72	-	-
Capital work-in-progress	-	5.25	-	-	-
Deferred tax assets (net)	69.92	34.83	17.95	1.06	0.35
Loan receivables	5,988.04	3,341.37	1,630.42	0.41	-
Long-term loans and advances	150.74	34.00	5.58	0.77	0.39
Other non-current assets	528.94	567.99	170.15	-	-
Current assets					
Trade receivables	34.39	17.76	7.21	-	-
Cash and bank balances	6,182.11	3,463.80	602.88	49.37	53.58
Loan receivables	11,341.42	6,577.48	2,685.95	0.44	-
Short-term loans and advances	2.79	5.60	0.17	0.15	0.04
Other current assets	323.28	532.94	135.79	0.67	0.88
Total	24,753.56	14,652.81	5,279.09	52.88	55.28

Summary statement of profit and loss, as restated

(Amounts in INR millions)

Particulars	For the year ended 31 March				
	2018	2017	2016	2015	2014
Revenue					
Revenue from operations	4,511.44	2,438.42	521.55	3.80	4.68
Other income	82.72	0.03	0.02	-	0.29
Total revenue	4,594.16	2,438.45	521.57	3.80	4.97
Expenses					
Employee benefits expense	1,035.02	652.31	83.34	0.87	3.08
Finance costs	1,647.08	817.86	210.61	-	0.26
Depreciation and amortisation	18.41	9.73	0.16	0.03	0.03
Provisions for loan losses and write-offs	236.51	57.39	43.16	0.01	-
Other expenses	514.79	328.94	38.29	5.18	1.76
Total	3,451.81	1,866.23	375.56	6.09	5.13
Net profit / (loss) before tax, as restated	1,142.35	572.22	146.01	(2.29)	(0.16)
Tax expense/ (income)					
Current tax / minimum alternate tax	417.37	218.72	68.80	-	-
Deferred tax charge	(35.09)	(16.88)	(16.89)	(0.71)	(0.05)
Net profit/ (loss) after tax, as restated	760.07	370.38	94.10	(1.58)	(0.11)
Earnings per equity share					
Basic	8.89	4.88	2.10	(0.29)	(0.02)
Diluted	8.31	4.81	2.10	(0.29)	(0.02)

Summary statement of cash flows, as restated

(Amounts in INR millions)

Particulars					
	2018	2017	2016	2015	2014
Cash flow from operating activities					
Net profit/ (loss) before tax	1,142.35	572.22	146.01	(2.29)	(0.16)
Adjustments:					
Depreciation and amortisation	18.41	9.73	0.16	0.03	0.03
Interest on income tax paid	-	4.47	-	-	-
Income from investments	(80.99)	-	-	-	-
Provision for loan losses	159.53	57.39	43.16	0.01	-
Provision for employee benefits	19.36	9.43	6.16	-	-
Bad debts written off	76.98	-	-	-	-
Loss on sale of tangible assets	0.27	-	-	-	-
Operating cash flow before working capital changes	1,335.91	653.24	195.49	(2.25)	(0.13)
Adjustments for changes in working capital					
(Increase)/ decrease in loan receivables	(7,487.59)	(5,602.50)	(4,315.52)	(0.84)	-
(Increase)/ decrease in other assets	222.85	(325.36)	(149.40)	0.22	(0.77)
(Increase)/decrease in loans and advances	(29.43)	(29.38)	(4.06)	(0.13)	33.29
(Increase)/decrease in trade receivables	(16.63)	(10.55)	(7.21)	-	-
Increase/(decrease) in other liabilities	(500.73)	841.34	390.65	(0.83)	0.03
Increase/(decrease) in provisions	(17.50)	(10.94)	-	-	(0.30)
Cash generated from/ (used in) operations	(6,493.12)	(4,484.15)	(3,890.05)	(3.83)	32.12
Income taxes paid (net)	(522.85)	(204.74)	(66.26)	(0.38)	-
Net cash used in operating activities	(7,015.97)	(4,688.89)	(3,956.31)	(4.21)	32.12
Cash flow from investing activities					
Dividend and profit on sale of investment	80.99	-	-	-	-
Investments in deposits (net)	(128.45)	(589.29)	(277.79)	-	-
Purchase of tangible assets (including capital advances and capital work-in-progress)	(72.41)	(67.89)	(7.32)	-	-
Purchase of intangible assets (including capital advances)	-	(0.62)	(0.35)	-	-
Proceeds from sale of tangible assets	0.12	0.24	-	-	-
Net cash used in investing activities	(119.75)	(657.56)	(285.46)	-	-
Cash flow from financing activities					
Proceeds from issue of equity shares including share premium	2,700.00	405.00	545.00	-	5.00
Proceeds from issue of preference shares including share	800.00	495.00	-	-	-
Securities issue expenses	(2.18)	(72.04)	-	-	-
Proceeds from borrowings	10,758.80	9,664.62	4,446.17	-	-
Repayment of borrowings	(4,556.88)	(2,479.67)	(317.80)	-	(1.51)
Net cash generated from financing activities	9,699.74	8,012.91	4,673.37	-	3.49
Net increase/(decrease) in cash and cash equivalents	2,564.02	2,666.46	431.60	(4.21)	35.61
Cash and cash equivalents at the beginning of the year	3,147.43	480.97	49.37	53.58	17.97
Cash and cash equivalents at the end of the year	5,711.45	3,147.43	480.97	49.37	53.58
Cash and cash equivalents at the end of the year is net of book overdrafts amounting to	5,711.45	3,147.43	480.97	49.37	53.58

THE OFFER

The following table summarises the Offer details:

Equity Shares Offered	
Offer of Equity Shares of which	Up to [●] Equity Shares, aggregating up to ₹ [●] million
Fresh Issue ⁽¹⁾	Up to [●] Equity Shares, aggregating up to ₹ 5,000 million
Offer for Sale ⁽²⁾	Up to 16,310,072 Equity Shares, aggregating up to ₹ [●] million
The Offer consists of:	
A) QIB Portion ⁽³⁾⁽⁴⁾ of which:	Not more than [●] Equity Shares
Anchor Investor Portion	Not more than [●] Equity Shares
Net QIB Portion (assuming the Anchor Investor Portion is fully subscribed) of which:	[●] Equity Shares
Mutual Fund Portion	[●] Equity Shares
Balance for all QIBs including Mutual Funds	[●] Equity Shares
B) Non-Institutional Portion ⁽⁵⁾	Not less than [●] Equity Shares
C) Retail Portion ⁽⁵⁾⁽⁶⁾	Not less than [●] Equity Shares
Pre and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer	102,878,211 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
Use of Net Proceeds	See “Objects of the Offer” on page 82 for information about the use of the proceeds from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale

- (1) Our Board has approved the Offer pursuant to the resolution passed at its meeting held on June 27, 2018 and our Shareholders have approved the Offer pursuant to a resolution passed at the EGM held on July 04, 2018 under Section 62(1)(c) of the Companies Act, 2013.
- (2) The Offer for Sale has been authorised by the Selling Shareholders as follows:

Selling Shareholder	Equity Shares offered in the Offer for Sale aggregating up to (in ₹ million)	Date of consent letter
Thomas John Muthoot	4,060,429	July 26, 2018
Thomas Muthoot	4,078,996	July 26, 2018
Thomas George Muthoot	4,059,019	July 26, 2018
Preethi John	121,180	July 26, 2018
Remmy Thomas	101,460	July 26, 2018
Nina George	122,870	July 26, 2018
MFL	1,908,006	July 26, 2018
Creation Investments India LLC	1,858,112*	July 26, 2018

*As of the date of this Draft Red Herring Prospectus, Creation Investments India LLC holds 1,714,487 Equity Shares. The respective portion of the Offered Shares of Creation Investments India LLC will also include Equity Shares issued upon conversion of 11,292,291 CCPS held by Creation Investments India LLC, which will be converted into 11,292,291 Equity Shares prior to registering the Red Herring Prospectus with the ROC.

- (3) Each Selling Shareholder confirms that the respective portion of Equity Shares being offered by them in the Offer, have been held by them for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI, and are eligible for being offered for sale in the Offer, as required by Regulation 26(6) of the SEBI ICDR Regulations
- (4) Our Company and the Selling Shareholders may, in consultation with the Managers, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the Net QIB Portion. For details, see “Offer Procedure” on page 296
- (5) Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the Net QIB Portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company and the Selling Shareholders, in consultation with the Managers and the Designated Stock Exchange. Under-subscription, if any, in the Net QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. For further details, see “Offer Structure” on page 292. The Selling Shareholders, acknowledge and agree, in the event that Offered Shares are not sold in the Offer for Sale on account of under-subscription, such unsold Offered Shares shall be subject to lock-in in accordance with this Draft Red Herring Prospectus and SEBI ICDR Regulations
- (6) The Retail Discount, if any, will be offered to Retail Individual Investors at the time of making a Bid. Retail Individual Investors bidding at a price within the Price Band can make payment at the Bid Amount, at the time of making a Bid. Retail Individual Investors bidding at the Cut-Off Price have to ensure payment at the Cap Price, less Retail Discount at the time of making a Bid. Retail Individual Investors must ensure that the Bid Amount does not exceed ₹200,000. Retail Individual Investors should note that while filling the “SCSB/Payment Details” block in the Bid cum Application Form, Retail Individual Investors must mention the Bid Amount

Allocation to all categories, except the Anchor Investor Portion and the Retail Portion, if any, shall be made on a proportionate basis. For further details, see “Offer Procedure - Basis of Allotment” on page 325.

For details, including in relation to grounds for rejection of Bids, see “*Offer Structure*” and “*Offer Procedure*” on pages 292 and 296, respectively. For details of the terms of the Offer, see “*Terms of the Offer*” on page 283.

GENERAL INFORMATION

Our Company was incorporated as “Panchratna Stock and Investment Consultancy Services Private Limited” on April 06, 1992 at Mumbai, Maharashtra, India as a private limited company under the Companies Act, 1956. Our Company was converted into a public limited company pursuant to a special resolution passed by our Shareholders at the EGM held on April 30, 1994 and the name of our Company was changed to “Panchratna Stock and Investment Consultancy Services Limited”. A certificate of change of name, consequent upon conversion to a public limited company was issued by the Registrar of Companies, Maharashtra at Mumbai (“**RoC**”) on June 09, 1994. The name of our Company was changed to “Panchratna Securities Limited” pursuant to a resolution passed by the Shareholders of our Company at the EGM held on June 11, 1994. A fresh certificate of incorporation, consequent upon change of name was granted to our Company by the RoC on June 22, 1994. The Reserve Bank of India (“**RBI**”) granted a certificate of registration dated March 18, 1998 bearing no. 13.00365 to our Company for registration as an NBFC under Section 45 IA of the Reserve Bank of India Act, 1934. Subsequently, the name of our Company was changed to “Muthoot Microfin Limited” pursuant to a resolution passed by the Shareholders of our Company at the EGM held on October 29, 2012. A fresh certificate of incorporation, consequent upon change of name was granted to our Company by the RoC on November 06, 2012. Subsequently, our Company was granted NBFC-Microfinance Institution (“**NBFC-MFI**”) status by the RBI with effect from March 25, 2015. For further details, see “*History and Certain Corporate Matters*” on page 141.

Registered Office

Muthoot Microfin Limited

13th Floor
Parinee Crescenzo
Bandra Kurla Complex
Bandra East, Mumbai 400 051
Maharashtra, India
Telephone: (+91) 22 6272 8544
Facsimile: (+91) 48 4430 0127
Website: www.muthootmicrofin.com
Email: info@muthootmicrofin.com
Corporate Identity Number: U65190MH1992PLC066228
Registration No.: 066228
RBI Registration No.: 13.00365

Administrative Office

Muthoot Microfin Limited

5th Floor
Muthoot Towers
M.G. Road, Kochi 682 035
Kerala, India

For details in relation to changes in the Registered Office, see “*History and Certain Corporate Matters*” on page 141.

Address of the Registrar of Companies

Our Company is registered with the Registrar of Companies, Mumbai, situated at 100, Everest, Marine Drive, Mumbai 400 002, Maharashtra, India.

Board of Directors

The following table sets out brief details regarding our Board as on the date of filing of this Draft Red Herring Prospectus:

Name	Designation	DIN	Address
Thomas Muthoot	Managing Director	00082099	Muthoot, 7/59 A, Near Kaniyampuzha Bridge, Cherukad, Eroor P O, Ernakulam 682 306, Kerala, India
Thomas Muthoot	John Non-Executive Director	00011618	TC 4/1008, (1), Kawdiar, Kawdiar, P.O., Trivandrum 695 003, Kerala, India
Thomas Muthoot	George Non-Executive Director	00011552	Muthoot Towers, College Road, P O M G Road, Ernakulam 682 035, Kerala, India

Name	Designation	DIN	Address
Thomas Muthoot John	Non- Executive Director	07557585	TC 4/1008, (1), Kowdiar PO, Trivandrum 695 003, Kerala, India
Kenneth Dan Vander Weele	Non-Executive Director*	02545813	445 E, North Water Streetville Apartments 2101, Chicago 606115566, Illinois, USA
Alok Prasad	Independent Director	00080225	144, Vistas Villas, Opposite Unitech Cyber Park, Sector-46, Gurgaon 122 001, Haryana, India
T. S. Vijayan	Independent Director	00043959	Sunnyvale, TC 8/725 (1),Thirumala, Trivandrum 695 006, Kerala, India
Amitvikram Talgeri	Independent Director	08098843	L1 Guruprasad, Hanuman Road, Vile Parle (East), Mumbai 400 057, Maharashtra, India
Bhama Krishnamurthy	Independent Director	02196839	4th Floor, Avarsekars Srushti, Old Prabhadevi Road, Prabhadevi, Mumbai 400 025, Maharashtra, India
Pushpy Muricken	B. Independent Director	03431198	5-Vrindavanam, Subash Chandra Bose Road, Vyttila 682 019, Kerala, India

*Nominee of Creation Investments India LLC

For details in relation to the Selling Shareholders, see “*The Offer*” on page 54

For further details of our Directors, see “*Our Management*” on page 146.

Company Secretary and Compliance Officer

Neethu Ajay

Muthoot Microfin Limited
5th Floor,
Muthoot Towers,
M.G. Road, Kochi 682 035
Kerala, India
Telephone: (+91) 48 4427 7500
Facsimile: (+91) 48 4430 0127
Email: info@muthootmicrofin.com

Chief Financial Officer

Praveen T

Muthoot Microfin Limited
5th Floor
Muthoot Towers
M.G. Road, Kochi 682 035
Kerala, India
Telephone: (+91) 48 4427 7500
Facsimile: (+91) 48 4430 0127
Email: info@muthootmicrofin.com

Investor Grievances

Bidders can contact our Company Secretary and Compliance Officer, the Managers or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems, such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders and non-receipt of funds by electronic mode.

All grievances, related to the ASBA process, may be addressed to the Registrar to the Offer, with a copy to the relevant Designated Intermediary with whom the Bid cum Application Form was submitted, quoting the full details such as the name and address of the sole or First Bidder, date and number of the Bid cum Application Form, Bidders’ DP ID, Client ID, PAN, number of Equity Shares applied for, name and address of the relevant Designated Intermediary where the Bid cum Application Form was submitted by the Bidder and ASBA Account number in which the amount equivalent to the Bid

Amount was blocked.

In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days.

All grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Bid cum Application Form and the name and address of the Managers where the Bid cum Application Form was submitted by the Anchor Investor.

Further, the Bidder shall also enclose the Acknowledgement Slip from the Designated Intermediary in addition to the documents/ information mentioned hereinabove.

Global Co-ordinators and Book Running Lead Managers

Edelweiss Financial Services Limited

14th Floor, Edelweiss House
Off. C.S.T. Road, Kalina
Mumbai 400 098
Maharashtra, India
Telephone: (+91) 22 4009 4400
Facsimile: (+91) 22 4086 3610
Email: mml.ipo@edelweissfin.com
Investor grievance email: customerservice.mb@edelweissfin.com
Website: www.edelweissfin.com
Contact person: Nishita John / Pradeep Tewani
SEBI Registration No.: INM0000010650

Motilal Oswal Investment Advisors Limited

Motilal Oswal Tower
Rahimtullah Sayani Road
Opposite Parel ST Depot
Prabhadevi
Mumbai 400 025
Maharashtra, India
Telephone: (+91) 22 3846 4380
Facsimile: (+91) 22 3846 4315
Email: muthootmfin.ipo@motilaloswal.com
Investor grievance email: moiaplredressal@motilaloswal.com
Website: www.motilaloswalgroup.com
Contact person: Kristina Dias/ Subodh Mallya
SEBI Registration No.: INM000011005

Credit Suisse Securities (India) Private Limited

Ceejay House, 9th Floor
Plot F, Shivsagar Estate
Dr. Annie Besant Road
Worli, Mumbai 400 018
Maharashtra, India
Telephone: (+91) 22 6777 3885
Facsimile: (+91) 22 6777 3820
Email: list.muthootmicrofinanceipo@credit-suisse.com
Investor grievance email: list.igcellmer-bnkg@credit-suisse.com
Website: www.credit-suisse.com
Contact person: Abhay Agarwal
SEBI Registration No.: INM000011161

Book Running Lead Managers

SMC Capitals Limited

A-401/402, Lotus Corporate Park
Jai Coach Junction, off WE Highway
Goregaon (East), Mumbai 400063 Maharashtra, India
Telephone: (+91) 22 6648 1818
Facsimile: (+91) 22 6734 1697
Email: mml_ipo@smccapitals.com
Investor grievance email: investor.grievance@smccapitals.com
Website: www.smccapitals.com
Contact person: Satish Mangutkar/ Bhavin Shah
SEBI Registration No.: INM000011427

Syndicate members

[●]

[●]

[●]

Legal counsel to our Company as to Indian law**AZB & Partners**

7th Floor
Embassy Icon
Infantry Road
Bangalore 560 001
Karnataka, India
Telephone: (+ 91) 80 4240 0500
Facsimile: (+ 91) 80 2221 3947

Legal counsel to the Managers as to Indian law**Cyril Amarchand Mangaldas**

201 Midford House
off. M. G. Road
Bengaluru 560 001
Karnataka, India
Telephone: (+91) 80 2558 4870
Facsimile: (+91) 80 2558 4266

Legal counsel to the Managers as to International law**Sidley Austin LLP**

Level 31
Six Battery Road
Singapore 049909
Telephone: (+65) 6230 3900
Facsimile: (+65) 6230 3939

Registrar to the Offer**Karvy Computershare Private Limited**

Karvy Selenium Tower B
Plot 31-32
Financial District, Nanakramguda
Gachibowli,
Hyderabad 500 032
Telangana, India
Telephone: (+91) 40 6716 2222
Facsimile: (+91) 40 2300 1153
Email: einward.ris@karvy.com
Investor Grievance ID: muthoot.ipo@karvy.com
Website: www.karisma.karvy.com
Contact person: M Murali Krishna
SEBI Registration No.: INR000000221

Escrow Collection Bank(s)

[•] [•]

Refund Bank(s)

[•] [•]

Public Offer Account Bank(s)

[•] [•]

Statutory Auditors of our Company**M/s. Walker Chandiok & Co., LLP**

7th Floor, Modayil Centre Point,
Warriam Road Jn.,
M G Road,
Kochi 682 016

Kerala, India
Peer Review Number: FRN001076NN500013
Telephone: (+91)48 4406 4541
Email: krishnakumar.sivan@in.gt.com
Facsimile: Nil

Bankers to our Company

State Bank of India

Sree Ganesh Kripa, Hotel Jas Road
Thycaud, Trivandrum
Kerala, India
Telephone: (+91) 47 1233 9891, (+91) 47 1232 4204
Facsimile: (+91) 47 1232 4158
Email: sbi.04350@sbi.co.in
Website: <https://bank.sbi>
Contact person: Dileep S S

Axis Bank Limited

Rural Lending Department, Building No.1
6th Floor, Gigaplex, Airoli Knowledge Park
Airoli, Navi Mumbai-400708
Maharashtra, India
Telephone: (+91) 22 6217 6862
Facsimile: Nil
Email: aashish.bansal@axisbank.com
Website: www.axisbank.com
Contact person: Aashish Bansal

ICICI Bank Limited

ICICI Bank Towers, Bandra-Kurla Complex
Bandra (East), Mumbai 400 051
Maharashtra, India
Telephone: (+91) 22 2653 7415
Facsimile: Nil
Email: neeraj.biyani@icicibank.com
Website: www.icicibank.com
Contact person: Neeraj Biyani

Union Bank of India

Ernakulam Main Branch, Union Bhavan
Ground Floor, M G Road
Ernakulam 682 035
Kerala, India
Telephone: (+91) 48 4238 5209/(+91) 48 4238 5211
Facsimile: (+91) 48 4238 5210
Email: cbsernakulam@unionbankofindia.com
Website: www.unionbankofindia.com
Contact person: P Sugathan

Vijaya Bank

41/2,CBB, M1 Floor
Vijaya Bank HO, M G Road
Bangalore 560 001
Karnataka, India
Telephone: (+91) 80 2532 0643
Facsimile: (+91) 80 2558 8891
Email: bm1398@vijayabank.co.in, vb1398@vijayabank.co.in
Website: www.vijayabank.com
Contact person: Prasanna Ram

YES Bank Limited

Ground Floor, Mayank Towers
Survey No.31(Old), 31/2 (New)
Raj Bhavan Road, Somajiguda
Hyderabad 500 082
Telangana, India
Telephone: (+91) 98 4930 8878
Facsimile: Nil
Email: gautam.jain@yesbank.in
Website: www.yesbank.in
Contact person: Gautam Jain

IndusInd Bank Limited

1-10-72,4th Floor
Ashoka Janardhan Chambers
S P Road, Begumpet
Hyderabad-500016
Telangana, India
Telephone: (+91) 40 4091 6204
Facsimile: (+91) 40 4091 6266
Email: Srinivas.Bonam@indusind.com
Website: www.indusind.com
Contact person: Srinivas Bonam

Kotak Mahindra Bank Limited

4th Floor, 2nd Zone, Kotak Infinity
Raheja IT Park, Malad (East)
Mumbai 400 097
Maharashtra, India
Telephone: (+91) 22 6605 4196
Facsimile: Nil
Email: bs.sivakumar@kotak.com
Website: www.kotak.com
Contact person: B S Sivakumar

United Bank of India

No.117, Armenian Street
Chennai 600 001
Tamil Nadu, India
Telephone: (+91) 44 2534 0143
Facsimile: (+91) 44 2834 0580
Email: bmmids@unitedbank.co.in
Website: www.unitedbankofindia.com
Contact person: Sayantan Tarafdar

Oriental Bank of Commerce

1057, Jaya Enclave, Avinashi Road
MCB,
Coimbatore 641 018
Tamil Nadu, India
Telephone: (+91) 42 2224 7285, (+91) 42 2224 0190
Facsimile: (+91) 42 2224 5174
Email: bm1044@obc.co.in
Website: www.obcindia.co.in
Contact person: Santhosh Kumar Pillai

Tamilnad Mercantile Bank Limited

64/334-A, Chittoor Road

Syndicate Bank

69, Ground Floor, 9th Main

Bankers to our Company

Next to Sri Sudheendra Hospital
Kacheripady,
Ernakulam 682 018
Kerala, India
Telephone: (+91) 98462 33363
Facsimile: (+91) 48 4236 5431
Email: ernakulam@tmbank.in
Website: www.tmb.in
Contact person: T Solomon Peter

Jayanagar, 3rd Block
Bangalore 560 011
Karnataka, India
Telephone: (+91) 94498 62040
Facsimile: Nil
Email: br.0697@syndicatebank.co.in
Website: www.syndicatebank.in
Contact person: P V Subba Rao

South Indian Bank Limited

First Floor, Hotel Safa International
Thampanoor, Trivandrum 695 014
Kerala, India
Telephone: (+91) 47 1232 9585
Facsimile: Nil
Email: br0721@sib.co.in
Website: www.southindianbank.com
Contact person: Renjith R Nair

Lakshmi Vilas Bank Limited

TC 9/885, Vellayambalam
Sasthamangalam P O,
Trivandrum 695 010
Kerala, India
Telephone: (+91) 47 1272 4818
Facsimile: Nil
Email: Trivandrum_bm@lvbank.in
Website: www.lvbank.in
Contact person: Prenith P C

The Catholic Syrian Bank Limited

Market Road Branch
DJM Building,
Ernakulam
Kerala, India
Telephone: (+91) 48 4236 65533
Facsimile: Nil
Email: ernakulammarket@csb.co.in
Website: www.csb.co.in
Contact person: Anitha P Emmanuel

Dhanlaxmi Bank Limited

Dhanlaxmi Building
Shanmugham Road Branch
Marine Drive,
Ernakulam 682 031
Kerala, India
Telephone: (+91) 48 4237 5259
Facsimile: Nil
Email: dlb.shanmugamroadernakulam@dhanbank.co.in
Website: www.dhanbank.com
Contact person: Prem Kumar R

IDBI Bank Limited

Panampilly Nagar
Kochi 682 036
Kerala, India
Telephone: (+91) 48 4232 1150
Facsimile: Nil
Email: ibkl0000137@idbi.co.in
Website: www.idbi.com
Contact person: Muraleedharan N

SBM Bank (Mauritius) Limited

Prince Arcade, 22 A
Cathedral Road
Chennai 600 086
Tamil Nadu, India
Telephone: Nil
Facsimile: Nil
Email: vignesh.sandaradasse@smbank.co.in
Website: www.sbmgroup.mu
Contact person: Vignesh Sandaradasse

Shinhan Bank

Survey No.64/4A1
Bangalore Highway
Thandalam Village, Sriperumbadur Taluk
Kancheepuram District 602 105
Tamilnadu, India
Telephone: (+91) 44 6714 4431
Facsimile: (+91) 44 6714 4444
Email: credit.vel@shinhan.com
Website: in.shinhanglobal.com
Contact person: Amit Ranjan

Woori Bank

Lotte India, 2nd Floor, 4/169
Rajiv Gandhi Salai (OMR)
Kandhanchavadi, Perungudi Taluk
Chennai 600 096,
Tamil Nadu, India
Telephone: (+91) 44 3346 6926
Facsimile: (+91) 44 3346 6995
Email: venugopal.v@wooribank.com
Website: go.wooribank.com
Contact person: Venugopal V

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs under the BTI Regulations for the ASBA process in accordance with the ICDR Regulations is provided on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 and as may be updated from time to time. For details of the Designated Branches which shall collect Bid cum Application Forms from the ASBA Bidders, please refer to the above-mentioned link.

Syndicate SCSB Branches

In relation to Bids (other than Bids by Anchor Investor) submitted to a member of the Syndicate under the ASBA process, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of ASBA Forms from the members of the Syndicate is available on the website of the SEBI (www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmlId=35) and updated from time to time.

For more information on such branches collecting ASBA Forms from the Syndicate at Specified Locations, please refer to the above-mentioned link.

Broker Centres/ Designated CDP Locations/ Designated RTA Locations

In accordance with SEBI Circulars CIR/ CFD/ 14/ 2012 dated October 4, 2012 and CIR/ CFD/ POLICYCELL/ 11/ 2015 dated November 10, 2015, Bidders (other than Anchor Investors) can submit Bid cum 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 Bid cum 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.

Experts

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent dated July 23, 2018 from the Statutory Auditors namely, Walker Chandiok & Co., LLP, Chartered Accountants, holding a valid peer review certificate from ICAI, to include their name as an ‘expert’ under the applicable law in this Draft Red Herring Prospectus and as an “Expert” as defined under Section 2(38) of the Companies Act, 2013, in respect of the examination reports of the Statutory Auditors on the Restated Financial Statements dated June 27, 2018 and the statement of tax benefits dated June 27, 2018, included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the Securities Act.

Monitoring Agency

Our Company will appoint a monitoring agency prior to the filing of Red Herring Prospectus in accordance with Regulation 16 of SEBI ICDR Regulations.

Appraising Entity

None of the objects for which the Net Proceeds will be utilised have been appraised by any agency.

IPO Grading

No credit agency registered with SEBI has been appointed for grading the Offer.

Inter-se allocation of Responsibilities

The following table sets forth the inter-se allocation of responsibilities for various activities among the Managers for the Offer:

S. No.	Activity	Responsibility	Co-ordinator
1.	Capital structuring with relative components and formalities such as type of instruments, size of Offer, allocation between primary and secondary etc.	Managers	Edelweiss
2.	Due diligence of Company’s operations/management/business plans/legal, etc. Drafting and design of Draft Red Herring Prospectus, Red Herring Prospectus including memorandum containing salient features of the Prospectus. The Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, the RoC and the SEBI including finalization of Prospectus and RoC filing, follow-up and coordination till final approval from all regulatory authorities.	Managers	Edelweiss
3.	Drafting and approval of all statutory advertisements	Managers	Edelweiss

S. No.	Activity	Responsibility	Co-ordinator
4.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in 3. above including media monitoring, corporate advertisement, brochure, etc. and filing of media compliance report after the Offer	Managers	Motilal
5.	Appointment of other intermediaries, including the Registrar, printers, advertising agency and Bankers to the Offer including co-ordinating all agreements to be entered with such parties	Managers	CS
6.	Preparation of road show presentation and frequently asked questions	Managers	CS
7.	International institutional marketing strategy - Finalize the list and division of investors for one to one meetings, in consultation with the Company and the Selling Shareholders; and - Finalizing the international road show schedule and investor meeting schedules	Managers	CS
8.	Domestic institutions/banks/mutual funds marketing strategy - Finalize the list and division of investors for one to one meetings, institutional allocation in consultation with the Company and the Selling Shareholders; and - Finalizing investor meeting schedules	Managers	Edelweiss
9.	Non Institutional marketing of the Offer, which will cover, <i>inter alia</i> : - Formulating marketing strategies for non-institutional investors - Finalize media and public relations strategy	Managers	Motilal
10.	Retail marketing of the Offer, which will cover, <i>inter alia</i> : - Formulating marketing strategies, preparation of publicity budget; - Finalizing centres for holding conferences for press and brokers; - Finalising collection centres; and - Follow-up on distribution of publicity and Issuer material including form, prospectus and deciding on the quantum of the Offer material	Managers	Edelweiss
11.	Co-ordination with Stock Exchanges for Book Building software, bidding terminals and mock trading	Managers	Motilal
12.	Finalization of pricing, in consultation with the Company and the Selling Shareholders	Managers	Edelweiss
13.	Post-Offer activities, which shall involve essential follow-up steps including: - Managing Anchor book related activities and submission of letters to regulators post completion of Anchor issue - Follow-up with Bankers to the Offer and SCSBs to get quick estimates of collection and advising the Issuer about the closure of the Offer, based on correct figures, finalisation of the basis of Allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or dematerialized credit and refunds and coordination with various agencies connected with the post-Offer activity such as Registrar to the Offer, Bankers to the Offer, SCSBs, etc., including responsibility for underwriting arrangements, as applicable; managing the escrow accounts and payment of applicable STT on behalf of all Managers - Coordination with Stock Exchanges for payment of 1% security deposit through cash and bank guarantee and the refund of the same	Managers	Motilal

Credit Rating

As this is an offer of Equity Shares, there is no credit rating for the Offer.

Trustees

As this is an offer of Equity Shares, the appointment of trustees is not required.

Book Building Process

Book Building Process, in the context of the Offer, refers to the process of collection of Bids on the basis of the Red Herring Prospectus, the Bid cum Application Forms and the Revision Forms within the Price Band. The Price Band and minimum bid lot size will be decided by our Company and the Selling Shareholders in consultation with the Managers, and advertised in [●] editions of [●], [●] editions of [●] and [●] editions of [●], which are widely circulated English, Hindi and Marathi daily newspapers respectively (Marathi being the regional language of Maharashtra, where our Registered Office is located) at least five Working Days prior to the Bid/ Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their websites. The Offer Price shall be determined by our Company and the Selling Shareholders in

consultation with the Managers after the Bid/ Offer Closing Date. The principal parties involved in the Book Building Process are:

- our Company;
- the Selling Shareholders;
- the Managers;
- the Syndicate Members;
- the SCSBs;
- the Registered Brokers;
- the Registrar to the Offer;
- the Escrow Collection Bank(s);
- the RTAs; and
- the Collecting Depository Participants.

The Offer is being made in terms of Rule 19(2)(b) of the SCRR. The Offer is being made through the Book Building Process, in compliance with Regulation 26(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to QIBs, provided that our Company and the Selling Shareholders, in consultation with the Managers, may allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. For further details, see “*Offer Procedure*” on page 296 and “*Offer Structure*” on page 292.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs (other than Anchor Investors) Bidding in the QIB Portion and Non-Institutional Bidders Bidding in the Non-Institutional Portion are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date. Further, allocation to QIBs in the QIB Portion (other than in the Anchor Investor Portion) and allocation to Non-institutional Investors in the Non-institutional Portion will be on proportionate basis and allocation to the Anchor Investors will be on a discretionary basis.

For further details, see “*Offer Procedure*” on page 296.

Bidders should note that the Offer is also subject to obtaining (i) final approval of the RoC after the Prospectus is filed with the RoC; and (ii) final listing and trading approvals from the Stock Exchanges, which our Company shall apply for after Allotment.

Our Company confirms that it will comply with the SEBI ICDR Regulations and any other directions issued by SEBI for this Offer. The Selling Shareholders confirms that it will comply with the SEBI ICDR Regulations and any other directions issued by SEBI, as applicable, to the Offered Shares. In this regard, our Company and the Selling Shareholders have appointed the Managers to manage the Offer and procure Bids for the Offer.

The process of Book Building under the SEBI ICDR Regulations is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to submitting a Bid in the Offer.

Illustration of Book Building Process and Price Discovery Process

The Book Building Process is in accordance with guidelines, rules, regulations prescribed by SEBI. Bidders are advised to make their own judgment about an investment through this process prior to submitting a Bid.

For further details on the method and procedure for Bidding, see “*Offer Procedure*” on page 296.

Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final approval of the RoC after the Prospectus is filed with the RoC; and (ii) final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment.

Underwriting Agreement

After the determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholders intend to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. The underwriting shall be to the extent of the Bids uploaded, subject to Regulation 13 of the SEBI ICDR Regulations. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be completed before filing the Prospectus with the RoC.).

Name, address, telephone number, fax number and e-mail address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (in ₹ million)
[●]	[●]	[●]

The above-mentioned is indicative underwriting and will be finalised after determination of Offer Price and Basis of Allotment and subject to the provisions of the SEBI ICDR Regulations.

In the opinion of our Board (based on representations made by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors/ IPO Committee, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure purchases for or purchase of the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

The Underwriting Agreement has not been executed as on the date of this Draft Red Herring Prospectus and our Company intends to enter the Underwriting Agreement with the Underwriters after determination of the Offer Price and allocation of Equity Shares but prior to registering the Prospectus with the RoC.

CAPITAL STRUCTURE

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

(In ₹, except share data)

	Aggregate nominal value	Aggregate value at Offer Price
A AUTHORISED SHARE CAPITAL		
150,000,000 Equity Shares of ₹10 each	1,500,000,000	-
50,000,000 CCPS of ₹10 each	500,000,000	-
B ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER, I.E. AS OF THE DATE OF THIS DRAFT RED HERRING PROSPECTUS⁽¹⁾		
102,878,211 Equity Shares of ₹10 each	1,028,782,110	-
11,292,291 CCPS of ₹10 each	112,922,910	-
C PROPOSED OFFER IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS⁽²⁾		
Offer of up to [●] Equity Shares aggregating up to ₹ [●] million of which	[●]	Up to [●]
Fresh Issue of up to [●] Equity Shares	[●]	Up to 5,000 million
Offer for Sale of up to 16,310,072 Equity Shares ⁽³⁾	163,100,720	Up to [●]
D SECURITIES PREMIUM ACCOUNT		
Before the Offer	3,784,082,201	-
After the Offer	[●]	-
E ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER		
[●] Equity Shares (assuming full subscription in the Offer)	[●]	-

- (1) Prior to registering the RHP with the RoC, our Company will convert 11,292,291 CCPS held by Creation Investments India LLC into 11,292,291 Equity Shares. Our issued, subscribed and paid up share capital will accordingly be updated at the time of registering the RHP with the RoC
- (2) Our Board has approved the Offer pursuant to the resolution passed at its meeting held on June 27, 2018 and our Shareholders have approved the Offer pursuant to a resolution passed at the EGM held on July 04, 2018 under Section 62(1)(c) of the Companies Act, 2013.
- (3) The Selling Shareholders specifically confirms that the Offered Shares are eligible for being offered for sale in the Offer in accordance with the SEBI ICDR Regulations. For details in relation to authorisation of the Offer for Sale by the Selling Shareholders see "The Offer" on page 54

Details of changes to our Company's authorised share capital since incorporation:

S.No.	Date of Shareholders' resolution	Change in authorised share capital
1.	July 14, 1994	Increase in authorised share capital from ₹500,000 comprising 50,000 Equity Shares of ₹10 each to ₹2,500,000 comprising 250,000 Equity Shares of ₹10 each
2.	November 28, 1994	Increase in authorised share capital from ₹2,500,000 comprising 250,000 Equity Shares of ₹10 each to ₹10,000,000 comprising 1,000,000 Equity Shares of ₹10 each
3.	December 22, 1994	Increase in authorised share capital from ₹10,000,000 comprising 1,000,000 Equity Shares of ₹10 each to ₹35,000,000 comprising 3,500,000 Equity Shares of ₹10 each
4.	June 30, 2012	Increase in authorised share capital from ₹35,000,000 comprising 3,500,000 Equity Shares of ₹10 each to ₹100,000,000 comprising 10,000,000 Equity Shares of ₹10 each
5.	March 25, 2015	Increase in authorised share capital from ₹100,000,000 comprising 10,000,000 Equity Shares of ₹10 each to ₹500,000,000 comprising 50,000,000 Equity Shares of ₹10 each
6.	December 23, 2015	Increase in authorised share capital from ₹500,000,000 comprising 50,000,000 Equity Shares of ₹10 each to ₹750,000,000 comprising 75,000,000 Equity Shares of ₹10 each
7.	June 01, 2016	Increase in authorised share capital from ₹750,000,000 comprising 75,000,000 Equity Shares of ₹10 each to ₹1,500,000,000 comprising 150,000,000 Equity Shares of ₹10 each
8.	November 16, 2016	Increase in authorised share capital from ₹1,500,000,000 comprising 150,000,000 Equity Shares of ₹10 each to 2,000,000,000 comprising 150,000,000 Equity Shares of ₹10 each and 50,000,000 CCPS of ₹10 each

Notes to the Capital Structure

1. Share Capital History of our Company*

(a) Equity Share Capital

The history of the Equity Share capital of our Company is provided in the following table:

Date of allotment	No. of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of consideration	Reason/ Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)
April 06, 1992	40	10	10	Cash	Allotment pursuant to subscription to memorandum ⁽¹⁾	40	400
November 28, 1994	100,000	10	10	Cash	Preferential allotment ⁽²⁾	100,040	1,000,400
January 23, 1995	199,960	10	10	Cash	Preferential allotment ⁽³⁾	300,000	3,000,000
September 29, 2012	4,700,000	10	10	Cash	Preferential allotment ⁽⁴⁾	5,000,000	50,000,000
January 15, 2014	500,000	10	10	Cash	Preferential allotment ⁽⁵⁾	5,500,000	55,000,000
May 27, 2015	10,000,000	10	10	Cash	Rights issue ⁽⁶⁾	15,500,000	155,000,000
June 15, 2015	34,500,000	10	10	Cash	Preferential allotment ⁽⁷⁾	50,000,000	500,000,000
January 21, 2016	10,000,000	10	10	Cash	Preferential allotment ⁽⁸⁾	60,000,000	600,000,000
April 29, 2016	10,000,000	10	10	Cash	Preferential allotment ⁽⁹⁾	70,000,000	700,000,000
Equity Shares issued two years prior to filing of this Draft Red Herring Prospectus							
September 29, 2016	12,500,000	10	12	Cash	Preferential allotment ⁽¹⁰⁾	82,500,000	825,000,000
December 21, 2016	1,307,986	10	114.68	Cash	Preferential allotment ⁽¹¹⁾	83,807,986	838,079,860
December 26, 2016	43,600	10	114.68	Cash	Preferential allotment ⁽¹²⁾	83,851,586	838,515,860
August 31, 2017	1,307,987	10	114.68	Cash	Preferential allotment ⁽¹³⁾	85,159,573	851,595,730
December 19, 2017	3,051,971	10	114.68	Cash	Preferential allotment ⁽¹⁴⁾	88,211,544	882,115,440
March 31, 2018	14,666,667	10	150	Cash	Rights issue ⁽¹⁵⁾	102,878,211	1,028,782,110

(1) Allotment of 40 Equity Shares to Divyesh P. Shah (10 Equity Shares), Rajit P. Shah (10 Equity Shares), Amrit R. Daftary (10 Equity Shares) and Mehul S. Sanghavi (10 Equity Shares)

(2) Allotment of 100,000 Equity Shares to Divyesh P. Shah (8,000 Equity Shares), Rajit P. Shah (15,000 Equity Shares), Mehul S. Sanghavi (10,000 Equity Shares), Shilpa D. Shah (7,500 Equity Shares), Ketki R. Shah (10,000 Equity Shares), Aarti M. Sanghavi (7,500 Equity Shares), Shardaben P. Shah (10,000 Equity Shares), Monil D. Shah (2,500 Equity Shares), Shreya D. Shah (1,000 Equity Shares), Suresh S. Sanghavi (10,000 Equity Shares), Hiten K. Shah (2,000 Equity Shares), Chhayaben Parikh (2,000 Equity Shares), Maheshbhai Parikh (2,000 Equity Shares), Deepak C. Parikh (1,000 Equity Shares), Aarti D. Parikh (2,000 Equity Shares), Jayesh Parikh (2,000 Equity Shares), Dimple H. Vora (2,500 Equity Shares), Vinayak M. Shukla (2,500 Equity Shares) and Simple H. Vora (2,500 Equity Shares)

(3) Allotment of 199,960 Equity Shares to Divyesh P. Shah (41,600 Equity Shares), Rajit P. Shah (17,000 Equity Shares), Mehul S. Sanghavi (21,000 Equity Shares), Aarti M. Sanghavi (2,500 Equity Shares), Shilpa D. Shah (38,350 Equity Shares), Shardaben P. Shah (20,000 Equity Shares), Jyotsnaben S. Sanghavi (12,010 Equity Shares), Mahesh C. Parikh (20,000 Equity Shares) and Chayaben M. Parikh (27,500 Equity Shares)

(4) Allotment of 4,700,000 Equity Shares to MFL

(5) Allotment of 500,000 Equity Shares to MFL

(6) Allotment of 10,000,000 Equity Shares by way of a rights issue to Thomas Muthoot (116,180 Equity Shares), Thomas George Muthoot (102,730 Equity Shares), Thomas John Muthoot (103,640 Equity Shares), Nina George (79,270 Equity Shares), Preethi John (78,180 Equity Shares), Remmy Thomas (65,460 Equity Shares) and MFL (9,454,540 Equity Shares)

(7) Allotment of 34,500,000 Equity Shares to MFL

(8) Allotment of 10,000,000 Equity Shares to MFL

(9) Allotment of 10,000,000 Equity Shares to MFL

(10) Allotment of 12,500,000 Equity Shares to Thomas John Muthoot (4,166,667 Equity Shares), Thomas George Muthoot (4,166,667 Equity Shares) and Thomas Muthoot (4,166,666 Equity Shares)

(11) Allotment of 1,307,986 Equity Shares to Thomas John Muthoot (145,622 Equity Shares), Thomas George Muthoot (145,622 Equity Shares), Thomas Muthoot (144,750 Equity Shares) and MFL (871,992 Equity Shares)

(12) Allotment of 43,600 Equity Shares to Creation Investments India LLC on a preferential basis by way of a private placement pursuant to Shareholders Agreement and Share Subscription Agreement dated December 21, 2016

(13) Allotment of 1,307,987 Equity Shares to Thomas Muthoot (435,995 Equity Shares), Thomas George Muthoot (435,996 Equity Shares), Thomas John Muthoot (435,996 Equity Shares)

(14) Allotment of 3,051,971 Equity Shares to Thomas Muthoot (930,125 Equity Shares), Thomas George Muthoot (930,124 Equity Shares), Thomas John Muthoot (930,125 Equity Shares), and MFL (261,597 Equity Shares)

(15) Allotment of 14,666,667 Equity Shares by way of a rights issue to Thomas John Muthoot (902,256 Equity Shares), Thomas George Muthoot (902,021 Equity Shares), Thomas Muthoot (905,343 Equity Shares), Nina George (2,581,643 Equity Shares), Preeti John (2,581,687 Equity Shares), Remmy Thomas (2,579,754 Equity Shares), MFL (2,337,320 Equity Shares), ESOP Trust (178,114 Equity Shares), Sadaf Sayeed (20,783 Equity Shares), Udeesh Ullas (4,157 Equity Shares), Subhransu Pattanayak (1,455 Equity Shares), Praveen T (1,247 Equity Shares) and Creation Investments India LLC (1,670,887 Equity Shares)

*Prior to registering the RHP with the RoC, our Company will convert 11,292,291 CCPS held by Creation Investments India LLC into 11,292,291 Equity Shares. Our issued, subscribed and paid up share capital will accordingly be updated at the time of registering the RHP with the RoC.

(b) Compulsorily Convertible Preference Share Capital

The history of the compulsorily convertible preference share capital of our Company is provided in the following table:

Date of allotment	No. of CCPS allotted	Face value per CCPS (₹)	Issue price per CCPS (₹)	Nature of consideration	Nature of allotment	Cumulative number of CCPS*	Cumulative paid-up Compulsorily convertible preference share capital* (₹)
December 26, 2016	4,316,358	10	114.68	Cash	Preferential allotment ⁽¹⁾	4,316,358	43,163,580
August 31, 2017	1,307,987	10	114.68	Cash	Preferential allotment ⁽²⁾	5,624,345	56,243,450
December 19, 2017	3,051,971	10	114.68	Cash	Preferential allotment ⁽³⁾	8,676,316	86,763,160
March 24, 2018	2,615,975	10	114.68	Cash	Preferential allotment ⁽⁴⁾	11,292,291	112,922,910

* As of the date of allotment of such CCPS

(1) Allotment of 4,316,358 CCPS to Creation Investments India LLC on a preferential basis by way of a private placement pursuant to Shareholders Agreement and Share Subscription Agreement dated December 21, 2016

(2) Allotment of 1,307,987 CCPS to Creation Investments India LLC pursuant to Share Subscription Agreement dated December 21, 2016 and amendment to Shareholders Agreement dated August 24, 2017

(3) Allotment of 3,051,971 CCPS to Creation Investments India LLC pursuant to Share Subscription Agreement dated December 21, 2016 and amendment to Shareholders Agreement dated August 24, 2017

(4) Allotment of 2,615,975 CCPS to Creation Investments India LLC pursuant to Share Subscription Agreement dated December 21, 2016 and Shareholders Agreement dated December 20, 2017

Except for 11,292,291 CCPS held by Creation Investments India LLC that will be converted to 11,292,291 Equity Shares prior to registering the RHP with the RoC, our Company does not have any outstanding CCPS.

- (c) The table below sets forth the details of the Equity Shares issued by our Company at a price which may be lower than the Offer Price during a period of one year preceding the date of this Draft Red Herring Prospectus.

Date of Allotment	No. of Equity Shares	Face Value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of Consideration	Reason for Allotment
August 31, 2017	1,307,987	10	114.68	Cash	Preferential allotment ⁽¹⁾
December 19, 2017	3,051,971	10	114.68	Cash	Preferential allotment ⁽²⁾
March 31, 2018	14,666,667	10	150	Cash	Rights issue ⁽³⁾

(1) Allotment of 1,307,987 Equity Shares to Thomas Muthoot (435,995 Equity Shares), Thomas George Muthoot (435,996 Equity Shares), Thomas John Muthoot (435,996 Equity Shares)

(2) Allotment of 3,051,971 Equity Shares to Thomas Muthoot (930,125 Equity Shares), Thomas George Muthoot (930,124 Equity Shares), Thomas John Muthoot (930,125 Equity Shares), MFL (261,597 Equity Shares)

(3) Allotment of 14,666,667 Equity Shares by way of a rights issue to Thomas John Muthoot (902,256 Equity Shares), Thomas George Muthoot (902,021 Equity Shares), Thomas Muthoot (905,343 Equity Shares), Nina George (2,581,643 Equity Shares), Preeti John (2,581,687 Equity Shares), Remmy Thomas (2,579,754 Equity Shares), MFL (2,337,320 Equity Shares), ESOP Trust (178,114 Equity Shares), Sadaf Sayeed (20,783 Equity Shares), Udeesh Ullas (4,157 Equity Shares), Subhansu Pattanayak (1,455 Equity Shares), Praveen T (1,247 Equity Shares) and Creation Investments India LLC (1,670,887 Equity Shares)

2. Issue of Equity Shares for consideration other than cash

- (a) As on date of this Draft Red Herring Prospectus, our Company has not issued any Equity Shares out of revaluation of reserves or unrealised profits.
- (b) As on date of this Draft Red Herring Prospectus, our Company has not issued Equity Shares for consideration other than cash.

3. History of Build up, Contribution and Lock-in of Promoters' Shareholding

As on the date of this Draft Red Herring Prospectus, our Promoters hold 99,720,468 Equity Shares, constituting 96.93% of the issued, subscribed and paid-up Equity Share capital of our Company.

(a) Build-up of our Promoter's shareholding in our Company:

Name of promoter	Date of allotment/ transfer	Number of Equity Shares	Face Value per Equity Share (₹)	Issue/ Acquisition / Transfer price per Equity Share (₹)	Nature of Consideration	Nature of Transaction	Percentage (%) of pre- Offer Equity Share Capital [#]	Percentage (%) of post-Offer Equity Share Capital
Thomas John Muthoot (A)	January 23, 2012	43,500	10	23.66	Cash	Transfer ⁽¹⁾	0.04	[●]
	December 20, 2013	13,500	10	N.A	N.A.	Gift ⁽²⁾	0.01	[●]
	May 27, 2015	103,640	10	10	Cash	Rights issue*	0.10	[●]
	September 29, 2016	4,166,667	10	12	Cash	Preferential allotment*	4.05	[●]
	December 21, 2016	145,622	10	114.68	Cash	Preferential allotment*	0.14	[●]
	August 31, 2017	435,996	10	114.68	Cash	Preferential allotment*	0.42	[●]
	October 31, 2017	(412,500)	10	12	Cash	Transfer ⁽³⁾	0.40	[●]
	December 19, 2017	930,125	10	114.68	Cash	Preferential allotment*	0.90	[●]
	March 31, 2018	902,256	10	150	Cash	Rights issue*	0.88	[●]
Total (A)		6,328,806	10				6.15	[●]
Thomas Muthoot (B)	January 23, 2012	50,400	10	23.66	Cash	Transfer ⁽⁴⁾	0.05	[●]
	December 20, 2013	13,500	10	N.A.	Gift	Gift ⁽⁵⁾	0.01	[●]
	May 27, 2015	116,180	10	10	Cash	Rights Issue*	0.11	[●]
	September 29, 2016	4,166,666	10	12	Cash	Preferential allotment*	4.05	[●]
	December 21, 2016	144,750	10	114.68	Cash	Preferential allotment*	0.14	[●]
	August 31, 2017	435,995	10	114.68	Cash	Preferential allotment*	0.42	[●]
	October 31, 2017	(412,500)	10	12	Cash	Transfer ⁽⁶⁾	0.40	[●]
	December 19, 2017	930,125	10	114.68	Cash	Preferential allotment*	0.90	[●]
	March 31, 2018	905,343	10	150	Cash	Rights issue*	0.88	[●]
Total (B)		6,350,459	10				6.17	[●]
Thomas George Muthoot (C)	January 23, 2012	43,000	10	23.66	Cash	Transfer ⁽⁷⁾	0.04	[●]
	December 20, 2013	13,500	10	N.A	N.A.	Gift ⁽⁸⁾	0.01	[●]
	May 27, 2015	102,730	10	10	Cash	Rights issue*	0.09	[●]
	September 29, 2016	4,166,667	10	12	Cash	Preferential allotment*	4.05	[●]
	December 21, 2016	145,622	10	114.68	Cash	Preferential allotment*	0.14	[●]
	August 31, 2017	435,996	10	114.68	Cash	Preferential allotment*	0.42	[●]
	October 31, 2017	(412,500)	10	12	Cash	Transfer ⁽⁹⁾	0.40	[●]
	December 19, 2017	930,124	10	114.68	Cash	Preferential allotment*	0.90	[●]

Name of promoter	Date of allotment/ transfer	Number of Equity Shares	Face Value per Equity Share (₹)	Issue/ Acquisition / Transfer price per Equity Share (₹)	Nature of Consideration	Nature of Transaction	Percentage (%) of pre- Offer Equity Share Capital [#]	Percentage (%) of post-Offer Equity Share Capital
	March 31, 2018	902,021	10	150	Cash	Rights issue*	0.87	[●]
Total (C)		6,327,160	10				6.15	[●]
Preethi John (D)	January 23, 2012	43,000	10	23.66	Cash	Transfer ⁽¹⁰⁾	0.04	[●]
	May 27, 2015	78,180	10	10	Cash	Rights issue*	0.07	[●]
	March 31, 2018	2,581,687	10	150	Cash	Rights issue*	2.50	[●]
Total (D)		2,702,867	10				2.63	[●]
Remmy Thomas (E)	January 23, 2012	36,000	10	23.66	Cash	Transfer ⁽¹¹⁾	0.03	[●]
	May 27, 2015	65,460	10	10	Cash	Rights issue*	0.06	[●]
	March 31, 2018	2,579,754	10	150	Cash	Rights issue*	2.50	[●]
Total (E)		2,681,214	10				2.61	[●]
Nina George (F)	January 23, 2012	43,600	10	23.66	Cash	Transfer ⁽¹²⁾	0.04	[●]
	May 27, 2015	79,270	10	10	Cash	Rights issue*	0.08	[●]
	March 31, 2018	2,581,643	10	150	Cash	Rights issue*	2.50	[●]
Total (F)		2,704,513	10				2.63	[●]
MFL (G)	September 29, 2012	4,700,000	10	10	Cash	Preferential allotment	4.57	[●]
	January 15, 2014	500,000	10	10	Cash	Preferential allotment*	0.48	[●]
	May 27, 2015	9,454,540	10	10	Cash	Rights issue*	9.19	[●]
	June 15, 2015	34,500,000	10	10	Cash	Preferential allotment*	33.53	[●]
	January 21, 2016	10,000,000	10	10	Cash	Preferential allotment*	9.72	
	April 29, 2016	10,000,000	10	10	Cash	Preferential allotment*	9.72	[●]
	December 21, 2016	871,992	10	114.68	Cash	Preferential allotment*	0.85	[●]
	December 19, 2017	261,597	10	114.68	Cash	Preferential allotment*	0.25	[●]
	March 31, 2018	2,337,320	10	150	Cash	Rights issue*	2.27	[●]
Total (G)		72,625,449	10				70.59	[●]
Total (A+B+C+D+E+F+G)		99,720,468					96.93	[●]

[#]Prior to registering the RHP with the RoC, our Company will convert 11,292,291 CCPS held by Creation Investments India LLC into 11,292,291 Equity Shares. Our issued, subscribed and paid up share capital will accordingly be updated at the time of registering the Red Herring Prospectus with the RoC.

* Please see "Notes to Capital Structure – Share Capital History" on page 67

(1) Transfer of 43,500 Equity Shares from Ajay Shanghavi to Thomas John Muthoot pursuant to the Share Purchase Agreement

(2) Gift of 13,500 Equity Shares from Janamma Muthoot to Thomas John Muthoot

(3) Transfer of 412,500 Equity Shares from Thomas John Muthoot to the ESOP Trust

(4) Transfer of 50,400 Equity Shares from Harsh Maheshwary (50,380 Equity Shares), Meeta Ghosh (3 Equity Shares), Vikas Lahoti (3 Equity Shares), Arun Kumar Varma (10 Equity Shares), Vipul Chaturvedi (1 Equity Share) and Narendra Jadhav (3 Equity Shares) to Thomas Muthoot pursuant to the Share Purchase Agreement

(5) Gift of 13,500 Equity Shares from Janamma Muthoot to Thomas Muthoot.

(6) Transfer of 412,500 Equity Shares from Thomas Muthoot to the ESOP Trust

(7) Transfer of 43,000 Equity Shares from Ajay Shanghavi to Thomas George Muthoot pursuant to the Share Purchase Agreement

(8) Gift of 13,500 Equity Shares from Janamma Muthoot to Thomas George Muthoot.

(9) Transfer of 412,500 Equity Shares from Thomas George Muthoot to the ESOP Trust

(10) Transfer of 43,000 Equity Shares from Ajay Shanghavi (22,000 Equity Shares) and Harshkumar Maheshwary (21,000 Equity Shares) to Preeti John pursuant to the Share Purchase Agreement

(11) Transfer of 36,000 Equity Shares from Ajay Shanghavi (1,000 Equity Shares) and Harshkumar Maheshwary (35,000 Equity Shares) to Remmy Thomas pursuant to the Share Purchase Agreement

(12) Transfer of 43,600 Equity Shares from Harshkumar Maheshwary to Nina George pursuant to the Share Purchase Agreement

All the Equity Shares held by our Promoters were fully paid-up on the respective dates of acquisition of such Equity Shares. None of the Equity Shares held by our Promoters are pledged as on the date of this Draft Red Herring Prospectus.

(b) Shareholding of our Promoters, Promoter Group and directors of our Promoters

Details of the Equity held by our Promoters, members of the Promoter Group and directors of our Promoters as of the date of this Draft Red Herring Prospectus are as follows:

S.No.	Name of Shareholder	Number of Equity Shares	Percentage (%)
1.	Thomas John Muthoot	6,328,806	6.15
2.	Thomas Muthoot	6,350,459	6.17
3.	Thomas George Muthoot	6,327,160	6.15
4.	Preethi John	2,702,867	2.63
5.	Remmy Thomas	2,681,214	2.61
6.	Nina George	2,704,513	2.63
7.	MFL	72,625,449	70.59
	Total	99,720,468	96.93

(c) Details of Promoter's contribution and lock-in:

Pursuant to Regulations 32 and 36 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer share capital of our Company held by our Promoters, i.e. assuming conversion of 11,292,291 CCPS into Equity Shares held by Creation Investments India LLC shall be locked-in for a period of three years from the date of Allotment (“**Promoters' Contribution**”) and our Promoter's shareholding in excess of 20% shall be locked in for a period of one year from date of Allotment.

The Equity Shares that are being locked-in are not, and will not, be ineligible for computation of minimum Promoter's contribution under Regulation 33 of the SEBI ICDR Regulations. In this regard, our Company confirms that the Equity Shares being locked-in do not consist of:

- Equity Shares acquired during the preceding three years (a) for consideration other than cash and revaluation of assets or capitalisation of intangible assets; or (b) result from a bonus issue by utilisation of revaluation reserves or unrealised profits of our Company or from a bonus issue against Equity Shares which are ineligible for computation of minimum Promoter's contribution;
- Equity Shares acquired by our Promoters during the one year preceding the date of this Draft Red Herring Prospectus, at a price lower than the price at which Equity Shares are being offered to the public in the Offer;
- Our Company has not been formed by conversion of one or more partnership firms, and hence no Equity Shares have been allotted to our Promoters in the one year immediately preceding the date of this Draft Red Herring Prospectus pursuant to conversion from a partnership firm; and
- In this regard, our Promoters specifically confirm that the Equity Shares held by our Promoters that are offered as part of the minimum Promoter's contribution are not subject to any pledge or any other encumbrance.

The details of the Equity Shares held by our Promoters and locked-in as minimum Promoter's contribution are given below:

Name of the Promoter	No. of Equity Shares	Date of allotment/ transfer of Equity Shares and when made fully paid-up	Nature of Transaction	Face value per Equity Share (₹)	Offer/ Acquisition price per Equity Share (₹)	Percentage (%) to Pre-Offer Paid-up Capital	Percentage (%) to Post-Offer Paid-up Capital*
[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Total	[•]	[•]	[•]	[•]	[•]	[•]	[•]

* Fully diluted post-Offer Equity Share capital i.e., assuming conversion of 11,292,291 CCPS held by Creation Investments India LLC

Note – the above table will be updated at the time of registering the Red Herring Prospectus with the ROC

The minimum Promoter's contribution has been brought in to the extent of not less than the specified minimum lot and has been contributed by the person defined as a promoter under the SEBI ICDR Regulations.

(d) Details of share capital locked-in for one year:

Unless provided otherwise under applicable law, the entire pre-Offer capital of our Company shall be locked in for a period of one year from the date of Allotment, except for (a) the Promoters' Contribution which shall be locked in for three years, as set out above; (b) the Equity Shares which will be transferred by way of the Offer for Sale; (c) the Equity Shares held by the eligible employees of our Company, which were allotted to, and are currently held by, such employees (who continue to be such employees as on the date of Allotment) pursuant to exercise of options under the ESOP Plan; and (d) the Equity Shares which may be allotted, pursuant to exercise of options under the ESOP Plan, to the eligible employees of our Company prior to completion of the Offer, who continue to be such employees as on the date of Allotment. Any unsubscribed portion of the Offered Shares would also be locked in as required under the SEBI ICDR Regulations.

(e) Other requirements in respect of lock-in:

Pursuant to Regulation 39 of the SEBI ICDR Regulations, the locked-in Equity Shares held by our Promoters can be pledged with any scheduled commercial bank or public financial institution as collateral security for loans granted by such scheduled commercial bank or public financial institution, provided that (i) if the specified securities are locked-in in terms of Regulation 36(b) of the SEBI ICDR Regulations and the pledge of Equity Shares is one of the terms of sanction of the loan; and (ii) if the Equity Shares are locked-in as minimum Promoter's contribution for three years under Regulation 36(a) of the SEBI ICDR Regulations, then in addition to the requirement in (i) above, such shares may be pledged only if the loan has been granted by the scheduled commercial bank or public financial institution for the purpose of financing one or more of the objects of the Issue.

Pursuant to Regulation 40 of the SEBI ICDR Regulations, Equity Shares held by our Promoters, which are locked-in in accordance with Regulation 36 of the SEBI ICDR Regulations, may be transferred to any member of the Promoter Group, or to a new promoter or persons in control of our Company subject to continuation of the lock-in in the hands of the transferee for the remaining period and compliance with the Takeover Regulations, as applicable and such transferee shall not be eligible to transfer them till the lock-in period stipulated in SEBI ICDR Regulations has expired.

Further, pursuant to Regulation 40 of the SEBI ICDR Regulations, Equity Shares held by shareholders other than our Promoters which are locked-in in accordance with Regulation 37 of the SEBI ICDR Regulations, may be transferred to any other person holding shares which are locked-in, subject to continuation of the lock-in in the hands of the transferee for the remaining period and compliance with the Takeover Regulations, as applicable and such transferee shall not be eligible to transfer them till the lock-in period stipulated in SEBI ICDR Regulations has expired.

(f) Lock-in of Equity Shares Allotted to Anchor Investors:

Any Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

4. Shareholding Pattern of our Company

The table below presents the pre-Offer shareholding pattern of our Company as on the date of this Draft Red Herring Prospectus:

Category (I)	Category of shareholder (II)	Nos. of sharehol ders (III)	No. of fully paid-up Equity Shares held (IV)	No. of Partly paid-up Equity Shares held (V)	No. of shares underlyi ng Depositor (IV)+(V)+(VI) Receipts (VI)	Total nos.shares held (VII)= (IV)+(V)+(VI)	Sharehold ing as a %of total no. of Equity Shares (calculate as per SCRR, 1957) (VIII) As a % of (A+B+C 2)	Number of Voting Rights held in each class of securities (IX)				No. of Equity Shares Underlying Outstanding convertible Securities (including Warrants)(X)	Shareholding, as a % assuming full conversion of convertible securities(as a percentage of diluted share capital) (XI) =(VII)+(X) As a % of (A+B+C2)	Number of Locked-in Equity Shares (XII)		Number of Equity Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialis ed form (XIV)
								No. of Voting Rights			Total as a % of (A+B+C)			No.(a)	As a %of total Shares held (b)	No.(a)	As a % of total Shares held(b)	
								Class EQUITY	Class NA	Total								
(A)	Promoters & Promoter Group	07	99,720,468	Nil	Nil	99,720,468	96.93	-	-	-	-	Nil	87.34	-		Nil	Nil	9,972,0468
(B)	Public	05	1,908,379	Nil	Nil	1,908,379	1.86	-	-	-	-	11,292,291	11.56	-		Nil	Nil	1,908,379
(C)	Non Promoter- Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by ESOP Trust	01	1,249,364	Nil	Nil	1,249,364	1.21	-	-	-	-	Nil	1.1	-		Nil	Nil	1,249,364
	Total	13	102,878,211	Nil	Nil	102,878,211	100	-	-	-	-	11,292,291	100	-		Nil	Nil	102,878,211

Our Company will file the shareholding pattern, in the form prescribed under Regulation 31 of the Listing Regulations, one day prior to the listing of the Equity Shares. The shareholding pattern will be provided to the Stock Exchanges for uploading on the website of Stock Exchanges before the commencement of trading of the Equity Shares.

5. Top 10 shareholders

(a) Our top 10 Shareholders as on the date of filing of this Draft Red Herring Prospectus are as follows:

S.No.	Name of Shareholder	Number of Equity Shares held (A)	Percentage (%)*	Number of options granted under the ESOP Plan	Number of Equity Shares issuable upon exercise of options granted under the ESOP Plan(B)	Total number of Equity Shares (A+B)
1.	MFL	72,625,449	70.59	-	-	72,625,449
2.	Creation Investments India LLC	1,714,487	1.67	-	-	1,714,487
3.	Thomas Muthoot	6,350,459	6.17	-	-	6,350,459
4.	Thomas John Muthoot	6,328,806	6.15	-	-	6,328,806
5.	Thomas George Muthoot	6,327,160	6.15	-	-	6,327,160
6.	Nina George	2,704,513	2.63	-	-	2,704,513
7.	Preethi John	2,702,867	2.63	-	-	2,702,867
8.	Remmy Thomas	2,681,214	2.61	-	-	2,681,214
9.	ESOP Trust	1,249,364	1.21	-	-	1,249,364
10.	Sadaf Sayeed	145,783	0.14	400,000	400,000	545,783
Total		102,830,102	99.95	400,000	400,000	103,230,102

* As of the date of this Draft Red Herring Prospectus. Prior to registering the RHP with the RoC, our Company will convert 11,292,291 CCPS held by Creation Investments India LLC into 11,292,291 Equity Shares. Our issued, subscribed and paid up share capital will accordingly be updated at the time of registering the RHP with the RoC.

(b) Our top 10 Shareholders 10 days prior to the date of filing of this Draft Red Herring Prospectus are as follows:

S. No.	Name of Shareholder	Number of Equity Shares held (A)	Percentage (%)*	Number of options granted under the ESOP Plan	Number of Equity Shares issuable upon exercise of options granted under the ESOP Plan (B)	Total number of Equity Shares (A+B)
1.	MFL	72,625,449	70.59	-	-	72,625,449
2.	Creation Investments India LLC	1,714,487	1.67	-	-	1,714,487
3.	Thomas Muthoot	6,350,459	6.17	-	-	6,350,459
4.	Thomas John Muthoot	6,328,806	6.15	-	-	6,328,806
5.	Thomas George Muthoot	6,327,160	6.15	-	-	6,327,160
6.	Nina George	2,704,513	2.63	-	-	2,704,513
7.	Preethi John	2,702,867	2.63	-	-	2,702,867
8.	Remmy Thomas	2,681,214	2.61	-	-	2,681,214
9.	ESOP Trust	1,249,364	1.21	-	-	1,249,364
10.	Sadaf Sayeed	145,783	0.14	400,000	400,000	545,783
Total		102,830,102	99.95	400,000	400,000	103,230,102

*As of the date of this Draft Red Herring Prospectus. Prior to registering the RHP with the RoC, our Company will convert 11,292,291 CCPS held by Creation Investments India LLC into 11,292,291 Equity Shares. Our issued, subscribed and paid up share capital will accordingly be updated at the time of registering the RHP with the RoC.

- (c) Our Equity Shareholders two years prior to the date of filing of this Draft Red Herring Prospectus were as follows:

S. No.	Name of Shareholder	Number of Equity Shares held (A)	Percentage (%)
1.	MFL	69,154,540	98.79%
2.	Thomas Muthoot	180,080	0.26%
3.	Thomas John Muthoot	160,640	0.23%
4.	Thomas George Muthoot	159,230	0.23%
5.	Nina George	122,870	0.18%
6.	Preethi John	121,180	0.17%
7.	Remmy Thomas	101,460	0.14%
Total		70,000,000	100%

6. Details of Equity Shares held by our Directors and Key Management Personnel in our Company

Except as set out below, none of our Directors or Key Management Personnel hold Equity Shares as of the date of this Draft Red Herring Prospectus.

- (i) Set out below are details of the Equity Shares held by our Directors in our Company:

Name	No. of Equity Shares	Pre-Offer (%)
Thomas Muthoot	6,350,459	6.17
Thomas John Muthoot	6,328,806	6.15
Thomas George Muthoot	6,327,160	6.15
Total	19,006,425	18.47

No employee stock options have been granted to our Directors as on the date of this Draft Red Herring Prospectus.

- (ii) Except for the details in relation to the Equity Shares held by our Managing Director, Thomas Muthoot, which are set out above, set out below are details of the Equity Shares held by Key Management Personnel in our Company:

Name	No. of Equity Shares	Pre-Offer (%)
Sadaf Sayeed	145,783	0.14
Udeesh Ullas	29,157	0.03
Subhransu Pattnayak	10,205	0.01
Praveen T	8,747	0.01
Total	193,892	0.19

For details regarding employee stock options granted to our Key Management Personnel, see “*Capital Structure – Employee Stock Option Plan*” on page 76.

7. The Managers and their respective associates do not hold any Equity Shares as on the date of this Draft Red Herring Prospectus. The Managers and their respective affiliates may engage in transactions with and perform services for our Company and Selling Shareholders in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company, for which they may, in the future, receive agreed compensation.
8. All Equity Shares were fully paid up as on the date of their allotments.
9. Our Company has not made any bonus issue of any kind or class of securities since incorporation.
10. Our Company has not allotted Equity Shares pursuant to the scheme of amalgamation approved under Sections 391 to 394 of the Companies Act, 1956 or under Sections 230 to 240 of the Companies Act, 2013.
11. Our Company has not made any public issue of any kind or class of securities since its incorporation.
12. Except for the issue of Equity Shares pursuant to rights issues made on May 27, 2015 and March 31, 2018, our Company has not made any rights issue of any kind or class of securities since its incorporation.

13. Employee Stock Option Plan

Our Company has implemented an employee stock option plan, namely Muthoot Microfin Employee Stock Option Plan 2016 (“**ESOP Plan**”). Pursuant to the trust deed dated March 01, 2017 between the Company and R. Nadanasabapathy and Subha Joseph, the ESOP Trust was constituted to administer, manage, fund and implement the ESOP Plan and for the purpose of acquiring and holding options granted through the ESOP Plan.

Our Company has through the Board resolution dated November 23, 2016 and the Shareholders through the resolution dated December 5, 2016 adopted the ESOP Plan. Pursuant to the ESOP Plan, options to acquire Equity Shares may be granted to eligible employees (as defined in the ESOP Plan). The aggregate number of Equity Shares, which may be issued under the ESOP Plan, shall not exceed 1,237,500 Equity Shares.

The objective of the ESOP Plan is to reward employees of the Company for their association with the Company, their performance as well as to attract, retain, reward and motivate employees to contribute to the growth and profitability of the Company. The ESOP Plan is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2015. The ESOP Plan has been framed and implemented in accordance with the guidance notes issued by ICAI and the relevant accounting standards.

As on the date of this Draft Red Herring Prospectus, our Company has granted 964,000 options under the ESOP Plan.

ESOP Plan

Particulars	Details for the financial year ended March 31,		
	2016	2017	2018
Options granted	Nil	665,000	299,000
Pricing Formula	N/A	The grant issued at Book Value	2 times of the book value
a) Vesting Portion	Nil	Nil	166,250
b) Vesting period from date of grant	Nil	• 25% of the options vest after 12 months of granting • 25% of the options vest after 24 months of granting • 25% of the options vest after 36 months of granting • 25% of the options vest after 48 months of granting	• 25% of the options vest after 12 months of granting • 25% of the options vest after 24 months of granting • 25% of the options vest after 36 months of granting • 25% of the options vest after 48 months of granting
c) Basis of vesting	NA	Continues Employment with the Company as on relevant date of Vesting.	Continues Employment with the Company as on relevant date of Vesting.
Options vested (including options Exercised)	Nil	Nil	166,250
Options Exercised	N/A	Nil	166,250
The total number of shares arising as a result of exercise of options (including options that have been exercised)	N/A	Nil	166,250
Options forfeited/lapsed/cancelled	N/A	Nil	Nil
Variation of terms of options	N/A	Nil	Nil
Money realized by exercise of options (₹ in millions)	N/A	Nil	₹ 2.33
Total number of options in force	N/A	6,65,000	797,750

Fully diluted EPS pursuant to issue of shares on exercise of options in accordance with the relevant accounting standard i.e. Accounting Standard (AS) 20	N/A	₹ 4.81 (No change in Diluted EPS, as ESOP Scheme shares are issued and maintained with ESOP Trust)	₹ 8.31 (No change in Diluted EPS, as ESOP Scheme shares are issued and maintained with ESOP Trust)		
Method of Accounting followed for stock options granted to employees	N/A	The company measures the compensation cost relating to employee stock option using the intrinsic value method. Compensation expenses is amortised over the vesting period of the option on the straight-line basis.	The company measures the compensation cost relating to employee stock option using the intrinsic value method. Compensation expenses is amortised over the vesting period of the option on the straight-line basis.		
Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and impact on the profits of our Company and on the EPS arising due to difference in accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options)	N/A	(₹ in millions)	(₹ in millions)		
		Profit after tax	370.38	Profit after tax	760.07
		Add: Cost as per intrinsic value	-	Add: Cost as per intrinsic value	-
		Less: Cost as per fair market value	0.24	Less: Cost as per fair market value	0.69
		Pro-forma net profit	370.14	Pro-forma net profit	759.38
Impact on profits of the Company (₹ millions)	N/A	0.24	0.69		
Basic EPS (₹)	Nil	4.88	8.88		
Diluted EPS (₹)	Nil	4.81	8.30		
Weighted average exercise price of Options granted during the year: either equals, greater than or less than the market price	N/A	67	14		
Weighted average fair value of Options granted during the year: either equals, greater than or less than the market price	N/A	100.60	21		
A description of the method and significant assumptions used during the year to estimate the fair values of options, including weighted average information, namely,	NA	Reported as below	Reported as below		
Method used for computing fair value of Options		The fair market value of the option granted is determined on the date of the grant using the Black-Scholes option pricing model	The fair market value of the option granted is determined on the date of the grant using the Black-Scholes option pricing model		
Risk free interest rate		8%	8%		
Expected life		3-5 years	3-5 year		
Expected volatility		40%	40%		

Expected dividends		-	-
Price of underlying share in the market at the time of grant of option (₹)	N/A	N/A	N/A
Intention of the holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	N/A	Nil	Nil
Intention to sell Equity Shares arising out of the ESOP Plan within three months after the listing of Equity Shares by directors, senior management personnel and employees having Equity Shares arising out of the ESOP Plan, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	N/A	Nil	Nil

Employee wise details of options granted to:

(i) Senior Managerial Personnel

S.No.	Name of Employee	Designation	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
1.	Sadaf Sayeed	Chief Executive Officer	525,000	125,000	400,000
2.	Udeesh Ullas	Executive Vice President - Operations	110,000	25,000	85,000
3.	Subhransu Pattnayak	Vice President – Human Resources	45,000	8,750	36,250
4.	Praveen T	Chief Financial Officer	35,000	7,500	27,500
5.	Neethu Ajay	Company Secretary	10,000	-	10,000

(ii) Any employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year

S.No.	Name of Employee	Designation	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
1.	Sadaf Sayeed	Chief Executive Officer	525,000	125,000	400,000
2.	Udeesh Ullas	Executive Vice President - Operations	110,000	25,000	85,000
3.	Subhransu Pattnayak	Vice President – Human Resources	45,000	8,750	36,250

(iii) Identified employees who were granted options during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant

S.No.	Name of Employee	Designation	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
Nil					

Note 1:

- i. Fully diluted EPS pursuant to issue of Equity Shares on exercise of options in accordance with the relevant accounting standard i.e. Accounting Standard (AS) 20

Particulars	Details for the financial year ended March31,		
	2016	2017	2018
Fully diluted EPS (₹)	N/A	₹ 4.81 (No change in Diluted EPS, as ESOP Scheme shares are issued and maintained with ESOP Trust)	₹ 8.31 (No change in Diluted EPS, as ESOP Scheme shares are issued and maintained with ESOP Trust)

- ii. The Company follows the intrinsic value method of accounting for stock options granted to employees. Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and impact on the profits of our Company and on the EPS arising due to difference in accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options) are as follows:

Particulars	Details for the financial year ended March31,		
	2016	2017	2018
Impact on profits of the Company (₹ millions)	N/A	0.24	0.69
Basic EPS (₹)	Nil	4.88	8.88
Diluted EPS (₹)	Nil	4.81	8.30

Note 2:

- a) Intention to sell Equity Shares arising out of the ESOP Plan within three months after the listing of Equity Shares:

Our employees do not intend to sell up the Equity Shares, held by them on account exercise of options under the respective ESOP Plan, within three months after the listing of Equity Shares pursuant to the Offer.

- b) Intention to sell Equity Shares arising out of the ESOP Plan within three months after the listing of Equity Shares by Directors, senior management personnel and employees holding Equity Shares arising out of the respective ESOP Plan, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions), as provided below:

S.No.	Name of the employee	Designation	Total number of equity shares issued under the ESOP Plan	Number of shares intended to sell within 3 months of listing*
Nil				

14. Except as disclosed in “-History of Build up, Contribution and Lock-in of Promoters’ Shareholding” on page 69 and “-Employee Stock Option Plan” on page 76, none of our Promoters, members of the Promoter Group, directors of MFL and our Directors, or their immediate relatives have purchased or sold any securities of our Company during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus with the SEBI. For further details see “-Share Capital History of our Company” and “Build-up of our Promoter’s shareholding in our Company” on page 67 and 69.
15. As of the date of the filing of this Draft Red Herring Prospectus, the total number of our Shareholders is 13.
16. Neither our Company nor our Directors have entered into any buy-back and/ or standby arrangements for purchase of Equity Shares from any person. Further, the Managers have not made any buy-back and/ or standby arrangements for purchase of Equity Shares from any person.
17. All Equity Shares issued pursuant to the Offer will be fully paid up at the time of Allotment and there are no partly paid up Equity Shares as on the date of this Draft Red Herring Prospectus.

18. An oversubscription to the extent of 10% of the Offer can be retained for the purposes of rounding off to the nearest multiple of minimum Allotment lot.
19. Except as disclosed under “*Related Party Transactions*” on page 172, there have been no financing arrangements whereby our Promoters, the members of the Promoter Group, the directors of our Promoter, our Directors and their relatives have financed the purchase by any other person of securities of our Company, other than in the normal course of the business of the financing entity during a period of six months preceding the date of filing of this Draft Red Herring Prospectus.
20. Our Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid/ Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or by way of issue of bonus shares or on a rights basis or by way of further public issue of Equity Shares or qualified institutions placements or otherwise. Provided, however, that the foregoing restrictions do not apply to: (a) the issuance of any Equity Shares under this Offer; (b) the issuance of Equity Shares to employees pursuant to the ESOP Plan; and (c) any issuance, offer, sale or any other transfer or transaction of a kind referred to above of any Equity Shares under or in connection with the exercise of any options or similar securities, as disclosed in this Draft Red Herring Prospectus and as will be disclosed in the Red Herring Prospectus and the Prospectus, provided they have been approved by our Board.
21. The Offer is being made in terms of Rule 19(2)(b) of the SCRR read with Regulation 41 of the SEBI ICDR Regulations. The Offer is being made through the Book Building Process, in reliance on Regulation 26(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Offer shall be allocated on a proportionate basis to QIBs. Provided that our Company and the Selling Shareholders in consultation with the Managers, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis out of which one third shall be reserved for domestic Mutual Funds only subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. 5% of the QIB Portion (other than Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion (other than Anchor Investor Portion) shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non Institutional Investors and not less than 35% of the Offer shall be available for allocation, in accordance with the SEBI ICDR Regulations, to Retail Individual Investors, subject to valid Bids being received at or above the Offer Price.
22. Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category, except in the Net QIB Portion, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company and the Selling Shareholders in consultation with the Managers and the Designated Stock Exchange. Under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company and the Selling Shareholders, in consultation with the Managers and the Designated Stock Exchange.
23. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
24. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
25. Except for the sale of the Offered Shares in the Offer for Sale, our Promoter or the members of the Promoter Group will not submit Bids or participate in the Offer.
26. Our Company has not issued any Equity Shares or CCPS out of revaluation of reserves.
27. Except as disclosed in “*History and Certain Corporate Matters*” on page 141, our Company has neither acquired any entity, business or undertaking nor undertaken any merger, amalgamation or revaluation of assets.
28. No person connected with the Offer, including, but not limited to, the Managers, our Company, the Selling Shareholders, the members of the Syndicate, our Company or the Directors shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid.
29. Except stock options granted pursuant to ESOP Plan and 11,292,291 CCPS held by Creation Investments India LLC, as on the date of this Draft Red Herring Prospectus, there are no outstanding warrants, options or rights to convert

debentures, loans or other instruments or any other right which would entitle any person any option to receive Equity Shares.

30. Our Company shall ensure that any transaction in the Equity Shares by the Promoters and the members of the Promoter Group during the period between the date of registering the Red Herring Prospectus with the RoC and the date of closure of the Offer shall be reported to the Stock Exchanges within 24 hours of such transaction.

OBJECTS OF THE OFFER

The Offer comprises the Fresh Issue and the Offer for Sale.

Offer for Sale

The Selling Shareholders shall be entitled to their respective portion of the proceeds of the Offer for Sale, net of their respective share of the Offer related expenses. The fees and expenses relating to the Offer shall be shared in the proportion mutually agreed between our Company and the Selling Shareholders in accordance with applicable law. Our Company will not receive any proceeds from the Offer for Sale.

Fresh Issue

Our Company proposes to utilise the Net Proceeds towards augmenting its capital base to meet future capital requirements and towards general corporate purposes.

Further, our Company expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges, enhancement of our Company's brand name and creation of a public market for the Equity Shares in India.

The main objects clause as set out in the Memorandum of Association enables our Company to undertake its existing activities and the activities for which funds are being raised by our Company through the Fresh Issue.

Net Proceeds

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

Particulars	Estimated amount (in ₹ million)*
Gross proceeds of the Fresh Issue	5,000
(Less) Offer related expenses to be borne by our Company**	[●]
Net Proceeds	[●]

* To be finalised upon determination of the Offer Price and updated in the Prospectus, prior to the filing with the RoC.

** All Offer related expenses shall be shared amongst the Company and the Selling Shareholders as specified in “-Offer Expenses” on page 83

Requirement of Funds and Utilisation of Net Proceeds of the Offer

The Net Proceeds of the Fresh Issue are proposed to be utilised for augmenting our capital base to meet future capital requirements and towards general corporate purposes. The fund requirements for the objects are based on internal management estimates and have not been appraised by any bank or financial institution.

Schedule of deployment

The Net Proceeds of the Fresh Issue are proposed to be deployed in the Financial Year 2019.

The fund deployment indicated above is based on current circumstances of our business and we may have to revise its estimates from time to time on account of various factors, such as financial and market conditions, competition, interest rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable laws. For further details, see “Risk Factors - Our management will have broad discretion over the use of the Net Proceeds.” on page 33.

Details of the objects of the Offer

The Net Proceeds will be utilised to augment the capital base of our Company to meet future capital requirements which are expected to arise out of growth in our Company's business assets, primarily our Company's loans and advances and other investments.

General corporate purposes

Our Company proposes to deploy the balance Net Proceeds aggregating to ₹[●] million towards general corporate purposes, subject to such utilization not exceeding 25% of the gross proceeds of the Fresh Issue, in compliance with Regulation 4(4) of the SEBI ICDR Regulations. The general corporate purposes for which our Company proposes to utilize Net Proceeds include brand building and marketing efforts, acquisition of fixed assets, meeting expenses incurred towards any strategic

initiatives, partnerships, tie-ups, joint ventures or acquisitions, long term or short term working capital requirements, meeting exigencies and expenses incurred by our Company in the ordinary course of business. In addition to the above, our Company may utilize the Net Proceeds towards other expenditure (in the ordinary course of business) considered expedient and as approved periodically by the Board or a duly constituted committee thereof, subject to compliance with necessary provisions of the Companies Act. The quantum of utilization of funds towards each of the above purposes will be determined by our Board based on the amount actually available under this head and the business requirements of our Company, from time to time. Our Company's management, in accordance with the policies of the Board, shall have flexibility in utilizing surplus amount, if any.

Means of finance

The fund requirements set out above are proposed to be entirely funded from the Net Proceeds. Accordingly, we confirm that there are no requirements to make firm arrangements of finance under Regulation 4(2)(g) of the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from Fresh Issue.

Interim use of Net Proceeds

Pending utilisation of the Net Proceeds for the purposes described above, our Company will deposit the Net Proceeds in one or more scheduled commercial banks included in the second schedule of Reserve Bank of India Act, 1934 as may be approved by our Board/ IPO Committee. In accordance with Section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in equity shares of any other listed company.

Bridge financing facilities

As on the date of this Draft Red Herring Prospectus, our Company has not raised any bridge loans from any bank or financial institution which are proposed to be repaid from the Net Proceeds.

Offer expenses

The total Offer related expenses are estimated to be approximately ₹ [●] million. The Offer related expenses primarily consist of listing fees, underwriting fees, selling commission, fees payable to the Managers, legal counsels, Registrar to the Offer, Banker(s) to the Offer, including processing fee to the SCSBs for processing Bid cum Application Forms submitted by ASBA Bidders procured by the members of the Syndicate and submitted to SCSBs, brokerage and selling commission payable to Registered Brokers, printing and stationary expenses, advertising and marketing expenses and all other incidental expenses for listing of the Equity Shares on the Stock Exchanges.

The fees and expenses related to the Offer shall be shared upon successful completion of the Offer, in the proportion mutually agreed among the Company and the Selling Shareholders, in accordance with applicable law. However, for ease of operations, expenses of the Selling Shareholders may, at the outset, be borne by our Company on behalf of the Selling Shareholders, and each Selling Shareholder will reimburse our Company all such expenses, upon successful completion of the Offer in the proportion as mutually agreed between our Company and the Selling Shareholders, in accordance with applicable law. However, in the event that the Offer is withdrawn or not completed for any reason whatsoever, all Offer related costs and expenses will be borne by our Company.

The break-up for the estimated Offer expenses are as follows:

Activity	Estimated expenses ⁽¹⁾ (₹ in million)	As a % of total estimated Offer related expenses ⁽¹⁾	As a % of total Offer size ⁽¹⁾
Managers fees and commissions (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Commission and processing fees for SCSBs ⁽²⁾ and Bankers to the Offer	[●]	[●]	[●]
Brokerage and selling commission for Members of the Syndicate, Registered Brokers, RTAs and CDPs ⁽³⁾	[●]	[●]	[●]
Fees payable to Registrar to the Offer	[●]	[●]	[●]

Activity	Estimated expenses ⁽¹⁾ (₹ in million)	As a % of total estimated Offer related expenses ⁽¹⁾	As a % of total Offer size ⁽¹⁾
Others:	[●]	[●]	[●]
i. Listing fees, SEBI filing fees, book-building software fees;			
ii. Printing and stationary expenses;			
iii. Monitoring Agency;			
iv. Advertising and marketing for the Offer; and			
v. Miscellaneous.			
Total estimated Offer expenses	[●]	[●]	[●]

(1) Amounts will be finalised on determination of Offer Price and other details.

(2) Selling commission payable to the SCSBs on the portion for Retail Individual Investors and Non-Institutional Investors which are directly procured by the SCSBs, would be as follows:

Portion for Retail Individual Investors*	[●]% of the Amount Allotted (plus applicable taxes)
Portion for Non-Institutional Investors*	[●]% of the Amount Allotted (plus applicable taxes)

* Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price. Selling Commission payable to the SCSBs will be determined on the basis of the bidding terminal id as captured in the Bid Book of BSE or NSE. No processing fees shall be payable by our Company and the Selling Shareholders to the SCSBs on the applications directly procured by them. Processing fees payable to the SCSBs on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/ CDPs and submitted to SCSB for blocking, would be as follows:

Portion for Retail Individual Investors*	₹[●] per valid application (plus applicable taxes)
Portion for Non-Institutional Investors*	₹[●] per valid application (plus applicable taxes)

(3) Selling commission on the portion for Retail Individual Bidders, Non-Institutional Bidders which are procured by members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs would be as follows:

Portion for Retail Individual Investors*	[●]% of the Amount Allotted (plus applicable taxes)
Portion for Non-Institutional Investors*	[●]% of the Amount Allotted (plus applicable taxes)

* Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price. The Selling Commission payable to the Syndicate / Sub-Syndicate Members will be determined on the basis of the application form number / series, provided that the application is also bid by the respective Syndicate / Sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / Sub-Syndicate Member, is bid by an SCSB, the Selling Commission will be payable to the SCSB and not the Syndicate / Sub-Syndicate Member. Bidding Charges payable to members of the Syndicate (including their sub-Syndicate Members), RTAs and CDPs on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by them and submitted to SCSB for blocking, would be as follows: ₹ [●] plus GST, per valid application bid by the Syndicate (including their sub-Syndicate Members), RTAs and CDPs. The selling commission and bidding charges payable to Registered Brokers the RTAs and CDPs will be determined on the basis of the bidding terminal ID as captured in the bid book of BSE or NSE.

The selling commission or charges, as the case may be, payable to SCSBs, members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs is subject to finalization of the Basis of Allotment.

Monitoring utilisation of funds

Our Company has appointed [●] as the monitoring agency in relation to the Offer. Our Board and the Monitoring Agency will monitor the utilisation of Net Proceeds of the Offer and the Monitoring Agency will submit its report to our Board in terms of Regulation 16(2) of the SEBI ICDR Regulations.

Pursuant to Regulation 18(3) of the SEBI Listing Regulations, our Company shall on a quarterly basis disclose to the Audit Committee the uses and application of the Net Proceeds. The Audit Committee shall make recommendations to our Board for further action, if appropriate. Our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee. Such disclosure shall be made only till such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the Statutory Auditors of our Company. Furthermore, in accordance with Regulation 32 of SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including material deviations, if any, in the utilisation of the Net Proceeds of the Offer from the objects of the Offer as stated above. The information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Directors' report, after placing the same before the Audit Committee. Comments or reports from the Monitoring Agency will also be submitted to the Stock Exchanges on utilisation of the Net Proceeds. We will disclose the utilisation of the Net Proceeds under a separate head along with details in our balance sheet(s) until such time as the Net Proceeds remain unutilised clearly specifying the purpose for which such Net Proceeds have been utilised.

Variation in objects

In accordance with Sections 13(8) and 27 of the Companies Act, 2013, our Company shall not vary the objects of the Fresh Issue without our Company being authorised to do so by the Shareholders by way of a special resolution through a postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution (“**Postal Ballot Notice**”) shall specify the prescribed details as required under the Companies Act, 2013. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Marathi, the regional language of the jurisdiction where our Registered Office is situated. Our Promoters or Shareholders will be required to provide an exit opportunity to such Shareholders who do not agree to the proposal to vary the objects, at such price, and in such manner, as prescribed in Chapter VI-A of the SEBI ICDR Regulations.

Other confirmations

No part of the Net Proceeds will be paid by our Company to our Promoters, Directors, Group Company or Key Management Personnel, except in the normal course of business and in compliance with applicable law. Our Company has not entered into or is not planning to enter into any arrangement/ agreements with our Promoters, Directors, Key Management Personnel or our Group Company in relation to the utilisation of the Net Proceeds of the Offer.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the Selling Shareholders, in consultation with the Managers, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10 each and the Offer Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Investors should also refer to the sections titled “Our Business”, “Risk Factors” and “Financial Statements” on pages 116, 15 and 181, respectively, to have an informed view before making an investment decision.

Qualitative Factors

Some of the qualitative factors which form the basis for the Offer Price are:

- Market leadership in India with a widespread distribution network;
- Brand recall and synergies with Muthoot Pappachan Group;
- Robust risk management framework leading to healthy portfolio quality;
- Strong track record of financial performance;
- Access to diversified sources of capital and effective cost of funds;
- Streamlined operating model with effective use of technology; and
- Experienced and Professional Management Team;

For further details, see “Our Business – Our Strengths” and “Risk Factors” on pages 46 and 15, respectively.

Quantitative Factors

Some of the information presented below relating to our Company is based on the Restated Financial Statements prepared in accordance with Indian GAAP and the Companies Act, 2013 and restated in accordance with the SEBI ICDR Regulations. For details, see “Financial Statements” on page 181.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

1. Basic and Diluted Earnings Per Share (“EPS”)

Financial Year ended	Basic		Diluted	
	EPS (in ₹)	Weight	EPS (in ₹)	Weight
March 31, 2016	2.10	1	2.10	1
March 31, 2017	4.88	2	4.81	2
March 31, 2018	8.89	3	8.31	3
Weighted Average	6.42	-	6.11	-

Note:

1. Earnings per share calculations are done in accordance with Accounting Standard 20 “Earnings Per Share” issued by ICAI
2. The face value of each equity share is ₹ 10.
3. Basic Earnings per share = Net profit attributable to equity shareholders / weighted average number of shares outstanding during the year
4. Diluted Earnings per share = Net profit attributable to equity shareholders / weighted average number of diluted potential shares outstanding during the year
5. Weighted average = Aggregate of year - wise weighted EPS divided by the aggregate weights i.e., [(EPS x Weight) for each fiscal]/[Total of weights]

2. Price/ Earning (“P/ E”) ratio in relation to Price Band of ₹ [●] to ₹ [●] per Equity Share

- (a) P/ E based on basic and diluted EPS for the year ended March 31, 2018 at the lower end of the Price Band are [●] and [●], respectively.
- (b) P/ E based on basic and diluted EPS for the year ended March 31, 2018 at the higher end of the Price Band are [●] and [●], respectively.
- (c) Industry P/ E ratio

Particulars	P/ E
Highest	633.0x
Lowest	36.2x
Average	242.0x

* Source: The highest, lowest and average Industry P/E shown above is based on diluted P/E ratio of the industry peer set provided below under “-Comparison of accounting ratios with listed industry peers” on page 87

3. Return on Net Worth (“RoNW”)

Financial Year ended	RoNW (%)	Weight
March 31, 2016	13.60%	1
March 31, 2017	19.60%	2
March 31, 2018	12.36%	3
Weighted Average	14.98%	

Note:

1. Net worth = Paid up share capital + reserves and surplus
2. Return on net worth (%) = Net profit after tax, as restated for the year/period, attributable to equity shareholders / Net Worth (excluding revaluation reserves), as restated, at the end of the year/period
3. Weighted average RoNW is aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. [(RoNW x weight) for each year] / [total of weights]

4. Minimum Return on Net Worth after Offer needed to maintain Pre-Offer EPS for the year ended March 31, 2018

- (a) Based on Basic EPS of ₹ 8.89, for the year ended March 31, 2018:
At the Floor Price – [●]
At the Cap Price – [●]
- (b) Based on Diluted EPS of ₹ 8.31, for the year ended March 31, 2018:
At the Floor Price – [●]
At the Cap Price – [●]

5. Net Asset Value (“NAV”) per Equity Share

- (a) Net asset value per Equity Share as per Restated Financial Statements of our Company as on March 31, 2018 was ₹ 59.76.
- (b) Offer Price: ₹ [●]
- (c) After the Offer
 - (i) At the Floor Price: ₹ [●]
 - (ii) At the Cap Price: ₹ [●]

Note:

NAV (₹) = Net worth / number of equity shares as at the end of the year

6. Price / Book (P/ B) Ratio

Price / Book (P/ B) Ratio as on March 31, 2018 is [●].

Notes:

Offer Price per Equity Share will be determined on conclusion of the Book Building Process.

Price / Book Ratio = Offer Price/ Net Asset Value per Equity Share

Industry P/ B ratio

Particulars	P/ B
Highest	8.9x
Lowest	1.5x
Average	4.6x

Note: The industry high and low has been considered from the industry peer set provided later in this chapter. The industry composite has been calculated as the arithmetic average P/ B of the industry peer set disclosed in this section.

7. Comparison of accounting ratios with listed industry peers

Name of the company	Standalone/ Consolidated	Face value per equity share (₹)	P/ E	P/ B	Net Profit (in ₹ million)	EPS (Basic) (₹)	Net worth (in ₹ million)	Retur n on net worth (%)	Net asset value/ equit y share (₹)	Closing Share Price (as on [●]) (₹)
Bharat Financial Inclusion	Standalone	10	36.2x	5.5	4,555	32.89	29,987	15.2%	215.2	1,190.0

Name of the company	Standalone/ Consolidated	Face value per equity share (₹)	P/ E	P/ B	Net Profit (in ₹ million)	EPS (Basic) (₹)	Net worth (in ₹ million)	Return on net worth (%)	Net asset value/ equity share (₹)	Closing Share Price (as on [●]) (₹)
Limited				x						5
Satin CreditCare Network Limited	Consolidated	10	NM	1.5 x	-27	-1.51	10,951	NM	229.7	347.50
Ujjivan Financial Services Ltd	Consolidated	10	633.0 x	2.6 x	73	0.61	17,616	0.4%	145.8	386.10
Bandhan Bank	Standalone	10	56.8x	8.9 x	13,456	12.26	93,819	14.3%	78.7	696.70

Note:

1. All financials are for the financial year ending March 31, 2018
2. Net Profit includes Profit after taxes and exceptional items
3. P/ E ratio is calculated as closing share price (June 25, 2018, BSE) / EPS
4. P/ B ratio is calculated as closing share price (June 25, 2018, BSE) / NAV
5. EPS is as per Net Profit / Weighted Average Shares Outstanding
6. Net worth includes Equity Share capital and reserves & surplus as on March 31, 2018
7. Return on Net Worth is calculated as Net Profit (as defined above) / Closing Net Worth (as defined above)
8. NAV per share is calculated as Net Worth/ Equity Shares outstanding (both as on March 31, 2018)

8. The Offer Price will be [●] times of the face value of the Equity Shares

The Offer Price of ₹ [●] has been determined by our Company and the Selling Shareholders, in consultation with the Managers, on the basis of market demand from investors for Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters.

Investors should read the above mentioned information along with “Our Business”, “Risk Factors” and “Financial Statements” on pages 116, 15 and 181, respectively, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in “Risk Factors” and you may lose all or part of your investments.

STATEMENT OF SPECIAL TAX BENEFITS

To,

The Board of Directors
Muthoot Microfin Limited
13th Floor, Parinee Cresceno
Bandra Kurla Complex
Bandra East, Mumbai
Maharashtra - 400051

Dear Sirs,

Sub: Proposed Initial Public Offering (IPO) of the equity shares of the Muthoot Microfin Limited (the “Company” and such offering, the “Offer”), pursuant to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (“SEBI Regulations”) and the Companies Act, 2013, as amended.

1. This report is issued in accordance with the terms of our engagement letter dated 04 May 2018.
2. The accompanying Statement of Possible Special Tax Benefits available to the Company and its Shareholders (hereinafter referred to as “the Statement”) under the Income Tax Act, 1961 (read with Income Tax Rules, circulars, notifications) as amended by the Finance Act, 2018 (hereinafter referred to as the “Income Tax Regulations”) has been prepared by the management of the Company in connection with the Proposed Offer, which we have initialled for identification purposes.

Management’s responsibility

3. The preparation of this Statement as of the date of our report which is to be included in the Draft Red Herring Prospectus (the “Offer Document”) is the responsibility of the management of the Company and has been approved by the Board of Directors of the Company at its meeting held on 27 June 2018 for the purpose set out in paragraph 10 below. The management’s responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

Auditor’s responsibility

4. Our work has been carried out in accordance with the ‘Guidance Note on Reports or Certificates for Special Purposes’ (Revised 2016) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India.
5. Pursuant to the SEBI Regulations and the Companies Act 2013 (‘Act’), it is our responsibility to report whether the Statement prepared by the Company, presents, in all material respects, the possible special tax benefits available as of 27 June 2018 to the Company and the shareholders of the Company, in accordance with the Income Tax Regulations as at the date of our report.
6. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the Regulations in connection with the Offer.
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,’ issued by the ICAI.

Inherent Limitations

8. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information.

Several of the benefits mentioned in the accompanying statement are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled. The benefits discussed in the accompanying statement are not exhaustive.

The Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Offer.

Further, we give no assurance that the Revenue Authorities/ Courts will concur with our views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

Opinion

9. In our opinion, the Statement prepared by the Company presents, in all material respects, the possible special tax benefits available as of 27 June 2018, to the Company and the shareholders of the Company, in accordance with the Income Tax Regulations as at the date of our report.

Considering the matter referred to in paragraph 5 above, we are unable to express any opinion or provide any assurance as to whether:

- (i) The Company or its shareholders will continue to obtain the benefits as per the Statement in future; or
- (ii) The conditions prescribed for availing the benefits as per the Statement have been/ would be met with.

Restriction on Use

10. This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the Offer Document, prepared in connection with the Offer to be filed by the Company with the SEBI and the concerned stock exchanges.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

per **Krishnakumar Ananthasivan**
Partner
Membership No.: 206229

Place: Cochin
Date: 27 June 2018

Statement of Possible Special Tax Benefits available to Muthoot Microfin Limited ("The Company") and its shareholders

The tax benefits listed below are the possible special tax benefits available under the current tax laws in India. Several of these benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its Shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfil.

I. Special Tax Benefits available to the Company under the Income-tax Act, 1961 ("the Act")

1.01 Provision for bad and doubtful debts:

Since the Company is a Non-Banking Financial Company ("NBFC"), the Company is eligible to the beneficial provisions stipulated under Section 36(1)(viii) of the Act, for claiming the amount of Provision for bad and doubtful debts.

The Company would be eligible to claim an amount not exceeding 5% of the total income. The total income shall be computed without considering the amount of deduction available under the said section and any deduction available under Chapter VI-A of the Act.

However, while subsequently claiming actual bad debts under Section 36(1)(vii) of the Act, the amount of deduction already claimed under Section 36(1)(viii) shall be reduced from the amount of actual bad debts.

1.02 Interest Income from NPA

Section 43D of the Act provides that various Assesses can offer interest income on cash basis or at the time of credit to Profit and Loss Account, whichever is earlier.

While NBFC's are not expressly covered in the list of Assesses provided under Section 43D, the Hon'ble Supreme Court in the case of CIT v Vasisth Chay Vyapar (253 Taxman 401(SC)), has held that Interest on assets, which have become Non-performing assets, in terms of prudential norms issued by RBI, having not accrued, would not be taxable in the hands of a NBFC.

Therefore, if the Company does not recognise interest income on NPA on accrual basis, in accordance with the Prudential norms of RBI, it need not offer the interest income on accrual basis, and instead can offer the interest income on receipt basis.

1.03 **Exemption from Capital Gains**

Under Section 47(xv) of the Act, no capital gain is chargeable on any transfer in a scheme of lending of any securities under an agreement or arrangement, which the assessee has entered into with the borrower of such securities and which is subjected to the guidelines issued by the Securities and Exchange Board of India or Reserve Bank of India, in this regard.

II. Special Benefits available to the Members of the Company under the Income-tax Act, 1961

There are no special tax benefits available to the shareholders of the Company.

Notes:

- a. All the above benefits are as per the current income tax law as amended by Finance Act, 2018.
- b. The above statement of possible special tax benefits (“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 shares.
- c. The above Statement covers only certain relevant direct tax law benefits available under the Act and does not cover any indirect tax law benefits or benefit under any other law.
- d. We have not commented upon the taxation aspect under any law for the time being in force, as applicable, of any country other than India. Each investor is advised to consult its own tax consultant for taxation in any country other than India.

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

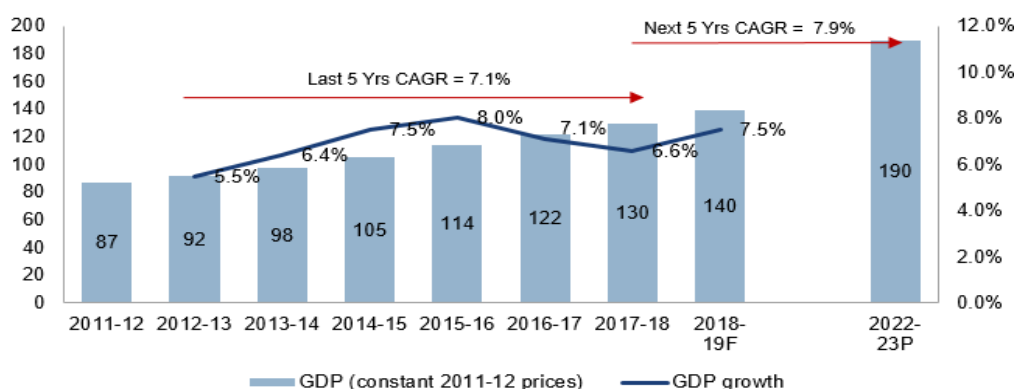
The information contained in this section is derived from a research report titled “Industry Report-Microfinance” dated July 2018 prepared by CRISIL which has been commissioned by our Company in relation to the Offer. Neither we, nor any other person connected with the Offer has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.

India’s Macroeconomic Overview

India’s gross domestic product

In recent years, India’s growth has been increasing due to increasing consumption, while its investments have been decelerating. GDP (at constant financial year 2012 prices) grew at a compounded annual growth rate (“CAGR”) of 7.1% during the financial years 2013 to 2018. It grew at a slower pace during the financial years 2012 to 2014 due to slow income growth, persistently rising inflation and high interest rates. Industrial output during the aforementioned period had weakened as well. Post the financial year 2014, growth recovered due to improving industrial activity, lower crude oil prices and supportive policies. However, that was reduced in the financial year 2017 and first half of the financial year 2018, due to demonetisation, transition to the goods and services tax (“GST”) regime, dwindling private investment and slowing global growth. Real GDP growth improved in the second half of the financial year 2018, suggesting the economy was steadily recovering from the demonetisation and the transition to the GST regime.

The following chart sets forth real GDP growth in India between the financial years 2012 to 2018, the forecasted growth for the financial year 2019 and growth projections for the financial year 2023:



Notes: P – Projected; F- Forecasted.
(Source: CRISIL)

Real GDP growth is expected to increase as seen above, as the transitory disruption from GST implementation decreases and a low base provides added fillip. Growth will continue to be consumption-driven, with interest rates expected to remain soft, the inflation under control and the implementation of the Seventh Pay Commission hikes at the state level. Investments, made largely by the public sector in infrastructure, are expected to increase growth as well. Growth will also be partially supported by public spending (with a rural focus) in infrastructure, especially roads.

However, the pace of economic growth is expected to increase in the medium term, as structural reforms such as GST and the Insolvency and Bankruptcy Code, aimed at de-clogging the economy and raising the trend rate of growth, begin to take effect. Assuming that monetary and fiscal policies remain prudent, these reforms are expected to lead to efficiency gains and improve the prospects for sustainable high growth in the years to come. Improving macroeconomic environment (softer interest rate and stable inflation), urbanisation, rising middle class and business-friendly government reforms are expected to drive growth in the long term. As per the International Monetary Fund, the Indian economy is projected to grow at a CAGR of 7.9% over the next five years. Growth is expected to be higher than many emerging and developed economies, such as Brazil, Russia and China.

Key fundamental growth drivers

India has second-largest population in the world

In 2011, India's population was approximately 1.2 billion, comprising of nearly 246 million households. The population, which grew nearly 18% between 2001 and 2011, is expected to increase approximately 11% between 2011 and 2025, to 1.4 billion.

Favourable demographics

Currently, India has a median age of 28 years and 90% of Indians will still be less than 60 years old by the calendar year 2020 and it is assumed that 63% of this demographic are between the ages of 15 to 59 years old. In comparison, the United States of America, China and Brazil had 74%, 62% and 78% of their population below the age of 60, as of the calendar year 2012. A large share of the working population, increased urbanisation and growing affluence, are expected to drive growth for the Indian financial services sector.

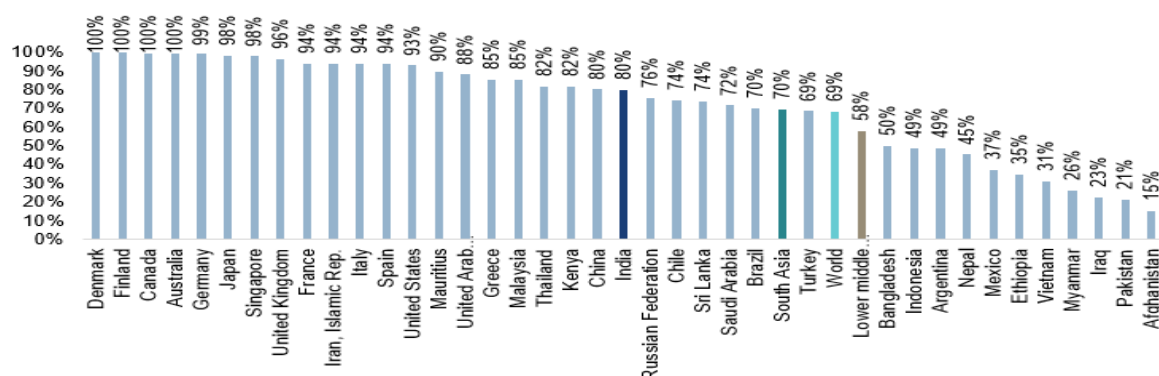
Financial Inclusion

Current scenario and key developments

Financial access strongly underpins economic opportunity. In India, the major reasons for financial exclusion are poverty and low income, financial illiteracy, high transaction costs and lack of infrastructure (primarily information technology). Consequently, a significant proportion of the population still does not have access to formal banking facilities.

The global average of the adult population with an account (at a bank, financial institution or with mobile money providers) is approximately 69%. India's financial inclusion level has improved significantly compared to the numbers previously reported by the World Bank in 2014 in its Global Findex database. The adult population with a bank account in India stood at 80% as per the Global Findex database (2017), 27% more than the 2014 level. India is in a much better position as compared to the global average of 69%, and the average for south Asian countries, which is relatively low at approximately 70% due to poor financial inclusion, especially in some of India's neighbouring countries. As per the Global Findex database (2017), globally, approximately 1.7 billion adults remain unbanked - without an account at a financial institution or through a mobile money provider. Nearly 50% of the world's unbanked adults are from India, Bangladesh, China, Indonesia, Mexico, Nigeria and Pakistan. Out of these unbanked adults, 415 million unbanked adults are from two most populated countries, India (11%, approximately 190 million) and China (13%, approximately 225 million) because of their huge population base. While Pradhan Mantri Jan Dhan Yojana has facilitated the opening of new accounts in India by the hitherto unbanked, the availability of credit remains a challenge for many Indians.

The following chart sets forth the global percentage of adult population with bank accounts, as of April 2018:

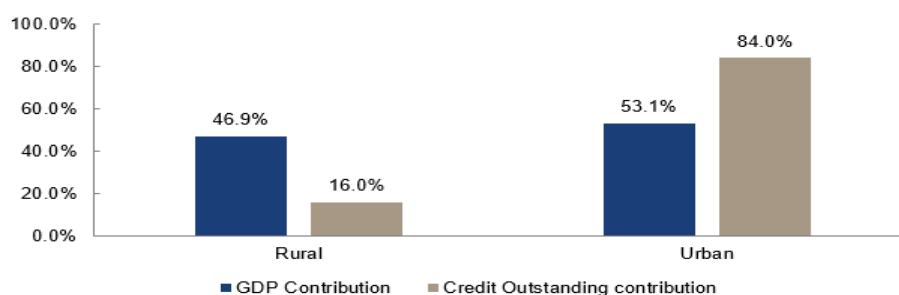


Notes: 1) Global Findex data for India excludes the north-eastern states, remote islands and selected districts. 2) Account penetration is for the population within the age group of 15 and over. (Source: CRISIL)

Rural areas account for half of GDP but less than 20% of banking credit

In the financial year 2017, there were almost 640,000 villages in India, inhabited by approximately 884 million consumers who make up 65% to 70% of the population and contribute 47% of India's GDP. However, the rural areas' share in total credit outstanding is 16% compared with nearly 84% for urban areas, as of the financial year 2017. The massive divergence in the rural India's share in GDP and banking credit is an indicator of the extremely low penetration of banking in these areas.

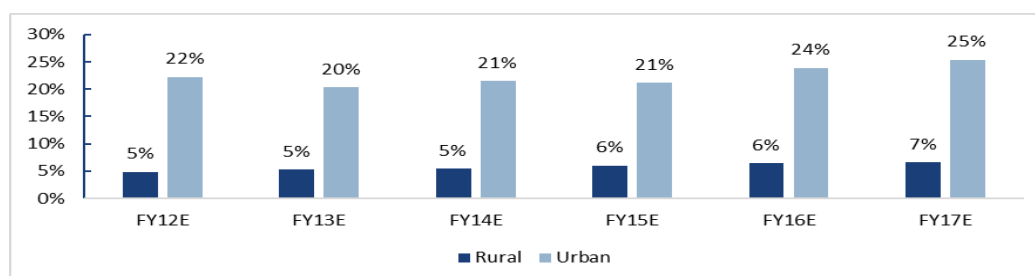
The following chart sets forth low penetration of banking credit in rural areas, for the financial year 2017:



Note: The figures for GDP contribution are estimates. (Source: CRISIL)

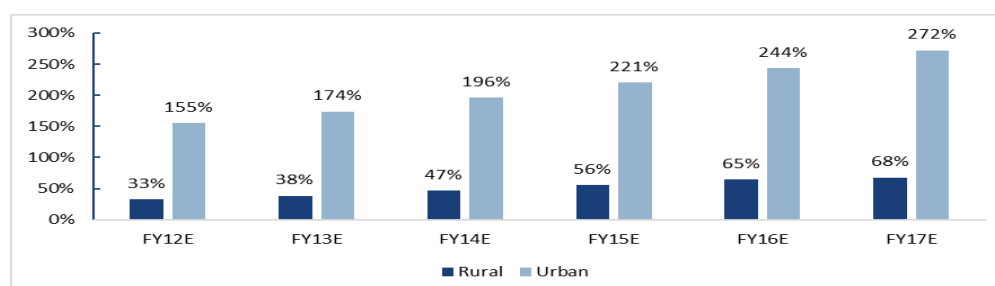
The number of credit accounts in the rural areas grew at a CAGR of 7% and the number of deposit accounts grew at a CAGR of 16% during the financial years 2012 to 2017. This growth is higher than the 5% CAGR in the number of credit accounts and the 15% CAGR in the number of deposit accounts in urban India. The number of credit and deposit accounts in rural India were almost half that of urban India in the financial year 2017.

The following chart sets forth the estimated credit accounts penetration as a percentage of total population between the financial years 2012 to 2017, in urban as compared to rural areas:



Notes: E- Estimated. Number of credit accounts are not unique. (Source: CRISIL)

The following chart sets forth the estimated deposit accounts penetration as a percentage of total population between the financial years 2012 to 2017, in urban as compared to rural areas:



Notes: E- Estimated. Number of deposit accounts are not unique. (Source: CRISIL)

Historical Growth and Development of the Indian Microfinance Industry

Gross Loan Portfolio grew in the past five years

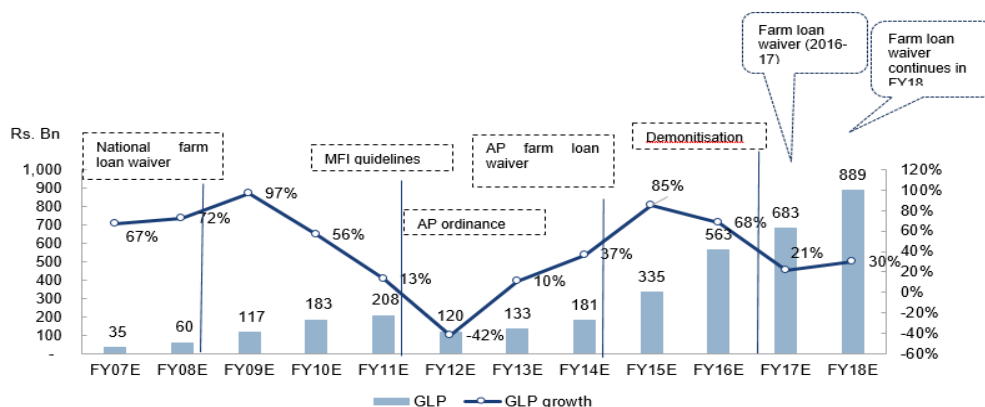
The microfinance industry's gross loan portfolio grew at a CAGR of 46% between the financial years 2013 to 2018, to reach ₹ 889 billion (including small finance banks ("SFB"s)), as of March 2018. The domestic microfinance industry has an opportunity to capture share from unorganised players by growing their portfolios and covering areas that are under-penetrated. The gross loan portfolio of non-banking finance company-micro finance institutions ("NBFC-MFI"s) (excluding SFBs) also expanded at significant pace in the last five years from the financial years 2013 to 2018 at a CAGR of 45% to ₹ 589 billion. As of the financial year 2018, the NBFC-MFIs (excluding SFBs) had increased their reach with operations in 30 states/union territories, catering to 25 million clients across India. The portfolio of the NBFC-MFIs (excluding SFBs), is currently well diversified across regions with the South, North, West and East and North-East regions contributing to 20%, 14%, 11% and 44%, respectively, thus reducing susceptibility to local events.

Microfinance Industry exposed to some major industry changes

The industry's growth has been notwithstanding the fact that there were several developments in the past decade; the national

farm loan waivers (2008), the Andhra Pradesh crisis (2010), Andhra Pradesh farm loan waiver (2014), SFB licences issued to eight MFIs (in-principle approval in 2015), demonetisation (2016) and farm loan waiver across some more states (2017). Of these events, the Andhra Pradesh crisis (2010) had a lasting impact on the microfinance industry. Some players had to undertake corporate debt restructuring and found it difficult to sustain their businesses. While demonetisation of ₹ 500 and ₹ 1,000 denomination banknotes in November 2016 affected the industry, the impact was nowhere as serious as the Andhra Pradesh crisis and was limited to certain districts. Portfolio at risk (“PAR”) data, as of the fourth quarter of the financial year 2018, indicates that the industry is recovering from the demonetisation. The collections experience of loan disbursements since January 2017 has been healthy.

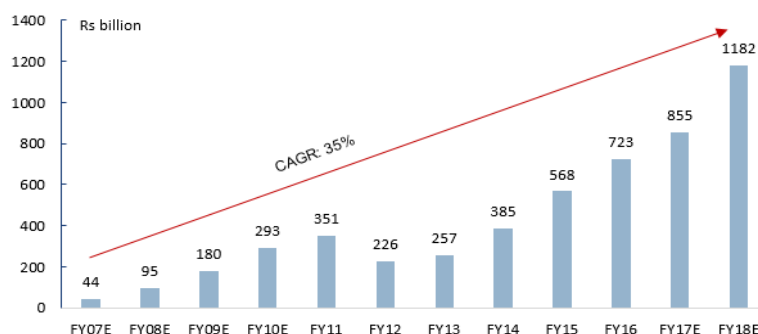
The following chart sets forth the estimated gross loan profit and the gross loan profit growth of the microfinance industry for the past decade:



Notes: E- Estimated. The data for the microfinance industry includes small finance banks (which were earlier NBFC-MFIs) and NBFC-MFIs and excludes Bandhan bank as it is converted into a universal bank. Bandhan's gross loan portfolio in micro banking was ₹ 214 billion in the financial year 2017 and ₹ 277 billion in the financial year 2018. (Source: CRISIL)

In the financial year 2018, seven states had provisioned the farm loan waivers and the intended waiver amount was estimated to be more than 800 billion. In April 2017, Uttar Pradesh announced a farm loan waiver scheme, which was expected to benefit small and marginal farmers by writing off their loans of ₹ 360 billion. Maharashtra, had also announced a loan waiver scheme of similar quantum of ₹ 340 billion for farmers. Among other states, Punjab had announced a waiver on crop loans benefitting small and marginal farmers (for which a provision of ₹ 15 billion had been made in the state budget for the financial year 2018), while Karnataka had announced a loan waiver amounting to ₹ 82 billion for farmers availing of farm loans from cooperative banks. Three other southern states namely Tamil Nadu, Andhra Pradesh and Telangana had also provisioned loan waiver in the financial year 2018 of an amount estimated to be ₹ 18 billion, ₹ 36 billion and ₹ 30 billion, respectively.

The following chart sets forth the estimated disbursements for the microfinance industry for the past decade:



Notes: E- Estimated. The data for the microfinance industry is estimated till the financial year 2010. Disbursements data from the financial year 2011 till the financial year 2016 is as per Bharat Microfinance report. Data till the financial year 2015 includes NBFC-MFIs, MFI turned SFBs and Bandhan financial services as well. Data of Bandhan Financial Services (now bandhan bank) is excluded from the financial year 2016 onwards. Data for the financial years 2017 and 2018 is estimated and includes NBFC-MFIs and MFI turned SFBs only. (Source: CRISIL)

The Andhra Pradesh Ordinance (2010)

The Andhra Pradesh Microfinance Ordinance was promulgated by the state government on October 15, 2010. The ordinance

was an outcome of concerns in the following areas; usurious interest rates charged by MFIs; coercive collection mechanisms deployed by MFIs in the event of a default; incidents of suicides committed by the poor, who were subjected to coercive collection methods and an absence of any social objective demonstrated by MFIs.

In response to the allegedly coercive collection practices adopted by MFIs in Andhra Pradesh, then the largest MFI market, this ordinance put in place extremely stringent operating guidelines as follows; compulsory registration for MFIs; borrower allowed to be a member of only one self-help group (“SHG”); MFIs prevented from seeking collateral on loans; cap on maximum amount of interest recoverable on loans prescribed, and discharge of loans allowed only in certain cases; prior approval for granting subsequent loans to SHGs or their members. The group to make all repayments in tranches only at the gram panchayat office; penalties on adoption of coercive recovery methods and state governments empowered to provide guidance and directions to the industry and further enacted rules, if needed.

The Andhra Pradesh Ordinance had a lasting impact on the industry as approximately 30% its portfolio was concentrated in the state. Post the implementation of the ordinance, collections were hit severely. The industry’s asset quality deteriorated sharply with a PAR of 90 increasing to more than 20%. Some players with large exposure to Andhra Pradesh were forced to write off loans. Furthermore, fresh disbursements in the state were effectively stalled.

The implementation of the Reserve Bank of India (“RBI”) guidelines following the ordinance helped improve the overall risk perception towards the microfinance sector and was a boon in terms of boosting inflow of both equity and debt. A new category of NBFCs, namely NBFC-MFIs, was created along with a clear framework in terms of target borrower group, lending norms, collection procedures and the amount of capital to be maintained to carry out operations. The involvement of credit bureaus also helped improve asset quality in the sector. This helped arrest the fall in flow of bank credit to the sector. As a large portion of the high-risk Andhra Pradesh portfolio was written off and as players focused more on asset quality, bank credit to the sector grew significantly.

Andhra Pradesh debt loan waiver (2014)

The Andhra Pradesh government provided farmer loan waivers of up to ₹ 0.15 million for each family in 2014, at approximately ₹ 430 billion. This loan waiver had little impact as the Andhra Pradesh-focused portfolio of the industry had continuously declined and become a small portion after the ordinance.

SFB licence award (2015)

The RBI awarded in-principle SFB licences to 10 applicants on September 16, 2015, of which eight were MFIs. All the MFI applicants received final approval from the RBI and have started operations. These MFIs cumulatively accounted for approximately 42% of the total gross loan portfolio of the industry, as of the financial year 2017.

The MFIs that converted into SFBs are expected to diversify and expand their loan book beyond microfinance loans by focusing on allied segments such as MSME loans, affordable housing finance, gold loans, commercial vehicle and non-commercial vehicle loans and two-wheeler loans.

Transformation into SFBs will provide access to stable and granular public deposits over the long run, which will bring down their cost of funds. However, SFBs are expected to face near-term challenges in getting deposits amid intense competition, cost of selling up banking operations and maintaining profitability in the initial few years after transformation, which will provide an opportunity to NBFC-MFIs to capture the market further.

Demonetisation (2016)

On November 8, 2016, the Indian Government demonetised banknotes of ₹ 500 and ₹ 1,000 denominations. Approximately 86% of the currency in value terms (₹ 500 and ₹ 1,000 notes) was removed from circulation and the circulation of the replacement currency (with ₹ 100 and ₹ 2,000 notes) by the Central Bank was slow. As a consequence, the gross loan portfolio of MFIs, which grew at approximately 70% on-year in the first half of the financial year 2017, decreased to 22% on-year by the end of the the financial year. Disbursements decreased to 29% on-year in the second half of the financial year 2017, as compared to the 60% on-year growth in the first half of the financial year 2017.

Customers accessing the industry are near weaker economic sections of society and a majority of their earnings are in cash. Therefore, the limited 14% of the currency that was in circulation was of no real significance to borrowers. Also, a sizeable number of clients are in rural areas, where bank penetration is low. Banks in rural areas did not have enough of the new currency to exchange for the old notes as well. Further, the ratio of branches to individuals was high in several states.

After demonetisation, borrowers are expected to have used all of the new currency that could be obtained for their household needs and delayed payments to MFIs. Recovery in rural areas has taken longer than urban areas, which has further slowed collections in the industry.

Impact of demonetisation on asset quality

Demonetisation affected asset quality, but to a lesser extent when compared with the Andhra Pradesh Ordinance, as a PAR of 90 stood at 3.6% as of March 2018 as compared to 21.1% as of March 2011. Among states, asset quality worsened especially in Haryana, Karnataka, Madhya Pradesh, Maharashtra and Uttar Pradesh. PAR has started to gradually improve since the first quarter of the financial year 2018 and collections have improved as political intervention subsided post elections and MFIs reached out aggressively to clients to educate them and improve collections. However, the ageing of non-performing assets (“NPA”s) remains a concern for the industry, as recovery becomes more challenging as the NPAs age. Given the nature of the business, the chances of recovery once PAR crosses 60 days are slim.

Gross loan portfolio per branch and per employee

The consistent increase in the productivity of branches, employees and loan officers was arrested by demonetisation. The industry had planned expansion, based on high growth witnessed during the three years until the financial year 2016 and a similar run in the financial year 2017. However, on account of demonetisation, gross loan portfolio growth was far lower than expected in the financial year 2017, leading to subdued productivity across parameters.

The following table sets forth operational data for NBFC-MFIs:

Parameters	Financial Year 2018	Financial Year 2017	Financial Year 2016
Gross loan portfolio per branch (<i>in ₹ million</i>)	48	40	41
Gross loan portfolio per employee (<i>in ₹ million</i>)	5.9	4.9	5.4
Clients per loan officer	481	503	562
Gross loan portfolio per loan officer (<i>in ₹ million</i>)	9.2	8.0	8.7

Notes: Above data excludes SFBs. (Source: CRISIL)

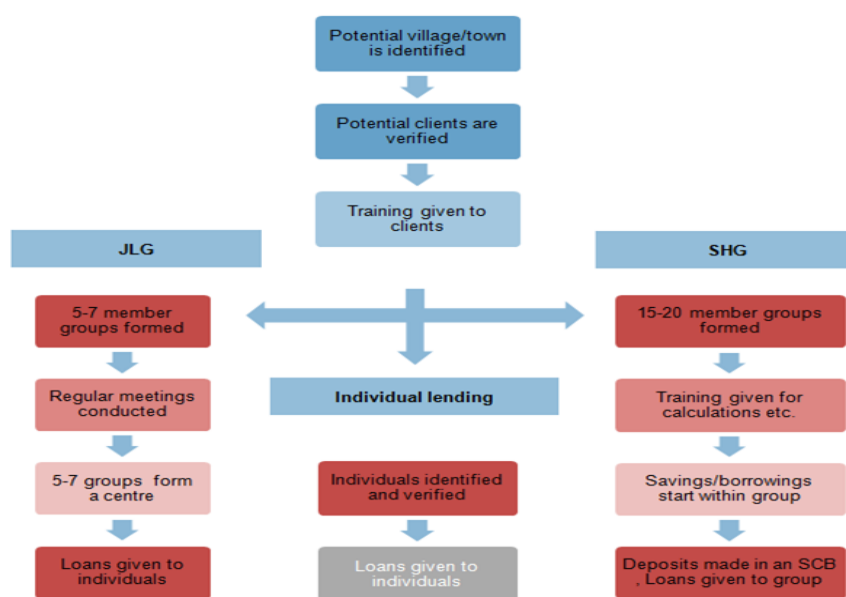
The average ticket size of the microfinance industry (estimated including SFBs) increased in the financial year 2018 to 25,327, up 11% on-year. The figure was driven by strong disbursement growth in urban areas, where the loan amount per account is usually higher than in rural areas. The on-year growth in the average ticket size of SFBs (MFIs turned SFBs) is estimated at approximately 18% and approximately 10% in the financial year 2017 and the financial year 2018, respectively. NBFC-MFIs registered a faster on-year growth in their average ticket size, of 20% and 19% in the financial year 2017 and the financial year 2018, respectively. Overall, for the microfinance industry (including NBFC-MFIs and small finance banks) the average ticket size grew at a CAGR of 14% from the financial year 2013 to the financial year 2018.

Joint Liability Group business model in the MFI sphere

MFIs focus on the joint liability group (“JLG”) model as it is easier to form such groups, whereas banks have a dominant presence in the SHG model through their SHG–bank linkage programme (“SHG-BLP”). Under the JLG model, the primary task is to identify a prospective village, based on parameters such as total population, total income and population of poor individuals. Subsequently, potential members (usually women) are identified, based on factors such as total household income and number of members in the household. They are then organised into groups of five to seven members, with three to five such groups coming together to form a centre. While the amount is lent to an individual borrower, in the event that the borrower defaults on the payment, the concept of social collateral comes into play and the other group members repay the loan amount due. In case of a default, the group is blacklisted and deemed ineligible to receive further loans from any MFI. This model ensures that the individual borrower is subject to constant peer pressure that urges him or her to make timely repayments. In the JLG model, at least 90% of the group members need to be present during loan disbursal.

An SHG is a financial intermediary, formed by 15 to 20 local members (mostly women). These members contribute small amounts on a regular basis for a few months to build the base capital in the group and subsequently commence lending activity. Once a firm’s credit history is in place, the SHG gets linked to a bank and becomes a channel for microfinance.

The following chart sets forth the lending mechanism through different MFI operating models:



(Source: CRISIL)

Advantages of MFIs compared to SHGs

Lesser time taken by MFIs for disbursement of loans

Since the SHGs are essentially linked to banks for their credit needs, it often results in long delays in the processing of the loan. Whereas, the processing time required for receiving loans from an MFI is minimal and they can almost be considered as ‘on-the-spot’ loans.

Easier repayment of loans and better availability of credit services

Diversity in the credit services being offered by the MFIs has been frequently cited as a main reason for its effectiveness. Most SHGs only give small scale credit and offer no other financial products like insurance, savings and remittance services whereas, many MFIs are involved in cross selling. Also, at present, many MFIs are offering more flexible repayment options to their clients as compared to the SHG model.

In case of individual lending as given by MFIs, the monitoring is primarily done by MFIs only

The MFI model is preferred by borrowers over SHGs as it incentivises borrowers in different ways which includes exemption from additional risk (such as no responsibility of other members), gain in privacy and time saving.

Better operational efficiencies

The SHGs generally incur a high operational cost within the group in maintaining each member’s financial records and conducting meetings and training sessions. In case of MFIs, most of the record maintenance work and group meetings are paid for by the MFI itself which is why MFIs do not incur much operational expense.

Also, MFIs on account of higher operational efficiencies, due to the huge workforce and the incentive structure given to them by MFIs, are able to offer a higher quality of service and ready delivery of loans.

Low availability of credit per member in case of SHGs

The credit availability per member is quite low in the case of SHGs and it often falls short of the total credit requirements of each member’s household. This results in multiple borrowings by the SHG members which could result in undue debt burden.

Comparison of exposure of SHGs and MFIs in key states

As of the financial year 2017, SHGs are highly concentrated in Andhra Pradesh and Telangana, both states accounting for 48% of their total exposure; while, NBFC-MFIs have a low share in these states. Post the Andhra Pradesh Ordinance in 2010, most MFIs moved out of Andhra Pradesh and spread their loan portfolios in other states. Hence, their exposure reduced in Andhra Pradesh and Telangana. While NBFC-MFIs have high exposure (more than 8%, respectively) in Odisha, Maharashtra, Bihar, Uttar Pradesh and Madhya Pradesh, while SHGs have less than 3% exposure in these states.

The following table sets forth a comparison of different business models:

	Scheduled Commercial Banks	SFB	MFI
Priority Sector Lending			
Targeted lending to sectors	40% for priority sector lending of their adjusted net bank credit (“ANBC”) or equivalent off-balance sheet exposure (whichever is higher) • 18% of ANBC to agriculture • 7.5% of ANBC to micro-enterprises 10% of ANBC to weaker sections	75% for priority sector lending of their ANBC • 18% of ANBC to agriculture • 7.5% of ANBC to micro-enterprises • 10% of ANBC to weaker sections At least 50% of loan portfolio should constitute loans and advances of up to ₹ 2.5 million	85% of loans should be qualifying micro-finance assets • Income generation loans > 50% of total loans
Prudential Norms			
Capital adequacy framework	• Minimum Tier 1 capital: 7% • Minimum capital adequacy ratio: 9%	• Minimum Tier 1 capital: 7.5% • Minimum capital adequacy ratio: 15%	• Tier 1 capital is greater than Tier 2 capital • Minimum capital adequacy ratio: 15%
Net Interest Margin (“NIM”)	No margin cap	No margin cap	Maximum of 10% for MFIs with loan portfolio above ₹ 1 billion
Cash Reserve Ratio / Statutory Liquidity Ratio	Maintenance of Cash Reserve Ratio/Statutory Liquidity Ratio is mandatory	Maintenance of Cash Reserve Ratio/Statutory Liquidity Ratio is mandatory	No such requirement
Average ticket size (financial year 2017)	₹ 204,314 (Average loan disbursed to SHGs by banks)	₹ 28,475	₹ 18,717
NPAs (the financial year 2017)	6.5% (for SHGs)	NA	8.2% (PAR 90)
AUM growth (the financial year 2017)-YoY	7.7% (for SHGs)	16.4%	25.1%
Liquidity Coverage Ratio/ Net Stable Funding Ratio	Mandatory requirement to maintain liquidity coverage ratio	• Minimum liquidity coverage ratio of 100% by January 1, 2021 • Net Stable Funding Ratio will be applicable to SFBs on par with scheduled commercial banks as and when finalized	No such requirement
Funding			
Deposits	Primarily rely on deposits for funding requirements	• Primarily rely on deposits for funding requirements • Deposit ramp-up will take time	Cannot accept deposits
Bank loans / market funding	Access to broader array of market borrowings	• Access to broader array of market borrowings • No access to bank loans	Diversified funding sources including bank loans, short term and long-term market borrowings
Products			
Products offered	Full spectrum of banking, savings, investment and insurance products	• Can offer savings and investment products apart from credit products / loans • Can act as corporate agent to offer insurance products • Cannot act as business correspondent to other banks	• Can act as business correspondent to another bank and offer savings, deposits, credit and investment products • Can act as corporate agent to offer insurance products

(Source: CRISIL)

Gradual development in other support systems for the Microfinance Industry

Role of Microfinance Institutions Network

The Microfinance Institutions Network (“**MFIN**”) was officially recognised as a self-regulatory organisation (“**SRO**”) for NBFC microfinance institutions in India, on June 2014. As an SRO, MFIN has been authorised by the RBI to exercise control and regulation on its behalf, to ensure compliance to regulatory prescriptions and the industry code of conduct. In September 2017, MFIN released its mutually agreed code of conduct (“**MACC**”). Under this code, an NBFC-MFI will not lend to a borrower who already has loans from three microcredit lenders. Existing RBI regulations were only applicable to NBFC-MFIs but MACC will bring other entities within the regulations. MFIN’s role as an SRO also includes research and training responsibilities and submission of MFI financials to the RBI. MFIN’s current membership consists of more than 50 leading NBFC–MFIs in India.

Credit bureaus

Credit bureaus or credit information companies (“**CIC**”)s collect complete MFI information in their databases, except for lending information pertaining to SHGs. As per the RBI, every NBFC-MFI has to be a member of at least one credit bureau established under the CIC Regulation Act, 2005. Credit bureaus, collect data from several MFIs and build a comprehensive database that captures the credit history of borrowers.

The presence of a number of credit bureaus ensures that MFIs have access to more data on their borrowers to make informed lending decisions in the long run. As per current norms, a borrower cannot avail of a loan from a MFI if there are already two NBFC-MFI loans live. Thus, the role of a credit bureau is critical, as it is able to provide information on two levels, the number of credit lines that a borrower is already availing of and the borrower’s previous credit history in terms of repayment track record and defaults among others. Integration of the MFI credit bureau, the Credit Information Bureau (India) Limited and the Credit Information Bureau of India Limited databases will further strengthen credit assessment of borrowers.

Micro Units Development and Refinance Agency

In the Union Budget for the financial year 2016, India’s Government proposed the formation of a Micro Units Development and Refinance Agency (“**MUDRA**”) Limited to facilitate the financial inclusion of the non-corporate smaller business sector through refinance and development support. A majority of this sector does not have access to formal sources of finance. MUDRA will be responsible for refinancing and developing the micro-enterprises sector by providing support to financial institutions that lend to small and micro business entities. It will also help reduce interest rates of the aggregate funds given to MFIs. In the financial year 2018, ₹ 2,464 billion was disbursed under the Pradhan Mantri Mudra Yojana scheme to 48.1 million accounts. The instant offtake of the scheme has been on account of the latent demand for small-ticket loans, reduction in interest costs and diversification of liability profile of the financiers.

The setting up of MUDRA is an advantage for the microfinance sector as it provides funding and liquidity support to MFIs. The impact of low rate funding is more significant for small players, as compared to large players. The aggregate funds given to MFI players were around ₹ 425 billion as of March 2017 (data for the financial year 2018 is not available). As the funding is at a comparatively lower rate, the overall average cost of funds for the microfinance industry will reduce marginally.

National Bank for Agriculture and Rural Development Refinancing

National Bank for Agriculture and Rural Development (“**NABARD**”) is the main facilitator and mentor of microfinance initiatives in India with a focus on rural areas. It provides long-term refinance support to eligible NBFC-MFIs and SFBs. NBFC-MFIs having continuous profit during the last three years and grading up to mfR2 (mfR3 in north-eastern states and hilly areas) by CRISIL or equivalent, are eligible for refinance subject to fulfilling other conditions. During the financial year 2017, refinance to the tune of ₹ 34 billion was disbursed to 19 MFIs.

Key Success Factors

Adoption of technology initiatives to bring down costs, improve efficiency and profitability for MFIs

Adoption of technology initiatives has impacted almost all aspects of the financial services industry. However, it is far more critical to the microfinance industry since lower operating costs can result in higher financial inclusion and increased benefits for customers. The use of technology has helped MFIs grow at a fast pace, improve efficiency, lower cash usage and turnaround times, develop new products, provide better services to customers and use analytics for portfolio monitoring and credit appraisal.

A strong backend technology platform helps companies scale up faster since the same processes can be easily replicated across geographies. To improve efficiency, many MFIs have provided tablets to their loan officers. This has made life easier for the loan officers, who were earlier required to visit branches in the morning to get the demand and disbursement sheet printed and again in the evening to update data. Paperwork has reduced with the use of tablets; entries are made in real time

as and when the disbursement happens or repayment is made. Also, data entry errors have been reduced to a large extent. This has helped in a better understanding of the business, reduced costs and improved productivity.

Direct updates of information on the core platform also helps in better servicing of customers by usage of customer relationship management applications, which help in the handling of customers over their credit life cycles. It also helps in targeted marketing, cross-selling of products, and product customisation. E-KYC and biometric scanners do away with the requirement for physical documents and help lower turnaround time. With numerous banking accounts opened through the Jan Dhan Yojana and launch of other avenues like mobile wallets for transfer of funds, MFIs have started disbursing loans directly into the accounts of customers and accepting repayments through electronic means, reducing cash requirements and resulting in cost savings.

The lower cost of serving customers, better productivity and lower credit costs through the use of technology are expected to help MFIs improve profitability. However, not all MFIs will be able to adopt technology; only those who have a sizable business will be able to invest in technology and reap the full benefits.

Geographically diversified portfolio helps MFIs mitigate risks

Given that the fixed operating cost is relatively high, considering the value of the loan amount, scale of operations are a crucial factor for MFIs. A large, well-diversified portfolio in different geographies enables players to mitigate risks associated with a concentrated portfolio. And, wider scale of operations help them cut down operating expense as a percentage of outstanding loans.

Managing local stakeholders - Key determinant of MFIs' success

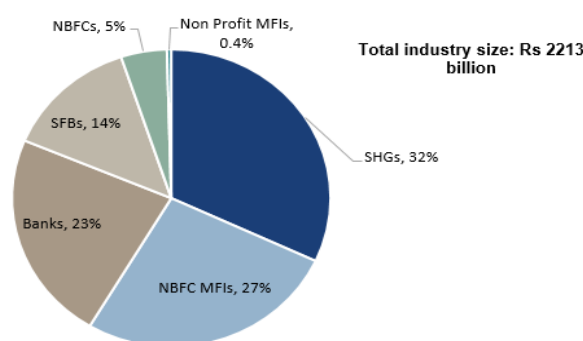
Considering the sensitive nature of operations, MFIs must ensure that their activities do not antagonise local leaders and government authorities. Apart from adherence to legal and regulatory guidelines, maintaining amicable relations with stakeholders in their respective geographies is a key determinant of MFIs' success.

Operational Performance of MFIs and Other Key Industry Parameters

NBFC MFIs have grown the fastest in the microfinance industry

There are multiple players in the microfinance industry with varied organisational structures. Loans in the microfinance sector are provided by banks, SFBs, NBFCs-MFIs, other NBFCs and non-profit organisations. Banks provide loans under the SHG model, however they also give microfinance loans directly or through business correspondents in order to meet their priority sector lending targets. As of March 2018, the microfinance industry, including all player groups, is estimated to have a total loan portfolio of ₹ 2,213 billion.

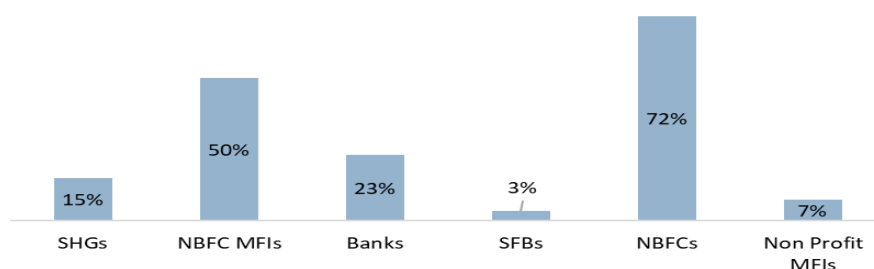
The following chart sets forth the share of lenders in the microfinance space, for the financial year 2018:



Notes: Data for SHGs is projected for the financial year 2018 (Source: CRISIL)

NBFC-MFIs and non-profit MFIs are the only two player groups with loan portfolios exclusively focused towards microcredit. The SFBs with MFI lending businesses have started to look at other asset classes such as affordable housing, small and medium-sized enterprises (“SME”s) and vehicle finance, after receiving the SFB licence. Some of them also witnessed a marked increase in delinquencies post demonetisation.

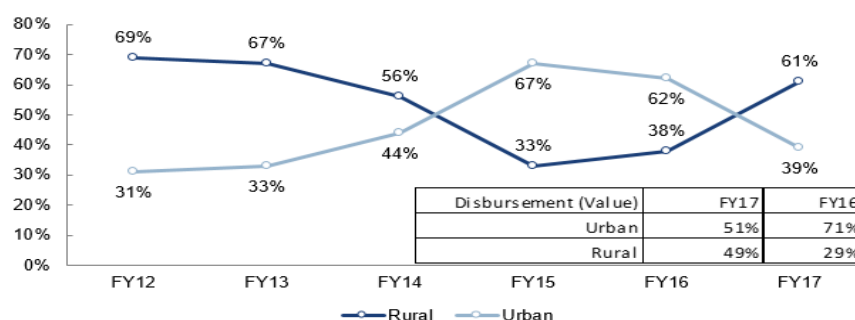
The following chart sets forth the on-year growth rate in the loan portfolios of different player groups, in the financial year 2018:



Notes: Data for NBFC MFIs excludes BC Portfolio; Growth for SHGs is estimated. (Source: CRISIL)

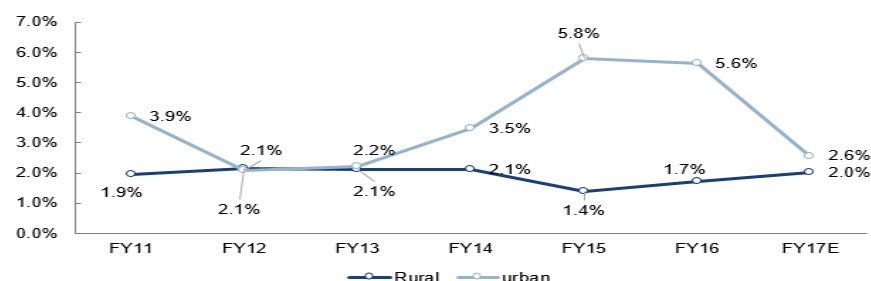
Share of disbursement amount in rural areas

The following chart sets forth the share of rural and urban clients between the financial years 2012 to 2017:



Notes: The data for the industry given above is estimated using the data available for SFBs, NBFC-MFIs and others. (Source: CRISIL)

The following chart sets forth rural and urban penetration in the microfinance industry between the financial years 2011 to 2016 and the estimated penetrations for the financial year 2017:



Notes: E- Estimated. (Source: CRISIL)

On account of an increase in the number of clients and disbursements in rural areas in the financial year 2017, the share of urban areas in microfinance loans (gross loan portfolio) decreased during the financial years 2016 to 2017. The share of the loan amount disbursed in urban areas decreased as well during the same time period.

Over the four years until the financial year 2015, the share of the MFIs' urban clients increased. While, the share of MFI clients from rural areas increased during the years 2015 to 2017. Due to stronger client additions, microfinance penetration in urban areas (calculated by dividing the number of urban MFI clients by the urban population) increased till the financial year 2015, while it declined marginally in the financial year 2016. However, due to demonetisation in the financial year 2017 along with the conversion of some urban-focused NBFC-MFIs into SFBs, the number of urban clients declined for NBFC-MFIs.

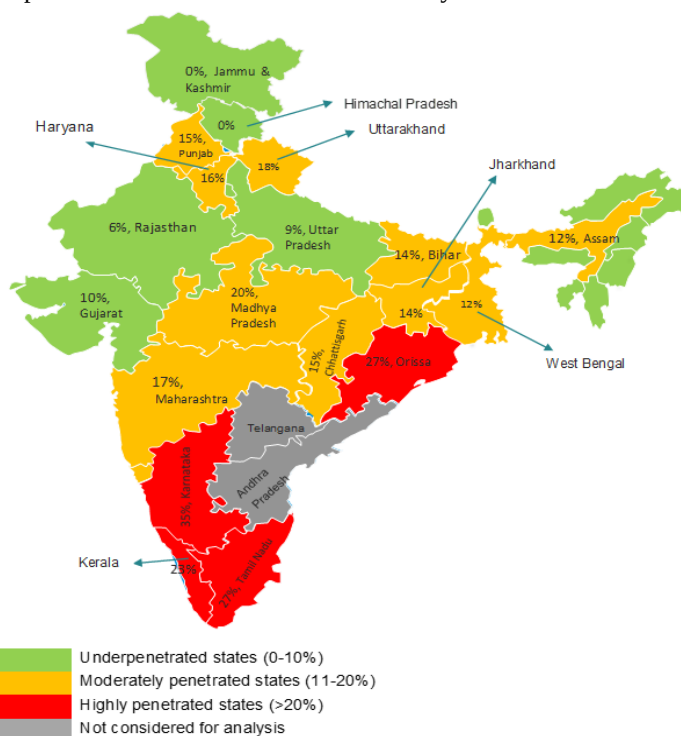
Top 10 states contribute approximately 85% of total NBFC-MFIs' gross loan portfolio as of March 2018

Approximately 85% of the gross loan portfolio of NBFC-MFIs is concentrated in top 10 states. Karnataka (13%), Odisha (11%), Uttar Pradesh (10%), Bihar (10%) and Tamil Nadu (10%) are the top five states, as of March 31, 2018.

The growth in the MFI portfolio is expected to come from states that have a relatively lower penetration. Thus, states like Uttar Pradesh, Rajasthan and Gujarat are expected to drive future growth. The northern and western states are relatively

underpenetrated and eastern states are moderately penetrated as compared with pan-India's average penetration.

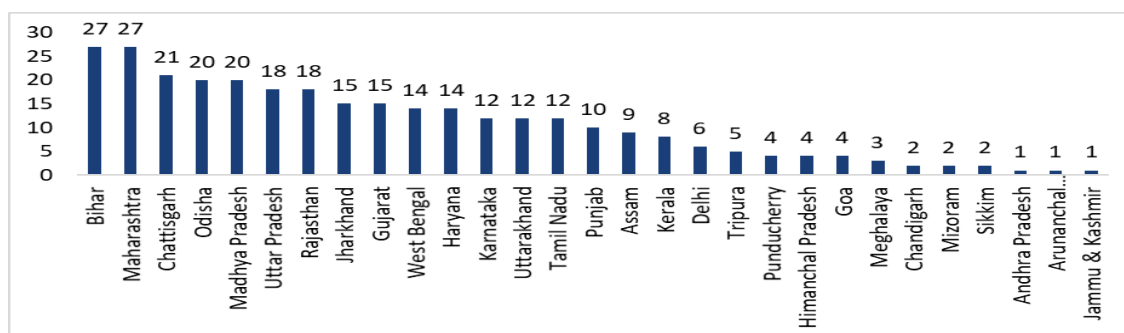
The following chart sets forth the penetration of the microfinance industry of different states in India:



Notes: Andhra Pradesh has not been considered for analysis due to many write-offs after Andhra Pradesh crisis and as some large players are not present in the state. Penetration has been computed by dividing the number of MFI clients by the estimated number of households in 2017. Pan-India penetration has been determined based on the analysis of 20 states. (Source: CRISIL)

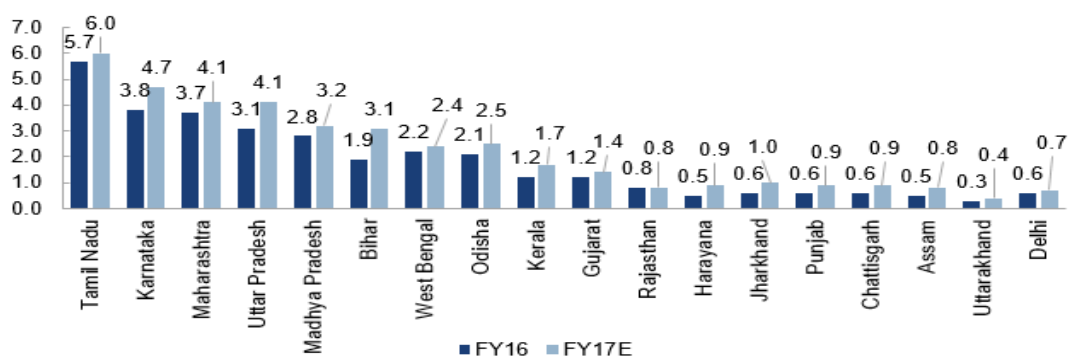
In 2017, India's northern and western states were relatively underpenetrated and the eastern states were moderately penetrated as compared to the pan-India average penetration.

The following chart sets forth the number of NBFC MFI players in each state/union territory, as of March 2018:



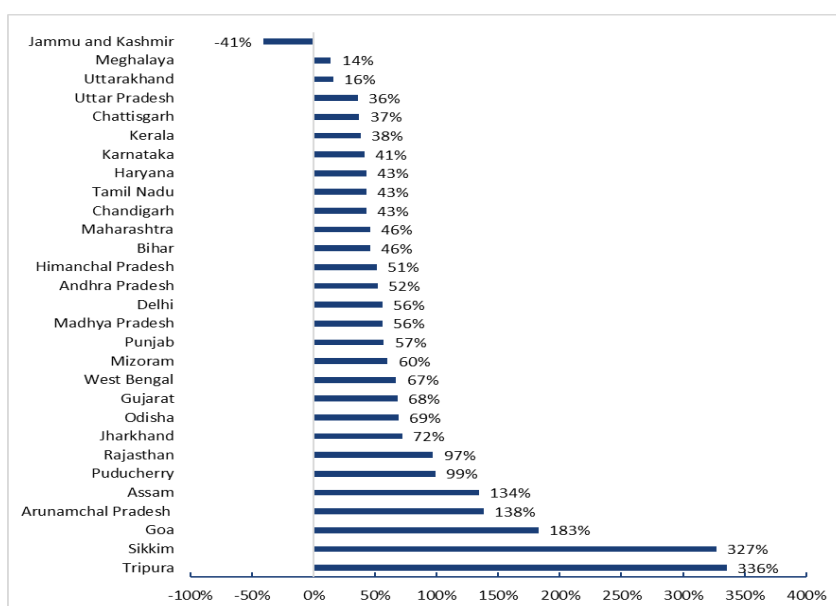
Notes: The data for each state is only for NBFC MFIs (Source: CRISIL)

The following chart sets forth the number of clients in each state, as of March 2017, in million:



Notes: 1. Data only shown for states where five or more MFIs are operating; states are arranged in decreasing order of gross loan portfolio 2. The data for each states includes the data of all eight MFI turned into small finance banks and NBFC MFIs (Source: CRISIL)

The following chart sets forth the state-wise gross loan portfolio growth for NBFC-MFIs, in the financial year 2018 as compared to the financial year 2017:



Notes: State-wise gross loan portfolio growth in the financial year 2018 over the financial year 2017. The data for each states excludes the data of all 8 MFI turned into small finance bank and only for NBFC MFIs. (Source: CRISIL)

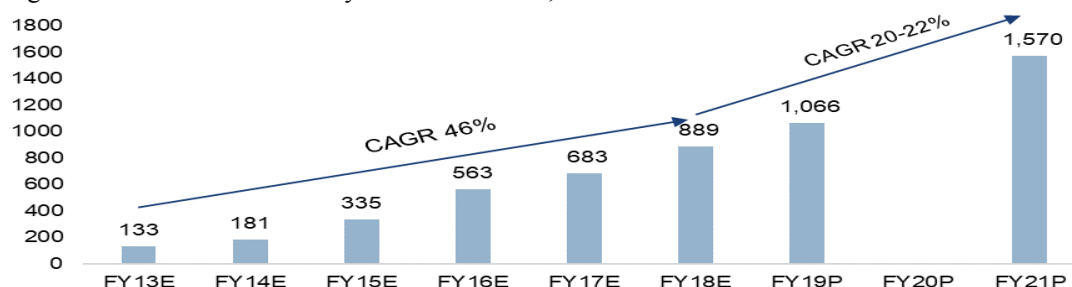
Growth outlook for the microfinance industry

Rising penetration to help industry grow at an approximate CAGR of 21% during the financial years 2018 to 2021

The gross loan portfolio of MFIs grew at a CAGR of 46% during the financial years 2013 to 2018, due to the growth in gross loan portfolios of some large players, such as Janalakshmi Microfinance, Bharat Financial Inclusion Limited, Ujjivan Financial Services, Muthoot Microfin, Arohan Financial and CreditAccess Grameen Limited (formerly known as Grameen Koota Financial Services).

The domestic microfinance industry has a huge opportunity to capture share from unorganised players, by growing their portfolio and covering areas that are least penetrated.

The following chart sets forth the estimated growth in the MFI loan portfolio between the financial years 2013 to 2018 and projections of growth between the financial years 2019 to 2021, in ₹ billion:



Notes: E- Estimated, P- Projected. Gross loan portfolio includes NBFC-MFIs and all eight MFI turned SFBs and excludes, for all years, the numbers of Bandhan Financial Services Ltd, which has now become a universal bank. However, even on including the microfinance portfolio of Bandhan Bank in all years from the financial year 2013 to the financial year 2018, the five year CAGR in the gross loan portfolio for the industry (between the financial year 2013 to the financial year 2018) would be 46%, which is same as calculated excluding Bandhan Bank's portfolio. Bharat Financial Inclusion ("BFIL") is also included in the analysis. (Source: CRISIL)

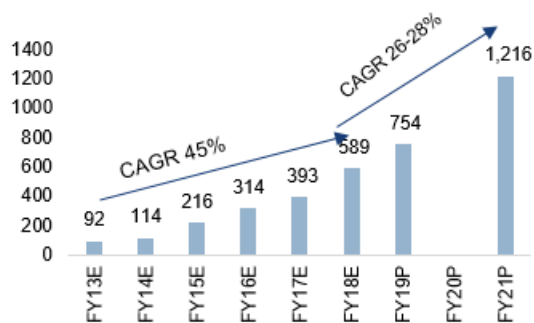
The MFI loan portfolio is expected to continue to grow, however the growth is lower compared to past three years, as rural areas in well-penetrated states mature and the focus of some top players, converting into SFBs, shift towards selling other banking products. The growth forecast is calculated excluding the impact of any external factors that may hinder the growth of micro finance NBFCs. The future growth in the gross loan portfolio of microfinance NBFCs is also contingent on the availability of adequate growth capital.

Factors that will define success in the future are; the ability to attract funds and maintain healthy capital position; strong promoters, who have witnessed various business cycles and successfully tackled events; loan recovery and control aging of NPAs; geographic diversification; adoption of technology to improve efficiency and lower costs and the ability to manage local stakeholders.

NBFC-MFI's are expected to grow at a faster rate than SFB's

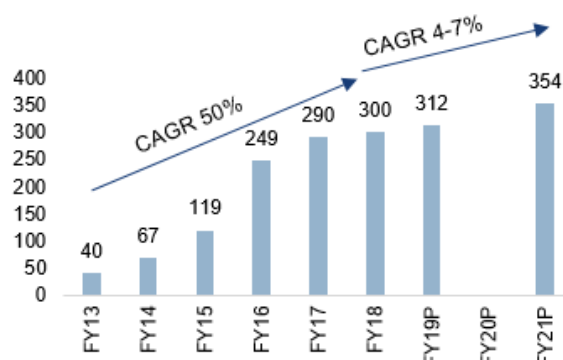
Players without an SFB licence have grown at a slower pace than players with a SFB licence, as the latter had a large presence across the states and disbursed higher ticket-sized loans. In the financial year 2018, NBFC-MFIs' GLP grew approximately 50%, whereas for the players with SFB licenses, growth was approximately 3%. Players with SFB licences are expected to grow at a slower rate than NBFC-MFIs during the financial years 2018 to 2021, primarily due to their focus on other banking products after conversion into a bank. Also, SFBs licensees are required to adhere to stricter norms and compliance, which would impact their growth in the initial years of their conversion. Limited or no exposure towards managing the liability side of the business would also be a challenge for SFBs licensees.

The following chart sets forth the expected growth in GLP of NBFC-MFIs between the financial years 2013 and 2018 and the projected growth between the financial years 2019 and 2021, in ₹ billion:



Notes: 1) E: Estimated; P: Projected. 2) Projected portfolio for players with SFB licence is only for their microfinance business. 3) BFIL included in NBFC-MFIs. (Source: CRISIL)

The following chart sets forth the growth in GLP (MFI) of players with a SFB licence between the financial years 2013 and 2018 and the projected growth between the financial years 2019 and 2021, in ₹ billion:



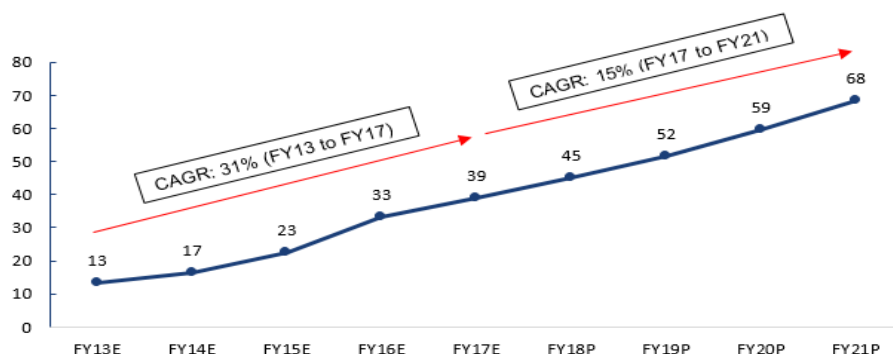
Notes: 1) P: Projected. 2) Projected portfolio for players with SFB licence is only for their microfinance business. 3) BFIL included in NBFC-MFIs. (Source: CRISIL)

Client reach increasing with financial inclusion

Increased focus on financial inclusion and a shift of borrowers from the unorganised to organised sector for loans increased the industry client base from 13 million to 39 million during the financial years 2013 to 2017, at a CAGR of 31%. Of the total borrowers, the share of number of clients with more than one outstanding loan has increased from 20% in March 2016 to 27% as of September 2017.

The number of borrowers are expected to increase at a slightly healthy pace of 15% annually from the financial year 2017 over the next four years, due to the increasing penetration of microfinance in some low-penetrated areas where the unorganised segment still plays a major role.

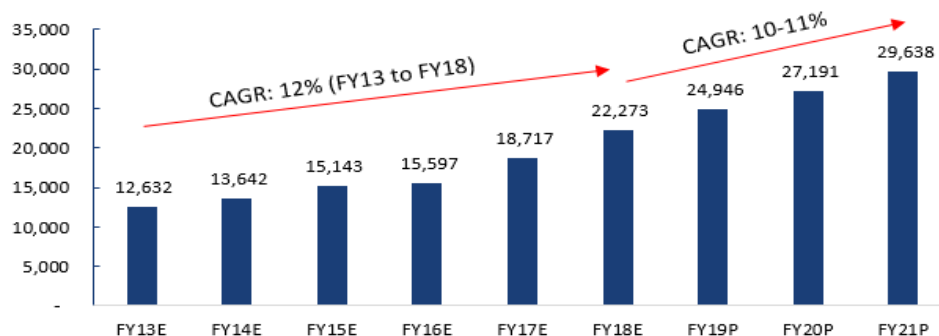
The following chart sets forth the estimated growth in the number of borrowers between the financial years 2013 to 2017 and the projections of growth between the financial years 2018 to 2021, in million:



Notes: 1) E: Estimated P: Projected. 2) Number of borrowers includes data of 8 small finance banks which were earlier NBFC MFIs (Source: CRISIL)

Average ticket size to grow

The following chart sets forth the estimated average ticket size of MFI players between the financial years 2013 to 2018 and the projections of growth between the financial years 2019 to 2021:



Notes: 1) E: Estimates, P: Projected. 2) Data only for NBFC MFIs and does not include SFBs
(Source: CRISIL)

Average ticket size of NBFC-MFIs increased due to strong disbursement growth in urban areas, where loan amount per account is higher than in rural areas. Average ticket size grew at a higher rate, at a CAGR of 12% during the financial years 2013 to 2018, following RBI's relaxation on maximum loan limit (increased to ₹ 100,000 from previously ₹ 50,000) and maximum annual household income (not exceeding ₹ 100,000 in rural areas and ₹ 160,000 in urban and semi-urban areas). Most loans are given to trading and services segment, which require higher loan amounts than agriculture and allied activities. The ticket size will increase in highly penetrated states where MFIs have been present for long and credit-worthiness of client base established. Though growth would be higher in newer under-penetrated states, ticket size is expected to be lower therein.

PAR to improve on better collection rate and write-offs

The size of PAR, the primary indicator of risk for the sector, equals the percentage of loans overdue. The PAR increased sharply in the financial year 2017 due to non-availability of cash and a slowdown in the business activities of individuals' post-demonetisation. Misinterpretation of the RBI's leeway on recognition of gross non-performing assets to financiers as well as loan waivers, along with political intervention in some states, led to lower collections.

However, MFIs have invested significantly in educating borrowers and helping them exchange their old notes, which improved the collection efficiency. The PAR has started to move down post-March 2017; however, credit costs are expected to have increased significantly in the financial year 2018, due to lower collection from old loans because of demonetisation.

Over the next two-three years, PAR is expected to improve, as the impact of demonetisation fades and players write off some loans. Therefore, credit costs are also likely to come down post-the financial year 2018, provided there is no major event impact on the industry during this period.

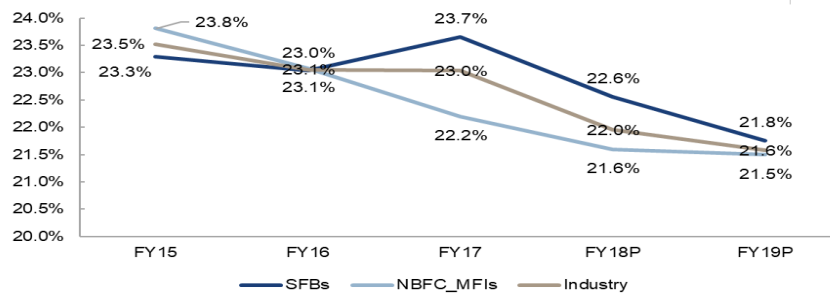
Profitability of MFIs expected to improve in the financial year 2019

The following table sets forth movement in key financial parameters (NBFC-MFIs) between the financial years 2015 to 2017 and projections of movement between the financial years 2018 to 2019:

NBFC-MFIs	Financial Year 2015	Financial Year 2016	Financial Year 2017	Financial Year 2018 P	Financial Year 2019 P
Net interest income by average assets	8.3%	8.3%	8.2%	7.6%	7.7%
Other income by average assets	3.9%	4.1%	3.8%	3.5%	3.5%
Operating costs by average assets	7.0%	6.2%	6.2%	5.9%	5.9%
Credit cost by average assets	0.2%	0.6%	3.1%	4.1%	0.8%
Profit before tax by average assets	5.0%	5.6%	2.7%	1.1%	4.5%
Tax by average assets	0.9%	1.6%	0.1%	0.3%	1.4%
Post tax-Return on assets	4.1%	4.1%	2.6%	0.8%	3.2%
Average ticket size (in '000')	15	16	19	22	24

Notes: 1) P: Projected. 2) Figures include data of NBFC MFIs with market share over 55%. (Source: CRISIL)

The following chart sets forth the trend in yields on average advances between the financial years 2015 to 2018 and the projected trend for the financial years 2018 to 2019:

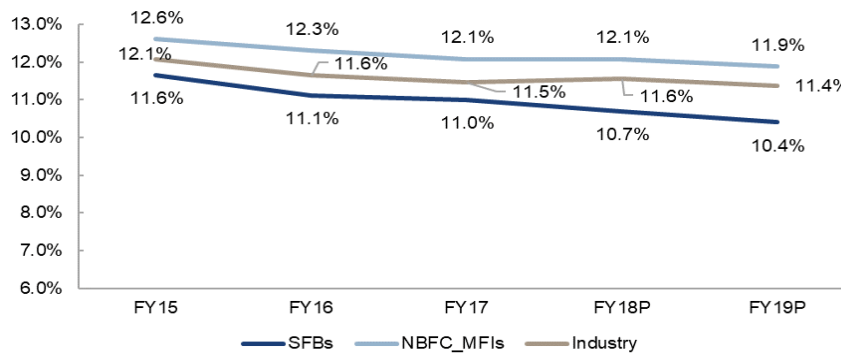


Notes: P: Projected. (Source: CRISIL)

Small finance banks are endeavouring to expand their deposits base. This has reduced their overall cost of funds. In line with declining cost of funds, the yields for small finance banks have also reduced. The overall decrease in the yields of SFBs is projected to be higher than that of microfinance companies. Overall yields of SFBs and NBFC-MFIs are estimated to have decreased by approximately 110 basis points (“bps”) and 60 bps, respectively, in the financial year 2018 over the last year.

The same trend is expected to continue for SFBs with yields decreasing further by approximately 80 bps in the financial year 2019. MFI yields are expected to remain stable in the financial year 2019.

The following chart sets forth the trend in average cost of borrowings between the financial years 2015 to 2017 and projections for the financial years 2018 to 2019:



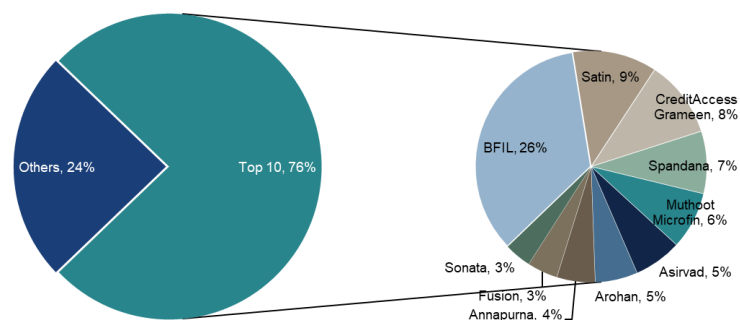
Notes: P: Projected. (Source: CRISIL)

Profitability is expected to be lower for players converting into SFBs. Higher credit cost and higher operating expenditure of MFIs with SFB licenses will be related to infrastructure, technology and management, as they will be in an expansion mode. The need to make changes in the overall business model to align with RBI norms related to cash reserve ratio and statutory liquidity ratio requirements will only be partially offset by lower cost of funds. Therefore, large players without SFB licence but with established operations, diversified geographical presence and strong collection mechanisms, are likely to enjoy higher profit margins.

Overview of top 10 players in NBFC microfinance industry

The top 10 NBFC-MFIs accounted for 76% of the industry’s overall gross loan portfolio in the financial year 2018.

The following chart sets forth the share of major players in the industry, as of March 31, 2018:



Notes: The player wise share is calculated as per the data given by MFIN for the players and NBFC-microfinance industry in the March 2018 Micrometre. (Source: CRISIL)

Operational performance and key financial indicators (excluding players that have been converted into SFBs)

The following table sets forth a comparison of key players in microfinance industry for the time periods specified:

Parameters	Gross loan portfolio as of the financial year 2018 (₹ billion)	Three year CAGR of gross loan portfolio (the financial year 2015 to the financial year 2018)	Number of branches (the financial year 2018)	Number of employees	Number of borrowers (million) (the financial year 2018)	Average ticket size (₹) (the financial year 2018)
Bharat Financial Inclusion ¹	125.9	45%	1,434	15,403	6.2	20,316
Satin	50.1 ²	33%	809	7,121	2.4	30,000
CreditAccess Grameen Limited ³	39.4	40%	440	5,267	1.6	19,084
Spandana	31.7	39%	694	4,045	1.6	22,826
Muthoot Microfin	29.2	111% ⁴	467	5,822	1.2	22,515
Asirvad	24.4	92%	832	4,168	1.5	18,293
Arohan	21.7	78%	435	3,177	1.1	24,212
Annapurna	19.5	70%	374	3,507	1.2	25,361
Fusion	15.6	74%	375	3,202	1.0	23,590
Sonata	13.8	32%	425	2,761	0.7	28,919

Notes: The financial year 2015 gross loan portfolio for Spandana and BFIL is after excluding non-performing portfolio (PAR over 180 days) in Andhra Pradesh. Data for CreditAccess Grameen is as of the second quarter of the financial year 2018 as per MFIN (micrometer-March 2018) and for Satin (only microfinance portfolio) is as of the fourth quarter of the financial year 2018 as per company report. 1) Merger with Indus Ind Bank announced in October 2017; 2) Only microfinance portfolio;

3) Formerly known as Grameen Koota Financial Services; the financial year 2018 data is as per MFIN report (March, 2018).

4) 2 Year CAGR is given as the company was granted NBFC-MFI license by RBI in 2015 and reported its first financials in financial year 2016 as an NBFC-MFI (Source: CRISIL)

The following table sets forth certain other operational parameters, for the time periods specified:

Productivity metrics	Loan officer or Field officer	Gross loan portfolio/Branch (₹ million)	Gross loan portfolio /Employee (₹ million)	Gross loan portfolio /Loan officer (₹ million)	Average portfolio outstanding per borrower (₹)
Bharat Financial Inclusion (acquired by IndusInd Bank)	9,774	88	8.2	12.9	20,352
Satin	5,125	59	6.0	8.4	18,501
CreditAccess Grameen Ltd ¹	3,783	89	7.5	10.4	24,511
Spandana	2,746	46	7.8	11.5	19,969
Muthoot Microfin	4,263	63	5.0	6.9	24,139
Asirvad	2,276	29	5.9	10.7	16,228
Arohan Financial	2,175	50	6.8	10.0	19,080
Annapurna	2,321	52	5.6	8.4	15,839

Fusion	2,034	42	4.9	7.7	15,233
Sonata	1,874	32	5.0	7.3	19,646

Notes: Data for Credit Access Grameen is as of the second quarter of the financial year 2018 and for Satin is as of the third quarter of the financial year 2018 as per MFIN (micrometer- March 2018). 1) Formerly known as Grameen Koota Financial Services; the financial year 2018 data is as per MFIN report (March, 2018).

(Source: CRISIL)

The following table sets forth other operational parameters for the time periods specified:

Parameters (data as of March 31, 2018)	Presence in number of districts	Year-on-year gross loan portfolio growth as of the financial year 2018	Number of loans per customer	Number of loans disbursed per field officer
Bharat Financial Inclusion ¹	342	38%	1.5	931
Satin	280	19%	0.7	332
CreditAccess Grameen Limited ²	112	28%	1.7	740
Spandana	222	144%	1.1	619
Muthoot Microfin	168	48%	1.1	305
Asirvad	245	36%	1.1	703
Arohan	158	114%	1.0	506
Annapurna	174	58%	0.7	345
Fusion	200	88%	0.7	344
Sonata	124	34%	0.7	267

Notes: Number of loans per customer is calculated as the amount of disbursement per average ticket size per outstanding customer. 1) Merger with IndusInd Bank announced in October 2017; 2) Data for CreditAccess Grameen is as of the second quarter of the financial year 2018 and for Satin is as of the third quarter of the financial year 2018 as per MFIN (micrometer- March 2018). (Source: CRISIL)

The following table sets forth profitability parameters, as of the financial year 2017:

Ratios	Yields on advances	Cost of borrowing	NIM (As % of Average gross loan portfolio)	Operating expenses ratio (As % of Average gross loan portfolio)	Other income (As % of Average gross loan portfolio)	Return on assets (As % of Average assets)	Return on equity
Bharat Financial Inclusion ¹	20.1%	10.2%	10.3%	6.4%	2.8%	3.4%	15.1%
Satin	21.8%	13.2%	8.2%	7.1%	1.6%	0.6%	5.1%
CreditAccess Grameen Limited ³	23.7%	13.2%	12.5%	5.5%	1.3%	2.4%	13.0%
Spandana	16.2%	16.3% ²	16.4% ⁴	6.9%	5.4%	2.3%	14.7%
Muthoot Microfin	18.9%	10.5%	9.9%	7.5%	2.4%	3.7%	28.7%
Asirvad	23.6%	13.1%	12.5%	7.2%	2.4%	2.3%	13.9%
Arohan Financial	24.3%	14.6%	12.6%	7.9%	1.3%	2.9%	11.4%
Annapurna	22.1%	14.9%	8.4%	6.4%	1.7%	1.5%	13.1%
Fusion	25.4%	13.5%	12.1%	9.0%	2.0%	0.5%	2.8%
Sonata	23.6%	12.7%	8.7%	5.7%	2.3%	0.1%	0.7%

Notes: Spandana's ratios are calculated as per the numbers given in its annual report, based on non Andhra Pradesh portfolio. 1) Merger with IndusInd Bank announced in October 2017. 2) As per company annual report for the financial year 2017. 3) Formerly known as Grameen Koota Financial Services. (Source: CRISIL)

The following table sets forth profitability parameters, as of the financial year 2018:

Ratios	**Revenue from operations as % of average GLP	**Finance cost as % of average GLP	**NIM (As % of Average GLP)	**Opex ratio (As % of Average GLP)	**Other income (As % of Average GLP)	**Profit as % of average GLP	**ROE
Top 10 NBFC-MFIs							
Bharat Financial Inclusion*	21.0%	7.8%	13.2%	7.5%	2.0%	5.0%	16.7%
Satin	22.0%	11.1%	10.9%	10.9%	0.5%	0.1%	0.5%

CreditAccess Limited [^]	Grameen	24.7%	10.1%	14.6%	5.5%	0.3%	3.6%	11.8%
Spandana		25.1%	9.0%	16.2%	4.6%	0.6%	7.7%	22.6%
Muthoot Microfin		22.9%	8.4%	14.5%	7.9%	0.4%	3.9%	18.9%
Asirvad		20.7%	10.1%	10.6%	6.6%	1.5%	-1.5%	-11.7%
Arohan Financial		20.2%	7.8%	12.4%	6.7%	0.3%	1.9%	8.2%
Annapurna		20.3%	10.9%	9.4%	6.4%	1.1%	0.6%	4.6%
Fusion		21.3%	11.5%	9.9%	9.7%	1.1%	-3.3%	-16.5%
Sonata		18.0%	11.5%	6.5%	5.7%	2.0%	-2.8%	-17.0%

Note:

*Merger with IndusInd Bank announced in October 2017; [^]formerly known as Grameen Koota Financial Services, gross loan portfolio used for CreditAccess Grameen for Financial year 2018 is as of the third quarter in the financial year 2018. (Source: CRISIL).

The following table sets forth formulae used to calculate the profitability parameter data points:

Revenue from operations as % of average gross loan portfolio	Revenue from operations/ (Average of gross loan portfolio - financial year 2017 and 2018)
Finance cost as % of average gross loan portfolio	Total Finance Cost/ (Average of gross loan portfolio- financial year 2017 and 2018)
NIM (As % of Average gross loan portfolio)	(Revenue from operations- finance cost)/ Average gross loan portfolio (financial year 2017 and 2018)
Opex ratio (As % of Average gross loan portfolio)	(Employee benefit expenses + Other expenses)/ Average gross loan portfolio (financial year 2017 and 2018)
Other income (As % of Average gross loan portfolio)	(Total Revenue- Revenue from operations)/ Average gross loan portfolio (financial year 2017 and 2018)
Profit as % of average gross loan portfolio	Profit after tax/ Average of gross loan portfolio (gross loan portfolio - financial year 2017 and 2018)
ROE	Profit after tax/ Average of total net worth (financial year 2017 and 2018)

(Source: CRISIL)

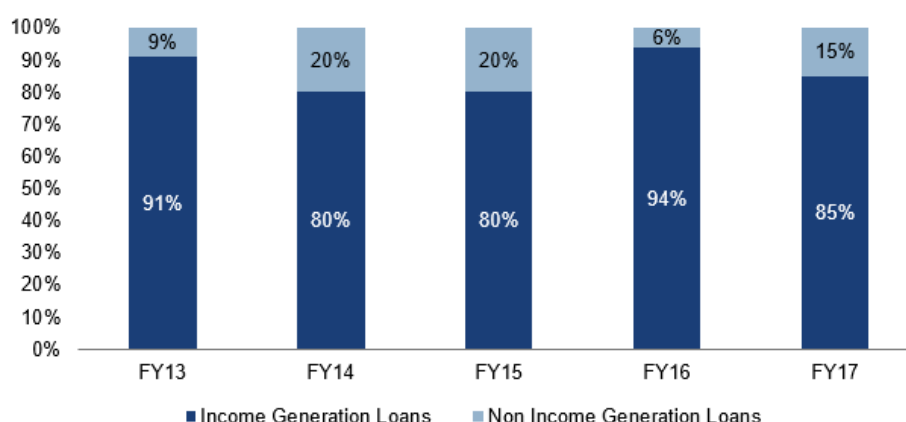
The return on assets (“**RoA**”) of 3.7% by Muthoot Microfin was the highest among the top 10 players in the NBFC-microfinance industry, followed by Bharat Financial Inclusion Limited and Arohan Financial. The high RoA shows that the percentage of profit these companies are earning in relation to their overall resources is relatively higher than others. The comparison of return on equity (“**RoE**”) among the top ten NBFC-MFIs also shows that Muthoot Microfin has the highest RoE of 28.7% followed by Bharat Financial Inclusion Limited.

The following table sets forth asset quality indicators, as of March 31, 2018:

	Gross Non-Performing Assets	Net Non-Performing Assets
Bharat Financial Inclusion	2.4%	0.1%
Satin	4.4%	2.9%
CreditAccess Grameen Limited*	5.3%	2.4%
Spandana	25.9%	0.3%
Muthoot Microfin	3.4%	1.9%
Asirvad	2.3%	0.2%
Annapurna	3.7%	0.3%
Arohan Financial	1.3%	0.0%
Sonata	NA	NA
Fusion	4.0%	0.2%

Notes: Consolidated numbers are used for Ujjivan. *Data as of 30th September 2017 (Source: CRISIL)

The majority of loans issued by MFIs are meant for income-generating activities. Agriculture, animal husbandry and trading are the major income-generating activities for which MFIs grant loans. Approximately 15% of the loans have been provided for by non-income generating activities, including loans for consumption and housing, in the financial year 2017.

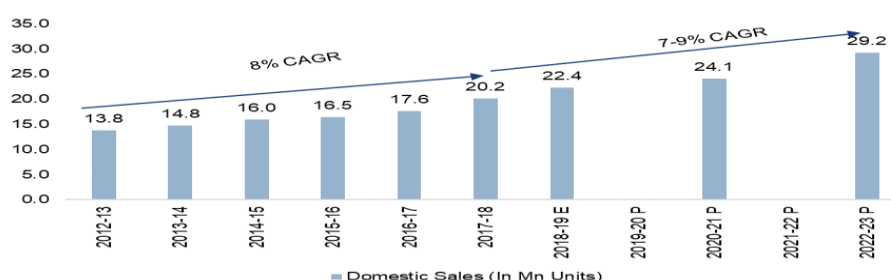


Notes: The data for the industry given above is estimated using the data available for SFBs, NBFC-MFIs and others as per Bharat Microfinance Report 2017. (Source: CRISIL)

Other Financial Products

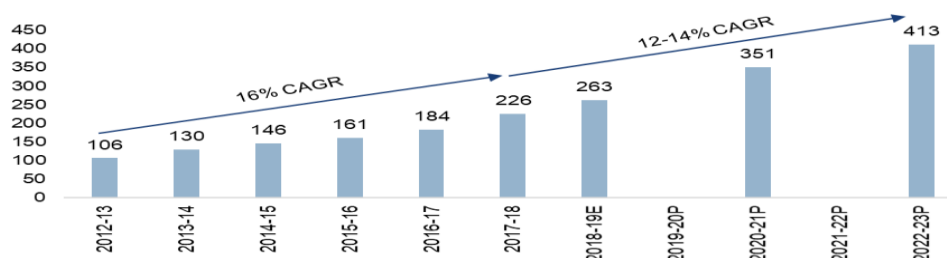
Two wheeler finance

The following chart sets forth trend in growth of two-wheeler sales between the financial years 2013 to 2018, the estimated trend for the financial year 2019 and the projected trend between the financial years 2020 to 2023:



Notes: E-Estimated, P-Projected. (Source: CRISIL)

The following chart sets forth the trend in growth of two-wheeler disbursements between the financial years 2013 to 2018, the estimated trend for the financial year 2019 and the projected trend between the financial years 2020 to 2023, in ₹ billion:



Notes: E-Estimated, P-Projected. (Source: CRISIL)

Growth drivers: Two-wheeler financing

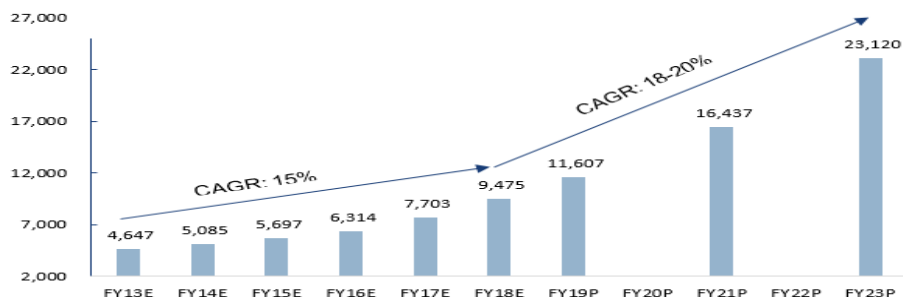
The average ticket size of loans is expected to increase, led by an increase in average vehicle price, a considerable shift in consumer preference towards premium-segment vehicles, the increasing urban population and rising loan-to-value (“LTV”) ratios. The increase in LTV ratios is expected to be driven by a greater availability of credit bureau data and competition.

Finance penetration – Finance penetration is expected to improve from 31% in the financial year 2018 to 35% in the financial

year 2023. This increase is due to the rising number of finance players in the untapped market, the increase in banking habits among rural customers and the better availability of financing options. Increasing competition is expected to make organised players offer high LTVs. Also, the availability of customer information through credit bureaus is expected to help these players identify high-risk borrowers, therefore easing asset quality concerns to some extent. LTV is expected to increase from 70% in the financial year 2018 to 74% in the financial year 2023.

Affordable housing finance

The following chart sets forth the estimated growth in the housing finance industry in India between the financial year 2013 to 2018 together with the projections for growth between the financial years 2019 and 2023, in ₹ billion:



Notes: E-Estimated, P-Projected. (Source: CRISIL)

Government Initiatives

India's Government has implemented a credit-linked subsidy component under the 'Housing for All' mission. This is a demand-side intervention to expand institutional credit flow to meet the housing requirements of people residing in urban regions.

The Government granted infrastructure status to the affordable-housing sector, which implies lower financing costs for the same.

The Atal Mission for Rejuvenation and Urban Transformation has been introduced to provide basic services (such as water supply, sewerage and urban transport among others) to households, build amenities in cities and to improve quality of life for all, especially the poor and the disadvantaged.

Regulatory Initiatives

The National Housing Bank's revision of interest rate spread cap for the Rural Housing Fund – For the financial year 2018, the National Housing Bank ("NHB") has been allocated ₹ 60 billion under the Rural Housing Fund and ₹ 30 billion under Urban Housing Fund. The NHB revised the interest rate and on-lending cap under the Rural Housing Fund this financial year.

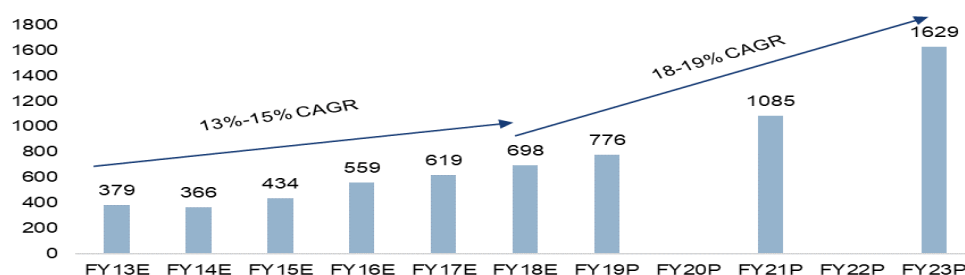
Reduction in risk weights - The regulators (the RBI for banks and the NHB for HFCs) have been progressively reducing the risk weights for housing loans, taking into consideration the healthy asset quality of the asset class.

Other factors – Other factors include urbanisation, higher LTV, rise in finance penetration and expansion in the branch network which can also boost the affordable housing segment.

Low ticket MSME loans

Low ticket MSME loans refers to a ticket size that is less than or equal to ₹ 0.5 million.

The following chart sets forth estimated growth in low ticket MSME finance in India between the financial years 2013 to 2018 together with projections for growth between the financial years 2019 to 2023, in ₹ billion:



Notes: E: Estimated, P: Projected. Low ticket MSME finance (secured and unsecured) is defined as loans of ticket size up to ₹ 0.5 million and also include LAP. The above estimates are calculated for both banks and non-banks. (Source: CRISIL)

Growth drivers

Low credit penetration leads to huge unmet demand for finance among micro enterprises

Formal institutional finance through banks, NBFCs and development financial institutions, accounted for only a quarter of the MSMEs' funding requirement, as of the financial year 2016. This translates into a total potential credit demand of ₹ 45 trillion (as of the financial year 2016). If formal finance providers are able to tap into even a small portion of this market, it would translate into healthy growth for many years to come.

The majority of MSMEs in India do not have access to institutional finance. These MSMEs are either self-financed or take credit from the unorganised sector. This untapped market offers huge growth potential for financial institutions.

GST to boost SME lending

The transparency of MSME transactions is expected to improve, as compliance with GST is expected to compel SMEs to bring their transactions on record. This is expected to improve the quality of books of accounts, therefore improving the creditworthiness of MSMEs, easing credit appraisal and boosting MSME credit growth in the coming years.

New to credit customers (MSME units seeking credit for the first time) have also increased post GST implementation, mainly in the low-ticket loan segment, with the formalisation of a high number of new firms registering themselves for GST.

Improvement in the economic scenario to help the funding requirement of small businesses

MSME credit is largely extended to self-employed borrowers running small businesses, which mainly utilise funds for the purchase of assets and expansion and as working capital. Demand for funds from small businesses is expected to grow, along with an improvement in the economic scenario, contributing to an increase in disbursements.

OUR BUSINESS

The industry information contained in this section is derived from a report titled “Industry Report-Microfinance” dated July 2018 prepared by CRISIL Research and commissioned by our Company in connection with the Offer. Neither we, nor the BRLMs, nor any other person connected with the Offer has independently verified this information.

The terms “total outstanding loan portfolio,” “average outstanding loan portfolio,” and “outstanding non-performing loan portfolio” appearing in this section refer to the loans provided by us, as referred to in our restated financial statements, and “gross outstanding loan portfolio” or “gross loan portfolio” includes “total outstanding loan portfolio” together with our securitized, assigned and managed loans.

Overview

We are one of the leading micro-finance institutions focused on providing micro-loans to women customers with a focus on rural regions of India. We are the fifth largest NBFC-MFI in India in terms of gross loan portfolio, as of March 31, 2018, according to CRISIL Research. We have 1.2 million active borrowers, who are served by our 467 branches across 168 districts in 16 states and union territories in India, as of March 31, 2018. Our gross loan portfolio was ₹29,202.97 million, while our gross loan portfolio in South India was ₹24,856.50 million, our gross loan portfolio was serviced by 5,583 employees, as of March 31, 2018.

We are part of the Muthoot Pappachan Group, which is one of the leading business conglomerates in South India, with presence across financial services, automotive, hospitality, real estate, healthcare, information technology, precious metals and alternate energy sectors. We believe that our relationship with the Muthoot Pappachan Group provides us with a strong brand recall and we continue to derive significant marketing and operational benefits from our relationship. We also believe there are significant synergies between the financial services business of the Group, and our micro-finance business.

We have built our branch network with an emphasis on under-served rural markets with growth potential, in order to ensure ease of access to borrowers. Our branches are connected to our IT networks and are primarily located in commercial spaces which we believe are easily accessible by our customers. We also leverage the infrastructure and branch network of one of our Promoters, Muthoot Fincorp Limited (“MFL”), for loan disbursements, collections of receipts and collection of processing fee, insurance and any other receipts to ensure safety, efficient and better management of cash and to offer our products and services in a more effective manner. MFL commenced the microfinance business currently undertaken by our Company in the financial year 2010, which was subsequently transitioned and transferred to our Company between April 2014 and March 2017, in a staggered manner. See “– Description of Our Business – Transition of the Microfinance Business from MFL to our Company” on page 127.

Our wide range of lending products are aimed at catering to the life-cycle needs of rural households. We provide loans for income generating purposes to women entrepreneurs living in rural areas. Our loan products comprise of (i) group loans for livelihood solutions such as income generating loans and dairy loans, as well as individual loans such as sewing machine loans; (ii) life betterment solutions including emergency loans, mobile phones loans, solar lantern loans, solar fan and education loans; and (iii) health and hygiene loans such as water purifier loans and induction stove loans. We have adopted a joint liability group model which caters exclusively to women in lower income households and is premised on the fact that if such individuals are given access to credit, they will be able to identify new opportunities and supplement and grow their existing income. We believe that the history of the Muthoot Pappachan Group in working with customers in the bottom of the economic pyramid, helps us better address needs of women in rural households and design lending products to cater to their requirements.

Our Board, Promoters and senior management comprises of experienced professionals, industry experts and management professionals, supported by a qualified and motivated pool of employees. Our senior management team has members who have significant experience in the microfinance and various lending businesses as well as across major functions related to our business, which include policy making, credit administration, operations, risk management, strategy, rural agri-banking, collateral management, debt management, risk-based audit framework and enterprise risk management, fund raising, budgeting, and cash flow management. Collectively, they have demonstrated an ability to manage and grow our operations. For details of our management team, see “Our Management” on page 146.

We have received several awards and certifications in recognition of our approach of integrating social values in the conduct of our business, including the ‘Golden Peacock Award for Business Excellence’ by the Institute of Directors; the ‘MFIN Microfinance’ award under ‘microfinance plus activities’; and the ‘Most Trusted Microfinance Brand’ by India Best Brand Series and Awards, all in 2018.

The following table sets forth our key financial and operational metrics as of or for the years indicated:

	As of/ for the year ended March 31, 2018	As of/ for the year ended March 31, 2017	As of/ for the year ended March 31, 2016
Gross Outstanding Loan Portfolio (₹ million) ⁽¹⁾	29,202.97	19,558.64	6,530.38
Year on year growth in Gross Loan Portfolio (%)	49.31%	199.50%	N.A.
Disbursements (₹ million) ⁽²⁾	30,363.01	2,0285.55	765.80
Year on year growth in Disbursements (%)	49.68%	165.14%	N.A.
Total Number of Loans Sanctioned	1,348,508	1,006,049	396,961
Active Borrowers ⁽³⁾	1,209,781	765,541	294,803
Revenue from Operations (₹ million) ⁽⁴⁾	4,511.44	2,438.42	521.55
Net Interest Income (₹ million) ⁽⁵⁾	2,864.36	1,620.56	310.92
Net Interest Margin ⁽⁶⁾	9.22%	8.72%	6.60%
Adjusted Net Interest Margin ⁽⁷⁾	11.75%	12.42%	9.52%
Ratio of Operating Expenses to Annual Average Gross Loan Portfolio	6.43%	7.60%	3.73%
Ratio of Provisions and Write Offs to Annual Average Gross Loan Portfolio	0.97%	0.44%	1.32%
Profit After Tax (₹ million) ⁽⁸⁾	760.07	370.38	94.10
Gross NPAs (₹ million) ⁽⁹⁾	595.04	28.75	2.40
Gross NPAs Ratio ⁽¹⁰⁾	3.43%	0.29%	0.06%
Net NPAs (₹ million) ⁽¹¹⁾	336.05	28.47	2.37
Net NPAs Ratio ⁽¹²⁾	1.97%	0.26%	0.06%
RoA ⁽¹³⁾	3.86%	3.72%	3.53%
RoE ⁽¹⁴⁾	18.91%	28.69%	25.28%
Net Worth ⁽¹⁵⁾	6,148.04	1,890.16	691.82

⁽¹⁶⁾ Gross outstanding loan portfolio represents the aggregate of future principal outstanding and overdue principal outstanding, if any, for all loan assets which includes loan assets held by the Company as of the last day of the relevant period as well as loan assets which have been transferred by our Company by way of securitization or assignment and are outstanding as of the last day of the relevant period.

⁽¹⁷⁾ Revenue from Operations represents our restated Revenue from Operations.

⁽¹⁸⁾ Net Interest Income represents Revenue from Operations for the relevant period reduced by Interest Expense and Other Borrowing Costs in such period.

⁽¹⁹⁾ Disbursements is the total amount disbursed to borrowers in the relevant period, pursuant to loans sanctioned.

⁽²⁰⁾ Active Borrowers are our borrowers which have an active loan account as on the last day of the relevant period.

⁽²¹⁾ Net Interest Margin as represented in our Restated Financial statements, which is the difference between average interest on qualifying assets and average effective cost of borrowing as computed as per the guidelines prescribed by the RBI.

⁽²²⁾ Adjusted Net Interest Margins is our Net Interest Income / Average annual gross outstanding loan portfolio. As part of the adjustments we consider interest on non-qualifying assets and excess interest spread on our securitised and assigned loan portfolio.

⁽²³⁾ Profit After Tax represents our restated profit for the period (after tax).

⁽²⁴⁾ Gross NPAs represents our restated NPA (Gross)

⁽²⁵⁾ Gross NPAs Ratio represents Gross NPAs/ Total Advances on the date mentioned

⁽²⁶⁾ Net NPAs represents our restated Net NPA

⁽²⁷⁾ Net NPAs Ratio represents our restated Net NPA's to Net Advances

⁽²⁸⁾ ROA represents Net Profit attributable to equity holders/ annual average total assets

⁽²⁹⁾ ROE represents Net Profit attributable to equity holders/ annual average of net worth

⁽³⁰⁾ Net Worth represents our restated net worth as of the last day of the relevant period.

Our Strengths

Market leadership in India with a widespread distribution network

We are one of the leading micro-finance institutions focused on providing micro-loans to women customers with a focus on rural regions of India. We are the fifth largest NBFC-MFI in India in terms of gross loan portfolio, as of March 31, 2018, according to CRISIL Research. We have 1.2 million active borrowers, who are served by our 467 branches across 168 districts in 16 states and union territories in India, as of March 31, 2018. Our gross loan portfolio was ₹29,202.97 million, while our gross loan portfolio in South India was ₹24,856.50 million, our gross loan portfolio was serviced by 5,583 employees, as of March 31, 2018. We believe that our position amongst the leading NBFC-MFIs in the microfinance sector enhances our reputation and credibility with our borrowers, lenders and other stakeholders. We believe that we derive numerous benefits from our leadership position, including our ability to secure capital at competitive costs, recruit and retain skilled employees, retain existing borrowers, add new borrowers, expand into new regions and grow our portfolio of new products which we introduce from time to time.

We have built our distribution platform with an emphasis on under-served rural markets with growth potential, in order to ensure ease of access to village level borrowers and rural households. Historically, we have built our distribution infrastructure near and around the branches of our Promoter, MFL, in order to leverage on a hub and spoke model. Our branches act as hubs facilitating loan sanctioning, staff reporting, data entry file storage as well as client interaction and

MFL's branches are utilized as spokes, for disbursement and management as well as coordination between our branches and our centers. We endeavour that our branches are located within a radius of fifteen kilometres from MFL's branches and that our centers are located within four to five kilometres of MFL's branches and also in close proximity of our borrowers' homes. As of March 31, 2018, we employed 4,639 branch managers, credit officers and relationship officers. We believe that our branch and center network in rural markets results in significant competitive advantages, particularly by giving us the capability to offer a variety of financial products in areas where we believe financial services penetration is limited. Our branch and center network also assists us in managing disbursement and collection in an efficient manner and provides local knowledge and know-how, which we believe is critical to the success of our operations.

Brand recall and synergies with Muthoot Pappachan Group

We are part of the Muthoot Pappachan Group, which is one of the leading business conglomerates in South India, with presence across financial services, automotive, hospitality, real estate, healthcare, information technology, precious metals and alternate energy sectors. We believe that our relationship with the Muthoot Pappachan Group provides us with a strong brand recall and we continue to derive significant marketing and operational benefits from our relationship with Muthoot Pappachan Group. Several companies forming part of the Muthoot Pappachan Group are in the financial services sector including gold finance, two wheeler finance and affordable housing.

We believe there are significant synergies between our micro-finance business and the other financial services businesses of the Muthoot Pappachan Group. We believe that the history of the Muthoot Pappachan Group in working with borrowers in economically weaker sections, helps us better cater to the needs of women in rural households and design lending products to cater to their requirements. We believe that we are able to provide products covering the life-cycle of requirements of our borrowers, commencing from the smaller-ticket micro-finance loans to larger loans such as business loans, by utilizing the customer knowledge, database, brand equity and expertise in dealing with the target consumers of MFL, and thus ensuring that the needs of our borrowers are met by us. In addition, we believe, there are opportunities presented by financial services businesses of the Muthoot Pappachan Group for the growth of our operations. We leverage cross-selling opportunities to offer diverse products to meet multiple needs of our target consumers, for example, our Company earns fee-income from distribution of a variety of loans to our customers on behalf of MFL.

Other than financial services, we believe we have synergies with the operations of MFL. For example, we use MFL's branches and expertise in specific areas of our operations including cash management, legal services and treasury operations. We have also entered into agreements with Muthoot Pappachan Technologies Limited, our Group Company, for the use and customization of proprietary software and information technology systems across our operations in an efficient manner.

Robust risk management framework leading to healthy portfolio quality

Risk management forms an integral part of our business and we recognize the importance of risk management towards our long term success. We have implemented well-defined key risk management policies which primarily focus on addressing credit risk, operational risk and financial risk.

Credit Risk: We seek to ensure efficient and uniform appraisal, disbursement, collection and delinquency management resulting from streamlined approval and administrative procedures. We have established underwriting norms which ensure that customer selection is done after evaluating repayment capacity and completing detailed cash flows analysis. We use technology and automation to establish credit worthiness and repayment behaviour of individual borrowers by analysing credit bureau reports of borrowers, where available, before sanctioning loans. Further, we seek to emphasize regular end use and payment monitoring, which tie into our key risk parameters. For example, we carry out regular loan utilization checks, and endeavor to conduct such checks within one month of disbursement of the loans. These periodic checks and regular monitoring helps us in timely identification of borrowers or groups with increasing risk, enabling timely remedial measures, as applicable. We have also implemented real time collections monitoring which ensures that any delay in collections is regularly highlighted and followed up to seek payment recovery.

Operational Risk: Establishment of a credit hierarchy is an essential feature of our operations. We appoint credit officers at our branches who are responsible for sanctioning loans and establishing joint liability groups among our borrowers. Our credit officers are also responsible for cash flow analysis of borrowers to determine whether the borrower has sufficient surplus over her household expenditure and other obligations to service the proposed loan. Our customer due diligence procedures encompass know-your-customer checks; group training; visits to the homes of new customers to verify details and obtain consents; and revalidation to assess the quality of the proposed group and to confirm that they meet all our specified criteria. We have a strong internal audit team of 192 employees, as of June 30, 2018. This team ensures that our branches are audited within an interval of two months. We also endeavour to limit the amount of cash handling outside the branch. For example in the month of June 30 2018, 94.51% of our loans were disbursed in a cash-less manner by direct bank credit into our customers' bank accounts. During the collection process our relationship officers are responsible for depositing the collection with a nearby MFL or bank branch. This ensures that our field staff does not have to carry the money for long distances and the pool of money they handle on a daily basis remains low.

Financial Risk: We have adopted conservative policies to ensure there is no asset liability mismatch. Our borrowing committee works under the supervision of our Board to ensure that our cost of borrowings, interest rates for our borrowings and draw-downs on our loan facilities are well managed. Our investment committee seeks to ensure that our treasury operations are optimal, including by selecting appropriate short term savings instruments for the deployment of cash collected. Our cash management tie up with MFL helps greatly in treasury operations by limiting the amount of cash we collect and hold.

We believe that our robust risk management framework, customer selection methodologies and regular end use and payment monitoring have resulted in healthy portfolio quality indicators such as robust repayment rates, stable PAR and low rates of gross NPAs and net NPAs. Our cumulative repayment rate was 97.64% for the financial year 2018 and our gross NPA ratio was 3.43% and net NPA ratio was 1.97%, as of March 31, 2018. As of March 31, 2018, loans outstanding for which principal repayment is overdue for more than 0, 30 and 90 days (PAR 0+, PAR 30+ and PAR 90+) were ₹1,415.65 million, ₹1,089.32 million and ₹846.66 million, respectively, accounting for 5.25%, 4.04% and 3.14% of our total outstanding loan portfolio, respectively.

Strong track record of financial performance

We believe we have maintained a strong track record of financial performance and operating efficiency over the years through high rates of customer retention, geographical expansion, improved staff productivity, increase and diversification of our loan portfolio, lower credit cost and growth in our customer base led by distribution network expansion. Further, we believe that our deep penetration in rural markets, leveraging on MFL's branch network, has helped us achieve lower operating expense ratios. Our gross loan portfolio was ₹29,202.97 million as of March 31, 2018. Our total disbursements across all microfinance operations for the financial years 2018, 2017 and 2016 were ₹30,363 million, ₹20,285 million and ₹7,651 million, respectively. Our Return on Equity for the financial years 2018, 2017 and 2016 was 18.91%, 28.69% and 25.28%, respectively.

Access to diversified sources of capital and effective cost of funds

We believe that we have a well-diversified funding profile that underpins our strong liquidity management system, credit rating and brand equity. We have historically secured, and seek to continue to secure, cost effective funding through a variety of sources, including banks, mutual funds, insurance companies and other financial institutions, together with pass through certificates and direct assignment of loans. As of July 10, 2018, we had outstanding debt in principal amount of ₹17,042.71 million from over 35 banks, financial and other lending institutions. During the financial year 2018, we received net proceeds of ₹12,769 million from direct assignment of 719,934 loan accounts.

Historically, the micro-finance industry has relied on priority sector loans from public and private sector banks and the cost of such funds is considerably less than the cost of other bank funds. We are eligible to borrow priority sector loans from banks as an NBFC-MFI. We leverage on our loan portfolio in order to enter into direct assignment transactions with banks. Such transactions allow us better margins as our priority-sector loan portfolio is bought by banks at cheaper rates as compared to term loans. In addition, as an NBFC-MFI, subject to certain conditions being met, we are eligible to access external commercial borrowings. In addition to such funding, we have the ability to fund the growth of our operations and loan portfolio through issuances of debt securities such as redeemable non-convertible debentures, commercial paper, loans with various maturities raised from domestic and international banks, financial and other institutions.

We maintain a conservative ALM policy, with a bank-like CRR/SLR approach which is calibrated over time, recognizing our operating metrics. We have aggregate loan provision of 1.50% of our total outstanding loan portfolio as of March 31, 2018, which is higher than the regulatory requirements applicable to us. Our capital adequacy ratio of 34.83% of risk-weighted assets as of March 31, 2018 which is well above the requirement of 15.00% of risk-weighted assets prescribed by the RBI. We believe that these factors provide us with a competitive advantage when borrowing funds for our operations. We have reduced our average effective cost of borrowings from 16.29% for the financial year 2016 to 12.15% for the financial year 2018. CRISIL has provided us with a comprehensive microfinance grading of "M1C1" as an MFI, which is the highest available grading on an eight point scale for microfinance capacity assessment and the highest available grading on a five point scale for code of conduct assessment.

Streamlined operating model with effective use of technology

We recognize that establishing and growing a successful microfinance business in India involves the significant challenge of addressing a borrower base that is quite large and typically lives in remote locations. To address this challenge, we believe that we have designed a streamlined and scalable operating model and developed systems and solutions for our operations. Through agreements with MFL and Muthoot Pappachan Technologies Limited, we have access to customized process-based proprietary systems and customized software that reduce the cost of conducting transactions across a widespread branch network and a substantial member base. To manage our operating expenses and increase efficiency, we have started equipping our field staff with mobile solutions and deploying customized and comprehensive software which simplifies data entry and improves the accuracy and efficiency of collections and fraud detection. The mobility solutions help staff at the

centers to avoid manual data entry at center meetings and save time. Further, we have instituted “*Legacy*” our integrated loan origination and management system which allows for real-time tracking of collections.

Our systems operate in a secured technological environment with a robust back-end system supported by computerized, internet-enabled branches ensuring that transactions are recorded and completed electronically. Leveraging on our technology initiatives we believe we are able to achieve quicker turn-around times for our loan approval and disbursement processes. Leveraging our technological initiatives, we have increased the average number of borrowers served per branch from 1,638 as of March 31, 2016 to 2,591 as of March 31, 2018.

Our business processes, from member acquisition to cash collections, have been standardized and documented, allowing for the quicker commencement of operations at our new branches. In addition, the terms and conditions of our loan products are generally uniform throughout India. Further, we have standardized our recruitment and training programs and materials so that they may be easily replicated across our operations. This standardized approach also allows our employees to efficiently move from region to region based on demand and growth requirements.

Experienced and Professional Management Team

Our Board, Promoters and senior management is composed of experienced professional, industry experts and management professionals. We believe that we have a strong senior management team to lead us, a majority of whose members have been with us for over five years. Our senior management team includes experts at various functions and professionals with ground level knowledge of the microfinance industry, who are supported by a capable and motivated pool of employees. Our senior management team has members who have significant experience in the microfinance and various lending businesses as well as across major functions related to our business. Together, they have demonstrated an ability to manage and grow our operations. Our team has developed the skills to identify, develop and offer products and services that meet the needs of our borrowers and members, while maintaining effective risk management and competitive margins. Our mid-level management personnel also have in-depth industry knowledge and expertise. Further, we have instituted several training and mentorship programs for our junior and mid-level management employees. We have successfully recruited and retained employees from a variety of backgrounds, including credit evaluation, risk management, treasury, technology and marketing. We endeavour to hire qualified personnel and 72.19% of our employees have college graduation as their minimum academic qualification, as of March 31, 2018.

Our Strategies

Diversification of Revenue Streams and Cross-Selling of Products and Services

Our strategy is to cater to the lifecycle need of a rural household to drive customer retention. We believe that our large customer base provides significant opportunities from increased cross-selling and up-selling of products and services. As part of our growth strategy, we intend to leverage our large customer base, branch network and experienced employee-base to offer additional financing products to existing customers who have a positive track record of loan repayment. We have commenced the offering of additional financing products such as loans to purchase bicycles and home appliances.

We also intend to reduce our reliance on net interest margins alone, and shift to a combination of net interest margin and fee based income. We earn fee income by cross-selling housing loans and two-wheeler loan products offered by our Group Companies to our customers. We believe such cross-selling provides us with a significant opportunity to scale up our operations. In addition, we have entered into a business correspondence agreement with YES Bank Limited (“**YES Bank**”) including identification of JLGs, conducting education and trainings for such JLGs, facilitating evaluation of applications, disbursement and collections for their microfinance product. We are conducting this business at three of our branches on a pilot basis, and have disbursed ₹111 million to 3,663 customers with an outstanding loan portfolio of ₹92.97 million as of March 31, 2018 and we receive commission as a percentage of the interest collection and processing fee. Similarly, we are also acting as a business correspondent of MFL for its ‘Muthoot Small & Growing Business’ loan, and we receive a percentage of the amounts disbursed and collected.

We believe additional products and cross-selling opportunities also help strengthen our relationship with our customers and enable higher customer retention. We believe this strategy serves as an effective mitigation mechanism from potential interest rate volatility and would contribute to our profitability. Further, given our high customer retention rates, we expect to derive benefits from economies of scale as there is limited incremental sourcing cost for existing customers, and they are eligible to borrow higher loan amounts from us since they have progressed to higher loan cycles and they have been our customers for a number of months or years.

Expand our geographical footprint and sourcing platform across India

We plan to selectively expand our business operations into regions where we expect that the individual borrowers are underserved, have lower penetration by micro-finance companies, and we believe that there will be an opportunity for us to service an increased customer base. According to CRISIL Research, in 2017, India’s Northern and Western states were

relatively underpenetrated and the Eastern states were moderately penetrated as compared to the pan-India average penetration and the growth in the MFI portfolio is expected to come from states that have a relatively lower penetration. We expect that a significant portion of our future geographic expansion will include rural areas in these regions of India and intend to grow our branches in eight key states including Uttar Pradesh, Gujrat, Bihar, Rajasthan, Jharkhand, Odisha, Punjab and West Bengal.

Our customer origination and servicing efforts strategically focus on building long-term relationships with our customers and address specific requirements in a particular region. We select new geographies for expansion based on detailed studies and analysis which include field surveys, industry reports comparison including delinquency pattern and concentration of competitors. We generally launch operations in new territories in a phased manner starting with limited branches to understand the market and then seek to expand, based on market response.

Further, we intend to continue to leverage the expansion of branch network by MFL. For instance, we will continue to utilize the hub-and-spoke model in an effort to leverage branch infrastructure of MFL to market our products and services which we believe would allow us to expand with lower marginal costs and increase our profitability. MFL's widespread branch network also enables us to mitigate our exposure to local or regional economic downturns, political circumstances and/or disruptions. We also intend to continue expand into districts and regions where MFL may not have branches or significant presence.

Continue to Enhance Information Technology with a Focus on Customer Service

We continue to invest in our technology platform and technology-enabled operating procedures to increase operational and management efficiencies as well as ensure strong customer credit quality. Our focus on the effective use of technology is aimed at allowing employees across our branch network to collect and enter data to a centralized management system, providing our senior management real-time access to credit processing and decision making. We believe that the accurate and timely collection of such data gives us the ability to operate our business in a centralized manner and develop better credit procedures and risk management. As we continue to expand our geographic reach and scale of operations, we intend to further develop and invest in our technology to support our growth, improve the quality of our services and achieve superior turnaround time in our operations.

We believe that superior customer service is an integral part of our value proposition to our customers. We intend to leverage information technology to improve our customer's experience from sourcing, know-your-customer procedures and appraisal to post sales service stage. Our current platform allows us to undertake integrated credit bureau data collection, automated appraisal in the form of approval and rejection, stage wise review of the customer disbursement process, online real-time process integrating all branch information. We are working on implementing mobility-based loan origination systems with electronic know-your-customer checks, digital document signatures, GPS tagging and real time credit scoring. We believe that implementing robust technology infrastructure will enable us to respond swiftly to market opportunities and challenges, improve the quality of services, scale-up our risk management capabilities, optimize our operating costs and improve our operational efficiency.

We will continue using our analytics capabilities for finding out customer patterns, developing insights for marketing and sales strategy, and customize our products based on customer segments. We believe that superior analytics capability and a large customer base also provides us with the opportunity to identify avenues for cross-sell and sell additional products to borrowers eligible for larger loans. We intend to continue investing and augmenting our analytics capabilities with real time analytics and machine learning in order to better service the needs of our customers.

Diversifying our Sources of Funds

We believe that we have been able to access cost-effective debt financing and reduced our average cost of borrowings over the years due to our stable credit history and improving credit ratings, diversification of borrowings and enhancement of scale of our business. As we continue to grow the scale of our operations, we seek to reduce our dependence on more costly term loans from banks and financial institutions including by raising additional Tier II capital and from issuing NCDs, optimize our cost of funds and continue to improve our credit ratings. A lower average cost of borrowings enables us to competitively price our loan products. Further, we will continue to evaluate opportunities to securitize or assign loans to financial institutions, which would enable us to optimize our cost of borrowings and liquidity requirements, capital management and asset liability management.

DESCRIPTION OF OUR BUSINESS

We are one of the leading micro-finance institutions focused on providing micro-loans to women customers with a focus on rural regions of India. We are the fifth largest NBFC-MFI in India in terms of gross loan portfolio, as of March 31, 2018, according to CRISIL Research. Our gross loan portfolio was ₹29,202.97 million, while our gross loan portfolio in South India was ₹24,856.50 million, our gross loan portfolio was serviced by 5,583 employees, as of March 31, 2018.

Our Branch Network

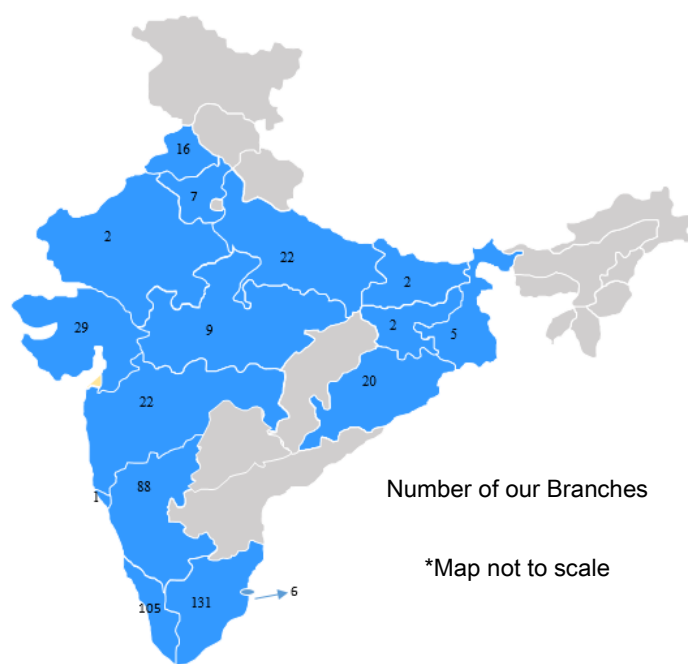
We have 1.20 million active borrowers, who are served by our 467 branches across 168 districts in 16 states and union territories in India, as of March 31, 2018. Out of our total branches 330 branches are located in South India, serving 1.00 million active borrowers, as of March 31, 2018.

We have built our distribution infrastructure near and around the branches of our Promoter, MFL, in order to leverage on a hub and spoke model, where our branches act as hubs facilitating loan sanctioning, staff reporting, data entry as well as file storage, client interaction and MFL's branches are utilized as spokes, for cash disbursement and management as well as coordination between our branches and our centers. We endeavour that our branches are located within a radius of fifteen kilometres from MFL's branches and that our centers are located within four to five kilometres of MFL's branches and also in close proximity of our borrowers' homes.

As of March 31, 2018, we had 4,639 branch managers, credit officers and relationship officers, including trainees, who comprised 83.09% of our total workforce. Our branch managers and relationship officers use weekly meetings as means to communicate with the members in our joint liability groups. As of March 31, 2018, each of our relationship officers on average managed 364 clients. Administrative support staff and management personnel at our area, division and regional offices provide support to our branches.

The relationship officers are hired locally and trained so that they have a strong understanding of the local areas in which they will work. In many cases, our relationship officers come from the same villages our customers come from. However to avoid conflicts of interest, we ensure that the relationship officers are not appointed to their native village. We believe this has the additional benefit of creating additional employment in the rural villages in which we operate. We provide two days' training on policy and processes and 12 to 21 days' field training for new employees.

The map below illustrates the spread of our branches across India, as of March 31, 2018:



Our Products

Our wide range of financial products is designed according to various life-cycle needs of our customers. Our financial products are broadly set forth in the table below, as of March 31, 2018:

Loan Type	Number of Loans Outstanding	Gross Loans Outstanding (in ₹ Millions)	Percentage of Gross Loans Outstanding (in %)
Livelihood Solutions			
Income Generating Loans	1,191,550	21,031.57	72.02%

Dairy Loans	18,863	351.23	1.20%
Sewing Machine Loans	240	1.18	0.00%
Life Betterment Solutions			
Education Loans	261,623	3,989.36	13.66%
Emergency Loans	116,731	1,249.01	4.28%
Mobile Phones Loans	41,501	179.17	0.61%
Solar Lantern Loans	61,172	80.27	0.28%
Solar Fan Loans	179	0.47	0.00%
Health and Hygiene Loans			
Induction Stove Loans	7,002	13.09	0.05%
Water Purifier Loans	9,139	21.00	0.07%
Total	1,708,000	26,916.35	92.17%
Business Correspondent Portfolio			
Livelihood Solutions	92,682	2,282.41	7.82%
Life Betterment Solutions	333	4.20	0.01%
Total	93,015	2,286.61	7.83%
Grand Total	1,801,015	29,202.97	100.00%

Brief details of these loan products are set forth below.

Livelihood Solutions

We currently provide three types of livelihood solutions to our customers:

Income-Generating Loans

Income-generating loans are our principal loan product for use by women in rural areas, intended to provide capital for their small businesses. The loans are made to customers for businesses in sectors such as agriculture (coir and coir products, dairy, flowers and plants, fruits, vegetable and grain cultivation, irrigation, among others) animal husbandry (cattle farms and poultry, among others), manufacturing (bricks and allied products, candles, handicrafts, linen, ornaments, furniture, jams and pickles, among others), services (beauty parlours, computer centers, electrical service centers, ironing and dry cleaning, among others) and trading (spare parts, bakery, computer and peripherals, electrical and electronics and grocery shops). The table below presents the break-down of our gross income-generating loans outstanding as of March 31, 2018 by end-use:

End-Use	Number of Borrowers	Gross Income-Generating Loans Outstanding (in ₹ million)	As a percentage of Gross Income-Generating Loans Outstanding (in %)
Agriculture	91,834	1,547.78	7.36 %
Animal Husbandry	380,266	6,567.57	31.22 %
Manufacturing	144,550	2,531.79	12.04 %
Services	439,065	8,183.82	38.91 %
Trading	135,697	2,199.72	10.46 %
Others	138	0.87	0.01%
Total	1,191,550	21,031.56	100.00%

Loans granted under the income-generating loan program are for a maximum amount of ₹60,000. The annual effective interest rate of the loans is currently 22.00%. In addition, we charge a non-refundable loan processing fee equal to 1.00% (excluding service tax) of the loan amount. The term of an income-generating loan is one or two years with repayment frequency of 52 or 104 weeks for weekly loan and 12 or 24 months for monthly loan. Principal and interest payments are due on a weekly or monthly basis during the loan term, subject to compliance with any applicable local law requirements. As of March 31, 2018, income-generating loans constituted 72.02% of our gross loan portfolio. We disbursed ₹21,106.95 million worth of income generating loans in financial year 2018.

Dairy Loans

The loans are made to customers for purchase of cattle. The annual effective interest rate is currently 22.00% and the non-refundable loan processing fee is 1.00% (excluding service tax) of the amount of the loan provided. Loans granted are for a maximum amount of ₹50,000. The term of this loan is typically two years. Principal and interest payments are due on a weekly or monthly basis during the term of the loan. As of March 31, 2018, these loans constituted 1.20% of our total loan portfolio. We disbursed ₹325.52 million worth of dairy loans in financial year 2018.

Sewing Machine Loans

We have a considerable number of customers who seek loans for tailoring activities. In light of our customers' need for sewing machines, we have entered into agreements with a manufacturer for financing of sewing machines purchased by our borrowers. We receive a referral fee from the manufacturer on the amount financed for these services. The annual effective interest rate is currently 24.00% and the non-refundable loan processing fee is 1.00% (excluding service tax) of the amount of the loan provided. Loans granted by us are generally for approximately ₹4,000. The term of these loans is typically 30 weeks or eight months. Principal and interest payments are due on a weekly or monthly basis during the term of the loan. As of March 31, 2018, these loans constituted 0.004% of our gross loan portfolio. We disbursed ₹0.81 million worth of sewing machine loans in financial year 2018.

Life Betterment Solutions

We currently provide three types of life betterment solutions to our customers:

Education Loans

The loans are made to customers for funding primary and secondary education of children with concessionary rates offered for the education of girls. The annual effective interest rate is currently 22.00% and the non-refundable loan processing fee is 1.00% (excluding service tax) of the amount of the loan provided. Loans granted are for a maximum amount of ₹30,000. The term of the loan is one or two years with a monthly or weekly repayment frequency. As of March 31, 2018, these loans constituted 13.66% of our gross loan portfolio. We disbursed ₹5,584.00 million of such loans in financial year 2018.

Mobile Phone Loans

In light of our customers' need for mobile phones, we have entered into agreements with retailers and distributors for the financing of mobile phones purchased by our borrowers. We receive a referral fee from such retailers and distributors on the amount financed for these services. The annual effective interest rate is currently 24.00% and the non-refundable loan processing fee is 1.00% (excluding service tax) of the amount of the loan provided. Loans granted are for a maximum amount of approximately ₹7,000. The term of this loan is typically 52 weeks for principal and interest payments. As of March 31, 2018, these loans constituted 0.61% of our gross loan portfolio. We disbursed ₹280.00 million mobile phone loans in financial year 2018.

Solar Lighting Product Loans

In light of our customers' need for solar lighting products, we have entered into agreements for the financing of solar lanterns purchased by our borrowers. We receive a referral fee on the amount financed for these services. The annual effective interest rate is currently 24.00% and the non-refundable loan processing fee is 1.00% (excluding service tax) of the amount of the loan provided. Loans granted are for a maximum amount of approximately ₹2,000. The term of this loan is typically 30 weeks based on the mode of principal and interest payments. As of March 31, 2018, these loans constituted 0.27% of our gross loan portfolio. We disbursed ₹17.00 million solar lantern loans in financial year 2018.

Health and Hygiene Loans

We currently provide two types of health and hygiene loans to our customers:

Water Purifier Loans

In light of our customers' need for water purifiers, we entered into agreements with a large multi-national corporation for the financing of water purifiers purchased by our borrowers. We receive a referral fee from the manufacturer on the amount financed for these services. The annual effective interest rate is currently 24.00% and the non-refundable loan processing fee is 1.00% (excluding service tax) of the amount of the loan provided. Loans granted are for a maximum amount of approximately ₹4,000. The term of this loan is typically 52 weeks principal and interest payments. As of March 31, 2018, these loans constituted 0.07% of our gross loan portfolio. We disbursed ₹32.00 million for water purifier loans in financial year 2018.

Induction Stove Loans

In light of our customers' need for induction stoves, we provide financing of induction stoves purchased by them. We receive a referral fee from the manufacturer on the amount financed for these services. The annual effective interest rate is currently 24.00% and the non-refundable loan processing fee is 1.00% (excluding service tax) of the amount of the loan provided. Loans granted are for a maximum amount of approximately ₹3,600. The term of this loan is typically 30 weeks or 8 months principal and interest payments. As of March 31, 2018, these loans constituted 0.04% of our gross loan portfolio. We disbursed ₹17.58 million of induction stove loans in financial year 2018.

Our Business Model

Our group loans (including income generating loans and dairy loans) are based on a group lending model, catering

exclusively to women. An informal JLG (typically comprising between four to ten members) provides joint and several guarantees for loans obtained by each member of the JLG. This model is based on the idea that people belonging to lower-income segments have skills that are under-utilized. It is further premised on the fact that if such individuals are given access to credit, they will be able to identify new opportunities and grow existing income generating activities such as running local retail shops, providing tailoring and other assorted trades and services, raising livestock, cottage production such as pottery, basket weaving and mat making, land and tree leasing, among others. We believe that access to basic financial services can significantly increase economic opportunities for families in the lower-income segment.

Our lending model comprises five key elements that we have summarized below.

Village Selection

We believe it is important for us to determine the feasibility of a village for our lending business before we commence operations in that area. We designate business development officers to be responsible for a specified village or set of villages. Our business development officers conduct a comprehensive survey to evaluate the local conditions and potential for operations based on several key factors that include total population, income levels, road access, political stability and safety. After a village has been selected, our employees conduct public meetings in the village to introduce themselves and our Company. In these meetings, we explain the concepts of group lending, our lending procedures and the requirements for group formation.

Focus on Women

We lend to women in low income households, even if loan proceeds are used in the household business that is run by the family, including the husband. We believe that women can positively influence loan repayment in their household because they are generally more risk-averse, cooperate better in groups, and are generally more accessible than their working husbands and can meet regularly to handle the repayment of their loans. We believe that providing women with access to capital in this manner increases their decision-making stature in the household. As decision-makers, we believe women can help direct disposable income to the more basic needs of the home such as nutrition, education and home repairs.

Member Training

We believe it is crucial to build a culture of product awareness and credit discipline from the early stages of group formation. We address this through training and education. We provide basic product awareness training for our members as many of them have varying levels of literacy and awareness about financial products and services. In particular, our training sessions are participatory and employ visual aids such as seeds, coins and cardboard cut-outs to explain the elements of our products and procedures. Our standardized training programs serve as a platform for increased trust and discipline within the JLGs which we believe translates to better loan portfolio performance and contributes to the sustainable growth of our business. Once a group is formed, we conduct training sessions or compulsory group trainings, consisting of a series of hour long sessions over three days. During the training period, our employees also collect quantitative data on each potential member to ensure she qualifies for the program and to record baseline information for future analysis. On the last day, a group recognition test is administered and members are officially inducted. Many of the training sessions have an everyday beneficial effect on our members such as the ability to sign their name, count cash and work in groups.

Joint Liability Group Lending Business Processes

Customer Due Diligence Processes

Our branches enrol customers who satisfy the target clientele criteria. The size of the groups is flexible with a minimum of four and a maximum of 10 women customers in a group. One or multiple groups form a center which typically has 5 to 35 customers. Once the interested women customers have formed their groups, we provide further information to them, such as a brief introduction to our Company, criteria for group formation and group responsibilities. Immediately after the formation of the group, the relationship officer visits the prospective customers' house to collect the know-your-customer documents and basic data of the customers. We require each customer to provide two identification proofs, namely: the Aadhar card and a voter ID card. At each customer's house, we include all the family members in the conversation during the information gathering session. The customer's husband and household elders are briefly informed of our rules and regulations, including the compulsory training for women customers.

Once relevant know-your-customer documents and customers' information is collected, it is sent to our hub branches for data entry in our core banking system and credit bureau check. Upon receiving a positive credit bureau response, the relationship officer will conduct comprehensive group training.

We believe that group training is necessary for developing group solidarity and strict credit discipline; and for groups to work

together and be responsible for financial transactions, both individually and as a group. The duration of the compulsory group trainings is typically three days, which might be extended if relationship officers deem it necessary (30-60 minutes each day), for new centers and new groups in existing centers. The group training covers various topics such as center meeting processes, rules and regulations of our Company, awareness of products and processes, bank accounts, savings and insurance. On the last day of the group training or at a later date, re-interview is done by the credit officer to determine the customers' level of understanding of the topics covered during the training. The credit officer then visits the homes of the new customers to verify the potential customers and obtain the consent of their family members for the customers becoming borrowers. If the credit officer is satisfied, he conducts the group recognition test. The group recognition test is designed to assess the quality of the proposed group and to confirm that they meet all our criteria. All the customers who have cleared the re-interview process are present during the group recognition test. Based on the results of the group recognition test, the credit officer recommends for loan processing and branch manager decides whether or not to approve the group. Through this process, we ensure that there are multiple levels of check before enrolling a new group or customer.

Center Meetings: Center meetings are conducted weekly or monthly at a fixed place and time on a particular day. We typically select a common place large enough to accommodate all members of the center, generally a customer's residence in the absence of any common meeting area. We try to ensure that the location is in the center of the village and is commonly used by people of the village to give visibility and transparency to the center meetings.

A center meeting is one of the core activities for our field staff and also a matter of importance to both our customers and us. Hence, we ensure that center meetings are conducted strictly as set out in our operational guidelines either on a weekly or fortnightly basis. Center meetings are vital for us for the following reasons:

- all financial and non-financial transactions with our customers are conducted at the center meeting;
- the center meeting is our point of contact with our customers, and this helps in relationship building with the customer;
- all our important schemes and policies are shared with our customers at the center meeting; and
- the center meeting plays an important role in building our brand image.

The timing of the center meeting is typically fixed by the respective groups. The duration of the meeting may be between 30 to 45 minutes, depending on the location and the volume of transactions.

We have a judicious mix of repayment with both weekly and monthly cycle loans, currently we have 46.50% of our total loan portfolio as of June 30, 2018 on weekly collection cycle and balance on the monthly collection cycle, to ensure that the repayment frequency matches our customer's cash flow frequency to lower the chances of a loan default.

Credit Appraisal, Sanction, Disbursement and Repayment Processes

Receipt of Loan Applications: Loan applications are submitted to the branch manager at the center meetings after ensuring that every group member is willing to take joint responsibility for the loan, i.e., the group relationship test. Our personnel facilitate discussions among group members and the group decides whether or not to approve the loan request from a particular member based on everyone's understanding of the nature of business activity the loan is intended to be used for, and the expected frequency of cash flows, viability and profitability. If the group agrees to the loan, the relationship officer accepts the loan application from the customer.

Loan Evaluation: After the receipt of the loan application (countersigned by the leaders of the group at an individual capacity), the credit officer makes a compulsory visit to the customer's residence to interview the customer and other members of her household to ascertain the repayment capacity of the customer. During the visit, the credit officer prepares the cash flow statement in the prescribed format if the member has applied for an income generating loan.

Loan Sanction and Further Processing: On the recommendation of the relationship officer and after reviewing the relevant documents, the branch manager will sanction the loan. The branch manager signs the sanction letter and sends it for approval of the credit terms, after discussion with the relevant credit officer.

Village Level Lending and Collection

Our approach to rural lending involves providing credit to borrowers in their village. Meetings begin early in the morning in order not to interfere with the daily activities of our members. We have developed a network that reaches each of the JLGs we lend to on a weekly or monthly basis. This allows us to regularly collect repayments on outstanding loans and disburse new loans, reinforce group stability, address community issues and eliminate the travel and time constraints that members may face with other lenders. Additionally, loan utilization checks are also done for at least 50% of the loan accounts disbursed in the previous month.

Business Correspondence Model

We have entered into a business correspondence agreement with YES Bank for disbursement and collection of their microfinance products. We are conducting this business at three of our branches on a pilot basis, and have disbursed ₹111 million to 3,663 customers with an outstanding loan portfolio of ₹92.97 million as of March 31, 2018. The credit appraisal of the loan is undertaken by YES Bank, we execute the document, provide the originals to YES Bank and manage the collection. We receive commission as a percentage of the interest collection and processing fee.

We are also acting as a business correspondent of MFL for its 'Muthoot Small & Growing Business' loan as well as loans for purchase of mobile phones by certain taxi drivers, among others, which is considered as an enhanced facility offering to microfinance customers to take their business to next level of growth. This facility may be availed by our existing clients those who have good repayment track record to cater their immediate financial requirements. This is a 100.00% secured loan and financed up to ₹300,000 and can be availed by guaranteeing primary and secondary security. We have disbursed ₹2,007.24 million to 42,182 customers in the financial year 2018, with an outstanding loan portfolio of ₹2,043.48 million as of March 31, 2018. We receive a percentage of the amounts disbursed and collected. We do not provide any credit guarantee for this portfolio of outstanding loans.

Transition of the microfinance business from MFL to our Company

MFL commenced the microfinance business currently undertaken by our Company in the financial year 2010, which was transitioned and transferred to our Company between April 2014 and March 2017, in a staggered manner. Our results of operations have been impacted by such transition and transfer of the microfinance business from MFL to our Company. The transition included a gradual transfer of employees and leases for branches from MFL to our Company between April 2014 and March 2017. Further, the loan portfolio and active borrowers were transferred from MFL to our Company only as borrowers renewed their microfinance loans. Such borrowers were registered with our Company and their loan account was transferred to our Company.

The table sets out certain key parameters indicating the manner of this transition:

	As of March 31, 2018	As of March 31, 2017	As of March 31, 2016
Branches transferred from MFL to our Company	346	346	180
Newly opened branches by our Company	121	53	-
Total Branches with our Company	467	399	180
Our Gross Outstanding Loan Portfolio (₹ million)	29,202.97	19,558.64	6,530.38
Active borrowers of our Company	1,209,781	765,541	294,803
Gross Outstanding Loan Portfolio in microfinance business of MFL (₹ million)	907.73	3,330.44	12,284.95
Active borrowers with microfinance business of MFL	112,234	389,876	914,810

See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting Our Results of Operations - Transition of the microfinance business from MFL to our Company*” on page 127.

Internal Audit and Internal Controls

Our Company believes in maintaining a strong internal control framework and views such a framework as an essential prerequisite for the growth of business. We have well documented policies, procedures and authorization guidelines that are commensurate with our size. Further, an efficient independent internal audit system is in place to conduct periodic internal audits of all branches, regional offices and as well as the head office.

We have a strong internal audit team of 192 employees, as of June 30, 2018. Our internal audit function is an independent activity guided by a philosophy to add value to improve and enhance operations of our organization. It assists our Company in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of our internal control, risk management and governance processes.

The internal audit activity is conducted with strict accountability for confidentiality and safeguarding records and information. It has fully authorized, free and unrestricted access to any and all of our Company's records, physical properties and personnel pertinent to carrying out any engagement. The internal audit activity also has free and unrestricted access to our Board. The Audit Committee of our Board is updated on significant internal audit observations, compliance with statutes, progress of risk management practices and effectiveness of our control systems every quarter. Our internal audit function also interacts with our statutory auditors.

Every branch is generally audited six times in a financial year. Based on the extent of compliance and adherence to systems, policies and procedures, the audited branches are assigned compliance scores. The branch audit is conducted based on a detailed audit program and various checklists updated in accordance with our operational policies and procedures. The audit process involves field visits in the morning, and office related work, verification and checks in the afternoon and evening. The scope of our branch audit covers the following areas of operations:

- financial, accounting and operating controls, i.e., a review of processes and controls;
- ascertaining the extent of compliance with our established policies and procedures; and
- visits to center meetings to ascertain compliance with our policies and procedures, and customer house visits.

Risk Management

As a financial intermediary, we are exposed to risks that are particular to micro-credit lending and the environment in which we operate. We have identified and implemented comprehensive policies and procedures to assess, monitor and manage the risks we face. We seek to continuously improve our risk management processes to address the changing risk environment and to ensure that our processes are sufficiently agile to adapt to the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis. See “*Risk Factors*” on page 15.

We have developed detailed processes for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. These are discussed with both our Management and our Risk Management Committee. Some of the risks relate to competitive intensity and the changing legal and regulatory environment. The Risk Management Committee of our Board reviews the risk management policies in relation to various risks and regulatory compliance issues.

We have identified the following as key risks:

Political Risk

We recognize political risk as one of the major risks facing the industry and believe that political risk can be mitigated through responsible lending and fair pricing by way of:

- Robust customer grievance redressal mechanism – We have implemented toll-free customer service help lines; tele-calling services for the customer and check on any complaints on the employees or the company which are generally investigated within seven days from receipt.
- Calibrated growth – Our growth strategy aims to meet requirements of our members and also address concerns of various stakeholders.
- Engagement activity with the members and society including financial literacy and awareness programs.

Concentration Risk

We seek to mitigate concentration risk in both our loan portfolio and borrowings through well-defined geographic and borrower dependence norms. We have adopted a policy to limit the maximum exposure in a particular state to 1.5 times of net worth of a particular financial year with a variance of 0.25 times of net worth permitted for monthly movement on securitised or assigned portfolio.

Operational and Credit Risk

Our core business of providing unsecured loans in rural areas requires a high level of operational and credit risk management. To mitigate operational and credit risks, we have adopted the following strategies:

- *Product and process design.* We have adopted a uniform lending process across all branches and ensure that the process is well-documented for transparency and consistency, enabling predictability of transactions as a further risk mitigant.
- *Robust internal audit.* We have adequate controls and processes in place with respect to our operations. Our Internal Audit department monitors adherence to internal controls and processes and provides inputs for strengthening our risk management. Every branch is audited generally six times each year and 100.00% of loan documents are verified.
- *Role of Credit Vertical.* We have a credit officer at every branch who reports to the regional credit head who in turn reports to our head office. The credit vertical is not incentivised for bringing in new business and their focus is to ensure the process and policies are followed correctly.

- *Utilization check.* We check that all loans have been utilized within a month and further check how loans have been utilized by calling third parties on a sample basis.
- *Employee Rotation.* We have a policy to ensure that no field employee is posted in the same location for over two years in an effort to mitigate chances of collusion or fraud. All field employees are either transferred to another branch or rotated to another role in a pre-designed manner. The policy ensures that the employees have the predictability of their movements without putting them into undue hardships.

We seek to ensure efficient and uniform appraisal, disbursement, collection and delinquency management resulting from streamlined approval and administrative procedures. We have a well-established underwriting policy which ensures that customer selection is done after evaluating repayment capacity and completing detailed cash flows analysis. We use technology and automation to establish credit worthiness and repayment behaviour of individual borrowers by analysing credit bureau reports of borrowers, where available, before sanctioning loans. Further, we seek to emphasize regular end use and payment monitoring, which tie into our key risk parameters. For example, we carry out regular loan utilization checks, and typically endeavor to conduct such checks within one month of disbursement of the loans. These periodic checks and regular monitoring helps us in timely identification of borrowers or groups with increasing risk, enabling timely remedial measures, as applicable. We have also implemented real time collections monitoring which ensures that any delay in collections is regularly highlighted and followed up to seek payment recovery

Liquidity Risk

We place significant emphasis on liquidity management and maintain a bias towards high levels of liquidity in order to address operational requirements and corporate commitments. Along with our diversified funding strategy and favourable asset-liability maturity profile, we seek to ensure we have sufficient liquidity to meet our business requirements and promote risk mitigation. We also have a mixture of fixed and variable interest rates in the borrowing profile which helps in a volatile interest rate risk scenario.

Risk management forms an integral part of our business and we recognize the importance of risk management towards our long term success. We have implemented well-defined key risk management policies. These policies primarily focus on addressing credit risk, operational risk and financial risk.

Financial Risk

We have adopted well established risk management policy to ensure there is no asset liability mismatch. Our borrowing committee works under the supervision of our Board to ensure that our cost of borrowings, interest rates for our borrowings and draw-downs on our loan facilities are well managed. Our investment committee seeks to ensure that our treasury operations are optimal, including by selecting appropriate short term savings instruments for the deployment of cash collected. Our cash management tie up with MFL helps greatly in treasury operations by limiting the amount of cash we collect and hold.

Operational Quality Control Team

Our operational quality control team is a function established within our field operations and operational quality control staff members report to business heads to enhance proactive monitoring of our operations. The operational quality control team oversees continuous, proactive and comprehensive review of processes, documentation and information in the field. The function also ensures process adherence, complete and accurate documentation in branches and center meetings and adherence to the code of conduct.

Compliance with the NBFC-ND-SI Master Directions

Our Company has been classified as a systemically important, non-deposit taking NBFC, which requires us to comply with the NBFC-ND-SI Master Directions. Set out below is the current status of our compliance with certain key aspects of the NBFC-ND-SI Master Directions.

Criteria	NBFC-ND-SI Master Directions	Our Compliance Status
Loan Portfolio – Qualifying Assets	At least 85.00% of net assets (<i>i.e.</i> , total assets excluding cash and bank balances and money market instruments) to be in the nature of “qualifying assets.”	“Qualifying assets” constituted 94.37% of our net assets, as of March 31, 2018.
Qualifying Assets – Income Generation	At least 50.00% of the aggregate amount of loans given by the MFIs to be given for income-generation activity.	Loans for income generating activities constituted 98.30% of our total loan portfolio, as of March 31, 2018.
Ticket Size	Individual loan amounts not to exceed ₹60,000 in the first cycle and ₹100,000 in subsequent cycles.	The maximum amount of loan for our micro-credit products is ₹25,000 in first cycle and

Criteria	NBFC-ND-SI Master Directions	Our Compliance Status
		₹75,000 in subsequent cycles.
Indebtedness of Borrower	Total indebtedness of the borrower not to exceed ₹100,000.	We comply with this norm in relation to our micro-credit products.
Tenure of Loan	Tenure of loan to be at least 24 months for loan amounts in excess of ₹30,000 with prepayment without penalty.	We comply with this norm in relation to our micro-credit products.
Collateral	Loan to be extended without collateral.	We comply with this norm for our micro-credit products.
Mode of Repayment	Loan to be repayable in weekly, fortnightly or monthly instalments, at the choice of the Borrower.	We comply with this norm, subject to compliance with any local law requirements.
Margin Cap	Interest rates charged will be the lower of the cost of funds plus a margin (margin shall not exceed 10.00% for large MFIs (loans portfolios exceeding ₹1,000,000,000) and 12.00% for the others) and the average base rate of the five largest commercial banks by assets multiplied by 2.75.	We maintain a margin of 9.22% on our micro-credit products. In addition, we charge a loan processing fee equal to 1.00% (excl. service tax) of the loan amount. As a result, we comply with the ceiling on margin.
Insurance Premium	The actual cost of insurance for group, livestock, life and health of borrower and spouse can be recovered. However, administrative charges can only be recovered as per the applicable guidelines issued by the IRDA.	We comply with this norm.
Penalty	Borrowers not to be subject to penalties for delayed payments.	We comply with this norm.
Security Deposit	No security deposit or margin should be taken from the borrower.	We have not taken any security deposit or margin money from our borrowers in respect of our micro-credit products.
Asset Classification	Asset for which interest or principal payment has remained overdue for a period of 90 days or more to be classified as a NPA.	We comply with this norm. We classify loans that remain overdue for more than 90 days as NPAs.
Loan Provisioning	Loan provision to be created for higher of: (a) 1.00% of the outstanding loan portfolio; or (b) 50.00% of the aggregate loan instalments overdue for more than 90 days and less than 180 days; and (c) 100.00% of the aggregate loan instalments overdue for 180 days or more	We comply with this norm.

For details in relation to the NBFC-ND-SI Master Directions, see “Regulations and Policies – Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (“**Master Directions**”)” on page 134 and for details in relation to provisioning norms adopted by us, see “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” on pages 15 and 236, respectively.

Capital Adequacy Ratios

Our CRAR was 34.83%, 18.32% and 15.16% as of March 31, 2018, March 31, 2017 and March 31, 2016, respectively, which was computed in accordance with the extant master direction and prudential norms issued by RBI as applicable to an NBFC-MFI. Under the Master Directions, we are required to maintain a minimum capital adequacy ratio consisting of Tier I and Tier II capital, which shall not be less than 15.00% of our aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items.

Grading and Credit Ratings

We have obtained the grading and credit ratings below:

Grading/Credit Rating	Organization which gave the rating	Date given	Details of the rating
A/Stable	CRISIL	26/06/2018	External rating
IND A-	India Rating & Research	14/02/2018	External rating
M1C1	CRISIL	11/05/2018	Comprehensive Microfinance Grading; M1C1 being the best possible rating
A/Stable	CRISIL	26/06/2018	NCD rating

IND A-	India Rating & Research	14/02/2018	NCD rating
A1	CRISIL	04/01/2018	Commercial Paper

See “Risk Factors – Any downgrade of our credit ratings may constrain our access to capital and debt markets and, as a result, may adversely affect our cost of borrowings and our results of operations” on page 22.

Awards and Certifications

We have always maintained a focus on integrating social values in the design and delivery at all stages of products and services. The following table shows the numerous awards and certifications in recognition of our socially-focused approach in conducting our business:

- Golden Peacock Award for Business Excellence by Institute of Directors in 2018;
- MFIN Microfinance award under Microfinance plus activities in 2018;
- Smart Campaign Client protection in 2017; and
- Most Trusted Microfinance Brand by India Best Brand Series and Awards in 2018.

Information Technology

We believe that we have significantly implemented the use of technology across our microfinance operations in India. With the assistance of our Group Company, Muthoot Pappachan Technologies Limited and selected technology vendors, we have built our technology platform into a business tool for achieving and maintaining high levels of customer service, enhancing operational efficiency and creating competitive advantages for our organization. The following components of our information technology systems have been adopted across our business:

- To manage our operating expenses and increase efficiency, we are equipping majority of our field staff with mobile solutions and deploying customized and comprehensive software which simplifies data entry and improves the accuracy and efficiency of collections and fraud detection. The mobility solutions help staff at the centers to avoid manual data entry at center meetings and save time. As a result, a number of back-office functions have been automated in the field at the point of delivery, which has allowed us to realize significant efficiencies in terms of reduced paper work and processing time;
- Further, we have instituted “Legacy” our integrated loan origination and management system which allows for real-time tracking of payments. Our systems operate in a secured technological environment with a robust back-end systems supported by computerized, internet-enabled branches ensuring that transactions are recorded and completed electronically. Our field and branch level software are developed by Muthoot Pappachan Technologies Limited, our Group Company. We use this software under a license; at a fixed monthly cost of ₹2.50 million. The agreement with MPT is for 10 years starting from April 1, 2015, to provide IT related services to our Company from time to time including expert guidance on IT matters, consultancy services on IT initiatives and support our current and future product offerings including enterprise systems and management information systems;
- We have a robust customer on-boarding process with a high level of data entry and underwriting automation; and
- We have developed an IT system with ability to track field activities on a real-time basis, enabling centralized, online reporting of transaction numbers real-time and immediate handling of fraud and repayment issues. This also allows us to easily introduce new or modified products into the system.

We continue to actively upgrade our technology infrastructure and applications to keep pace with the changing and dynamic environment in the microfinance industry. We will continue to focus on increasing operational efficiency through technology initiatives such as field force automation, robust internal communication and knowledge management systems to ensure greater cooperation between our teams as well as more effective management of operations. We have made significant investments in maintaining and updating our technology infrastructure, systems applications and business solutions. As the microfinance industry is constantly changing, we expect to continue our trend of investment in various different technology initiatives. See “Risk Factors – We face the threat of fraud and cyber-attacks targeted at disrupting our services, such as hacking, phishing and theft of sensitive internal data or customer information. This may damage our reputation and adversely affect our business and results of operations.” on page 27.

Competition

We face our most significant organized competition from other MFIs, SFBs, commercial banks and state-sponsored social programs in India. We expect that small finance banks may emerge as another source of competition. In addition, many of our potential borrowers in the lower income segments do not have access to any form of organized institutional lending, and rely on loans from informal sources, especially moneylenders, landlords, local shopkeepers and traders, at much higher rates.

MFIs can largely be classified into two types: for-profit organizations and not-for-profit organizations. Organizations under a host of different legal forms may be covered under the MFI model, including trusts, societies, co-operatives, non-profit NBFCs registered under Section 25 of the Companies Act, 1956 and Section 8 of the Companies Act, 2013, and for-profit MFIs registered with the RBI as NBFCs. Further, some banks do participate in microfinance by financing the loan programs of self-help groups often in partnership with NGOs. In addition, some commercial banks are beginning to directly compete with for-profit MFIs for lower income segment customers in certain geographies. See “*Risk Factors – Competition from banks and financial institutions, as well as state-sponsored social programs, may adversely affect our profitability and position in the Indian microcredit lending industry*” on page 22.

Employees

As of March 31, 2018, we had 5,583 full-time employees with 3,890 employees in field operations and 749 in credit risk management. The table below provides a break-down of our employees by function as of March 31, 2018:

Function	Number
Business/Operations	4,387
Credit Risk	549
Internal Audit	192
Accounts & Finance	48
Risk Containment Unit	131
Infra & Stores	43
Quality Control	29
Information Technology	26
SPM & Products	7
Network Business	35
Legal	2
Insurance Claim	6
Communication	3
Bank end operation	44
HR & Administration	81
Total	5,583

We have a rigorous selection process for all levels of employees, and we endeavour to verify the background of prospective employees through independent agencies which focus on employment history, reference check, fraud and criminality database search, and address confirmation. We insist on police verification certificate from all our employees. We endeavour to hire highly qualified personnel and 72.58% of our employees have college graduation as their minimum academic qualification, as of March 31, 2018.

We conduct periodic reviews of our employees’ job performance and determine salaries and discretionary bonuses based upon those reviews and general market conditions. We believe that we have a good working relationship with our employees and we have not experienced any significant employee disputes. Our employees are not subject to any collective bargaining agreements or represented by labour unions.

We believe that our compensation and benefit packages are competitive with other companies in the microfinance industry. The compensation of our personnel is linked to both qualitative and quantitative aspects of performance. Our goal-oriented culture and incentive programs have contributed to developing a motivated workforce that is focused on building strong relationships with our borrowers and partners by delivering personalized customer service, growing profitability and striving for operational efficiencies. See “*Risk Factors – Failure to train and motivate our employees may lead to an increase in our employee attrition rates and our results of operations could be adversely affected as a result of any disputes with our employees*” on page 25.

Insurance

We maintain insurance policies that we believe are customary for companies operating in our industry. We have obtained credit shield insurance for the member and nominee. MML also maintain insurance policies covering our fixed assets and equipment, portable equipment and third-party products at branches, which protects us in the event of certain natural disasters or third-party injury, fidelity guarantee insurance policy, money insurance policy and group life insurance for employees and directors. See “*Risk Factors – Our insurance coverage may not be adequate to protect us against all potential losses, which may have an adverse effect on our business, financial condition and results of operations*” on page 31.

Properties

Our registered office is located in Mumbai, Maharashtra premises at 13th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, located on leased premises. Our head office is located at 5th Floor, Muthoot Towers, MG Road, Kochi, Kerala,

located on leased premises. As of March 31, 2018, we had 467 branches throughout India that we occupy through leave and license or lease arrangements. See “*Risk Factors – We are subject to the risks associated with all of our properties being leased*” on page 30.

REGULATIONS AND POLICIES

Given below is a summary of certain sector-specific relevant laws and regulations as prescribed by the Government of India or state governments which are applicable to our Company. The information in this chapter has been obtained from publications available in the public domain. The description of the applicable regulations as given below has been provided in a manner to provide general information to the investors and is not exhaustive and shall not be treated as a substitute for professional legal advice. The statements below are based on the current provisions of applicable law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Pursuant to a certificate of registration issued by the RBI on March 18, 1998 (under our erstwhile name *Panchratna Securities Limited*), our Company was registered as a NBFC, and was granted the NBFC-MFI status by the RBI on March 25, 2015. Our Company is a systemically important non-deposit accepting NBFC, in terms of the guidelines issued by the RBI. For further details, see “Our Business” on page 116.

For details of approvals obtained in accordance with applicable regulations, see “Government and Other Approvals” on page 266.

1. Key regulations applicable to our Company

The RBI Act

The RBI is entrusted with the responsibility of regulating and supervising NBFCs by virtue of powers vested in Chapter IIIB of the RBI Act. The RBI Act defines an NBFC as: (a) a financial institution which is a company; (b) a non-banking institution which is a company and which is in the principal business of receiving deposits, under any scheme or arrangement or in any other manner, or lending in any manner; or (c) such other non-banking institution or class of institutions as the RBI may, with the previous approval of the Central Government, and by notification in the Official Gazette, specify.

A company would be categorized as an NBFC if it has net owned fund of twenty-five lakh rupees or such other amount, not exceeding two hundred lakh rupees, as the RBI may, by notification in the official gazette, specify. Further, NBFCs are required to obtain a certificate of registration from the RBI prior to commencement of the business as a non-banking financial institution.

Pursuant to Section 45-IC of the RBI Act, 1934, every NBFC is required to create a reserve fund and transfer thereto a sum not less than 20% of its net profit every year, as disclosed in the profit and loss account and before any dividend is declared. Further, no appropriation can be made from such fund by the NBFC except for the purposes specified by the RBI from time to time and every such appropriation shall be reported to the RBI within 21 days from the date of such withdrawal.

Master Circular – Foreign Investments in India, issued by RBI dated January 04, 2018 (updated as on April 06, 2018), read with the Consolidated FDI Policy Circular of 2017, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, dated August 28, 2017 (“FDI Policy”)

Foreign investment into NBFCs, carrying on activities approved for FDI, will be subject to the conditions specified in paragraph 5.2.26 of the FDI Policy and foreign investment of up to 100% is permitted under the automatic route.

2. Key regulations applicable to all NBFCs (including an NBFC-MFI)

Based on the type of liabilities incurred, NBFCs are categorized into, deposit accepting NBFCs (“NBFCs-D”), and non-deposit taking NBFCs (“NBFCs-ND”). Further, NBFCs-ND are categorised into systemically important and other non-deposit taking NBFCs, based on certain quantitative thresholds and the kind of activity they conduct. Within this broad categorization the different types of NBFCs are (a) asset finance companies, (b) investment companies, (c) loan companies, (d) infrastructure finance companies, (e) systemically important core investment companies, (f) infrastructure debt funds, (g) NBFC - micro finance institutions, (h) NBFC – factors, (i) mortgage guarantee companies and (j) NBFC - non-operative financial holding companies.

Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (“Master Directions”)

The RBI had issued the Master Directions dated September 1, 2016 (updated as on February 23, 2018) which apply

to NBFCs who are systemically important NBFCs. These directions apply to the following categories of NBFCs:

- (i) every systemically important non-deposit taking NBFC (“**NBFC-ND-SI**”) registered with the RBI under the provisions of RBI Act, 1934;
- (ii) every deposit taking NBFC registered with the RBI under the provisions of RBI Act, 1934;
- (iii) every NBFC-Factor registered with the RBI under section 3 of the Factoring Regulation Act, 2011 and having an asset size of ₹ 5,000 million and above;
- (iv) every infrastructure debt fund NBFC registered with the RBI under the provisions of RBI Act, 1934;
- (v) every NBFC – Micro Finance Institutions (“**NBFC-MFIs**”) registered with the RBI under the provisions of RBI Act, 1934 and having an asset size of ₹ 5,000 million and above; and
- (vi) every NBFC – Infrastructure Finance Company registered with the RBI under the provisions of RBI Act, 1934 and having an asset size of ₹ 5,000 million and above.

An NBFC-MFI means a non-deposit taking NBFC (other than a company formed and registered under section 25 of the Companies Act, 1956 or) that fulfils the following conditions:

- (i) an NBFC (those registered in the North Eastern regions of India must maintain a minimum net owned fund of ₹ 20 million) that extends loans to the micro finance sector shall have a minimum net owned fund of ₹ 50 million;
- (ii) shall ensure that not less than 85% of its net assets are in the nature of “qualifying assets” only the assets originated on or after January 01, 2012 shall have to comply with the Qualifying Assets criteria.

“Net Assets” are defined as total assets other than cash and bank balances and money market instruments.

“Qualifying Assets” is defined as a loan which satisfies the following criteria:-

- (i) loan disbursed by an NBFC-MFI to a borrower with a rural household annual income not exceeding ₹ 100,000 or urban and semi-urban household income not exceeding ₹ 160,000;
- (ii) loan amount does not exceed ₹ 60,000 in the first cycle and ₹ 100,000 in subsequent cycles;
- (iii) total indebtedness of the borrower does not exceed ₹ 100,000; provided that loan, if any availed towards meeting education and medical expenses shall be excluded while arriving at the total indebtedness of a borrower;
- (iv) tenure of the loan not to be less than 24 months for loan amount in excess of ₹ 30,000 with prepayment without penalty;
- (v) loan to be extended without collateral;
- (vi) aggregate amount of loans, given for income generation, is not less than 50% of the total loans given by the MFIs; and
- (vii) loan is repayable on weekly, fortnightly or monthly instalments at the choice of the borrower.

NBFC-SI-ND means an NBFC not accepting or holding public deposits and having total assets of ₹ 5,000 million and above as shown in the last audited balance sheet.

Multiple lending, Over Borrowing and Ghost Borrowers

NBFC-MFIs can lend to individual borrowers who are not members of a JLG, SHG or to borrowers that are members of a JLG or SHG, subject to the following conditions:

- (i) borrower cannot be a member of more than one SHG or JLG;
- (ii) not more than two NBFC-MFIs can lend to the same borrower;
- (iii) there must be a minimum moratorium period between the grant of the loan and the due date for the repayment of the first instalment. The moratorium period shall not be less than the frequency of repayment; and
- (iv) recovery of loan given in violation of the regulations should be deferred till all prior existing loans are fully repaid.

Corporate Governance

Constitution of committees: All NBFC-ND-SIs are required to constitute the following committees:

- (i) Audit Committee: NBFC-ND-SIs are required to constitute an audit committee consisting of not less than three members of its board of directors;

- (ii) Nomination Committee: NBFC-ND-SIs are required to constitute a nomination committee to ensure 'fit and proper' status of proposed/ existing directors.
- (iii) Risk Management Committee: NBFC-ND-SIs are required to constitute a risk management committee to manage the integrated risk beside the asset liability management committee.

Fit and proper criteria: All NBFC-ND-SIs are required to (a) maintain a policy approved by the board of directors for the approval for ascertaining the fit and proper criteria of the directors at the time of appointment, and on a continuing basis; (b) obtain a declaration and undertaking from directors giving additional information on the directors, in the format prescribed under the Master Directions; (c) obtain a deed of covenant signed by directors, in the format prescribed under the Master Directions; and (d) furnish to the RBI a quarterly statement on change of directors and a certificate from the managing director of the NBFC-NDSIs that fit and proper criteria in selection of the directors has been followed.

All NBFC-ND-SIs are required to place before the board of directors, at regular intervals, as may be prescribed by the board of directors, the following:

- (i) Progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the concerned NBFC.
- (ii) Conformity with corporate governance standards including composition of committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions etc.

All NBFC-ND-SIs shall rotate the partners of the chartered accountant firm conducting the audit, every three years so that the same partner shall not conduct audit of the company continuously for more than three years.

All NBFC-ND-SIs shall frame their internal guidelines on corporate governance with the approval of the board of directors which shall be published on the company's website.

Acquisition or transfer of control

NBFC-ND-SIs are required to obtain prior written permission of RBI for, (a) any takeover or acquisition of control, which may or may not result in change in management, (b) any change in the shareholding, including progressive increases over time, which would result in acquisition or transfer of shareholding of 26% or more of the paid up equity capital except for any shareholding going beyond 26% due to buyback of shares or reduction in capital where it has approval of a competent court, and (c) any change in the management of the NBFC-ND-SIs which results in change in more than 30% of the directors, excluding independent directors. Prior approval shall not be required in case of directors who get re-elected on retirement by rotation.

Capital Adequacy Requirements

NBFC-ND-SIs are required to maintain a minimum capital adequacy ratio consisting of Tier I and Tier II capital which should not be less than 15% of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. The Tier-I capital in respect of applicable NBFCs (other than NBFC-MFIs and IDFC-NBFC), at any point of time, shall not be less than 8.5% by March 31, 2016 and 10% by March 31, 2017.

Asset Classification Norms applicable to all NBFC-MFIs

All NBFC-MFIs shall adopt the following norms:

- (i) A "standard asset" means the asset in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business;
- (ii) A "non-performing asset" means an asset for which interest or principal payment has remained overdue for a period of 90 days or more.

Asset Classification Norms applicable to our Company while operating as an NBFC-ND-SI:

Every NBFC-ND-SI shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realization, classify its lease/ hire purchase assets, loans and advances and any other forms of credit into the following classes, namely:

- (i) Standard assets;

- (ii) Sub-standard assets;
- (iii) Doubtful assets; and
- (iv) Loss assets.

The class of assets referred to above shall not be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for the upgradation.

- (i) A “standard asset” means the asset in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business;
- (ii) A “sub-standard asset” means:
 - (a) an asset which has been classified as non-performing asset for a period not exceeding 18 months. Provided that the period ‘not exceeding 18 months’ stipulated in this sub-clause shall be ‘not exceeding 16 months’ for the financial year ending March 31, 2016; ‘not exceeding 14 months’ for the financial year ending March 31, 2017; and ‘not exceeding 12 months’ for the financial year ending March 31, 2018 and thereafter;
 - (b) an asset where the terms of the agreement regarding interest and/or principal have been renegotiated or rescheduled or restructured after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or restructured or rescheduled terms.
- (iii) A “doubtful asset” means a:
 - (a) a term loan, or
 - (b) a lease asset, or
 - (c) a hire purchase asset, or
 - (d) any other asset.

Which remains a sub-standard asset for a period ‘exceeding 18 months’ for the financial year ended March 31, 2015; ‘exceeding 16 months’ for the financial year ended March 31, 2016; ‘exceeding 14 months’ for the financial year ending March 31, 2017 and ‘exceeding 12 months’ for the financial year ending March 31, 2018 and thereafter.

- (iv) A “loss asset” means loss asset shall mean:
 - (a) an asset which has been identified as loss asset by the applicable NBFC or its internal or external auditor or by the Bank during the inspection of the applicable NBFC, to the extent it is not written off by the applicable NBFC; and
 - (b) an asset which is 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 borrower.

Prudential Norms:

Capital Adequacy: All NBFC-MFIs shall maintain capital adequacy ratio consisting of Tier I and Tier II capital which shall not be less than 15% of its aggregated risk weighted assets. The total of Tier II Capital at any point of time, shall not exceed 100% of Tier I capital.

Provisioning Norms:

The following provisioning norms have to be maintained by NBFC-MFIs:

For non-performing assets meeting “Qualifying Assets” criteria, provisioning norms for the non-Andhra Pradesh portfolio shall be as below:

The aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of a) 1% of the outstanding loan portfolio or b) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more.

Transparency in Interest Rates and pricing of credit

To ensure fair practice in lending, NBFC-MFIs are permitted to have only three components in the pricing of loans

viz., the interest charge, the processing charge and the insurance premium (which includes the administrative charges in respect thereof). They are not permitted to charge penalty on delayed payments or to collect any security deposit/margin from their borrowers. In addition, NBFC-MFIs are subject to pricing stipulations in relation to the ceiling on margins, interest rates, processing fee, administrative charges, penalties and insurance premium. NBFC-MFIs are required to have a standard loan agreement, and provide borrowers with a loan card reflecting details of the loan, including effective rate of interest, other terms and conditions attached to the loan, information which adequately identifies the borrower, acknowledgements by the NBFC-MFI of all repayments including instalments received and final discharge and all loan card shall be in vernacular language. Further, the effective rate of interest charged by the NBFC-MFIs are required to be prominently displayed in all offices and websites of, and all literature issued by the NBFC-MFIs.

Ensuring compliance with conditionalities

Every NBFC-MFI has to be a member of all credit information companies— presently four in number established under the Credit Information (Companies Regulation) Act, 2005, provide timely and accurate data to the CICs and use the data available with them to ensure compliance with the conditions regarding membership of SHG/ JLG, level of indebtedness and sources of borrowing. All NBFC-MFIs are required to become member of at least one self-regulatory organization (“SRO”) which is recognized by the RBI and will also have to comply with the Code of Conduct prescribed by the SRO. The responsibility for compliance to all regulations prescribed for MFIs lies primarily with the NBFC-MFIs themselves. The industry associations/ SROs also play a key role in ensuring compliance with the regulatory framework. In addition, banks lending to NBFC-MFIs also ensure that systems, practices and lending policies in NBFC-MFIs are aligned to the regulatory framework.

Regulation of excessive interest charged by NBFCs

The board of each NBFC-ND-SI shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter. The rates of interest and the approach for gradation of risks shall also be made available on the website of the companies or published in the relevant newspapers. The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest. The rate of interest must be annualized rate so that the borrower is aware of the exact rates that would be charged to the account.

Pricing of credit by NBFCs

Margin cap, cap on the difference between the amount charged to the borrower and the cost of funds to the NBFC-MFI, shall not exceed 10 per cent for large MFIs (loans portfolios exceeding ₹ 100 crore) and 12 per cent for the others. The interest rates charged by an NBFC-MFI to its borrowers will be the lower of the following: a) The cost of funds plus margin as indicated the said regulations; or b) The average base rate of the five largest commercial banks by assets multiplied by 2.75. The average of the base rates of the five largest commercial banks shall be advised by the RBI on the last working day of the previous quarter, which shall determine interest rates for the ensuing quarter. The maximum variance permitted for individual loans between the minimum and maximum interest rate cannot exceed 4 per cent. NBFC-MFIs shall ensure that the average interest rate on loans sanctioned during a quarter does not exceed the average borrowing cost during the preceding quarter plus the margin, within the prescribed cap. The average interest paid on borrowings and charged by the NBFC-MFI shall be calculated on average monthly balances of outstanding borrowings and loan portfolio, respectively. Processing charges shall not be more than 1% of gross loan amount. Processing charges need not be included in the margin cap or the interest cap. NBFC-MFIs shall recover only the actual cost of insurance for group, or livestock, life, health for borrower and spouse. Administrative charges, where recovered, shall be as per applicable IRDA guidelines.

Guidelines on private placement of NCDs (maturity of more than 1 year) by NBFCs

NBFCs shall put in place a board approved policy for resource planning which, inter-alia, shall cover the planning horizon and the periodicity of private placement. The NCD guidelines are applicable to issuance of non-convertible debentures with a maturity period of more than one year, and prescribe, among other things, the issuance of private placement of NCDs in two separate categories, those with a maximum subscription of less than ₹ 10 million and those with a minimum subscription of ₹ 10 million and above per investor. There shall be a limit of 200 subscribers in respect of issuances with a maximum subscription of less than ₹ 10 million, and the subscription shall be secured. The minimum subscription per investor shall be ₹ 20,000, There shall be no limit on the number of subscribers in respect of issuances with a minimum subscription of ₹ 10 million and above, and the option to create security in

favour of subscribers will be with the issuers. For NCDs of maturity up to one year, guidelines on Issuance of Non-Convertible Debentures (Reserve Bank) Directions, 2010, dated June 23, 2010, by Internal Debt Management Department, RBI shall be applicable. An NBFC shall not extend loans against the security of its own debentures (issued either by way of private placement or public issue).

Fair Practices Code

All NBFCs covered under the Master Directions having customer interface are required to adopt a fair practices code. The Master Directions stipulate the form and manner of applications to be made for procuring loans; terms and conditions of the loans; manner of disbursement of loans; and prescribes general conditions on the manner of recovery of loans. The board of directors of the company is required to lay down a grievance redressal mechanism and all NBFCs are required to display the contact details of the grievance redressal officer on their website and at their branches. NBFC-MFIs are required to make necessary organizational arrangements to assign responsibility to designated individuals within the company and establish systems of internal control including audit and periodic inspection, to ensure compliance with the fair practices code. Further, as a measure of customer protection and in order to bring in uniformity with regard to prepayment of various loans by borrowers of banks and NBFCs, all NBFCs shall not to charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers. All NBFCs are required to adopt an interest model taking into account relevant factors such as cost of funds, margin and risk premium. The rate of interest and reasons for charging differential interest is required to be disclosed to the borrower.

For recovery of loans, NBFCs should not resort to undue harassment. NBFCs shall also ensure that the staff is adequately trained to deal with the customers in an appropriate manner.

The Ombudsman Scheme for Non-Banking Financial Companies, 2018

The RBI, with effect from February 23, 2018, introduced an ombudsman scheme for customers of NBFCs. The Ombudsman Scheme for Non-Banking Financial Companies, 2018, is an expeditious and cost free apex level mechanism for resolution of complaints of customers of NBFCs registered with RBI under Section 45-IA of the RBI Act, relating to deficiency in certain services rendered by NBFCs. The offices of the NBFC Ombudsmen will function at four metro centres, i.e., Chennai, Kolkata, Mumbai and New Delhi and will handle complaints of customers in the respective zones. The scheme provides for an appellate mechanism under which the complainant / NBFC has the option to appeal against the decision of the ombudsman before the appellate authority.

Master Direction (Know Your Customer) (KYC) Direction, 2016

The RBI had issued the Master Directions Know Your Customer Directions dated February 25, 2016 (amended as on April 20, 2018) to follow certain customer identification procedure while undertaking a transaction. These directions are applicable to every entity regulated by RBI specifically, scheduled commercial banks, regional rural banks, local area banks, primary (urban) co-operative banks, all India financial institutions, NBFCs, miscellaneous non-banking companies and residuary non-banking companies, amongst others. Every entity regulated thereunder shall duly adopt a KYC policy which has four elements, namely, customer acceptance policy; risk management policy; customer identification procedures; and monitoring of transactions. The NBFCs shall ensure compliance with the KYC policy through specification of who constitutes 'senior management'; allocation of responsibility for effective implementation of policies and procedures; independent evaluation of policies in place; an internal audit system; and submission of quarterly audit and compliance to the audit committee.

Master Direction – Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 (“Monitoring of Frauds - Master Directions”)

The RBI had issued the Monitoring of Frauds - Master Directions dated September 29, 2016 (amended as on date) is applicable to all deposit taking NBFCs and NBFC-ND-SIs. All NBFCs covered under the Monitoring of Frauds – Master Directions shall put in place a reporting system for recording of frauds. All frauds are required to be reported to the Frauds Monitoring Cell or Regional Offices of the department of Non-Banking Supervision. All frauds reported in the company shall be disclosed in their balance sheets. Fraud reports are required to be submitted to the Central Fraud Monitoring Cell of the RBI in case amount of fraud ₹ 1000 million and above. In cases where the amount of fraud is less than ₹ 1000 million, reports shall be sent to the regional office of the Department of Non-Banking Supervision of the RBI. All NBFCs covered under the Monitoring of Frauds – Master Directions shall submit a copy of quarterly reports on frauds outstanding to the regional office of the RBI within 15 days of each quarter.

Master Direction – Non – Banking Financial Company Returns (Reserve Bank) Directions, 2016, dated September 29, 2016

The direction lists down detailed instructions in relation to submission of returns, including their periodicity, reporting time, due date, purpose and the requirement of filing such returns by various categories of NBFCs, including an NBFC-ND-SI.

Guidelines for Relief Measures by NBFCs in areas affected by Natural Calamities, 2016, dated July 28, 2016, issued by the RBI

The RBI extended the applicability of the guidelines issued to banks, in regard to matters relating to relief measures to be provided in areas affected by natural calamities, vide FIDD.No.FSD.BC.52/ 05.10.001/ 2014-15 dated March 25, 2015, FIDD No.FSD.BC.12/ 05.10.001/ 2015-16 dated August 21, 2015 and FIDD.No.FSD.BC.27/ 05.10.001/ 2015-16 dated June 30, 2016, to NBFCs.

Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs, 2017, dated November 9, 2017, issued by the RBI

These directions specify the activities that cannot be outsourced and provide the basis for deciding materiality of outsourcing. It mandates the supervisory requirements and risk management practices to be complied with by every NBFC before outsourcing its activities.

Notification on Financial Inclusion by Extension of Banking Services – Use of Business Correspondents, dated June 24, 2014, issued by the RBI

By virtue of its notification dated June 24, 2014, the RBI permitted NBFCs-ND to act as business correspondents of banks, with the aim of accelerating financial inclusion. Prior to this notification, NBFCs could not be appointed as business correspondents. The following conditions need to be satisfied in order for the banks to engage NBFCs-ND as business correspondents:

- (i) It should be ensured that there is no comingling of bank funds and those of the NBFC-ND appointed as business correspondent;
- (ii) There should be specific contractual arrangement between the bank and the NBFC-ND to ensure that possible conflicts of interest are adequately taken care of; and
- (iii) Banks should ensure that the NBFC-ND does not adopt any restrictive practice such as offering savings or remittance functions only to its own customers and the forced bundling of services offered by the NBFC-ND and the bank does not take place.

Master Directions – Information Technology Framework for the NBFC Sector, dated June 08, 2017

These directions lay down guidelines for benchmarking the Information Technology / Information Security (IT/IS) framework, Business Continuity Planning (BCP), Disaster Recovery (DR) Management, IT audit, etc. of NBFCs to best practices and for enhancing safety, security and efficiency in processes leading to benefits for NBFCs and their customers.

3. Other Regulations

In addition to the above, our Company is required to comply with the provisions of the Companies Act, FEMA, RBI guidelines on securitisation of standard assets, labour laws, various tax related legislations and other applicable statutes for its day-to-day operations.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated as “Panchratna Stock and Investment Consultancy Services Private Limited” on April 6, 1992 at Mumbai, Maharashtra, India as a private limited company under the Companies Act, 1956. The RBI granted a certificate of registration dated March 18, 1998 bearing no. 13.00365 to our Company for registration as an NBFC under Section 45 IA of the Reserve Bank of India Act, 1934. Subsequently, our Company was granted NBFC-MFI status by the RBI with effect from March 25, 2015.

Changes to the name of our Company:

Name	Reason for change	Date of change
Panchratna Stock and Investment Consultancy Services Private Limited	Incorporation	April 06, 1992
Panchratna Stock and Investment Consultancy Services Limited	Conversion to a public limited company	June 09, 1994
Panchratna Securities Limited	To meet the object clause and actual activity being carried on by the Company	June 22, 1994
Muthoot Microfin Limited	To reflect the group identity of the shareholders, i.e., "Muthoot Pappachan Group" and operations of the Company	November 06, 2012

Changes in registered office

The details of changes in the registered office of our Company are given below:

Change in address	Date of change	Reason
From	To	
30A Panchratna, Opera House, Mumbai 400 004, Maharashtra, India	Shreeji Heights, Plot No.1, Flat No. C - 2404/05 Sector No. 46 - A, Palm Beach Road, Nerul, Navi Mumbai, Thane 400 706, Maharashtra, India	November 18, 2011
Shreeji Heights, Plot No.1, Flat No. C - 2404/05 Sector No. 46 - A, Palm Beach Road, Nerul, Navi Mumbai, Thane 400 706, Maharashtra, India	13 th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai 400 051, Maharashtra, India	May 08, 2012
		Smooth conduct of affairs of the Company and better administrative and operative convenience
		Administrative convenience and to aid better commercial prospects

Main objects of our Company

The main objects contained in the MoA of our Company are as follows:

To reduce poverty in India and promote financial inclusion of masses by carrying on the business of providing microfinance services and catering to needs of a large number of underprivileged people directly or indirectly, and thus to help them and their families out of poverty and improve their standard of living by way of:

- provisioning of credit to customers, including formal and informal self help groups, individuals and associations, operation of micro leasing facilities, micro finance related hire purchase;*
- providing credit for buying, selling and supplying industrial and agricultural inputs, livestock, machinery and industrial raw materials to poor persons and to act as agent for any association for the sale of such goods or livestock, encouragement of investment in cottage industries and income generating project for poor persons;*
- mobilizing and providing financial and technical assistance and training to Microenterprises /Clients, provision of loans to microfinance clients for home improvement and Consumer credits and to give financial assistance to other Micro Finance Institutions in the form of Term Loan.*

The main objects as contained in the MoA enable our Company to carry on the business presently being carried out and the activities proposed to be undertaken pursuant to the objects of the Offer. For further details, see “Objects of the Offer” on page 82.

Amendments to the MoA

Our MoA has been amended from time to time pursuant to changes to the authorised share capital of our Company. For details of changes to the authorised share capital of our Company since its incorporation, see “*Capital Structure*” on page 66.

In addition to the aforesaid amendments to the MoA, the following changes have been made to our MoA, since incorporation:

Date of resolution	Shareholders' Particulars
January 21, 2013	The existing clause number IIIA, i.e., the main objects clause of our Memorandum of Association was replaced and substituted by the following: <i>"1. To reduce poverty in India and promote financial inclusion of masses, by carrying on the business of providing microfinance services and catering to needs of a large number of underprivileged people directly or indirectly and thus to help them and their families out of poverty and improve their standard of living by way of:</i> (a) <i>Provisioning of credit to customers, including formal and informal self help groups, individuals and associations, operation of micro leasing facilities, micro finance related hire purchase;</i> (b) <i>Providing credit for buying, selling and supplying industrial and agricultural inputs, livestock, machinery and industrial raw materials to poor persons and to act as agent for any association for the sale of such goods or livestock, encouragement of investment in cottage industries and income generating project for poor persons;</i> (c) <i>Mobilizing and providing financial and technical assistance and training to micro-enterprises/clients, provision of loans to microfinance clients for home improvement and customer credits and to give financial assistance to other Micro Finance Institutions in the form of term loan."</i>
April 30, 1994	Clause I of our Memorandum of Association was altered to delete the word "Private" from the name of our Company.
June 11, 1994	Clause I of our Memorandum of Association was altered to reflect the change in the name of our Company from "Panchratna Stock and Investment Consultancy Services Limited" to "Panchratna Securities Limited".
October 29, 2012	Clause I of our Memorandum of Association was altered to reflect the change in the name of our Company from "Panchratna Securities Limited" to "Muthoot Microfin Limited"

Major events and milestones of our Company

The table below sets forth the key events in the history of our Company:

Year	Particulars
1992	Incorporated as Panchratna Stock and Investment Consultancy Services Private Limited
1994	Converted to a public limited company and name changed to Panchratna Securities Limited
1998	Company obtained certificate of registration as an NBFC from RBI
2011	Company was acquired by promoters of "Muthoot Pappachan Group", namely, Janamma Thomas, Thomas John Muthoot, Thomas George Muthoot, Thomas Muthoot, Preethi John, Nina George and Remmy Thomas
2015	RBI granted NBFC-MFI status with effect from March 25, 2015
2016	AUM reached ₹6,530 million
2016	Raised ₹1 billion private equity investment from Creation Investments India LLC
2017	Crossed 1 million clients
2017	AUM reached ₹19,720 million
2017	AUM reached ₹23,560 million
2018	AUM reached ₹29,200 million

Awards and accreditations

We have received the following awards and accreditations:

Year	Awards and accreditations
2013	MFTransparency Seal of Pricing Transparency, awarded by mfttransparency.org for the period August, 2013 to August, 2014
2014	Honoured with a certificate of merit and as the winner in the 'SME' category, at the Rotary Binani Zinc CSR Excellence Awards
2017	Certification in client protection by the Smart campaign
2018	Award for implementing outstanding initiatives in the category 'Microfinance Plus Activities', at the MFIN Microfinance Awards 2018: In Pursuit of Excellence
2018	Comprehensive Microfinance Grading of 'M1C1', assigned by CRISIL
2018	Awarded as a "Trusted Micro-Finance Brand" at the India Best Brand Series and Awards, 2018

Year	Awards and accreditations
2018	Awarded Golden Peacock Award (<i>instituted by the Institute of Directors, a society (national level), registered under the Societies Registration Act XXI of 1860, in India</i>) for business excellence in financial services
2018	Best NBFC Award at the Chamber of Indian Micro Small and Medium Enterprises - MSME Banking & NBFC Excellence Awards
2018	Finance Company of the Year - India award in the Asian Banking & Finance Retail Banking Awards 2018

Corporate profile of our Company

For details of our Company's business, services, products, technology, capacity build-up, marketing, the description of its activities, market of each segment, growth, with country-wise analysis, standing with reference to the prominent competitors, major customers and suppliers and geographical segment, see "*Our Business*", "*Industry Overview*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 116, 93 and 236, respectively.

For details on managerial competence, see "*Our Management*" on page 146.

Our Shareholders

Our Company has 13 Shareholders as of the date of this Draft Red Herring Prospectus. For further details regarding our Shareholders, see "*Capital Structure*" on page 66.

Details regarding material agreements, acquisition of business / undertakings, mergers and amalgamation

Material agreements

Summary of Key Agreements and Shareholders' Agreements

- Share purchase agreement dated December 08, 2011 entered into amongst Janamma Thomas, Thomas John Muthoot, Thomas George Muthoot, Thomas Muthoot, Preethi John, Nina George, Remmy Thomas, Ajay Shanghavi, Harshkumar Maheshwary and our Company (in its erstwhile name Panchratna Securities Limited).***

Our Company entered into a share purchase agreement dated December 08, 2011 with Janamma Thomas, Thomas John Muthoot, Thomas George Muthoot, Thomas Muthoot, Preethi John, Nina George, Remmy Thomas, Ajay Shanghavi and Harshkumar Maheshwary ("**Share Purchase Agreement**"), pursuant to which Janamma Thomas, Thomas John Muthoot, Thomas George Muthoot, Thomas Muthoot, Preethi John, Nina George and Remmy Thomas acquired 300,000 Equity Shares in the aggregate (100% of the then paid up Equity Shares of the Company) from Ajay Shanghavi and Harshkumar Maheshwary for a total consideration, which was the aggregate of: **(i)** fixed sum of ₹3,750,000; and **(ii)** a sum equivalent to the net owned funds of our Company as on the closing date of the Share Purchase Agreement.

- Share subscription agreement dated December 21, 2016 executed amongst MFL, Thomas John Muthoot, Thomas George Muthoot, Thomas Muthoot, Preethi John, Nina George, Remmy Thomas, Creation Investments India LLC and our Company***

Our Company, MFL, Thomas John Muthoot, Thomas George Muthoot, Thomas Muthoot, Preethi John, Nina George, Remmy Thomas and Creation Investments India LLC entered into a share subscription agreement dated December 21, 2016, pursuant to which Creation Investments India LLC was issued and allotted 4,316,358 fully paid up CCPS at an issue price of ₹ 114.68 per CCPS and 43,600 Equity Shares, at an issue price of ₹ 114.68 per Equity Share.

- Shareholders' agreement dated December 20, 2017 executed amongst MFL, Thomas John Muthoot, Thomas George Muthoot, Thomas Muthoot, Preethi John, Nina George, Remmy Thomas, Creation Investments India LLC and our Company, as amended by way of an amendment agreement dated July 14, 2018 and a waiver and amendment letter dated July 27, 2018 ("Shareholders' Agreement")***

Our Company, MFL, Thomas John Muthoot, Thomas George Muthoot, Thomas Muthoot, Preethi John, Nina George, Remmy Thomas and Creation Investments India LLC entered into the Shareholders' Agreement dated December 20, 2017, in order to record the terms and conditions for participation in the business of our Company and the terms which would govern their relationship in respect of the management and governance of our Company. Creation Investments India LLC is entitled to certain rights including but not limited to, right of first refusal, tag along right, right to nominate a director, anti-dilution right, affirmative voting rights and preemptive rights, as mentioned in and as per the terms and conditions provided under, the Shareholders' Agreement. Pursuant to an amendment agreement dated July 14, 2018 to the Shareholders' Agreement, it was agreed that the Shareholders' Agreement would stand terminated automatically, immediately upon listing of the Equity Shares of our Company as part of a qualified IPO.

Other agreements

1. **Agreement dated February 14, 2017, executed between Thomas John Muthoot, Thomas George Muthoot, Thomas Muthoot and our Company.**

Our Company has entered into an agreement dated February 14, 2017 ("**License Agreement**") with Thomas John Muthoot, Thomas George Muthoot and Thomas Muthoot ("collectively referred as the "**Licensors**"), promoters of the



"Muthoot Pappachan Group" for the licence and use of the "Muthoot Pappachan" trademark and "Muthoot" logo ("**Trademark and Logo**") in relation to our Company's business, subject to the terms of the License Agreement. A license fee of ₹100,000 has to be paid annually by our Company to the Licensors as consideration, under the terms of the License Agreement. The License Agreement is valid for a period of 10 years from January 01, 2017 and may be terminated by either party (Company or the Licensors) by giving a written notice of 30 days to the other party. The License Agreement permits use of the Trademark and Logo strictly for our microfinance business purpose and for brand promotion activities. Any assignment, charge, mortgage or transfer of the Trademark and Logo, without the prior consent of the licensors, is prohibited.

2. **Agreement dated April 01, 2015 executed between Muthoot Pappachan Technologies Limited and our Company.**

Our Company has entered into an agreement dated April 01, 2015 with our Group Company, Muthoot Pappachan Technologies Limited, for provision of consultancy, advisory and other services related to information technology to our Company and for provision of training to our Company's staff on information technology and related activities. This agreement is valid for a period of 10 years from April 01, 2015. In consideration of the services provided by Muthoot Pappachan Technologies Limited, our Company has agreed under the terms of this agreement, to pay consultation fees to Muthoot Pappachan Technologies Limited, comprising of: (i) ₹10,000,000 as fixed cost (for the period from April 01, 2015 to March 31, 2016); and (ii) ₹ 2,500,000 per month (for the period from April 01, 2016 to March 31, 2025).

3. **Agreement dated April 01, 2016 executed between MFL and our Company**

Our Company has entered into an agreement dated April 01, 2016 with MFL, to avail MFL's infrastructural facilities, including branch network, and sharing of services for the effective operation of the business of our Company across India. Under the terms of this agreement, MFL has agreed to provide the following services to our Company: (i) disbursement of loans to microfinance customers of our Company through the branches of MFL; (ii) collection of receipts/amounts from microfinance customers of our Company through the branches of MFL; and (iii) collection of processing fee, insurance and any other receipts of our Company connected with loan disbursements. This agreement is valid for a period of five years from April 01, 2016. In consideration of the services provided by MFL, our Company has agreed under the terms of this agreement, to pay to MFL 0.5% of the aggregate business done under the services provided by MFL for each month.

4. **Agreement dated June 01, 2016 executed between MFL and our Company**

An agreement was executed between MFL and our Company on June 01, 2016, pursuant to which MFL avails our Company's services, *inter alia*, for customer acquisition, loan appraisal and collection of repayment of Muthoot Small and Growing Business (MSGB) loan and interest.

5. **Agreement dated March 26, 2018 executed between MFL and our Company**

An agreement was executed between MFL and our Company on March 26, 2018, pursuant to which MFL avails our Company's services, *inter alia*, for customer acquisition, loan appraisal and collection of repayment of consumer durable loans provided by MFL to its existing customers.

6. **Agreement dated March 26, 2018 executed between MFL and our Company**

An agreement was executed between MFL and our Company on March 26, 2018, pursuant to which MFL avails our Company's services, *inter alia*, for customer acquisition, loan appraisal and collection of repayment of loans provided by MFL to auto and cab drivers of a private aggregator.

Except as disclosed above, our Company has not entered into any material agreements other than in the ordinary course of business, carried on or intended to be carried on by our Company in the two years preceding this Draft Red Herring Prospectus.

Acquisition of business / undertakings, mergers, amalgamation

Our Company has not acquired any business or undertakings nor undertaken any merger or amalgamation since its incorporation.

Strikes and lock-outs

We have not experienced any strikes, lock-outs or instances of labour unrest in the past.

Time and cost overrun in setting up projects by our Company

Our Company has not implemented any projects and has, therefore, not experienced any time or cost overruns in relation thereto.

Changes in the activities of our Company

Except as disclosed under "*Our Business*" on page 116, there have been no changes in the activities of our Company during the last five years preceding the date of this Draft Red Herring Prospectus which may have had a material effect on our profit or loss, including discontinuance of our lines of business, loss of agencies or markets and similar factors.

Defaults or rescheduling of borrowings with financial institutions/ banks and conversion of loans into equity

There have been no defaults or rescheduling of borrowings with financial institutions/ banks. None of our outstanding loans have been converted into Equity Shares.

Capital raising (Debt / Equity)

For details on the outstanding debt facilities of our Company as on July 10, 2018, see "*Financial Indebtedness*" on page 258. For details regarding capital raised through equity, see "*Capital Structure*" on page 66.

Injunctions or restraining orders against our Company

As on the date of this Draft Red Herring Prospectus, there are no injunctions / restraining orders that have been passed against the Company.

Holding company

MFL is our holding company. For details in relation to the MFL, see "*Our Promoter and Promoter Group*" on page 163.

Subsidiaries

As on the date of this Draft Red Herring Prospectus, our Company does not have any subsidiaries.

Strategic and financial partners

As of the date of this Draft Red Herring Prospectus, our Company does not have any strategic or financial partners.

Guarantees provided by our Promoters who are Selling Shareholders

Our Promoters have not provided any corporate guarantees in relation to the financial assistance availed by our Company. For details in relation to our outstanding loans as on July 10, 2018 see "*Financial Indebtedness*" on page 258.

Our individual Promoters have given personal guarantees to various third parties from time to time, on behalf of entities with which they are associated including, as directors and partners in relation to financial assistance availed by such entities in the normal course of their business. See "*Risk Factors – Our Individual Promoters have given personal guarantees to various third parties*" on page 26.

Revaluation of assets

Our Company has not revalued its assets since its incorporation.

OUR MANAGEMENT

Board of Directors

In terms of our Articles of Association, our Company is required to have not more than 15 Directors and not less than three Directors.

As on the date of this Draft Red Herring Prospectus, our Board comprises of 10 Directors.

The following table sets forth details regarding our Board of Directors as on date of this Draft Red Herring Prospectus:

S.No.	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
1.	Thomas Muthoot Designation: Managing Director Address: Muthoot, 7/59 A, Near Kaniyampuzha Bridge, Cherukad, Eroor P O, Ernakulam 682 306, Kerala, India Occupation: Service Nationality: Indian Term: Appointed as the Managing Director for a period of five years with effect from November 10, 2017 DIN: 00082099	52	• Flame Agri Projects and Hospitalities Private Limited • Goblin Agri Projects and Hospitalities Private Limited • L.M. Realtors Private Limited • MPG Hotels and Infrastructure Ventures Private Limited • Muthoot Agri Development and Hospitalities Private Limited • Muthoot Agri Projects and Hospitalities Private Limited • Muthoot APT Ceramics Limited • Muthoot Automobile Solutions Private Limited • Muthoot Automotive (India) Private Limited • Muthoot Capital Services Limited • Muthoot Dairies and Agri Ventures Private Limited • MFL • Muthoot Hotels Private Limited • Muthoot Housing Finance Company Limited • Muthoot Motors Private Limited • Muthoot Pappachan Centre of Excellence in Sports • Muthoot Pappachan Technologies Limited • Muthoot Risk Insurance and Broking Services Private Limited • The Right Ambient Resorts Private Limited

S.No.	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
2.	Thomas John Muthoot Designation: Non-Executive Director Address: TC 4/1008, (1), Kawdiar, Kawdiar, P.O., Trivandrum 695 003, Kerala, India Occupation: Service Nationality: Indian Term: Appointed as a Non-Executive Director on May 8, 2017 and liable to retire by rotation. DIN: 00011618	56	• EMMEL Realtors and Developers Private Limited • L.M. Realtors Private Limited • Mariposa Agri Ventures and Hospitalities Private Limited • MPG Hotels and Infrastructure Ventures Private Limited • Muthoot APT Ceramics Limited • Muthoot Automobile Solutions Private Limited • Muthoot Automotive (India) Private Limited • Muthoot Buildtech (India) Private Limited • Muthoot Capital Services Limited • Muthoot Equities Limited • MFL • Muthoot Hotels Private Limited • Muthoot Housing Finance Company Limited • Muthoot Land and Estates Private Limited • Muthoot Motors Private Limited • Muthoot Pappachan Centre of Excellence in Sports • Muthoot Pappachan Medicare Private Limited • Muthoot Pappachan Technologies Limited • Muthoot Risk Insurance and Broking Services Private Limited • Trivandrum Centre for Performing Arts
3.	Thomas George Muthoot Designation: Non-Executive Director Address: Muthoot Towers, College Road, P O M G Road, Ernakulam 682 035, Kerala, India Occupation: Service Nationality: Indian Term: Appointed as a Non-Executive Director on May 8, 2017 and liable to retire by rotation DIN: 00011552	56	• Buttercup Agri Projects and Hospitalities Private Limited • Finance Companies' Association (India) • Fox Bush Agri Development and Hospitalities Private Limited • Jungle Cat Agri Development and Hospitalities Private Limited • Mandarin Agri Ventures and Hospitalities Private Limited • MPG Hotels and Infrastructure Ventures Private Limited • Muthoot APT Ceramics Limited • Muthoot Automobile Solutions Private Limited • Muthoot Automotive (India) Private Limited • Muthoot Capital Services Limited • MFL • Muthoot Hotels Private Limited • Muthoot Housing Finance Company Limited • Muthoot Pappachan Medicare Private Limited • Muthoot Pappachan Technologies Limited • Muthoot Properties (India) Private Limited • Muthoot Risk Insurance and Broking Services Private Limited • The Thinking Machine Media Private Limited • Muthoot Pappachan Centre of Excellence in Sports
4.	Thomas Muthoot John Designation: Non- Executive Director	28	Planterstreasure Enterprises Private Limited

S.No.	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
	Address: TC 4/1008, (1), Kowdiar PO, Trivandrum 695 003, Kerala, India Occupation: Service Nationality: Indian Term: Appointed as a Non-Executive Director on December 1, 2016 and liable to retire by rotation DIN: 07557585		
5.	Kenneth Dan Vander Weele Designation: Non-Executive Director* Address: 445 E, North Water Streetville Apartments 2101, Chicago 606115566, Illinois, USA Occupation: Service Nationality: American Term: Appointed as a Non-Executive Director on December 27, 2016 DIN: 02545813	65	Indian Companies: - Fusion Micro Finance Private Limited - Sohan Lal Commodity Management Private Limited - Sonata Finance Private Limited Foreign Companies: - Commercial Credit and Finance plc (Sri Lanka) - NOA Holdings NV- Holland
6.	Alok Prasad Designation: Independent Director Address: 144, Vistas Villas, Opposite Unitech Cyber Park, Sector-46, Gurgaon 122 001, Haryana, India Occupation: Service Nationality: Indian Term: Appointed as an Independent Director for a period of five years with effect from May 10, 2017 DIN: 00080225	65	- Accela Fiduciary Services Private Limited - Fincare Small Finance Bank Limited - Gang-Jong Development Finance Private Limited - Ummeed Housing Finance Private Limited - Capfloat Financial Services Private Limited
7.	T. S. Vijayan Designation: Independent Director Address: Sunnyvale, TC 8/725 (1), Thirumala, Trivandrum 695 006, Kerala, India Occupation: Service Nationality: Indian Term: Appointed as an Independent Director for a period of five years with effect from May 15, 2018 DIN: 00043959	65	Reliance Trusteeship Company Limited

S.No.	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
8.	Amitvikram Talgeri <i>Designation:</i> Independent Director <i>Address:</i> L1 Guruprasad, Hanuman Road, Vile Parle (East), Mumbai 400 057, Maharashtra, India <i>Occupation:</i> Service <i>Nationality:</i> Indian <i>Term:</i> Appointed as an Independent Director for a period of five years with effect from March 31, 2018 <i>DIN:</i> 08098843	45	Nil
9.	Bhama Krishnamurthy <i>Designation:</i> Independent Director <i>Address:</i> 4th Floor, Avarsekars Srushti, Old Prabhadevi Road, Prabhadevi, Mumbai 400 025, Maharashtra, India <i>Occupation:</i> Service <i>Nationality:</i> Indian <i>Term:</i> Appointed as an Independent Director for a period of five years with effect from May 15, 2018 <i>DIN:</i> 02196839	63	• Five-Star Business Finance Limited • India SME Asset Reconstruction Company Limited • Jains Sons Finlease Limited • Kolte – Patil I-Ven Townships (Pune) Limited • Paisalo Digital Limited • Reliance Industrial Infrastructure Limited • Reliance Payment Solutions Limited • TAB Capital Limited
10.	Pushpy B. Muricken <i>Designation:</i> Independent Director <i>Address:</i> Kodyatt, 5-Vrindavanam, Subash Chandra Bose Road, Vyttila 682 019, Kerala, India <i>Occupation:</i> Service <i>Nationality:</i> Indian <i>Term:</i> Appointed as an Independent Director for a period of five years with effect from March 31, 2018 <i>DIN:</i> 03431198	44	Brainstream Advisors Private Limited

*Nominee of Creation Investments India LLC

Relationship between our Directors

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

Name of director	Name of related Director	Relationship
Thomas John Muthoot	Thomas George Muthoot	Brother
Thomas John Muthoot	Thomas Muthoot	Brother
Thomas George Muthoot	Thomas John Muthoot	Brother
Thomas George Muthoot	Thomas Muthoot	Brother
Thomas Muthoot	Thomas George Muthoot	Brother
Thomas Muthoot	Thomas John Muthoot	Brother
Thomas Muthoot John	Thomas John Muthoot	Father
Thomas Muthoot John	Thomas George Muthoot	Uncle
Thomas Muthoot John	Thomas Muthoot	Uncle

Brief Biographies of Directors

Thomas Muthoot is the Managing Director of our Company. He has been on our Board as an Additional Director since May 08, 2017 and was re-designated as the Managing Director on November 10, 2017. He holds a Bachelor of Law degree from University of Kerala. He is on the board of directors of several companies like Muthoot Capital Services Limited, MFL, Muthoot Housing Finance Company Limited and Muthoot Hotels Private Limited. He has an experience of over 29 years in the field of financial services.

Thomas John Muthoot is a Non-Executive Director on our Board. He has been on our Board as an Additional Director since May 08, 2017 and was re-designated as a Non-Executive Director on May 10, 2017. He holds a Bachelor of Commerce degree from University of Kerala and has participated in the Owner/President Management Programme from Harvard Business School. He is on the board of directors of several companies like MFL, Muthoot Capital Services Limited, Muthoot Housing Finance Company Limited and Muthoot Hotels Private Limited. He is also a member of the CII, Kerala State Council. He has an experience of over 31 years in the field of financial services.

Thomas George Muthoot is a Non-Executive Director on our Board. He has been on our Board as an Additional Director since May 08, 2017 and was re-designated as a Non-Executive Director on May 10, 2017. He holds a Bachelor of Commerce degree from University of Kerala. He is on the board of directors of several companies like MFL, Muthoot Capital Services Limited, Muthoot Housing Finance Company Limited and Muthoot Hotels Private Limited. He was also the Chairman of NBFCs Kerala and a committee member of the Finance Companies Association, Chennai. He has an experience of over 31 years in the field of financial services.

Thomas Muthoot John is a Non-Executive Director on our Board. He has been on our Board as an Additional Director since December 01, 2016 and was re-designated as a Non-Executive Director on May 10, 2017. He holds a Bachelor of Arts degree in Economics from University of Madras. He is also on the board of directors of Planters Treasure Enterprises Private Limited. He has acquired managerial experience from KPMG and MFL. He has an experience of over seven years in the field of financial services.

Kenneth Dan Vander Weele is a Non-Executive Director on our Board and has been appointed as a nominee of Creation Investments India LLC. He has been on our Board since December 27, 2016. He holds a Bachelor of Business Administration degree from the University of Wisconsin in Madison, a Ph.D. from the Open University in recognition of a programme of research undertaken at the Oxford Centre for Mission Studies and is also a certified public accountant. He is on the board of directors of several companies like Sohan Lal Commodity Management Private Limited and Fusion Micro Finance Private Limited. He is the co-founder of Creation Investments Capital Management, LLC and served as its Chief Investment Officer. He is a board member of Creation Investments Social Ventures Fund I. He is the former president of the Opportunity Transformation Investments at Opportunity International Network, a global microfinance network.

Alok Prasad is an Independent Director on our Board. He has been on our Board since May 10, 2017. He holds a Master of Arts degree from University of Delhi. He is on the board of directors of several companies like Accela Fiduciary Services Private Limited, Ummeed Housing Finance Private Limited and Fincare Small Finance Bank Limited. He is a banker and served as the Chief Executive Officer of Microfinance Institutions Network. He worked with the Reserve Bank of India from February 1976 till 1989, where he last held the position of Ex. Assistant General Manager. He is also the former Chairperson and Director of South Asia Micro-entrepreneurs Network (SAMN).

T. S. Vijayan is an Independent Director on our Board. He has been on our Board since May 15, 2018. He holds a Bachelor of Science degree from University of Kerala. He has served as the Chairman of Life Insurance of Corporation of India and the Chairman of Insurance Development Regulatory Authority of India. He is also on the board of Reliance Trusteeship Company Limited.

Amitvikram Talgeri is an Independent Director on our Board. He has been on our Board as an Independent Additional Director since March 31, 2018 and was re-designated as an Independent Director on May 15, 2018. He holds a Master of Management Studies degree from University of Bombay and has participated in the UAE Consortium for Executive Development Programme from INSEAD. He has served at senior executive positions like Chief Operating Officer of Indiabulls Financial Services Limited and Chief Executive Officer of Dubai First. He has an extensive experience in credit risk management, having worked at HDFC Bank Limited. He has an experience of over 24 years in the field of financial services.

Bhama Krishnamurthy is an Independent Director on our Board. She has been on our Board since May 15, 2018. She holds a Master of Science degree from University of Mumbai. She is on the board of directors of several companies like Five-Star Business Finance Limited, India SME Asset Reconstruction Company Limited, Reliance Industrial Infrastructure Limited and Reliance Payment Solutions Limited. She was the Chief General Manager of Small Industries Development Bank of India. She has an experience over 36 years in the field of financial services.

Pushpy B. Muricken is an Independent Director on our Board. She has been on our Board as an Independent Additional Director since March 31, 2018 and was re-designated as an Independent Director on May 15, 2018. She is a practising cost accountant and a law graduate from Mahatma Gandhi University. She is also on the board of directors of Brainstream Advisors Private Limited. She was the Chairperson of the Management Committee of the Cochin chapter of the Institute of Cost Accountants and is currently serving as a member of the said committee. She was also the joint convener at the Ladies Forum of Kerala Chamber of Commerce and Industry and has been the secretary of the Women Entrepreneurship Network Foundation. She was also an Independent Management Consultant at NASSCOM for Start-ups, Kerala and was a guest faculty at Rajagiri College of Social Sciences, Kalamassery.

Confirmations

None of our Directors are or were a director of any listed company during the last five years preceding the date of this Draft Red Herring Prospectus, whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of their directorship in such company.

None of our Directors are or were a director of any listed company which has been or was delisted from any stock exchange during the term of their directorship in such company.

No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested by any person either to induce them to become or to help them qualify as a Director, or otherwise for services rendered by them or by the firm or company in which they are interested, in connection with the promotion or formation of our Company.

Terms of appointment of the Executive Director

Thomas Muthoot is currently the Managing Director of our Company. He was appointed as the Managing Director for a period of five years with effect from November 10, 2017 pursuant to a Board resolution dated November 10, 2017 and a Shareholders' resolution dated May 15, 2018.

Basic salary	Nil
Perquisites and benefits	Nil
Commission	Nil
Others	Nil

For Fiscal 2018, Thomas Muthoot as the Managing Director of our Company did not receive any remuneration.

Remuneration to Non-Executive Directors and Independent Directors:

Our Independent Directors are eligible for sitting fees for attending each meeting of the Board or committees thereof. Our Company has, pursuant to a board resolution dated May 03, 2018, fixed ₹ 60,000 per meeting as the sitting fees payable to our Independent Directors for attending the meetings of our Board. The total expense incurred by our Company towards sitting fees paid to Alok Prasad, who is an Independent Director, during Fiscal 2018 is ₹300,000.

Pushpy Muricken, and Amitvikram Talgeri did not receive any remuneration for Fiscal 2018 as they were appointed on March 31, 2018 and T.S. Vijayan and Bhama Krishnamurthy did not receive any remuneration as they were appointed after March 31, 2018.

There was no remuneration paid by the Company to the Non-Executive Directors during Fiscal 2018.

Arrangement or understanding with major Shareholders, customers, suppliers or others

Except for Kenneth Dan Vander Weele, who has been nominated on our Board by Creation Investments India LLC in terms of the Shareholders Agreement, there is no arrangement or understanding of our Directors or Key Management Personnel with the major Shareholders, customers, suppliers or others, pursuant to which any of our Directors was appointed as a Director or member of senior management.

Shareholding of Directors in our Company

For details on shareholding of the Directors in our Company, see “*Capital Structure –Details of Equity Shares held by our Directors and Key Management Personnel in our Company*” on page 75.

Our Articles of Association do not require our Directors to hold any qualification shares of the Company.

Shareholding of Directors in our Subsidiaries or Associate Company

As on the date of this Draft Red Herring Prospectus, our Company does not have any subsidiaries or associate companies.

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

Except as disclosed under “– *Relationship between our Directors*” none of the relatives of our Directors currently holds any office or place of profit in our Company.

Interest of Directors

All Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of our Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

Except as disclosed below, our Directors have no interest in any property acquired by our Company within two years prior to the date of this Draft Red Herring Prospectus or presently intended to be acquired by our Company or in any transaction for acquisition of land, construction of building and supply of machinery.

1. ***Lease Agreement dated March 01, 2017 executed between Thomas Muthoot, Thomas John Muthoot, Thomas George Muthoot and our Company***

Our Directors, Thomas Muthoot, Thomas George Muthoot and Thomas John Muthoot have entered into a lease agreement dated March 01, 2017 with the Company for leasing out office space at Third Floor, No: XXI/996, Muthoot Building, College Road, Stadium Road, Pathanamthitta District 689 645, Kerala, India, comprising of area 850 square feet for monthly rent of Rs. 16,500 with rent enhancement of 5% every year and security deposit of ₹99,000. This agreement is valid for a period of ten years.

2. ***Agreement dated February 14, 2017, executed between Thomas John Muthoot, Thomas George Muthoot, Thomas Muthoot and our Company***

For details, see “*History and certain corporate matters – other agreements*”, on page 144.

3. ***Lease Agreement dated March 01, 2018 executed between Thomas Muthoot, Thomas John Muthoot, Thomas George Muthoot and our Company***

Our Directors, Thomas Muthoot, Thomas John Muthoot and Thomas George Muthoot have entered into a lease agreement with our Company dated March 01, 2017 for leasing out office space at located at Ground Floor, Door No. 591, Park Road, D-Sector, Anna Nagar West, Chennai 600 101, Tamil Nadu, India comprising area of 540 square feet for monthly rent of ₹29,700 with rent enhancement of 10% every year, and security deposit of ₹178,200.

4. ***Lease Agreement dated September 01, 2012 executed between Thomas Muthoot, Thomas John Muthoot, Thomas George Muthoot and our Company***

Our Directors, Thomas Muthoot, Thomas John Muthoot and Thomas George Muthoot have entered into a lease agreement dated September 01, 2012 with our Company (under its erstwhile name Panchratna Securities Limited) for leasing out office space at Door No. 8935, 5th Floor, Muthoot Towers, MG Road, Ernakulam 682 035, Kerala, India comprising of carpet area of 500 square feet for monthly rent of ₹47,500. This agreement shall be valid for a period of ten years.

5. ***Lease Agreement dated September 01, 2015 executed between Thomas John Muthoot and our Company***

Our Director, Thomas John Muthoot entered into a lease agreement dated September 01, 2015 with the Company for leasing out office space at First Floor, Door No- Km/36/730, Muthoot Shopping Centre, Municipal Junction, Kayamkulam, Alleppey District 690 502, Kerala, India, comprising of carpet area of 540 square feet for monthly rent of ₹13,500 with rent enhancement of 5% every year and a security deposit of ₹81,000. This agreement is valid for a period of five years commencing on September 01, 2015 and expiring on August 31, 2020.

Certain Directors may also be regarded as interested in the Equity Shares, if any, held by them or Equity Shares that may be subscribed by or allotted to them, their relatives or to the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Offer. Our Directors may also be deemed to be

interested to the extent of employee stock options held by them or that may be granted to them from time to time under the ESOP Plan.

Certain of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares held by them or the shareholder they represent.

Except for Thomas John Muthoot, Thomas George Muthoot and Thomas Muthoot, none of our Directors have any interest in the promotion of our Company.

No loans have been availed by our Directors from our Company.

None of the beneficiaries of loans, advances and sundry debtors are related to our Directors.

None of our Directors are party to any bonus or profit sharing plan of our Company.

Our nominee director, Kenneth Dan Vander Weele may be deemed to be interested to the extent of the shareholding in our Company of the entity nominating him.

Business interest

Except as stated in this sub-section and “*Related Party Transactions*” on page 172, our Directors have not entered into any transactions with our Company and do not have any other interest in our business or our Company.

Except as disclosed under “*Terms of appointment of the Executive Director*” on page 151, no officer of our Company, including our Directors and the Key Management Personnel has entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment, except for ESOPs, and statutory benefits payable upon termination of employment in our Company or upon retirement.

Changes in our Board in the last three years

Name	Date of Appointment/ Resignation/ Re-designation	Reason
Sabu Zacharias K	August 3, 2015	Re-designated as Independent Director
Maneesh Srivastava	August 3, 2015	Re-designated as Independent Director
Thomas Muthoot John	December 1, 2016	Appointed as Additional Director
Keyur Shah	December 1, 2016	Appointed as Additional Director
Kenneth Dan Vander Weele	December 27, 2016	Appointed as Non-Executive Director*
Maneesh Srivastava	March 10, 2017	Resigned as Independent Director
Sabu Zacharias K	May 8, 2017	Resigned as Independent Director
Keyur Shah	May 8, 2017	Resigned as Additional Director
Thomas Muthoot	May 8, 2017	Appointed as Additional Director
Thomas George Muthoot	May 8, 2017	Appointed as Additional Director
Thomas John Muthoot	May 8, 2017	Appointed as Additional Director
George Lamannil	May 8, 2017	Resigned as Director
Alok Prasad	May 10, 2017	Appointed as Independent Director
Thomas Muthoot	May 10, 2017	Re-designated as Director
Thomas George Muthoot	May 10, 2017	Re-designated as Director
Thomas John Muthoot	May 10, 2017	Re-designated as Director
Thomas Muthoot	May 10, 2017	Appointed as Managing Director
Amitvikram Talgeri	March 31, 2018	Appointed as Additional Independent Director
Pushpy B. Muricken	March 31, 2018	Appointed as Additional Independent Director
T. S. Vijayan	May 15, 2018	Appointment as Independent Director
Bhama Krishnamurthy	May 15, 2018	Appointment as Independent Director
Amitvikram Talgeri	May 15, 2018	Re-designated as Independent Director
Pushpy B. Muricken	May 15, 2018	Re-designated as Independent Director

*Nominee of Creation Investments India LLC

Borrowing Powers of Board

In accordance with the Articles of Association and pursuant to a resolution passed by the Shareholders of our Company on May 10, 2017, our Board is authorised to borrow such sum or sums of money or monies for the purposes of the business of our Company as may be required from time to time, on such terms and conditions and with or without security as our Board may think fit, which together with the monies already borrowed by our Company, provided that the total amount of money/ monies so borrowed by our Board shall not at any time exceed the limit of ₹ 40,000 million.

Corporate Governance

The provisions of the Listing Regulations with respect to corporate governance will be applicable to our Company immediately upon the listing of Equity Shares on the Stock Exchanges. Our Company is in compliance with the requirements of the applicable regulations, specifically the corporate governance requirement of the Listing Regulations to the extent applicable, the Companies Act, 2013, RBI Circular dated May 08, 2007 (including modifications made from time to time), the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and the SEBI ICDR Regulations in respect of corporate governance particularly in relation to constitution of the Board and committees of our Board.

Currently, our Board has ten Directors, including two women directors. In compliance with the requirements of SEBI Listing Regulations, we have one Executive Director, five Independent Directors and four Non-Executive Directors on our Board.

Our Board functions either as a full board or through various committees constituted to oversee specific operational areas.

Our Company's executive management provides our Board detailed reports on its performance periodically.

Committees of our Board

In addition to the committees of our Board detailed below, our Board may from time to time, constitute committees for various functions.

Audit Committee

The members of the Audit Committee are:

1. Amitvikram Talgeri (Chairman);
2. Alok Prasad
3. Pushpy B Muricken
4. Kenneth Dan Vander Weele; and
5. Thomas Muthoot.

The Audit Committee was constituted at a meeting of our Board held on December 1, 2015 and was re-constituted at a meeting of our Board held on May 29, 2017 and May 3, 2018 and further constituted on June 27, 2018. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and SEBI Listing Regulations and its terms of reference include the following:

- a. Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
- b. Recommending to the Board the appointment, re-appointment and replacement, remuneration and terms of appointment of the statutory auditor of the Company and the fixation of audit fee;
- c. Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
- d. Approving payments to statutory auditors for any other services rendered by the statutory auditors;
- e. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 1. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013, as amended;
 2. Changes, if any, in accounting policies and practices and reasons for the same;
 3. Major accounting entries involving estimates based on the exercise of judgment by management;
 4. Significant adjustments made in the financial statements arising out of audit findings;
 5. Compliance with listing and other legal requirements relating to financial statements;
 6. Disclosure of any related party transactions; and

7. Modified opinion(s) in the draft audit report.

- f. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- g. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/application of the funds raised through the proposed Offer by the Company;
- h. Approval or any subsequent modifications of transactions of the Company with related parties;
- i. Scrutinizing of inter-corporate loans and investments;
- j. Valuing of undertakings or assets of the Company, wherever it is necessary;
- k. Evaluating of internal financial controls and risk management systems;
- l. Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;
- m. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
- n. Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- o. Discussing with internal auditors on any significant findings and follow up there on;
- p. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- q. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- r. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
- s. Reviewing the functioning of the whistle blower mechanism;
- t. Approving the appointment of the chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate; and
- u. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Stakeholders Relationship Committee

The members of the Stakeholders Relationship Committee are:

- 1. Thomas John Muthoot (Chairman);
- 2. Thomas Muthoot;
- 3. Sadaf Sayeed; and
- 4. Praveen T.

The Stakeholders Relationship Committee was constituted by our Board of Directors under the name of Shareholders and Grievances Committee at their meeting held on June 27, 2018. The terms of reference of the Stakeholders' Relationship Committee include the following:

- a. Resolving the grievances of the securities holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of

new/duplicate certificates, any other documents or information to be sent to the Company to its shareholders, general meetings etc.;

- b. Reviewing measures taken to exercise of voting rights by shareholders;
- c. Reviewing adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent;
- d. Reviewing the various measures and initiatives taken by the Company for reducing quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the Company; and
- e. Carrying out any other function as prescribed under the Listing Regulations, Companies Act, 2013 and the rules and regulations made thereunder, each as amended or other applicable law.

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

- 1. T. S. Vijayan (Chairman);
- 2. Bhama Krishnamurthy;
- 3. Kenneth Dan Vander Weele; and
- 4. Thomas Muthoot John.

The Nomination and Remuneration Committee was constituted at a meeting of our Board held on December 1, 2015 and was re-constituted at a meeting of our Board held on May 29, 2017 and May 3, 2018 and further constituted on June 27, 2018. The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations. The terms of reference of the Nomination and Remuneration Committee include:

- a. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- b. Formulating of criteria for evaluation of the independent directors and the Board;
- c. Devising a policy on Board diversity;
- d. Identifying persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal, and carrying out evaluations of every director's performance;
- e. Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- f. Recommending to the Board, all remuneration, in whatever form, payable to senior management;
- g. Determining the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
- h. Determine compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;
- i. Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
- j. Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee; and
- k. Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, including the following:
 - i. administering employee stock option schemes, employee stock purchase schemes, stock appreciation rights schemes, general employee benefits scheme and retirement benefit schemes (the "Schemes");

- ii. delegating the administration and superintendence of the Schemes to any trust set up with respect to the Schemes;
- iii. formulating detailed terms and conditions for the Schemes including provisions specified by the board of directors of the Company in this regard;
- iv. determining the eligibility of employees to participate under the Schemes;
- v. granting options to eligible employees and determining the date of grant;
- vi. determining the number of options to be granted to an employee;
- vii. determining the exercise price under of the Schemes; and
- viii. construing and interpreting the Plan and any agreements defining the rights and obligations of the Company and eligible employees under the Schemes, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the Schemes; and
- ix. framing suitable policies and systems to ensure that there is no violation of securities laws, the Company, its employees or trust set up with respect to the Schemes, if any, of any applicable laws in India or overseas, including: the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; and the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended.

Risk Management Committee

The members of the Risk Management Committee are:

1. Thomas John Muthoot;
2. Thomas George Muthoot;
3. Thomas Muthoot; and
4. Sadaf Sayeed.

The Risk Management Committee was constituted by our Board of Directors at their meeting held on December 1, 2015 and re-constituted at a meeting of our Board held on May 29, 2017. The Risk Management Committee is vested with the responsibilities of monitoring the risk and to make suitable strategies to control it.

Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility Committee are:

1. Alok Prasad;
2. Thomas John Muthoot;
3. Thomas George Muthoot; and
4. Thomas Muthoot.

The Corporate Social Responsibility Committee was constituted by our Board at their meeting held on July 19, 2016 and re-constituted at a meeting of our Board held on May 29, 2017. The terms of reference of the Corporate Social Responsibility Committee include:

- a. To formulate and recommend to the Board a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
- b. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company;
- c. To monitor the CSR policy of the Company from time to time;
- d. Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

IPO Committee

The members of the IPO Committee are:

1. Thomas John Muthoot (Chairman);

2. Thomas Muthoot;
3. Sadaf Sayeed; and
4. Praveen T.

The IPO Committee was constituted by our Board of Directors on June 27, 2018. The IPO Committee has been authorized to approve and decide upon all activities in connection with the Offer, including, but not limited to, to approve the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, to decide the terms and conditions of the Offer, including the Price Band and the Offer Price, to appoint various intermediaries, negotiating and executing Offer related agreements and to submit applications and documents to relevant statutory and other authorities from time to time. The terms of reference of the IPO Committee include:

- a. to decide, in consultation with the Managers, on the IPO size (including any reservation for employees, and/or any other reservations or firm allotments as may be permitted, green shoe option and/ or any rounding off in the event of any oversubscription), timing, pricing (price band, issue price, including to anchor investors etc.) and all other terms and conditions of the IPO, including the price, premium, discount (as permitted under Applicable Laws) and to make any amendments, modifications, variations or alterations thereto;
- b. to make applications to the Stock Exchanges for in-principle approval for listing of its Equity Shares and file such papers and documents, including a copy of the DRHP filed with Securities and Exchange Board of India, as may be required for the purpose;
- c. to take all actions as may be necessary or authorised, in connection with the Offer for Sale, including taking on record the approval of the Offer for Sale, extending the Bid/Offer period, revision of the Price Band, allow revision of the Offer for Sale portion in case any Selling Shareholder decides to revise it, in accordance with the Applicable Laws;
- d. to invite the existing shareholders of the Company to participate in the IPO to offer for sale Equity Shares held by them at the same price as in the IPO;
- e. authorisation of any director or directors of the Company or other officer or officers of the Company, including by the grant of power of attorney, to do such acts, deeds and things as such authorised person in his/her/their absolute discretion may deem necessary or desirable in connection with the issue, offer and allotment/transfer of the Equity Shares;
- f. giving or authorising any concerned person to give such declarations, affidavits, certificates, consents and authorities as may be required from time to time;
- g. to approve suitable policies on insider trading, whistle-blowing, risk management and any other policies as may be required under the SEBI Listing Regulations or any other Applicable Laws;
- h. To approve any corporate governance requirements, code of conduct for the Board, officers and other employees of the Company that may be considered necessary by the Board or the IPO Committee or as may be required under the SEBI Listing Regulations or any other Applicable Laws;
- i. to appoint, enter into and terminate arrangements with the Managers, underwriters, syndicate members, brokers, advisors, escrow collection banks, registrars, refund banks, public issue account banks, monitoring agency, legal counsel, auditors, experts, printers, advertising agencies and any other agencies or persons or intermediaries to the IPO and to negotiate, finalise and amend the terms of their appointment, including but not limited to the execution of the mandate letter with the Managers and negotiation, finalization, execution and, if required, amendment of the offer agreement with the Managers and the Selling Shareholders;
- j. to seek, if required, the consent/ waiver of the lenders to the Company and/or the lenders to the subsidiaries of the Company, industry data providers, parties with whom the Company has entered into various commercial and other agreements including without limitation, customers, suppliers, strategic partners of the Company, any concerned government and regulatory authorities in India or outside India, and any other consent, approval or waiver that may be required in connection with the IPO or any actions connected therewith, if any;
- k. to approve the list of 'group companies' of the Company, identified pursuant to the materiality policy adopted by the Board, for the purposes of disclosure in the DRHP, RHP and the Prospectus;
- l. to make applications to, seek clarifications and obtain approvals from, if necessary, the RBI, the SEBI or any other statutory or governmental authorities in connection with the IPO and, wherever necessary, accept and incorporate such modifications/ amendments/ alterations/ corrections as may be required in the DRHP, the RHP and the Prospectus, on behalf of the Board;

- m. to negotiate, finalise, settle, execute and deliver or arrange the delivery of the Managers' mandate or engagement letter(s), the offer agreement, registrar agreement, syndicate agreement, underwriting agreement, cash escrow agreement, share escrow agreement and all other documents, deeds, agreements, memorandum of understanding and other instruments whatsoever, including any amendment(s) or addenda thereto, including with respect to the payment of commissions, brokerages and fees, with the Managers, registrar to the IPO, legal advisors, auditors, Stock Exchanges and any other agencies/intermediaries in connection with the IPO with the power to authorise one or more officers of the Company to negotiate, execute and deliver all or any of the aforestated documents;
- n. to open and operate any bank account(s) required of the Company for the purposes of the IPO and the Pre-IPO Placement, including the cash escrow account, the public issue account as may be required;
- o. finalising, settling, approving, adoption and filing in consultation with the Managers, where applicable, the DRHP, RHP and the Prospectus (including amending, varying or modifying the same, as may be considered desirable or expedient) and the preliminary and final international wrap for the IPO together with any addenda, corrigenda and supplement thereto as finalised in consultation with the Managers, in accordance with all applicable laws, rules, regulations, notifications, circulars, orders and guidelines and take all such actions as may be necessary for filing of these documents including incorporating such alterations/corrections/modifications as may be required by and to submit undertakings/certificates or provide clarifications to SEBI or any other relevant governmental and statutory authority in accordance with Applicable Laws;
- p. arranging for the submission of the Draft Red Herring Prospectus to be submitted to the SEBI and the Stock Exchanges for receiving comment, the Red Herring Prospectus and the Prospectus to be registered with the RoC, and any corrigendum, amendments supplements thereto;
- q. seeking the listing of the Equity Shares on any Indian stock exchange, submitting the listing application to such stock exchange and taking all actions that may be necessary in connection with obtaining such listing;
- r. to issue receipts/allotment letters/confirmation of allocation notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices, regulations and applicable law, including listing on one or more Stock Exchanges, with power to authorise one or more officers of the Company to sign all or any of the aforestated documents;
- s. authorise and approve notices, advertisements in relation to the Offer in consultation with the relevant intermediaries appointed for the Offer;
- t. finalise the basis of allotment of the Equity Shares;
- u. make applications for listing of the Equity Shares on the Stock Exchange for listing of the Equity Shares of the Company and to execute and to deliver or arrange the delivery of necessary documentation to the Stock Exchanges and to take all such other actions as may be necessary in connection with obtaining such listing;
- v. accept and appropriate proceeds of the Fresh Issue in accordance with the Applicable Laws;
- w. take on record the approval of the Selling Shareholders for offering their Equity Shares in the Offer for Sale;
- x. decide in consultation with the Managers, the withdrawal of the Draft Red Herring Prospectus or the Red Herring Prospectus or any decision not to proceed with the Offer at any stage in accordance with Applicable Laws;
- y. to do all such deeds and acts as may be required to dematerialise the Equity Shares of the Company and to sign and/or modify, as the case may be, agreements and/or such other documents as may be required with National Securities Depository Limited, Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, as may be required in this connection with power to authorise one or more officers of the Company to execute all or any of the aforestated documents;
- z. to authorise and approve the incurring of expenditure and payment of fees, commissions, remuneration and expenses in connection with the IPO;
- aa. to withdraw the DRHP or the RHP or to decide not to proceed with the IPO at any stage in accordance with the SEBI ICDR Regulations and applicable laws;
- bb. to do all such acts, deeds, matters and things and execute all such other documents, etc., as it may, in consultation with the Managers, deem necessary or desirable for the IPO, including without limitation, determining the anchor investor

portion and allocation to Anchor Investors, finalising the basis of allocation and allotment of Equity Shares to the successful allottees and credit of Equity Shares to the demat accounts of the successful allottees in accordance with Applicable Laws and any documents or instruments so executed and delivered or acts and things done or caused to be done by committee shall be conclusive evidence of the authority of the committee in so doing;

- cc. to settle all questions, remove any difficulties or doubts that may arise from time to time with respect to the IPO, including with respect to the issue, offer or allotment of the Equity Shares, terms of the IPO, utilisation of the IPO proceeds, appointment of intermediaries for the IPO and such other issues as it may, in its absolute discretion deem fit;
- dd. to take such action, give such directions, as may be necessary or desirable as regards the IPO and to do all such acts, matters, deeds and things, including but not limited to the allotment of Equity Shares against the valid applications received in the IPO, as are in the best interests of the Company;
- ee. to negotiate, finalise, settle, execute and deliver any and all other documents or instruments and doing or causing to be done any and all acts or things as may be deemed necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing or in connection with the IPO. Any documents or instruments so executed and delivered or acts and things done or caused to be done by the Board shall be conclusive evidence of the authority of the Board in so doing; and
- ff. to delegate any of the powers mentioned in (a) to (x) to such persons as the IPO Committee may deem necessary.

In addition to the above, our Board has also constituted the Asset Liability Management Committee, as per the requirements/ guidelines of the RBI and the Borrowing Committee for operational reasons.

Management Organisation Chart



Brief profiles of our Key Management Personnel

Except for the details of Thomas Muthoot which are set out under “-Brief Biographies of Directors” on page 150, the details of the Key Management Personnel, as on the date of this Draft Red Herring Prospectus, are set out below.

Sadaf Sayeed is the Chief Executive Officer of our Company. He has been associated with the Muthoot Pappachan Group for the last eight years. He has been serving as the Chief Executive Officer of the Company for the last three years with effect from August 01, 2015 and was also associated with MFL as the Chief Operating Officer of microfinance division from August 16, 2010. He holds a Bachelor of Commerce (Honours course) degree from University of Delhi and a Master of Business Administration degree from Guru Gobind Singh Indraprastha University. He has over 15 years of experience in banking and financial services. Prior to joining our Company, he was associated with HDFC Bank Limited, Indiabulls Credit Services Limited, GE Countrywide Consumer Financial Services Limited, Satin Creditcare Network Limited and Spandana Sphoorty Financial Limited in credit and risk management functions. He was paid a gross compensation of ₹20,401,598 in Fiscal 2018.

Praveen T is the Chief Financial Officer of our Company. He has been associated with the Muthoot Pappachan Group for the last five years. He has been serving as the Chief Financial Officer for the last two years with effect from December 26, 2016. He was also associated with our Company as the Associate Vice President- Finance and Accounts from January 26, 2016 and with MFL as Chief Manager from February 04, 2013 to January 25, 2016. He is a member of the Institute of Chartered Accountants of India with eight years of experience in finance, accounts, management reporting and compliance. Prior to joining our Company, he was associated with Ark Power Controls Private Limited. He was paid a gross compensation of ₹2,168,646 in Fiscal 2018.

Neethu Ajay is the Company Secretary and Compliance Officer of our Company. She has been associated with our Company for over four years and was appointed as the Company Secretary with effect from February 13, 2014 and was designated as Company Secretary and Compliance Officer with effect from June 27, 2018. She holds a Bachelor of Commerce degree from Mahatma Gandhi University. She is an associate member of the Institute of Company Secretaries of India with over four years of experience in compliance and secretarial functions. She was paid a gross compensation of ₹719,460 in Fiscal 2018.

Subhransu Pattnayak is the Vice President - Human Resources and Products of our Company. He has been associated with the Muthoot Pappachan Group for the last six years. He has been serving as the Vice President - Human Resources and Products for the last three years with effect from August 26, 2015. He was also associated with MFL from July 20, 2012 to August 25, 2015. He holds a Bachelor of Science degree from Utkal University and a Post Graduate Diploma in Business Administration from Technological Institute for Management and Advanced Computer Education. He has over 17 years of experience including over five years in banking and financial services. Prior to joining our Company, he was associated with Nicholas Piramal India Limited and ICICI Bank Limited in strategy and product development. He was paid a gross compensation of ₹3,462,034 in Fiscal 2018.

Udeesh Ullas is the Executive Vice President - Operations of our Company. He has been associated with the Muthoot Pappachan Group for the last 10 years. He has been serving as the Vice President - Operations for the last two years with effect from February 26, 2016. He was also associated with MFL from January 15, 2008 to February 25, 2016. He holds a Bachelor of Commerce degree from Mahatma Gandhi University and a Masters in Business Administration degree from Ariston School of Business Studies. He has over 15 years of experience in retail banking operations, debt management and microfinance. Prior to joining our Company, he was associated with L&L Services Private Limited, i-Process Services (India) Private Limited and Fullerton India Credit Company Limited. He was paid a gross compensation of ₹3,863,631 in Fiscal 2018.

All the Key Management Personnel are permanent employees of our Company.

Shareholding of Key Management Personnel

For details on shareholding of the Key Managerial Personnel in our Company see “*Capital Structure - Details of Equity Shares held by our Directors and Key Management Personnel in our Company*” on page 75.

Bonus or profit sharing plan of the Key Management Personnel

Except for Sadaf Sayeed, who apart from his gross remuneration is entitled, 1% of the PAT of our Company, there is no profit sharing plan for the Key Management Personnel. Our Company makes certain performance linked bonus payment for each financial year to certain Key Management Personnel as per their respective terms of employment.

Interests of Key Management Personnel

Except as stated below, the Key Management Personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

The Key Management Personnel may be regarded as interested in the Equity Shares held by them, and those that may be subscribed by or allotted to them under the ESOP Plan. For further details relating to Equity Shares allotted to Key Management Personnel under ESOP Plan, see “*Capital Structure*” on page 76. The Key Management Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of such Equity Shares, if any.

Except as disclosed under “*Related Party Transactions*” on page 172, none of the Key Management Personnel have been paid any consideration of any nature from our Company, other than their remuneration. There is no contingent or deferred compensation payable to our Key Management Personnel which does not form part of their remuneration.

Further, there is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any Key Management Personnel was selected as member of senior management.

No loans have been availed by the Key Management Personnel from our Company.

None of the Key Management Personnel are related to each other.

Changes in the Key Management Personnel

Except for the changes in relation to Thomas Muthoot, our Managing Director as disclosed under “*-Changes in our Board in*

the last three years” on page 163, the changes in the Key Management Personnel in the last three years are as follows:

Name	Designation	Date of change	Reason for change
Sadaf Sayeed	Chief Executive Officer	August 01, 2015	Appointment as Chief Executive Officer
Seby Cherian	Chief Financial Officer	August 01, 2015	Appointed as Chief Financial Officer
Seby Cherian	Chief Financial Officer	June 26, 2016	Resigned as Chief Financial Officer
Praveen T	Chief Financial Officer	December 26, 2016	Appointed as Chief Financial Officer

Payment or Benefit to officers of our Company

Except as disclosed in this section and in the section titled “*Capital Structure – Employee Stock Option Plan*” on page 76, no non-salary amount or benefit has been paid or given to any of our Company’s employees including the Key Management Personnel and our Directors within the two years preceding the date of filing of this Draft Red Herring Prospectus. No amount is intended to be paid or given to any of our Company’s employees including the Key Management Personnel and our Directors.

Employee stock option and stock purchase schemes

As on the date of this Draft Red Herring Prospectus, our Company has implemented a stock option plan. For further details, see the sub-section titled “*Capital Structure – Employee Stock Option Plan*” on page 76.

OUR PROMOTER AND PROMOTER GROUP

Our Promoters

Thomas John Muthoot, Thomas Muthoot, Thomas George Muthoot, Preethi John, Remmy Thomas, Nina George and MFL are the Promoters of our Company. As on date of this Draft Red Herring Prospectus, Thomas John Muthoot, Thomas Muthoot, Thomas George Muthoot, Preethi John, Remmy Thomas, Nina George and MFL hold 6,328,806, 6,350,459, 6,327,160, 2,702,867, 2,681,214, 2,704,513 and 72,625,449 Equity Shares respectively, equivalent to 6.15%, 6.17%, 6.15%, 2.63%, 2.61%, 2.63% and 70.59% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company respectively. For details on shareholding of our Promoters in our Company, see “*Capital Structure*” on page 69.

1. Thomas John Muthoot

	Identification Particulars	Details
	Voter Identification Number	KL/20/134/108234
	Driving License Number	1/7971/1983
	Address	TC 4/1008, (1), Kawdiar, P.O., Trivandrum 695 003, Kerala, India.

Thomas John Muthoot, aged 56, is one of our Promoters, is also Non-Executive Director of the Company. For further details, see the section titled “*Our Management*” on page 146.

2. Thomas Muthoot

	Identification Particulars	Details
	Voter Identification Number	AFJ0457507
	Driving License Number	3/2536/1983
	Address	Muthoot, 7/59-A, near Kaniyampuzha Bridge Cherukad, Eroor P.O., Ernakulam 682 306, Kerala, India.

Thomas Muthoot, aged 52, is one of our Promoters, is also Managing Director of the Company. For further details, see the section titled “*Our Management*” on page 146.

3. Thomas George Muthoot

	Identification Particulars	Details
	Voter Identification Number	LNH2017077
	Driving License Number	1/7972/1983
	Address	Muthoot Towers, College Road, P O M G Road, Ernakulam, 682 035, Kerala, India.

Thomas George Muthoot, aged 56, is one of our Promoters, is also Non-Executive Director of the Company. For further details, see the section titled “*Our Management*” on page 146.

4. Preethi John

	Identification Particulars	Details
	Voter Identification Number	KL/20/134/108230
	Driving License Number	1/101154/1989
	Address	TC 4/1008, (1), Kawdiar, P.O., Trivandrum 695 003, Kerala, India.

Preethi John, aged 53, is one of our Promoters. She holds a bachelor's degree in Arts from University of Kerala. She is also a director on the board of Muthoot Infrastructure Private Limited, Muthoot Exim Private Limited, Muthoot Kuries Private

Limited, Alaska Agri Projects and Hospitalities Private Limited, Bamboo Agri Projects and Hospitalities Private Limited, Calypso Agri Development and Hospitalities Private Limited, Cinnamon Agri Development and Hospitalities Private Limited, El Toro Agri Projects and Hospitalities Private Limited, Goblin Agri Projects and Hospitalities Private Limited, Mandarin Agri Ventures and Hospitalities Private Limited, Muthoot Agri Projects and Hospitalities Pvt. Ltd., Muthoot Dairies and Agri Ventures Hospitalities Private Limited, The Thinking Machine Media Private Limited, MPG Security Group Private Limited and Muthoot Pappachan Chits (India) Private Limited.

5. Remmy Thomas

	Identification Particulars	Details
	Voter Identification Number	AFJ0457499
	Driving License Number	1/5534/1991
	Address	Muthoot, No. 7/59-A, Cherukad, Eroor P.O., Near Kaniyampuzha Bridge, Ernakulam 682 306, Kerala, India.

Remmy Thomas, aged 50, is one of our Promoters. She holds a bachelor's degree in Technology from Mahatma Gandhi University. She is also a director on the board of companies such as Muthoot Automobile Solutions Private Limited, Muthoot Automotive (India) Private Limited, Muthoot Exim Private Limited, Muthoot Kuries Private Limited, El Toro Agri Projects and Hospitalities Private Limited, Fox Bush Agri Development and Hospitalities Private Limited, Jungle Cat Agri Development and Hospitalities Private Limited, Muthoot Buildtech (India) Private Limited, Muthoot Equities Limited, Muthoot Land and Estates Private Limited, Muthoot Properties (India) Private Limited, Pine Pink Agri Ventures and Hospitalities Private Limited, The Right Ambient Resorts Private Limited, MPG Security Group Private Limited, Muthoot Pappachan Chits (India) Private Limited and Muthoot Infrastructure Private Limited.

6. Nina George

	Identification Particulars	Details
	Voter Identification Number	No voter identification
	Driving License Number	7/505/1989
	Address	Muthoot Towers, M.G. Road, Kochi 682 035, Kerala India.

Nina George, aged 50, is one of our Promoters. She holds a bachelor's degree in Science from Mahatma Gandhi University. She is also a director on the board of Muthoot Exim Private Limited, Muthoot Kuries Private Limited, Alaska Agri Projects and Hospitalities Private Limited, Bamboo Agri Projects and Hospitalities Private Limited, Buttercup Agri Projects and Hospitalities Private Limited, Calypso Agri Development and Hospitalities Private Limited, Cinnamon Agri Development and Hospitalities Private Limited, Flame Agri Projects and Hospitalities Private Limited., Mariposa Agri Ventures and Hospitalities Private Limited, Muthoot Agri Development and Hospitalities Private Limited Muthoot Equities Limited, Muthoot Holdings Private Limited, Muthoot Motors Private Limited, Pine Pink Agri Ventures and Hospitalities Private Limited, MPG Security Group Private Limited and Muthoot Pappachan Chits (India) Private Limited.

7. History and other details of MFL

Corporate Information

MFL was incorporated as Muthoot Debt Management Services Limited on June 10, 1997 at Trivandrum as a public limited company under the Companies Act, 1956, pursuant to certificate of incorporation issued by the Registrar of Companies, Kerala. MFL was granted certificate of commencement of business on July 03, 1997 from the Registrar of Companies, Kerala. Thereafter, MFL's name was changed from Muthoot Debt Management Services Limited to Muthoot Fincorp Limited on March 19, 2002 pursuant to a fresh certificate of incorporation dated March 19, 2002. MFL was granted NBFC status by the RBI with effect from July 23, 2002. The Company is also authorized to act as a Depository Participant and an Authorized Dealer - Category II. The registered office of MFL is Muthoot Centre, TC No 14/2074, Punnen Road, Trivandrum 695 034, Kerala, India.

As per the terms of the memorandum of association of MFL, its main object is to:

1. To carry on the business of a loan company as per RBI guidelines and to carry on and undertake financing by way of giving loans and/or advances and financing otherwise of the activities of others and to receive money at interest or otherwise for fixed periods as permitted from time to time by RBI;
2. To carry on the business of money lending in accordance with the RBI guidelines and other applicable laws in force and also giving loans and advances to the weaker sections of society at preferential rate of interest subject to the ceiling fixed from time to time, but the company shall not carry on the business of banking as defined in the Banking Regulations Act, 1949;
3. To carry on the business as authorized dealer, money changer, offshore banker or any other person for the time being authorized to deal in foreign exchange or foreign securities or such other activities and to undertake cross border inward money transfer activities subject to the rules and regulations of the RBI; and
4. To take over as going concern, the business of the partnership firms, muthoot bankers with their assets and liabilities, manage their affairs and dissolve the firms after the takeover.

As on date, MFL is engaged in the business of gold loans, foreign exchange conversion, money transfer services as sub-agents of various registered money transfer agencies, generation and sale of wind energy through its wind farms located in Tamil Nadu, Real Estate and as Depository Participant.

MFL is promoted by Thomas John Muthoot, Thomas George Muthoot and Thomas Muthoot,.

Board of directors

The board of directors of MFL, as on the date of this Draft Red Herring Prospectus are as under:

Name	Designation
Thomas John Muthoot	Managing Director
Thomas Muthoot	Whole-time director
Thomas George Muthoot	Director
Janamma Thomas	Director
Kurian Peter Arattukulam	Independent Director
Ramakrishna Pillai Kamalasanan Nair	Independent Director
Vikraman Ampalakkat	Independent Director

Changes in the management or control

There have been no changes in the management of MFL, in the three years preceding the date of this Draft Red Herring Prospectus.

Interests of Promoter

Our Promoters are interested in our Company to the extent that they are currently the promoter our Company and to the extent of its shareholding and the dividend payable, if any and other distributions in respect of the Equity Shares held by it. For details on shareholding of our Promoters in our Company, see “*Capital Structure*” on page 69.

Except as disclosed under “*Our Management*” and under “*Related Party Transactions*” on pages 146 and 172 respectively, our Promoters have no interest, direct or indirect, in any property acquired by our Company within two years preceding the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company as on the date of this Draft Red Herring Prospectus.

Except as disclosed under “*Our Management*” and under “*Related Party Transactions*” on pages 146 and 172 respectively, our Promoters are not interested in any transaction for acquisition of land, construction of building and supply of machinery entered into by our Company.

Our Promoters have not provided any corporate guarantees in relation to the financial assistance availed by our Company. For details in relation to our outstanding loans as on July 10, 2018 see “*Financial Indebtedness*” on page 258.

Our individual Promoters have given personal guarantees to various third parties from time to time, on behalf of entities with which they are associated including, as directors and partners in relation to financial assistance availed by such entities in the normal course of their business. See “*Risk Factors – Our Individual Promoters have given personal guarantees to various third parties*” on page 26. Our Promoters are not interested as a member of any firm or any company and no sum has been

paid or agreed to be paid to our Promoters or to such firm or company in cash or shares or otherwise by any person for services rendered by our Promoters or by such firm or company in connection with the promotion or formation of our Company.

For details of related party transactions entered into by our Company with our Promoters, see “*Related Party Transactions*” on page 172.

Payment of benefits to our Promoters or Promoter Group

Except as stated under “*Related Party Transactions*” on page 172, there has been no payment of benefits to our Promoters during the two years preceding the filing of this Draft Red Herring Prospectus nor is there any intention to pay or give any benefit to our Promoters. There have been no payment of benefits to our Promoter Group during the two years preceding the filing of this Draft Red Herring Prospectus nor is there any intention to pay or give any benefit to our Promoter Group.

Litigation involving our Promoters

For details of legal and regulatory proceedings involving our Promoters, see “*Outstanding Litigation and Material Developments*” on page 260.

Confirmations

Our Company confirms that the permanent account number, bank account number and passport number for Thomas John Muthoot, Thomas Muthoot, Thomas George Muthoot, Preethi John, Remmy Thomas and Nina George and the permanent account number, bank account number, company registration number and address of the registrar of companies where MFL is registered, shall be submitted to the Stock Exchanges at the time of filing of this Draft Red Herring Prospectus.

Our Promoters and relatives of Promoters have not been declared as wilful defaulters by the RBI or any other government authority and there are no violations of securities laws committed by our Promoters in the past and no proceedings for violation of securities laws are pending against it.

Our Promoters and members of the Promoter Group have not been debarred or prohibited from accessing or operating in capital markets, or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

Our Promoters and members of the Promoter Group are not and has never been a promoter or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Our Promoters have not taken any unsecured loans which may be recalled by the lenders at any time.

Our Promoters are not related to any of the sundry debtors of our Company.

Companies or firms with which our Promoters have disassociated in the last three years

Our Promoters have not disassociated itself from any company or firms during the three years preceding the date of this Draft Red Herring Prospectus.

Other ventures

Our Promoters are not interested in any other ventures which are in the same line of activity or business as that of our Company, being the microfinance business.

Promoter Group

In addition to our Promoters, the following entities and individuals form part of our Promoter Group

S.No.	Entity Name
1.	Alaska Agri Projects and Hospitalities Private Limited
2.	Bamboo Agri Projects and Hospitalities Private Limited
3.	Buttercup Agri Projects and Hospitalities Private Limited
4.	Calypso Agri Development and Hospitalities Private Limited
5.	Cinnamon Agri Development and Hospitalities Private Limited
6.	Cochin Granites Pulickal Associates
7.	Cochin Stone Aggregates

8.	El Toro Agri Projects and Hospitalities Private Limited
9.	Emmel Realtors and Developers Private Limited
10.	Flame Agri Projects and Hospitalities Private Limited
11.	Fox Bush Agri Development and Hospitalities Private Limited
12.	Goblin Agri Projects and Hospitalities Private Limited
13.	Jungle Cat Agri Development and Hospitalities Private Limited
14.	Kandhan Blue Metals
15.	L. M. Realtors Private Limited
16.	Mandarin Agri Ventures and Hospitalities Private Limited
17.	Mariposa Agri Ventures and Hospitalities Private Limited
18.	MPG Automobiles LLP
19.	MPG Hotels and Infrastructure Ventures Private Limited
20.	MPG Precious Metals Private Limited
21.	MPG Security Group Private Limited
22.	Muthoot Agri Development and Hospitalities Private Limited
23.	Muthoot Agri Projects and Hospitalities Private Limited
24.	Muthoot APT Ceramics Limited
25.	Muthoot Automobile Solutions Private Limited
26.	Muthoot Automotive (India) Private Limited
27.	Muthoot Bankers
28.	Muthoot Buildtech (India) Private Limited
29.	Muthoot Capital Services Limited
30.	Muthoot Cine Enterprises
31.	Muthoot Dairies and Agri Ventures Private Limited
32.	Muthoot Equities Limited
33.	Muthoot Estate Investments
34.	Muthoot Exim Private Limited
35.	Muthoot Finance Company
36.	Muthoot Holdings Private Limited
37.	Muthoot Hotels Private Limited
38.	Muthoot Housing Finance Company Limited
39.	Muthoot Infrastructure Private Limited
40.	Muthoot Insurance Services
41.	Muthoot Kuries Private Limited
42.	Muthoot Land and Estates Private Limited
43.	Muthoot Motors (Cochin)
44.	Muthoot Motors Private Limited
45.	Muthoot Pappachan Centre Of Excellence in Sports
46.	Muthoot Pappachan Chits (India) Private Limited
47.	Muthoot Pappachan Medicare Private Limited
48.	Muthoot Pappachan Technologies Limited
49.	Muthoot Properties (India) Private Limited
50.	Muthoot Risk Insurance and Broking Services Private Limited
51.	Oneearth Properties & Plantations Private Limited
52.	Pine Pink Agri Ventures and Hospitalities Private Limited
53.	Soultrippy Adventures Private Limited
54.	The Right Ambient Resorts Private Limited
55.	The Thinking Mahine Media Private Limited (dormant company)
56.	Vedatma Educational & Career Consulting Private Limited
57.	Chombrayil Properties & Plantations Private Limited
58.	Wonder Peak Tech Private Limited
S.No.	Individual Name
1.	Alice Jacob
2.	Chinnamma Kuruvilla
3.	Eldho Kuruvilla
4.	Hannah muthoot
5.	Janamma Thomas
6.	Philipose Jacob
7.	Puthenveetil Varkey George
8.	Reena paul
9.	Rekha Thomas
10.	Renu Pawels
11.	Rina Varghese
12.	Ritu Elizabeth George
13.	Saramma Jacob
14.	Seema Lala Kurien
15.	Shylu Jacob
16.	Susan John Muthoot

17.	Suzannah Muthoot
18.	Sweta Ann George
19.	T. U. Kuruvilla
20.	Thomas George Puthenveetil
21.	Thomas Muthoot John
22.	Tina Suzanne George
23.	Valsa George

OUR GROUP COMPANY

As per the SEBI ICDR Regulations, for the purpose of identification of Group Companies, our Company has considered companies covered in the list of related parties under the applicable accounting standard, i.e. AS – 18.

Further, pursuant to a resolution passed by our Board at its meeting held on June 27, 2018, our Board approved that other than the entities covered under AS - 18, there are no other categories of entities which are material to the Company to be classified as ‘group companies’ of the Company and for avoidance of doubt, it is clarified that MFL, being one of the Promoters of the Company, has not been considered as a ‘Group Company’ for the purpose of disclosure in this Draft Red Herring Prospectus.

As of the date of this Draft Red Herring Prospectus, the following company has been identified as a Group Company by our Company in terms of the SEBI ICDR Regulations:

Muthoot Pappachan Technologies Limited

Unless otherwise specifically stated in this section, our Group Company (i) is not listed on any stock exchange in India or abroad; (ii) has not completed any public or rights issue in the preceding three years; (iii) has not become a sick company within the meaning of the erstwhile SICA; (iv) is not under winding-up; (v) has not become defunct; (vi) has not made an application to the relevant registrar of companies in India in whose jurisdiction such Group Company is registered in the five years preceding the date of filing this Draft Red Herring Prospectus with SEBI, for striking off its name; and (vii) has not received any significant notes from the auditors.

Details of our Group Company

The details of our Group Company, Muthoot Pappachan Technologies Limited, is as below:

Muthoot Pappachan Technologies Limited (“Muthoot Technologies”)

Corporate information

Muthoot Technologies was incorporated as a private limited company on November 16, 2002 under the Companies Act, 1956 with the Registrar of Companies, Ernakulam. It was converted to a public limited company of July 5, 2013. Its corporate identification number is U72200KL2012PTC032664. Its registered office is situated at Muthoot Centre, Punnen Road, Thiruvananthapuram Kerala 695 034 India.

Muthoot Technologies carries on the business of opening and operation of call centres and to engage in all kinds of business processes outsourcing and knowledge processing outsourcing services including data entry, data mining, designing of websites and its hosting, content writing, e-marketing and imparting technical education and training to individuals and corporates through online as well as offline means in networking, network management and data centre management and to provide consultancy in relation thereto.

Interest of our Promoters and Promoter Group

As of July 18, 2018, Thomas John Muthoot, Thomas Muthoot, Thomas George Muthoot, Preethi John, Remmy Thomas, Nina George and MFL holds 6.67%, 6.67%, 6.67%, 6.67%, 6.67%, 6.67% and 60% of the equity share capital of Muthoot Technologies.

Further, Muthoot Technologies has entered into an agreement dated August 01, 2016 with MFL for providing consultancy, advisory and other services to MFL related to IT and also for providing training to its staff on IT and related activities for a period of five years.

Board of directors

The board of directors of Muthoot Technologies, as on the date of this Draft Red Herring Prospectus are as under:

Name	Designation
Thomas John Muthoot	Director
Thomas Muthoot	Director
Thomas George Muthoot	Director

Financial Performance

Brief financial details of Muthoot Technologies, extracted from its audited accounts for the past three financial years are as follows:

(₹ in millions except per share data)			
Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016
Equity capital	0.50	0.50	0.50
Reserves (excluding revaluation reserve)	(8.25)	(19.33)	(26.79)
Sales	164.49	111.55	28.01
Profit after tax	11.08	7.46	(5.30)
Basic EPS (in ₹)	221.71	149.25	(106.07)
Diluted EPS (in ₹)	221.71	149.25	(106.07)
Net asset value per share	(154.92)	(376.63)	(525.88)

Muthoot Pappachan Technologies had a negative net worth in Fiscal 2018, Fiscal 2017 and Fiscal 2016 as per its last audited financial statements.

There are no significant notes of the auditors in relation to the aforementioned financial statements.

Nature and extent of interest of our Group Company

(a) Interest in our Company

Our Group Company does not have any interest in the promotion of our Company or any other interests, including any business interests, in our Company, except as disclosed below:

Our Group Company has entered into an agreement with our Company for provision of consultancy, advisory and other services related to information technology. For details, see “History and certain corporate matters – Other Agreements”.

Our Group Company is interested in our Company to the extent of related party transactions between the Group Company and our Company. For details, see “Related Party Transactions” on page 172.

(b) Interest in the properties acquired by our Company

Our Group Company does not have any interest in any property acquired by our Company within two years from the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company as of the date of this Draft Red Herring Prospectus.

(c) Interest in transactions for acquisition of land, construction of building and supply of machinery

Our Group Company does not have any interest in the transactions for acquisition of land, construction of building and supply of machinery.

Common pursuits between our Company and its Group Company

Our Group Company does not have any common pursuits with our Company.

Related business transactions within the Group Company and significance on the financial performance of our Company

Except as disclosed in “Related Party Transactions” on page 172, there are no related business transactions of our Company with its Group Company and significance of the same on the financial performance of our Company.

Sale/Purchase between our Company and its Group Company

There are no transactions between our Company and its Group Company, which exceed 10% of the total sales or purchases of our Company.

Loss making Group Company

Our Group Company has not incurred a loss in the immediately preceding financial year.

Confirmations

The securities of our Group Company are not listed on any stock exchange and our Group Company has not made any public or rights issue of securities in the preceding three years.

Our Group Company has not availed any unsecured loans that may be recalled by the lenders at any time.

No significant adverse factors have been identified by the auditors/ third party consultants of our Group Company in the preceding three financial statements of the Group Company, prepared in accordance with the applicable law.

Our Group Company has not remained defunct and no application has been made to the Registrar of Companies for striking off the name of the company during the five years preceding the date of filing of this Draft Red Herring Prospectus.

RELATED PARTY TRANSACTIONS

For details of the related party disclosures, see “*Financial Statements – Statement of related parties and related party transactions, as restated*” on page – 217.

DIVIDEND POLICY

Our Company has no formal dividend policy as on date of this DRHP. The declaration and payment of dividends on our Equity Shares, if any, will be recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of the Articles of Association and the Companies Act. The dividend, if any, will depend on a number of factors, including but not limited to our Company's profits, capital requirements, overall financial condition, contractual restrictions and other factors considered relevant by our Board. Our Company may also, from time to time, pay interim dividends.

No dividend on Equity Shares and CCPS has been declared by our Company during the last five Financial Years, preceding the date of this DRHP.

There is no guarantee that any dividends will be declared or paid in the future. Future dividends, if any, shall depend on various factors such as our revenues, profits, cash flow, financial condition and capital requirements of our Company. Additionally, restrictive covenants under the loans or financing arrangements our Company is currently availing or may enter into to finance our fund requirements for our business activities may impact our ability to pay dividends. For further details, see "*Financial Indebtedness*" on page 258.

SELECTED STATISTICAL INFORMATION

The following information should be read together with our Restated Financial Statements included in this Draft Red Herring Prospectus as well as “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 181 and 236, respectively. The amounts presented in this section are based on our financial statements prepared in accordance with Indian GAAP or internally generated unaudited statistical data.

This Draft Red Herring Prospectus, including this section “Selected Statistical Information”, includes financial measures and certain other statistical information of our financial condition and operations not prepared under or required by Indian GAAP, i.e., non-GAAP financial information, which may not accurately represent our financial condition, performance and results of operations. Non-GAAP information should not be considered in isolation from, or as a substitute for, financial information presented in the Restated Financial Statements. The non-GAAP financial information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other NBFCs or financial services companies. Accordingly, investors should not place undue reliance on the non-GAAP financial information included in this Draft Red Herring Prospectus.

The terms “total outstanding loan portfolio,” “average outstanding loan portfolio,” and “outstanding non-performing loan portfolio” appearing in this section refer to the loans provided by us, as referred to in our restated financial statements, and “gross outstanding loan portfolio” or “gross loan portfolio” includes “total outstanding loan portfolio” together with our securitized, assigned and managed loans.

Financial Metrics

Balance Sheet and Profit and Loss metrics

Particulars	As of or for the Financial Year Ended March 31,		
	2018	2017	2016
Gross outstanding loan portfolio (₹ million) ⁽¹⁾	29,202.97	19,558.64	6,530.38
Total outstanding loan portfolio (₹ million) ⁽²⁾	17,329.47	9,918.85	4,316.37
Securitized loans (₹ million)	369.94	3,669.88	1,165.35
Assigned loans (₹ million)	9,216.94	4,157.05	1,048.65
Managed loans (business correspondent model) (₹ million)	2,286.61	1,812.85	-
Credit enhancements towards securitized loans (₹ million)	267.99	630.32	116.75
Average annual gross outstanding loan portfolio (₹ million) ⁽³⁾	24,380.81	13,044.51	3,265.61
Average monthly gross outstanding loan portfolio (₹ million) ⁽⁴⁾	23,700.47	12,587.09	1,958.38
Average annual total outstanding loan portfolio (₹ million) ⁽⁵⁾	13,624.17	7,117.62	2,158.61
Average monthly total outstanding loan portfolio (₹ million) ⁽⁶⁾	13,766.73	6,496.06	1,703.13
Number of loans disbursed	13,48,508	10,06,049	3,96,961
Disbursements (₹ million)	30,363.01	20,285.55	7,650.80
Ratio of disbursements to the number of loans disbursed (₹)	22,516.00	20,163.58	19,273.44
Managed loans (business correspondent model) disbursed (₹ million)	2,293.65	1,830.54	-
Ratio of the Total outstanding loan portfolio to the number of active borrowers (₹)	22,248.95	23,180.72	22,151.66

Notes:

- (1) Gross outstanding loan portfolio represents the aggregate of future principal outstanding and overdue principal outstanding, if any, for all loan assets which includes loan assets held by the Company as of the last day of the relevant period as well as loan assets which have been transferred by our Company by way of securitization or assignment and are outstanding as of the last day of the relevant period.
- (2) Total outstanding loan portfolio represents the aggregate of future principal outstanding and overdue principal outstanding, if any, for all loan assets held by the Company as of the last day of the relevant period.
- (3) Average annual gross outstanding loan portfolio is the simple average of our gross outstanding loan portfolio as of the last day of the relevant period and our gross outstanding loan portfolio as of the last day of the previous period.
- (4) Average monthly gross outstanding loan portfolio is the average of the month end balances of our gross outstanding loan portfolio for the periods mentioned.
- (5) Average annual total outstanding loan portfolio is the simple average of our total outstanding loan portfolio as of the last day of the relevant period and our total outstanding loan portfolio as of the last day of the previous period.
- (6) Average monthly total outstanding loan portfolio is the average of the month end balances of our total outstanding loan portfolio for the periods mentioned.

Particulars	As of or for the Financial Year Ended March 31,		
	2018	2017	2016
Profit After Tax (₹ million) ⁽¹⁾	760.07	370.38	94.10
Net Interest Income (₹ million) ⁽²⁾	2,864.36	1,620.56	310.92
Net Interest Margins (%) ⁽³⁾	9.22%	8.72%	6.60%
Adjusted Net Interest Margins (%) ⁽⁴⁾	11.75%	12.42%	9.53%
Cross sale fees income (%)	3.66%	4.62%	4.12%

Particulars	As of or for the Financial Year Ended March 31,		
	2018	2017	2016
Cost to income ratio (%) ⁽⁵⁾	54.75%	61.15%	39.20%
Net Worth (₹ million) ⁽⁶⁾	6,148.04	1,890.16	691.82
Average annual Net Worth (₹ million) ⁽⁷⁾	4,019.10	1,290.99	372.27
Total Assets (₹ million) ⁽⁸⁾	24,753.56	14,652.81	5,279.08
Annual average total assets (₹ million) ⁽⁹⁾	19,703.19	9,965.95	2,665.99
Total borrowings (₹ million) ⁽¹⁰⁾	17,515.24	11,313.32	4,128.37
Annual average borrowings (₹ million) ⁽¹¹⁾	14,414.28	7,720.84	2,064.18
Monthly average borrowings (₹ million) ⁽¹²⁾	13,510.38	6,193.77	1,480.66
Return on annual average equity (%) ⁽¹³⁾	23.39%	35.27%	28.73%
Return on monthly average equity (%) ⁽¹⁴⁾	36.33%	38.67%	21.98%
Return on annual average Total Assets (%) ⁽¹⁵⁾	3.86%	3.72%	3.53%
Return on annual average Net Worth (%) ⁽¹⁶⁾	18.91%	28.69%	25.28%
Annual average borrowings / annual average Net Worth (₹ million)	3.59	5.98	5.54
Basic EPS ⁽¹⁷⁾	8.89	4.88	2.1
Diluted EPS ⁽¹⁸⁾	8.31	4.81	2.1
Net Asset Value per Equity share ⁽¹⁹⁾	59.76	22.54	11.53
Book value per share (₹) ⁽²⁰⁾	53.85	21.44	11.53
Gross NPA (%) ⁽²¹⁾	3.43%	0.29%	0.06%
Net NPA (%) ⁽²²⁾	1.97%	0.26%	0.06%
Debt to equity ⁽²³⁾	2.85	5.99	5.97

Notes:

- (1) Profit After Tax represents our restated profit for the period (after tax).
- (2) Net Interest Income represents Revenue from Operations for the relevant period reduced by Interest Expense and Other Borrowing Costs in such period.
- (3) Net Interest Margin as represented in our Restated Financial statements, which is the difference between average interest on qualifying assets and average effective cost of borrowing as computed as per the guidelines prescribed by the RBI.
- (4) Adjusted Net Interest Margins is our Net Interest Income / Average annual gross outstanding loan portfolio. As part of the adjustments we consider interest on non-qualifying assets and excess interest spread on our securitised and assigned loan portfolio.
- (5) Cost to Income is the ratio of our Total of Employee Benefit Expenses, Operating Expense and Depreciation and Amortisation Expense to our Net Interest Income.
- (6) Net Worth represents our restated net worth as of the last day of the relevant period.
- (7) Annual Average Net Worth is the simple average of our Net Worth as of the last day of the relevant period and our Net Worth as of the last day of the previous period.
- (8) Total Assets represents our total assets as of the last day of the relevant period.
- (9) Annual average total assets is simple average of our Total Assets outstanding as of the last day of the relevant period and our Total Assets outstanding as of the last day of the previous period.
- (10) Total Borrowings represents the aggregate of our long-term borrowings, short-term borrowings and current maturities of long-term borrowings as of the last day of the relevant period.
- (11) Annual Average Borrowings is the simple average of our Total Borrowings (aggregated of our long-term borrowings, short-term borrowings and current maturities of long-term borrowings) outstanding as of the last day of the relevant period and our Total Borrowings (aggregate of our long-term borrowings, short-term borrowings and current maturities of long-term borrowings) outstanding as of the last day of the previous period.
- (12) Monthly average borrowings is the average of the month end balances of our Total Borrowings for the periods mentioned.
- (13) Return on annual average equity represents Net profit attributable to equity holders/annual average of share capital infused including the CCPS
- (14) Return on monthly average equity represents Net profit attributable to equity holders/monthly average of share capital infused including the CCPS
- (15) ROA represents Net Profit attributable to equity holders/ annual average total asset
- (16) ROE represents Net Profit attributable to equity holders/ annual average of net worth
- (17) Basic EPS represent restated Basic Earnings per Equity share
- (18) Diluted EPS represent restated Diluted Earnings per Equity share
- (19) Net Asset value per equity share represent Net Worth/ No of Equity shares as on the last date of the relevant period.
- (20) Book value per share represent Net Worth/ No of shares as converted basis on the last date of the relevant period
- (21) Gross NPAs Ratio represents Gross NPAs/ Total Advances on the date mentioned
- (22) Net NPAs Ratio represents our restated Net NPA's to Net Advances
- (23) Debt to equity represent Total borrowings Total Borrowings (aggregated of our long-term borrowings, short-term borrowings and current maturities of long-term borrowings) / Net Worth

Liabilities and Provisions

The table below provides the principal components of our liabilities as of March 31, 2018, 2017 and 2016:

	As of March 31,		
	2018	2017	2016
	(₹ in millions)		
Non-current liabilities			
Long-term borrowings	9,456.20	7,486.16	2,243.44
Other long-term liabilities	-	15.80	12.30
Long-term provisions	6.51	38.06	22.46
Sub-Total	9,462.71	7,540.02	2,278.20
Current liabilities			
Other current liabilities	8,882.72	5,134.50	2,279.68
Short-term provisions	260.09	88.13	29.39

	As of March 31,		
	2018	2017	2016
	(₹ in millions)		
Sub-Total	9,142.81	5,222.63	2,309.07
Total Liabilities	18,605.52	12,762.65	4,587.27

Long-Term Borrowings

The table below provides a summary of our total borrowings as of March 31, 2018, 2017 and 2016:

Borrowings		Non-current portion			Current maturities			Total		
		As of March 31,			As of March 31,			As of March 31,		
		2018	2017	2016	2018	2017	2016	2018	2017	2016
		(₹ in millions)			(₹ in millions)			(₹ in millions)		
Secured										
Redeemable debentures	non-convertible	2,800.00	2,050.00	-	-	-	-	2,800.00	2,050.00	-
Finance lease obligations		0.31	0.43	-	0.12	0.11	-	0.43	0.54	-
Term loans										
Indian Rupee loans from banks		5,700.89	4,306.08	1,612.48	7,009.01	3,035.97	1,373.17	12,709.90	7,342.05	2,985.65
Indian Rupee loans from financial institutions		705.00	879.65	630.96	1,049.91	791.09	511.75	1,754.91	1,670.73	1,142.72
Sub-total		9,206.20	7,236.16	2,243.46	8,059.04	3,827.16	1,884.93	17,265.24	11,063.32	4,128.37
Unsecured, subordinated										
Term loans										
Indian Rupee loans from banks		-	-	-	-	-	-	-	-	-
Indian Rupee loans from financial institutions		250.00	250.00	-	-	-	-	250.00	250.00	-
Sub-total		250.00	250.00	-	-	-	-	250.00	250.00	-
Total		9,456.20	7,486.16	2,243.46	8,059.04	3,827.16	1,884.93	17,515.24	11,313.32	4,128.37

Yield and Cost of Funds

The following table sets forth, for the periods indicated, yields and cost of funds for our Company:

Particulars	As of and for the Financial Year Ended March 31,		
	2018	2017	2016
Annual average yield on gross loan outstanding portfolio ⁽¹⁾	18.84%	18.69%	15.97%
Monthly average yield on gross loan outstanding portfolio ⁽²⁾	19.38%	19.37%	26.63%
Monthly average yield on disbursement ⁽³⁾	22.87%	23.60%	24.64%
Average annual cost of borrowings ⁽⁴⁾	11.43%	10.59%	10.20%
Average monthly cost of borrowings ⁽⁵⁾	12.19%	13.20%	14.22%
Average annual cost of securitization and assignment ⁽⁶⁾	9.95%	11.21%	11.51%
Average monthly cost of securitization and assignment ⁽⁷⁾	10.52%	11.41%	11.72%
Average annual cost of funds ⁽⁸⁾	10.82%	10.91%	10.90%
Average monthly cost of funds ⁽⁹⁾	11.56%	12.37%	13.81%
Average Effective cost of borrowing ⁽¹⁰⁾	12.15%	12.34%	16.29%

Notes:

- (1) Annual Average Yield on gross loan outstanding portfolio is the annually weighted average Yield on gross loan outstanding portfolio, weights being amounts of each loan outstanding as of the last day of the relevant period.
- (2) Monthly Average Yield on gross loan outstanding portfolio is the monthly weighted average Yield on gross loan outstanding portfolio, weights being amounts of each loan outstanding as of the last day of the relevant month.
- (3) Monthly Average Yield on Disbursement is the monthly weighted average Yield on Disbursement, weights being Disbursement of each loan disbursed during the month.
- (4) Annual Average Cost of Borrowings is the simple average of annually weighted average interest cost on borrowings, weights being annual average borrowings. Borrowings include term loans, working capital facilities, non-convertible debentures and subordinate debt.
- (5) Monthly Average Cost of Borrowings is the simple average of monthly weighted average interest cost on borrowings, weights being monthly average borrowings. Borrowings include term loans, working capital facilities, non-convertible debentures and subordinate debt.
- (6) Annual Average Cost of Securitization and Assignment is the simple average of annually weighted average rate of interest on securitization and assignment transactions, weights being principal outstanding of securitization and assignment transaction as of the last day of the relevant period.
- (7) Monthly Average Cost of Securitization and Assignment is the simple average of monthly weighted average rate of interest on securitization and assignment transactions, weights being principal outstanding of securitization and assignment transaction as of the last day of the relevant period.
- (8) Annual Average Cost of Funds is the simple average of annually weighted Annual Average Cost of Borrowings and Annual Average Cost of Securitization and Assignment.

(9) Monthly Average Cost of Funds is the simple average of monthly weighted Monthly Average Cost of Borrowings and Monthly Average Cost of Securitization and Assignment.

(10) Average effective cost of borrowing represents as the restated financial statement.

Capital to Risk Asset Ratios

Our capital risk to asset ratio as of March 31, 2018, March 31, 2017 and March 31, 2016 was 34.83%, 18.32% and 15.16% respectively. Our capital adequacy information as March 31, 2018, 2017 and 2016 is follows:

	As of March 31,		
	2018	2017	2016
	₹ in millions		
Tier I capital ⁽¹⁾	6,049.69	1,678.08	646.21
Tier II capital ⁽²⁾	173.55	174.47	16.20
Total Tier I and Tier II capital	6,223.24	1,852.55	662.41
Total risk weighted assets	17,865.73	10,112.17	4,370.50
Tier I capital to risk assets ratio (%)	33.86	16.59	14.79
Tier II capital to risk assets ratio (%)	0.97	1.73	0.37
Total capital to risk assets ratio ⁽³⁾ (%)	34.83	18.32	15.16

Notes:

- (1) Tier I capital means owned funds as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances, including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10% of the owned fund.
- (2) Tier II capital includes preference share capital, revaluation reserves, general provisions and loss reserves, hybrid debt capital instruments and subordinate debts to the extent the aggregate does not exceed Tier I capital.
- (3) The total capital to risk assets ratio is calculated as capital funds (Tier I capital plus Tier II capital) divided by risk-weighted assets (the weighted average of funded and non-funded items after applying the risk weights as assigned by the RBI).

Asset Liability Management

Set forth below is an analysis of the maturity profile of our interest bearing assets and interest bearing liabilities across different time periods, as of March 31, 2018.

₹ in millions							
Days	0 to 30	31 to 90	91 to 180	181 to 365	1 to 3 year	Over 3 years	Total
ASSETS							
Cash and cash equivalents	5,169.65	60.18	94.46	285.37	474.89	50.00	6,134.55
Loans, net of provision	1,085.14	2,048.55	3,091.89	4,855.75	5,988.04	-	17,069.38
Total assets	6,254.79	2,108.73	3,186.35	5,141.12	6,462.93	50.00	23,203.92
As % of total assets	26.96%	9.09%	13.73%	22.16%	27.85%	0.22%	100.00%
LIABILITIES							
Borrowings	772.87	1,326.22	2,062.09	3,897.86	7,056.20	2,400.00	17,515.24
Total liabilities	772.87	1,326.22	2,062.09	3,897.86	7,056.20	2,400.00	17,515.24
As % of total liabilities	4.41%	7.57%	11.77%	22.25%	40.29%	13.70%	100.00%
Positive/(Negative) mismatch of assets over liabilities	5,481.92	782.51	1,124.26	1,243.26	-593.27	-2,350.00	5,688.68

As of	March 31, 2018	March 31, 2017	March 31, 2016
Average Maturity of Assets (In Months) ⁽¹⁾	10.12	10.60	12.85
Average Maturity of Liabilities (In Months) ⁽²⁾	19.38	23.61	15.77

Notes:

- (1) Average Maturity of Assets is the weighted average of all the maturities of the Assets. The weights are the months with the maturity of the Assets. Average maturity helps to determine the average time to maturity of all the assets calculated in months
- (2) Average Maturity of Liability is the weighted average of all the maturities of the Liabilities. The weights are the months with the maturity of the Liability. Average maturity helps to determine the average time to maturity of all the liabilities calculated in months

Classification of Assets

The following table sets forth certain information regarding classification of our assets and provisioning:

₹ in millions			
Asset Classification	March 31, 2018	March 31, 2017	March 31, 2016
Loans outstanding portfolio (gross)			
Standard	16,734.43	9,890.10	4,313.97
Non-performing	595.04	28.75	2.40
Loans outstanding portfolio (gross)	17,329.47	9,918.85	4,316.37
Provisions for standard and non-performing assets			
Standard	1.10	100.28	43.15
Non-performing	258.99	0.28	0.02

Asset Classification	March 31, 2018	March 31, 2017	March 31, 2016
Total Provisions	260.09	100.56	43.17
Loans outstanding portfolio (Net)			
Standard	16,733.33	9,789.82	4,270.82
Non-performing	336.05	28.47	2.37
Loans outstanding portfolio (Net)	17,069.38	9,818.29	4,273.19

Operational Metrics

Particulars	As of or for the Financial Year Ended March 31,		
	2018	2017	2016
Number of states where we operate	16	11	3
Number of districts where we operate	168	140	44
Number of branches	467	399	180
Gross outstanding loan portfolio per branch (₹ million)	62.53	49.02	36.28
Disbursements per branch (₹ million)	65.02	50.84	42.50
Number of active borrowers per branch	2,591	1,919	1,638
Number of active borrowers	12,09,781	7,65,541	2,94,803
Number of active loan accounts	17,08,012	11,18,817	3,95,583
Gross outstanding loan portfolio per active loan account (₹ million)	17,097.63	17,481.54	16,508.24
Disbursements in the year per active loan account (₹ million)	17,776.81	18,131.25	19,340.57
Number of employees	5,583	4,329	1,164
Gross outstanding loan portfolio per employee (₹ million)	5.23	4.52	5.61
Disbursements in the year per employee (₹ million)	5.44	4.69	6.57
Number of Loan officers	3,320	2,749	747
Branch management staff	1,319	1,070	328
Area office managers	195	139	33
Field Monitoring staff	315	126	31
Regional office staff	228	120	17
Head office staff	206	125	8
Gross outstanding loan portfolio per loan officer (₹ million)	8.80	7.11	8.74
Disbursements in the year per loan officer (₹ million)	9.15	7.38	10.24
Number of active borrowers per loan officer	364	278	395

Loans Outstanding in Various States

Set forth below are aggregate loans outstanding in various states of India:

(₹ in millions)

State	As of March 31, 2018		As of March 31, 2017		As of March 31, 2016	
	Gross Loan Portfolio	% of Gross Loan Portfolio	Gross Loan Portfolio	% of Gross Loan Portfolio	Gross Loan Portfolio	% of Gross Loan Portfolio
Tamil Nadu	9,572.37	35.56%	6,664.58	37.56%	2,461.59	37.69%
Puducherry	193.90	0.72%	406.15	2.29%	505.05	7.73%
Kerala	9,063.56	33.67%	7,666.15	43.20%	3,456.81	52.93%
Karnataka	3,921.85	14.57%	1,831.88	10.32%	106.92	1.64%
Gujrat	1,472.41	5.47%	629.77	3.55%	-	0.00%
Uttar Pradesh	785.55	2.92%	34.35	0.19%	-	0.00%
Odisha	655.81	2.44%	203.67	1.15%	-	0.00%
Punjab	363.57	1.35%	1.95	0.01%	-	0.00%
Maharashtra	287.23	1.07%	233.85	1.32%	-	0.00%
Haryana	253.42	0.94%	40.44	0.23%	-	0.00%
Madhya Pradesh	210.10	0.78%	28.01	0.16%	-	0.00%
West Bengal	64.35	0.24%	-	0.00%	-	0.00%
Jharkhand	21.19	0.08%	-	0.00%	-	0.00%
Bihar	21.02	0.08%	-	0.00%	-	0.00%
Goa	19.30	0.07%	5.00	0.03%	-	0.00%
Rajasthan	10.72	0.04%	-	0.00%	-	0.00%
Total	26,916.35	100%	17,745.80	100%	6,530.38	100%

Number of Branches in Various States

Set forth below are number of branches in various states of India:

State	As of March 31, 2018	As of March 31, 2017	As of March 31, 2016
Tamil Nadu	131	120	87
Puducherry	6	6	6
Kerala	105	98	74
Karnataka	88	79	13
Gujarat	29	24	0
Uttar Pradesh	22	15	0
Odisha	20	16	0
Maharashtra	22	23	0
Punjab	16	3	0
Madhya Pradesh	9	8	0
Haryana	7	6	0
West Bengal	5	0	0
Bihar	2	0	0
Rajasthan	2	0	0
Jharkhand	2	0	0
Goa	1	1	0
Total	467	399	180

Exposure of Districts

% contribution of total loan portfolio	Financial year 2018		Financial year 2017		Financial year 2016	
	Number of Districts	% of Total Districts	Number of Districts	% of Total Districts	Number of Districts	% of Total Districts
<0.5%	120	71.43%	99	70.71%	11	25.00%
0.5% - 1.0%	19	11.31%	11	7.86%	9	20.45%
1.0%-3.0%	23	13.69%	20	14.29%	13	29.55%
3.0%-5.0%	5	2.98%	5	3.57%	6	13.64%
>5.0%	1	0.60%	5	3.57%	5	11.36%
Total	168	100.00%	140	100.00%	44	100.00%

Break-up of Loans Outstanding based on the Economic Activity of Borrowers

Set forth below are details of our total outstanding loan portfolio classified according to our Borrowers' principal economic activity, as of March 31, 2018.

Economic activity	Securitized and Assigned Loans	Total Portfolio including loans provided as credit enhancement towards securitized loans	(₹ in millions)	
			Total Outstanding Loan Portfolio	% of Gross Loan Portfolio
Agriculture	787.95	1,172.19	1,960.14	7.30%
Animal Husbandry	3,178.77	3,786.10	6,964.87	25.93%
Manufacturing	1,266.31	1,374.99	2,641.31	9.84%
Services	3,509.69	5,226.21	8,735.90	32.53%
Trading	844.16	1,424.26	2,268.42	8.45%
Consumption	-	295.19	295.19	1.10%
Education	-	3,989.35	3,989.35	14.86%
Total	9,586.88	17,268.29	26,855.17	100.00%

Notes: Gross Loan portfolio excluding the managed portfolio.

Recovery Rate

Set forth below are details of recoveries as of and for the financial year ended March 31, 2018, 2017 and 2016.

(₹ in millions)

State	As of and for the Financial Year Ended March 31,		
	2018	2017	2016
Tamil Nadu	98.48%	97.47%	99.47%
Puducherry	99.10%	99.09%	100.00%
Kerala	97.42%	96.25%	99.46%
Karnataka	94.86%	92.12%	99.54%
Gujarat	97.06%	97.52%	-
Uttar Pradesh	99.67%	99.07%	-
Odisha	98.32%	96.95%	-
Punjab	99.25%	-	-
Maharashtra	80.27%	75.15%	-
Haryana	99.53%	100.00%	-
Madhya Pradesh	96.13%	95.33%	-
West Bengal	99.23%	-	-
Bihar	100.00%	-	-
Rajasthan	100.00%	-	-
Jharkhand	100.00%	-	-
Goa	98.27%	97.01%	-
Total	97.34%	96.30%	99.48%

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

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To

The Board of Directors,
Muthoot Microfin Limited
13th Floor, Parinee Crescenzo,
Bandra Kurla Complex, Bandra East
Mumbai, Maharashtra 400051

Auditors' Report on Restated Financial Information of Muthoot Microfin Limited

Dear Sirs,

- 1) We have examined the attached Restated Financial Information of Muthoot Microfin Limited, which comprise the Restated Summary Statement of Assets and Liabilities as at 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014, the Restated Summary Statement of Profit and Loss and the Restated Summary Statement of Cash Flows for each of the years ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 and the Restated Summary of Significant Accounting Policies as approved by the Board of Directors at their meeting held on 27 June 2018, for the purpose of inclusion in the Draft Red Herring Prospectus ("DRHP") prepared by the Company in connection with its proposed offer of equity shares of the Company prepared in terms of the requirements of:
 - a) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act"); and
 - b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations").

The preparation of the Restated Financial Information is the responsibility of the management of the Company for the purpose set out in paragraph 10 below. The Management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Management is also responsible for identifying and ensuring that the Company complies with the Act and ICDR Regulations.

- 2) We have examined such Restated Financial Information taking into consideration:
 - a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 04 May 2018 in connection with the proposed issue of equity shares of the Company; and
 - b) The Guidance Note on Reports in Company Prospectuses (Revised 2016) ("The Guidance Note") issued by the Institute of Chartered Accountants of India ("the ICAI").
- 3) The Restated Financial Information have been compiled by the Management from the audited financial statements as at and for each of the years ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 which have been approved by Board of Directors at their meetings held on 03 May 2018, 08 May 2017, 06 June 2016, 22 May 2015 and 28 April 2014 respectively.

We did not audit the Financial Statements of the Company as at and for the years ended 31 March 2015 and 31 March 2014 (details furnished in Appendix I). These Financial Statements have been audited by the previous auditor M/s JVR & Associates, Chartered Accountants, whose reports have been furnished to us by the Company, and our opinion on the examination of the restated financial information in so far as it relates to the amounts included in the Restated Financial Information on the basis of these Financial Statements, is based solely on the audit reports of such previous auditors.

- 4) In accordance with the provisions and for complying with the requirements of Section 26 of Part I of Chapter III of the Act, the ICDR Regulations and the Guidance Note, we report that:
 - a) The Restated Summary Statement of Assets and Liabilities of the Company as at 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 have been arrived at after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure 4(a): Statement of Adjustments to Audited Financial Statements.
 - b) The Restated Summary Statement of Profit and Loss of the Company, for the years ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 have been arrived at after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure 4(a): Statement of Adjustments to Audited Financial Statements.
 - c) The Restated Summary Statement of Cash Flows of the Company, for the years ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 have been arrived at after making adjustments and regrouping/ reclassifications as in our opinion were appropriate and more fully described in Annexure 4(a): Statement of Adjustments to Audited Financial Statements.
- 5) Based on the above and according to the information and explanations given to us, and also as per the reliance placed on the financial statements audited by the previous auditors, M/s JVR & Associates, Chartered Accountants, for the years ended 31 March 2015 and 31 March 2014 and their report which have been furnished to us by the Company, we further report that the Restated Financial Information:
 - a) have been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods;
 - b) have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate; and
 - c) do not contain any extraordinary items that need to be disclosed separately in the Restated Financial Information and do not contain any qualification requiring adjustments.
- 6) We have also examined the following Restated Financial Information of the Company set out in the Annexures prepared by the Management and approved by the Board of Directors on 27 June 2018 for the years ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014. In respect of the years ended 31 March 2015 and 31 March 2014, our examination was based upon the financial statements audited and reported by M/s JVR & Associates, Chartered Accountants and relied upon by us:
 - a) Annexure 4(a): Statement of Adjustments to Audited Financial Statements;
 - b) Annexure 4(b): Summary of Significant Accounting Policies, as restated;
 - c) Annexure 5- 29: Notes to Restated Financial Information;
 - d) Annexure 30: Statement of Capitalization, as restated;
 - e) Annexure 31: Statement of Accounting Ratios, as restated;
 - f) Annexure 32: Statement of Tax Shelter, as restated; and
 - g) Annexure 33: Statement of Dividend Paid, as restated

- 7) According to the information and explanations given to us, and also as per reliance placed on the reports submitted by previous auditors M/s JVR & Associates, Chartered Accountants, in our opinion, the Restated Financial Information and the above Restated Financial Information contained in Annexures 5 to 33 accompanying this report, read with Statement of Adjustments to Audited Financial Statements disclosed in annexure 4(a) and Restated Summary of Significant Accounting Policies disclosed in Annexure 4(b), are prepared after making adjustments and regroupings as considered appropriate and have been prepared in accordance with Section 26 of Part I of Chapter III of the Companies Act, 2013, ICDR Regulations and the Guidance Note.
- 8) This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or by other firms of Chartered Accountants, nor should this report be construed as a new opinion on any of the audited financial statements referred to herein.
- 9) We have no responsibility to update our report for events and circumstances occurring after the date of the report.
- 10) Our report is intended solely for use of the management for inclusion in the offer document to be filed with Securities and Exchange Board of India, the stock exchanges where the equity shares are proposed to be listed and Registrar of Companies, Kerala, in connection with the proposed issue of equity shares of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

Krishnakumar Ananthasivan
Partner
Membership Number: 206229

Place: Cochin
Date: 27 June 2018

Appendix I

Financial Information of the Financial Statements for the years ended 31 March 2014 and 31 March 2015 audited by the previous auditor, as considered in the Restated Financial Information:

Particulars as at/for the year ended 31 March 2014	Amount (Rs' in million)
Total assets as at 31 March 2014	55.28
Revenue for the year ended 31 March 2014	4.68
Net Cash inflows for the year ended 31 March 2014	35.61

Particulars as at/for the year ended 31 March 2015	Amount (Rs' in million)
Total assets as at 31 March 2015	52.88
Revenue for the year ended 31 March 2015	3.80
Net Cash outflows for the year ended 31 March 2015	(4.21)

Muthoot Microfin Limited
Annexure 1
Summary statement of assets and liabilities, as restated
(Amounts in INR millions)

Particulars	Annexure and note reference	As at 31 March				
		2018	2017	2016	2015	2014
Equity and liabilities						
Shareholders' funds						
Share capital	5	1,141.71	881.68	600.00	55.00	55.00
Reserves and surplus	6	5,006.33	1,008.48	91.82	(2.28)	(0.70)
Non-current liabilities						
Long-term borrowings	7	9,456.20	7,486.16	2,243.44	-	-
Other long-term liabilities	8	-	15.80	12.30	-	-
Long-term provisions	9	6.51	38.06	22.46	-	-
Current liabilities						
Other current liabilities	8	8,882.72	5,134.50	2,279.68	0.15	0.98
Short-term provisions	9	260.09	88.13	29.39	0.01	-
Total		24,753.56	14,652.81	5,279.09	52.88	55.28
Assets						
Non-current assets						
Property, plant and equipment	10	131.03	70.63	22.27	0.01	0.04
Intangible assets	10	0.90	1.16	0.72	-	-
Capital work-in-progress		-	5.25	-	-	-
Deferred tax assets (net)	11	69.92	34.83	17.95	1.06	0.35
Loan receivables	12	5,988.04	3,341.37	1,630.42	0.41	-
Long-term loans and advances	13	150.74	34.00	5.58	0.77	0.39
Other non-current assets	14	528.94	567.99	170.15	-	-
Current assets						
Trade receivables	15	34.39	17.76	7.21	-	-
Cash and bank balances	14	6,182.11	3,463.80	602.88	49.37	53.58
Loan receivables	12	11,341.42	6,577.48	2,685.95	0.44	-
Short-term loans and advances	13	2.79	5.60	0.17	0.15	0.04
Other current assets	14	323.28	532.94	135.79	0.67	0.88
Total		24,753.56	14,652.81	5,279.09	52.88	55.28

Note :

1. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of

Muthoot Microfin Limited

per **Krishnakumar Ananthasivan**

Partner

Membership No.: 206229

Thomas Muthoot

Managing Director

DIN: 00082099

Thomas John Muthoot

Director

DIN: 00011618

Thomas George Muthoot

Director

DIN: 00011552

Neethu Ajay

Company Secretary

Praveen T

Chief Financial Officer

Place: Cochin

Date: 27 June 2018

Place: Cochin

Date: 27 June 2018

Muthoot Microfin Limited
Annexure 2
Summary statement of profit and loss, as restated
(Amounts in INR millions)

Particulars	Annexure and note reference	For the year ended 31 March				
		2018	2017	2016	2015	2014
Revenue						
Revenue from operations	16	4,511.44	2,438.42	521.55	3.80	4.68
Other income	17	82.72	0.03	0.02	-	0.29
Total revenue		4,594.16	2,438.45	521.57	3.80	4.97
Expenses						
Employee benefits expense	18	1,035.02	652.31	83.34	0.87	3.08
Finance costs	18	1,647.08	817.86	210.61	-	0.26
Depreciation and amortisation	18	18.41	9.73	0.16	0.03	0.03
Provisions for loan losses and write-offs	18	236.51	57.39	43.16	0.01	-
Other expenses	18	514.79	328.94	38.29	5.18	1.76
Total		3,451.81	1,866.23	375.56	6.09	5.13
Net profit / (loss) before tax, as restated		1,142.35	572.22	146.01	(2.29)	(0.16)
Tax expense/ (income)						
Current tax / minimum alternate tax	18	417.37	218.72	68.80	-	-
Deferred tax charge	18	(35.09)	(16.88)	(16.89)	(0.71)	(0.05)
Net profit/ (loss) after tax, as restated		760.07	370.38	94.10	(1.58)	(0.11)
Earnings per equity share						
Basic	23	8.89	4.88	2.10	(0.29)	(0.02)
Diluted		8.31	4.81	2.10	(0.29)	(0.02)

Note :

1. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of
Muthoot Microfin Limited

per **Krishnakumar Ananthasivan**
Partner
Membership No.: 206229

Thomas Muthoot
Managing Director
DIN: 00082099

Thomas John Muthoot
Director
DIN: 00011618

Thomas George Muthoot
Director
DIN: 00011552

Neethu Ajay
Company Secretary

Praveen T
Chief Financial Officer

Place: Cochin
Date: 27 June 2018

Place: Cochin
Date: 27 June 2018

Muthoot Microfin Limited
Annexure 3
Summary statement of cash flows, as restated
(Amounts in INR millions)

Particulars	For the year ended 31 March				
	2018	2017	2016	2015	2014
Cash flow from operating activities					
Net profit/ (loss) before tax	1,142.35	572.22	146.01	(2.29)	(0.16)
Adjustments:					
Depreciation and amortisation	18.41	9.73	0.16	0.03	0.03
Interest on income tax paid	-	4.47	-	-	-
Income from investments	(80.99)	-	-	-	-
Provision for loan losses	159.53	57.39	43.16	0.01	-
Provision for employee benefits	19.36	9.43	6.16	-	-
Bad debts written off	76.98	-	-	-	-
Loss on sale of tangible assets	0.27	-	-	-	-
Operating cash flow before working capital changes	1,335.91	653.24	195.49	(2.25)	(0.13)
Adjustments for changes in working capital					
(Increase)/ decrease in loan receivables	(7,487.59)	(5,602.50)	(4,315.52)	(0.84)	-
(Increase)/ decrease in other assets	222.85	(325.36)	(149.40)	0.22	(0.77)
(Increase)/decrease in loans and advances	(29.43)	(29.38)	(4.06)	(0.13)	33.29
(Increase)/decrease in trade receivables	(16.63)	(10.55)	(7.21)	-	-
Increase/(decrease) in other liabilities	(500.73)	841.34	390.65	(0.83)	0.03
Increase/(decrease) in provisions	(17.50)	(10.94)	-	-	(0.30)
Cash generated from/ (used in) operations	(6,493.12)	(4,484.15)	(3,890.05)	(3.83)	32.12
Income taxes paid (net)	(522.85)	(204.74)	(66.26)	(0.38)	-
Net cash used in operating activities	(7,015.97)	(4,688.89)	(3,956.31)	(4.21)	32.12
Cash flow from investing activities					
Dividend and profit on sale of investment	80.99	-	-	-	-
Investments in deposits (net)	(128.45)	(589.29)	(277.79)	-	-
Purchase of tangible assets (including capital advances and capital work-in-progress)	(72.41)	(67.89)	(7.32)	-	-
Purchase of intangible assets (including capital advances)	-	(0.62)	(0.35)	-	-
Proceeds from sale of tangible assets	0.12	0.24	-	-	-
Net cash used in investing activities	(119.75)	(657.56)	(285.46)	-	-
Cash flow from financing activities					
Proceeds from issue of equity shares including share premium	2,700.00	405.00	545.00	-	5.00
Proceeds from issue of preference shares including share premium	800.00	495.00	-	-	-
Securities issue expenses	(2.18)	(72.04)	-	-	-
Proceeds from borrowings	10,758.80	9,664.62	4,446.17	-	-
Repayment of borrowings	(4,556.88)	(2,479.67)	(317.80)	-	(1.51)
Net cash generated from financing activities	9,699.74	8,012.91	4,673.37	-	3.49
Net increase/(decrease) in cash and cash equivalents	2,564.02	2,666.46	431.60	(4.21)	35.61
Cash and cash equivalents at the beginning of the year	3,147.43	480.97	49.37	53.58	17.97
Cash and cash equivalents at the end of the year	5,711.45	3,147.43	480.97	49.37	53.58
Cash and cash equivalents at the end of the year is net of book overdrafts amounting to	5,711.45	3,147.43	480.97	49.37	53.58

Note :

1. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of

Muthoot Microfin Limited

per **Krishnakumar Ananthasivan**

Partner

Membership No.: 206229

Thomas Muthoot

Managing Director

DIN: 00082099

Thomas John Muthoot

Director

DIN: 00011618

Thomas George Muthoot

Director

DIN: 00011552

Neethu Ajay

Company Secretary

Praveen T

Chief Financial Officer

Place: Cochin

Date: 27 June 2018

Place: Cochin

Date: 27 June 2018

Muthoot Microfin Limited

Annexure 4 - (a)

Statement of adjustments to audited financial statements

1. Material adjustments

(Amounts in INR millions)

Particulars	For the year ended 31 March				
	2018	2017	2016	2015	2014
Net profit/ (loss) after tax as per audited statement of profit and loss (A)	760.07	370.38	94.10	(1.58)	(0.68)
Adjustments for restatement increase / (decrease) in profits / (losses)					
Miscellaneous expenses					
Expenses relating to previous years ⁽¹⁾	-	-	-	-	0.83
Total impact of the adjustments	-	-	-	-	0.83
Total effect of adjustments before tax (B)	-	-	-	-	0.83
Tax impact on adjustments					
Deferred tax ⁽²⁾	-	-	-	-	(0.26)
Total tax adjustments (C)	-	-	-	-	(0.26)
Net effect of decrease in loss on adjustment after tax (D = B+C)	-	-	-	-	0.57
Net profit / (loss) after tax, as restated (A+D)	760.07	370.38	94.10	(1.58)	(0.11)

Note :

To be read together with significant accounting policies and notes to the restated financial information as appearing in Annexure 4(b).

(1) The miscellaneous expenses for the year ended 31 March 2014 consists of interest cost paid to the holding company (Muthoot Fincorp Limited) pertaining to expense for the year ended 31 March 2013. This expense has been moved to the opening reserve by crediting the miscellaneous expense to that extent.

(2) The above restatement will have corresponding impact on deferred taxes. Accordingly, the timing difference arising on account of restatement of the above year to the opening reserve has been considered in the respective financial years.

2. Reconciliation between the audited deficit in statement of profit and loss and restated deficit in statement of profit and loss as at 1 April 2013

Particulars	Amounts in INR millions
Deficit in statement of profit and loss as at 1 April 2013 as per audited financial statements	(0.07)
Miscellaneous expenses	(0.83)
Deferred tax impact on above	0.26
Deficit in statement of profit and loss as at 1 April 2013, as restated	(0.64)

Figures in brackets represent increase in deficit in statement of profit and loss.

3. Notes on adjustments to the restated summary statements and other disclosures

A) Non-adjusting items

I. Certain modification in the Annexure to Auditor's report issued under Companies (Auditors' Report) Order, 2003, 2015 and 2016 ("the Order"), of the financial statements for the years ended 31 March 2014, 2015, 2016, 2017 and 2018 which do not require any quantitative adjustment in the restated financial information are as follows :

a) For the year ended 31 March 2018

Clause (vii)(a)

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

Clause (x)

No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit, except for misappropriation of cash aggregating to Rs.3.13 million through manipulation of 1,134 customer accounts by the employees of the Company identified by the management during the year as stated in the notes to the audited financial statements. The Company has initiated disciplinary action against such employees, including termination of their employment contract and recovery of the amounts. The Company has recovered Rs.0.5 million out of such amounts as at the year end and the balance amount of Rs.2.63 million is disclosed under "Loan receivables". The Company has provided for the balance amount outstanding as at 31 March 2018 and is taking necessary steps to ensure recovery of such amounts.

b) For the year ended 31 March 2017

Clause (vii)(a)

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

Clause (x)

No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit, except for misappropriation of cash aggregating to Rs.5.32 million through manipulation of 3,398 customer accounts by the employees of the Company identified by the management during the year, as stated in the notes to the audited financial statements. The Company has initiated disciplinary action against such employees, including termination of their employment contracts and recovery of the amounts. The Company has recovered Rs.1.06 million out of such amounts as at the year end and the balance amount of Rs.4.26 million is disclosed as recoverable under the head "Loan receivables". The Company is taking necessary steps to ensure recovery of such amount.

Muthoot Microfin Limited

Annexure 4 - (a)

Statement of adjustments to audited financial statements

c) For the year ended 31 March 2016

Clause (vii)(a)

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

Clause (x)

No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit, except for misappropriation of cash aggregating to Rs.0.32 million through manipulation of 16 customer accounts by the employees of the Company identified by the management during the year, as stated in the notes to the audited financial statements. The Company has initiated disciplinary action against such employees, including termination of their employment contracts and recovery of the amounts. The company has recovered Rs.0.18 million out of such amounts as at the year end and the balance amount of Rs.0.14 million is disclosed as recoverable under the head "Loan receivables". The company is taking necessary steps to ensure recovery of such amount.

d) For the year ended 31 March 2015

Clause (viii)

The accumulated loss of the Company is less than fifty percent of its net worth. The company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

e) For the year ended 31 March 2014

Clause (x)

The company has incurred a cash loss during the financial year covered by our audit and the immediately preceding financial year.

II. Further, auditors' report pursuant to Rule 11(d) of the Companies (Audit and Auditors) Amendment Rules, 2017 on the Financial Statements for the year ended 31 March 2017 included the following comments which do not require any corrective adjustment in the Restated financial information:

The Company has provided disclosures in Annexure 28 to these financial information regarding holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, the total receipts and total deposits in bank are in accordance with the books of account maintained by the Company. However, in absence of sufficient appropriate audit evidence, we are unable to comment upon the appropriateness of classification between specified bank notes and other denomination notes of 'permitted receipts', 'non-permitted receipts' and 'deposits in banks' as disclosed under such note.

B) Regrouping

Appropriate adjustments have been made in the restated financial information, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cashflows, in order to bring them in line with the groupings as per audited financial statements of the Company for the year ended 31 March 2018, prepared in accordance with schedule III of the Act and the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009, (as amended).

Muthoot Microfin Limited

Annexure 4 - (b)

1. Summary of significant accounting policies and other explanatory information, as restated

1 General information

Background

Muthoot Microfin Limited ('the Company') was incorporated as a private limited company in the year 1992 under the erstwhile Companies Act, 1956. Effective 18 March 1998, the Company was registered as a non-deposit accepting Non Banking Financial Company ('NBFC-ND') under the rules and regulations framed by the Reserve Bank of India ('the RBI'). In accordance with the Notification issued by the RBI vide reference no. RBI/2011-12/290, DNBS.CC.PD.No.250/03.10.01/2011-12, dated 2 March 2011, the Company has obtained registration under the category of Non-Banking Financial Company - Micro Finance Institutions ('NBFC-MFI'), w.e.f 25 March 2015. The Company's non-convertible debentures are listed on the Bombay Stock Exchange ('BSE').

The operations of the Company are based on the Joint Liability Group ('JLG') model of lending. It is designed to promote entrepreneurship among women and inclusive growth. The Company provides financial assistance through micro loans to women engaged in small income generating activities. The company also facilitates entrepreneurship development and harnesses entrepreneurship skills through skill development workshops and financial literacy classes for its clients.

In addition to the core business of providing micro-credit, the Company uses its connect and existing relationships to provide loans to the members for the purchase of productivity-enhancing products such as solar lamps, mobile phones and water purifiers.

2 Significant accounting policies

a Basis of preparation of financial statements

The Summary statement of assets and liabilities, as restated, of the Company as at 31 March 2018, 2017, 2016, 2015 and 2014 and the related Summary statement of profit and loss, as restated, and the related Summary statement of cash flows, as restated for the years ended 31 March 2018, 2017, 2016, 2015 and 2014 respectively herein collectively referred to as ("Restated financial information") have been compiled by the management from the audited financial statements for the years ended 31 March 2018, 2017, 2016, 2015 and 2014 respectively, which were prepared under generally accepted accounting principles in India (Indian GAAP) and approved by the Board of Directors of the Company at that relevant time. The restated financial information were authorised for issue in accordance with the resolution passed by the Board of Directors on 27th June 2018.

The restated summary statements have been prepared specifically for the inclusion in the offer document to be filed by the Company with the National Stock Exchange of India Limited ('NSE'), Bombay Stock Exchange ('BSE') Limited, Securities and Exchange Board of India ('SEBI') and Registrar of Companies, Kerala in connection with its proposed offer.

These Summary Statements of assets and liabilities, profits and losses and cash flows, as restated, have been prepared to comply in all material respects with the requirements of clause (b) of Sub-section (1) of Section 26 of Chapter III of the Companies Act, 2013 read with rule 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014 and the relevant provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the SEBI Guidelines") issued by SEBI on August 26, 2009 as amended from time to time. The Restated Summary Statements and other financial information have been prepared after incorporating adjustments for the material amounts in the respective years to which they relate.

b Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful loans and advances, provision for loss assets, loan receivables, future obligations under employee retirement benefit plans, income taxes and the useful lives of fixed assets. Further the classification of assets and liabilities into current and non-current is based on the estimation of the operating cycle of the Company.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

c Property, plant and equipment

Property, plant and equipment are carried at cost of acquisition or construction less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price, including duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss within other income or other expenses, as the case may be.

Depreciation is provided using straight line method at the rates of depreciation prescribed in Schedule II of the Companies Act, 2013.

1. Summary of significant accounting policies and other explanatory information, as restated

d Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software. These assets are amortised over their estimated useful lives on a straight line basis, commencing from the date the assets is available to the Company for its use. After initial recognition, intangible assets are carried at its cost less any accumulated amortisation and any accumulated impairment losses.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the disposal proceeds and the carrying amount of the asset, and is recognised in the statement of profit and loss within other income or other expenses, as the case may be.

The useful life of the assets is reviewed at each balance sheet date. If the expected useful life of the asset is significantly different from the previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefit from the asset, the method of amortisation is changed to reflect the changed pattern. Such changes are accounted in accordance with Accounting Standard (AS) 5, Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

e Impairment

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Recoverable amount is the higher of the asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

f Operating lease

Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs such as maintenance and insurance are expensed as incurred.

g Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the collectability is reasonably assured.

- i. Interest on loans is recognised on accrual basis, except in the case of Non Performing Assets ("NPAs"), where interest is recognised upon realisation.
- ii. Interest income on deposits with banks is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.
- iii. Loan processing fees is accounted up-front as and when it becomes due.
- iv. Excess interest spread on securitization/direct assignment represents income from receivables securitized / assigned is accounted in accordance with the relevant guidelines issued by the RBI. The losses arising are recognised in the Statement of Profit and Loss immediately upon receipt of sale consideration and the gains arising from the transaction are amortized over the tenor of the transaction. Interest retained under assignment of loan receivables is recognised on realisation basis over the life of the underlying loan portfolio.
- v. Commission income is recognised on an accrual basis on the completion of the service in accordance with the terms of the agreement.
- vi. All other income is recognised on an accrual basis.

h Securitization/assignment of loans and advances

Transactions relating to transfers of loans and advances through securitization/assignment with other financial institutions and banks are accounted for in accordance with the relevant guidelines issued by the RBI. Such transferred loans and advances are de-recognised from the financial statements and gains/losses are accounted for only where the Company surrenders rights and obligations specified in the loan contract in favour of the counter parties.

Muthoot Microfin Limited**Annexure 4 - (b)****1. Summary of significant accounting policies and other explanatory information, as restated****i Asset classification and provisioning**

The Company follows the asset classification and provisioning norms as per the NBFC Master Directions, 2016 for Non-Banking Financial Company – Micro Finance Institutions (NBFC-MFIs).

Asset category	Classification
Standard assets	Asset in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business.
Non-performing assets**	Asset for which, interest/principal payment has remained overdue for a period of 90 days or more.

** RBI vide Notification No. DBR.No.BP.BC.37/21.04.048/2016-17 dated November 21, 2016 and vide Notification No. DBR.No.BP.BC.49/21.04.048/2016-17 dated December 28, 2016 has given additional 90 days dispensation for classification of non-performing assets due to demonetisation. The dispensation will apply to dues which were payable between November 1, 2016 and December 31, 2016.

Provisioning upto 31 March 2017

Higher of a) 1% of the outstanding loan portfolio or b) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more.

Provisioning from 01 April 2017

Higher of:

a) 1.50% of the outstanding loan portfolio; or

b) Aggregate of:

- i) 0.4% of the standard assets which do not meet the qualifying asset criteria;
- ii) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days; and
- iii) 100% of the aggregate loan instalments which are overdue for 180 days or more.

j Borrowing cost

Borrowing cost includes interest incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they are incurred.

k Employee benefits

- (i) Defined contribution plan: The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. Eligible employees receive benefits from the provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to specified percentage of the covered employee's basic salary. The Company has no further obligations under the plan beyond its monthly contributions. Contributions to provident fund are charged to the statement of profit and loss on accrual basis.
- (ii) Gratuity: The Company provides gratuity, a defined benefit retirement plan covering eligible employees. Liabilities related to the gratuity plan are determined by an independent actuarial valuation carried out using projected unit credit method as at the balance sheet date. Actuarial gain or loss is recognised immediately in the statement of profit and loss.
- (iii) Compensated absences: Compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

l Taxation

Provision for tax for the year comprises current income tax and deferred tax.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantially enacted at the reporting date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

In computing current taxes the Company takes into consideration the benefits admissible under the provisions of the Income Tax Act, 1961. In cases wherever the tax liability computed as per above is less than the Minimum Alternate Tax, the Company is liable to pay the Minimum Alternate Tax (MAT), in accordance with Section 115JB of the Income Tax Act, 1961. MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

1. Summary of significant accounting policies and other explanatory information, as restated

m Earnings per equity share

The basic earnings per equity share ("EPS") is computed by dividing the net profit / loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of diluted earnings per share, the net profit / loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for effects of all dilutive potential equity shares.

n Provisions, contingent liabilities and contingent assets

The Company creates a provision when there is present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. The amount of provision recognised are best estimates of expenditure that are required to settle the obligation at the balance sheet date. The estimates are not discounted to their present value.

A disclosure for a contingent liability is made when there is possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognised nor disclosed in the financial statements.

o Securities issue expenses

Securities issue expenses and redemption premium, if any, are adjusted against the securities premium account as permissible under the Act, to the extent balance is available for utilisation in the securities premium account.

p Cash flow statement

Cash flows are reported using the indirect method, whereby profit / loss 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 operating, financing and investing activities of the Company are segregated based on the available information. Cash comprises of cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

q Share based payments

Measurement and disclosures in relation to employee share-based payment plans are done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on the straight line basis.

Muthoot Microfin Limited
Annexure 5
Share capital, as restated
(Amounts in INR millions)

Particulars	As at 31 March				
	2018	2017	2016	2015	2014
Equity share capital					
Authorized					
Number of ordinary equity shares of Rs.10 each	150.00	150.00	75.00	50.00	10.00
Amount of ordinary equity shares of Rs.10 each	1,500.00	1,500.00	750.00	500.00	100.00
Issued, subscribed and fully paid-up					
Number of ordinary equity shares of Rs.10 each	102.88	83.85	60.00	5.50	5.50
Amount of equity Shares of Rs.10 each (A)	1,028.79	838.52	600.00	55.00	55.00
Reconciliation of number of equity shares (number of shares in millions):					
Number of shares at the beginning of the year	83.85	60.00	5.50	5.50	5.00
Add: Shares issued during the year	-	-	-	-	-
In cash	19.03	23.85	54.50	-	0.50
Other than cash	-	-	-	-	-
Less: Shares issued to the trust under the employee stock option plan	-	-	-	-	-
Number of shares at the closing of the year	102.88	83.85	60.00	5.50	5.50
Preference shares					
Authorized					
Number of Compulsorily Convertible Preference shares ('CCPS') of Rs.10 each	50.00	50.00	-	-	-
Amount of Compulsorily Convertible Preference shares of Rs.10 each	500.00	500.00	-	-	-
Issued, subscribed and fully paid-up					
Number of Compulsorily Convertible Preference shares of Rs.10 each	11.29	4.32	-	-	-
Amount of Compulsorily Convertible Preference shares of Rs.10 each (B)	112.92	43.16	-	-	-
Reconciliation of number of compulsorily convertible preference shares (number of shares in millions) :					
Number of shares at the beginning of the year	4.32	-	-	-	-
Add: issued during the year	6.97	4.32	-	-	-
Less: redemption of preference shares	-	-	-	-	-
Number of shares at the closing of the year	11.29	4.32	-	-	-
Total share capital (A+B)	1,141.71	881.68	600.00	55.00	55.00

Notes
a) Rights, preferences and restrictions attached to equity shares

The Company has equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors in any financial year is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The equity shares shall be transferable subject to the provisions contained in the Articles of Association and in the agreements entered / to be entered into with the investors / shareholders from time to time.

b) Rights, preferences and restrictions attached to preference shares

The Company has issued compulsorily convertible preference shares having a face value of Rs.10 per share. At the option of the holders, these preference shares, either in whole or in part, may be converted into equity shares at the occurrence of certain specified events. However, the preference shares shall be converted before the expiry of 10 years from the date of issuance. Each compulsorily convertible preference share may be converted into one equity share without any additional payment. Each holder of the compulsorily convertible preference shares is entitled to one vote per share. Dividend on each compulsorily convertible preference shares is 0.001% per annum, subject to cash flow solvency, and such dividend shall be a cumulative preferred dividend. In the event of liquidation of the Company, the holders of compulsorily convertible preference shares shall have a preference over other share holders of the Company.

c) There were no shares issued for consideration other than cash during the period of five years immediately preceding 31 March 2018.

d) Stock Option Plan

In the financial year ended 31 March 2017, the Company had introduced a stock option plan that provides for the granting of stock options to employees of the Company. The objectives of the plan includes attracting and retaining the best personnel, providing for additional performance incentives and promoting the success of the Company by providing employees the opportunity to acquire equity shares.

The shareholders of the Company at the EGM held on December 05, 2016 approved an Employee Stock Option Plan (the "2016 Plan"). The 2016 Plan provides for issuance of 1,235,280 options, convertible to equivalent number of equity shares of Rs.10 each, to the employees. During the year ended 31 March 2018, 299,000 options (2017: 665,000 options) have been granted at an exercise price of Rs.66.69 (2017: Rs.14) per option. The market price is in accordance with the valuation of a registered valuer. The options vest over a period of 4 years from the date of grant in a graded manner, with 25% of the options vesting each year. The vested options may be exercised subject to the approval of the board. The Company has formulated the MML Employee Welfare Trust, for the purpose of administering the above scheme and has given an interest-free advance of Rs.25.10 million (2017: Rs.14.85 million) for the purpose of acquiring shares of the Company.

A summary of the status of the options granted under 2016 plan as at March 31, 2018 and 2017 is presented in Annexure 20.

Muthoot Microfin Limited
Annexure 5 (continued)
Shares held by holding company
(Amounts in millions)

Name of shareholder	As at 31 March									
	2018		2017		2016		2015		2014	
	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding
<i>Equity shares of Rs. 10 each fully paid up held by Muthoot Fincorp Limited</i>	72.63	70.59%	70.03	83.51%	59.15	98.59%	5.20	94.55%	5.20	94.55%

Details of shareholders holding more than 5% shares of the Company

Name of shareholder	As at 31 March									
	2018		2017		2016		2015		2014	
	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding
<i>Equity shares of Rs. 10 each fully paid up held by</i>										
Muthoot Fincorp Limited	72.63	70.59%	70.03	83.51%	59.15	98.59%	5.20	94.55%	5.20	94.55%
Thomas Muthoot	6.35	6.17%	4.49	5.36%						
Thomas George Muthoot	6.33	6.15%	4.47	5.33%						
Thomas John Muthoot	6.33	6.15%	4.47	5.33%						
<i>Compulsorily Convertible Preference shares of Rs. 10 each, fully paid up held by</i>										
Creation Investments India LLC	11.29	100.00%	4.32	100.00%						

Note :

1. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

Muthoot Microfin Limited
Annexure 6
Reserves and surplus, as restated
(Amounts in INR millions)

Particulars	As at 31 March				
	2018	2017	2016	2015	2014
Securities premium account					
Opening balance	546.28	-	-	-	-
Add : Premium on equity shares issued during the year	2,509.73	166.48	-	-	-
Add : Premium on preference shares issued during the year	730.24	451.84	-	-	-
Less : Utilised towards share issue expenses	(2.18)	(72.04)	-	-	-
Total (A)	3,784.07	546.28	-	-	-
Statutory reserve					
Opening balance	92.94	18.87	0.05	0.05	0.05
Add : Transferred from surplus in statement of profit and loss*	152.01	74.08	18.82	-	-
Total (B)	244.95	92.95	18.87	0.05	0.05
Surplus / (deficit) in statement of profit and loss					
Balance at the beginning of the year	369.25	72.95	(2.33)	(0.75)	(0.64)
Add : Transferred from statement of profit and loss	760.07	370.38	94.10	(1.58)	(0.11)
Less : Transferred to statutory reserve*	(152.01)	(74.08)	(18.82)	-	-
Less : Dividend to preference shareholders#	-	-	-	-	-
Less : Dividend distribution tax	-	-	-	-	-
Total (C)	977.31	369.25	72.95	(2.33)	(0.75)
Total (A+B+C)	5,006.33	1,008.48	91.82	(2.28)	(0.70)

Note :

1. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

* In accordance with the provision of section 45-IC of the Reserve Bank of India Act, 1934, the Company being an NBFC, has transferred 20% of the profit after tax for the year to the statutory reserve.

The amounts are below rounding off criteria and hence appearing as Nil.

Muthoot Microfin Limited
Annexure 7
Long-term borrowings, as restated
(Amounts in INR millions)

Particulars	As at 31 March				
	2018	2017	2016	2015	2014
Long-term borrowings					
<i>Secured</i>					
Redeemable non-convertible debentures	2,800.00	2,050.00	-	-	-
Finance lease obligations	0.43	0.54	-	-	-
Term loans	-	-	-	-	-
From banks	12,709.90	7,342.05	2,985.65	-	-
From other financial institutions	1,754.91	1,670.73	1,142.72	-	-
A	17,265.24	11,063.32	4,128.37	-	-
<i>Unsecured, subordinated</i>					
Term loans					
From banks	-	-	-	-	-
From other financial institutions	250.00	250.00	-	-	-
B	250.00	250.00	-	-	-
Less: Classified as other current liabilities					
Current maturities of long-term debt					
From banks	7,009.01	3,035.97	1,373.17	-	-
From other financial institutions	1,049.91	791.08	511.76	-	-
Current maturities of finance lease obligations	0.12	0.11	-	-	-
C	8,059.04	3,827.16	1,884.93	-	-
Total (A+B-C)	9,456.20	7,486.16	2,243.44	-	-

Note:

1. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

Muthoot Microfin Limited
Annexure 7 (continued)
Borrowings details
Debentures
(Amounts in INR millions)

S No.	Repayment terms	Number of installments	Interest commencement month	Principal repayment month	Interest rate per annum	Nature of the security	As at 31 March 2018
1	Principal: Bullet repayment Interest: Annual	NA	Nov-16	Nov-19	12.00%	Exclusive charge over book debts equivalent to 100% of loan and interest amount.	250.00
2	Principal: Bullet repayment Interest: Half-year	NA	Oct-16	Sep-21	12.30%		1,400.00
3	Principal: Bullet repayment Interest: Quarterly	NA	Dec-16	Dec-19	12.00%	Exclusive charge over book debts equivalent to 110% of loan amount.	400.00
4	Principal: Bullet repayment Interest: Quarterly	NA	Mar-18	Sep-18	11.63%	Exclusive charge over book debts equivalent to 100% of loan and interest amount.	750.00
							2,800.00

Unsecured loans

S No.	Repayment terms	Number of installments	Interest commencement month	Principal repayment month	Interest rate per annum	Nature of the security	As at 31 March 2018
1	Principal: Bullet repayment Interest: Monthly	NA	Aug-16	Apr-22	13.75%	Unsecured	250.00
							250.00

Secured term loans and other loans

S No.	Repayment terms	Number of installments	Amount per installment	Repayment commencement month	Interest rate per annum	Nature of the security	As at 31 March 2018
1	Monthly	21	10.42	Dec-17	11.50%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	208.33
2	Monthly	36	6.90	Oct-17	10.80%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	208.60
3	Monthly	21	23.81	Oct-17	11.35%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	357.14
4	Monthly	36	4.17	Jun-16	12.25%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	58.33
5	Monthly	36	13.89	Sep-17	11.30%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	402.78
6	Monthly	36	27.78	Apr-18	11.15%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	1,000.00
7	Monthly	36	13.89	Sep-17	12.30%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	319.44
8	Monthly	30	25.00	Sep-17	11.25%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	575.00

Muthoot Microfin Limited
Annexure 7 (continued)
Borrowings details
Secured term loans and other loans
(Amounts in INR millions)

S No.	Repayment terms	Number of installments	Amount per installment	Repayment commencement month	Interest rate per annum	Nature of the security	As at 31 March 2018
9	Quarterly	30	16.67	Jan-17	11.50%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	250.00
10	Quarterly	30	16.67	Oct-17	11.60%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	400.00
11	Quarterly	7	71.43	Mar-18	10.25%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	428.57
12	Monthly	46	4.25	Feb-16	11.75%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	74.48
13	Monthly	30	6.17	Sep-16	11.50%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	63.91
14	Monthly	27	5.56	Oct-16	12.65%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	61.10
15	Monthly	33	3.03	Apr-16	12.50%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	27.27
16	Monthly	33	1.52	Jul-16	12.50%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	18.18
17	Monthly	24	4.00- 5.00	Jan-18	10.50%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	920.00
18	Quarterly	10	30.00	Jul-16	13.15%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	90.00
19	Monthly	33	15.15	Apr-18	11.25%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of 5%.	500.00
20	Quarterly	7	35.71	Sep-17	13.00%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of 5%.	157.14
21	Monthly	24	10.42	Jul-16	12.00%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of 5%.	31.25
22	Monthly	24	32.50	Apr-18	10.45%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of 5%.	780.00
23	Monthly	22	6.82	Feb-17	10.78%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of 5%.	54.55
24	Monthly	21	28.57	Nov-17	11.25%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of 5%.	507.14
25	Quarterly	7	71.43	Apr-18	11.25%	Exclusive charge over book debts equivalent to 100% of loan amount and Term deposit receipt equivalent to 0.25% of disbursement	500.00

Muthoot Microfin Limited
Annexure 7 (continued)
Borrowings details
Secured term loans and other loans
(Amounts in INR millions)

S No.	Repayment terms	Number of installments	Amount per installment	Repayment commencement month	Interest rate per annum	Nature of the security	As at 31 March 2018
26	Monthly	24	10.42	Oct-17	11.25%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of Nil.	187.50
27	Monthly	22	2.27	Apr-17	12.50%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of Nil.	22.73
28	Monthly	22	11.36	Jun-17	12.50%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of Nil.	136.36
29	Monthly	22	9.09	Jun-17	12.50%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of Nil.	109.09
30	Monthly	60	0.01	Jul-16	9.63%	Hypothecation of motor car	0.43
31	Monthly	22	45.45	Mar-18	11.75%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of Nil.	954.55
32	Monthly	34	6.17 - 8.68	Feb-17	12.50%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of Nil.	157.59
33	Monthly	33	6.53-8.72	Jul-18	10.90%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of Nil.	250.00
34	Monthly	36	6.94	Nov-16	11.75%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of Nil.	142.81
35	Monthly	36	6.94	Feb-17	11.75%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of Nil.	163.04
36	Monthly	24	18.68- 23.15	Jan-18	11.25%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of Nil.	443.45
37	Quarterly	10	50.00	Oct-17	10.70%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of Nil.	400.00
38	Monthly	30	5.00	Apr-17	12.60%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of Nil.	65.00
39	Monthly	24	12.50	Mar-18	11.00%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of Nil.	287.50
40	Monthly	24	10.42	Mar-18	9.50%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of Nil.	239.58
41	Quarterly	8	12.50	Apr-17	13.50%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	50.00

Muthoot Microfin Limited
Annexure 7 (continued)
Borrowings details
Secured term loans and other loans
(Amounts in INR millions)

S No.	Repayment terms	Number of installments	Amount per installment	Repayment commencement month	Interest rate per annum	Nature of the security	As at 31 March 2018
42	Quarterly	11	18.18	Jan-18	11.75%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	181.82
43	Monthly	30	16.67	Sep-17	11.35%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	383.33
44	Quarterly	11	9.00	Dec-16	11.80%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	46.00
45	Quarterly	12	16.67	Dec-17	10.75%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	166.67
46	Monthly	33	3.79	Dec-15	12.55%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 10%.	18.94
47	Monthly	33	3.79	Dec-15	12.65%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 10%.	26.51
48	Monthly	36	2.78	Jun-16	12.25%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 10%.	38.89
49	Monthly	36	6.94	Apr-16	12.15%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 10%.	76.40
50	Monthly	36	5.56	Apr-16	12.15%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 10%.	105.56
51	Monthly	30	16.60	Oct-17	11.65%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 10%.	400.40
52	Quarterly	10	25.00	Aug-18	11.50%	Exclusive charge over book debts equivalent to 110% of loan amount and Term Deposit Receipt equivalent to 5% of Loan amount	250.00
53	Quarterly	8	62.50	Feb-17	13.25%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of Nil.	187.50
54	Monthly	18	15.52	Oct-15	13.25%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of Nil.	107.09
55	Monthly	36	11.11	Jan-18	8.70%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of Nil.	366.67
56	Monthly	36	1.36	Sep-15	13.70%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of Nil.	6.62
57	Quarterly	10	50.00	Jun-18	10.45%	Exclusive charge over book debts equivalent to 106% of loan amount and Cash margin of Nil.	500.00
							14,465.24

Note:

1. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

Muthoot Microfin Limited
Annexure 8
Other current and non-current liabilities, as restated
(Amounts in INR millions)

Particulars	As at 31 March				
	2018	2017	2016	2015	2014
Non-current liabilities					
Other long-term liabilities					
Unrealised gain on loan transfer transactions	-	15.80	12.30	-	-
Total	-	15.80	12.30	-	-
Current liabilities					
Other current liabilities					
Current maturities of long-term debt:					
From banks	7,009.01	3,035.97	1,373.17	-	-
From other financial institutions	1,049.91	791.08	511.76	-	-
Current maturities of finance lease obligations	0.12	0.11	-	-	-
Creditor for capital goods (Also, refer annexure 21)	4.26	3.01	16.26	-	-
Unrealised gain on loan transfer transactions	64.70	357.82	106.58	-	-
Interest accrued but not due	140.70	105.36	40.25	-	-
Payables towards securitisation/assignment transactions	402.44	700.90	132.85	-	-
Income received in advance	2.07	2.45	1.11	-	-
Employee related payables	68.93	44.70	8.64	0.05	0.04
Statutory dues payable	30.96	17.16	8.27	0.02	0.02
Other payables (Also, refer annexure 21)	109.62	75.94	80.79	0.08	0.92
Total	8,882.72	5,134.50	2,279.68	0.15	0.98

Note :

1. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.
2. Based on the information available with the Company, as at 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014, there are no suppliers who are registered as micro and small enterprises under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006.

Muthoot Microfin Limited
Annexure 9
Long-term and short-term provisions, as restated
(Amounts in INR millions)

Particulars	As at 31 March				
	2018	2017	2016	2015	2014
Long-term provisions					
Provision against standard assets	-	33.41	16.30	-	-
Provision for gratuity	4.05	3.27	4.27	-	-
Provision for compensated absences	2.46	1.38	1.89	-	-
Total	6.51	38.06	22.46	-	-
Short-term provisions					
Provision against standard assets	1.10	66.87	26.85	0.01	-
Provision against non-performing assets (Refer annexure 29(i))	258.99	0.28	0.02	-	-
Provision for income tax (net of advance taxes)	-	20.98	2.52	-	-
Total	260.09	88.13	29.39	0.01	-

Note :

1. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

Muthoot Microfin Limited

Annexure 10

Property, plant and equipment and intangible assets, as restated

a. For the period ended 31 March 2018

(Amounts in INR millions)

Asset description	Gross block				Accumulated depreciation/ amortisation				Net block	
	As at 1 April 2017	Additions	Deletions	As at 31 March 2018	As at 1 April 2017	Charge for the period	Deletions	As at 31 March 2018	As at 31 March 2018	As at 1 April 2017
Property, plant and equipment										
Computer and accessories	15.63	9.77	0.07	25.33	4.87	5.67	0.03	10.51	14.82	10.76
Furniture and fixtures	37.27	54.69	-	91.96	1.82	5.99	-	7.81	84.15	35.45
Office equipments	20.15	12.13	0.25	32.03	2.76	5.53	0.17	8.12	23.91	17.39
Vehicles*	0.77	-	-	0.77	0.07	0.09	-	0.16	0.61	0.70
Electrical fittings	6.54	2.34	0.28	8.60	0.21	0.87	0.02	1.06	7.54	6.33
	80.36	78.93	0.60	158.69	9.73	18.15	0.22	27.66	131.03	70.63
Intangible assets										
Software	1.36	-	-	1.36	0.20	0.26	-	0.46	0.90	1.16
	1.36	-	-	1.36	0.20	0.26	-	0.46	0.90	1.16
Total	81.72	78.93	0.60	160.05	9.93	18.41	0.22	28.12	131.93	71.79

*Vehicles have been acquired under finance lease.

b. For the year ended 31 March 2017

(Amounts in INR millions)

Asset description	Gross block				Accumulated depreciation/ amortisation				Net block	
	As at 1 April 2016	Additions	Deletions	As at 31 March 2017	As at 1 April 2016	Charge for the period	Deletions	As at 31 March 2017	As at 31 March 2017	As at 1 April 2016
Property, plant and equipment										
Computer and accessories	5.05	10.58	-	15.63	0.11	4.76	-	4.87	10.76	4.94
Furniture and fixtures	10.45	26.82	-	37.27	0.04	1.78	-	1.82	35.45	10.41
Office equipments	6.99	13.41	0.25	20.15	0.07	2.73	0.04	2.76	17.39	6.92
Vehicles*	-	0.77	-	0.77	-	0.07	-	0.07	0.70	-
Electrical fittings	-	6.58	0.04	6.54	-	0.21	-	0.21	6.33	-
	22.49	58.16	0.29	80.36	0.22	9.55	0.04	9.73	70.63	22.27
Intangible assets										
Software	0.74	0.62	-	1.36	0.02	0.18	-	0.20	1.16	0.72
	0.74	0.62	-	1.36	0.02	0.18	-	0.20	1.16	0.72
Total	23.23	58.78	0.29	81.72	0.24	9.73	0.04	9.93	71.79	22.99

*Vehicles have been acquired under finance lease.

Note :

1. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

Muthoot Microfin Limited

Annexure 10

Property, plant and equipment and intangible assets, as restated

c. For the year ended 31 March 2016

(Amounts in INR millions)

Asset description	Gross block				Accumulated depreciation/ amortisation				Net block	
	As at 1 April 2015	Additions	Deletions	As at 31 March 2016	As at 1 April 2015	Charge for the period	Deletions	As at 31 March 2016	As at 31 March 2016	As at 1 April 2015
Property, plant and equipment										
Computer and accessories	0.08	4.97	-	5.05	0.08	0.03	-	0.11	4.94	-
Furniture and fixtures	-	10.45	-	10.45	-	0.04	-	0.04	10.41	-
Office equipments	0.01	6.98	-	6.99	-	0.07	-	0.07	6.92	0.01
	0.09	22.40	-	22.49	0.08	0.14	-	0.22	22.27	0.01
Intangible assets										
Software	-	0.74	-	0.74	-	0.02	-	0.02	0.72	-
	-	0.74	-	0.74	-	0.02	-	0.02	0.72	-
Total	0.09	23.14	-	23.23	0.08	0.16	-	0.24	22.99	0.01

d. For the year ended 31 March 2015

(Amounts in INR millions)

Asset description	Gross block				Accumulated depreciation/ amortisation				Net block	
	As at 1 April 2014	Additions	Deletions	As at 31 March 2015	As at 1 April 2014	Charge for the period	Deletions	As at 31 March 2015	As at 31 March 2015	As at 1 April 2014
Property, plant and equipment										
Computer and accessories	0.08	-	-	0.08	0.05	0.03	-	0.08	-	0.03
Office equipments	0.01	-	-	0.01	-	-	-	-	0.01	0.01
Total	0.09	-	-	0.09	0.05	0.03	-	0.08	0.01	0.04

e. For the year ended 31 March 2014

(Amounts in INR millions)

Asset description	Gross block				Accumulated depreciation/ amortisation				Net block	
	As at 1 April 2013	Additions	Deletions	As at 31 March 2014	As at 1 April 2013	Charge for the period	Deletions	As at 31 March 2014	As at 31 March 2014	As at 1 April 2013
Property, plant and equipment										
Computer and accessories	0.08	-	-	0.08	0.02	0.03	-	0.05	0.03	0.06
Office equipments	0.01	-	-	0.01	-	-	-	-	0.01	0.01
Total	0.09	-	-	0.09	0.02	0.03	-	0.05	0.04	0.07

Note :

1. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

Muthoot Microfin Limited
Annexure 11
Deferred tax assets and liabilities, as restated
(Amounts in INR millions)

Particulars	As at 31 March				
	2018	2017	2016	2015	2014
<i>Deferred tax liabilities</i>					
Timing difference between depreciation and amortisation as per financials and depreciation as per tax	(1.11)	(1.58)	-	-	-
	(1.11)	(1.58)	-	-	-
<i>Deferred tax assets</i>					
Timing difference between depreciation and amortisation as per financial statements and depreciation as per tax	-	-	0.88	-	-
Provision for loan losses	68.78	34.80	14.94	-	-
Provision for employee benefits	2.25	1.61	2.13	-	-
Carried forward business loss	-	-	-	1.04	-
Unabsorbed depreciation	-	-	-	0.02	-
Other timing differences	-	-	-	-	0.35
	71.03	36.41	17.95	1.06	0.35
Net deferred tax asset	69.92	34.83	17.95	1.06	0.35
Movement during the year					
Opening balance	34.83	17.95	1.06	0.35	0.30
Recognised in the statement of profit and loss	35.09	16.88	16.89	0.71	0.05
Balance at the end of the year	69.92	34.83	17.95	1.06	0.35

Note :

1. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

Muthoot Microfin Limited

Annexure 12

Loan receivable, as restated

(Amounts in INR millions)

Particulars	As at 31 March				
	2018	2017	2016	2015	2014
Non - current loans receivable					
Joint liability group loans					
Unsecured, considered good	5,988.04	3,217.13	1,567.13	0.41	-
Unsecured, considered doubtful*	-	-	0.43	-	-
Joint liability group loans placed as collateral towards securitisation transactions					
Unsecured, considered good	-	124.24	62.74	-	-
Unsecured, considered doubtful*	-	-	0.12	-	-
	5,988.04	3,341.37	1,630.42	0.41	-
Current loans receivable					
Joint liability group loans					
Unsecured, considered good	10,377.06	6,154.92	2,577.85	0.44	-
Unsecured, considered doubtful*	556.97	16.59	1.68	-	-
Individual loans					
Secured, considered good	271.32	240.56	106.25	-	-
Secured, considered doubtful*	23.28	11.51	0.17	-	-
Joint liability group loans placed as collateral towards securitisation transactions					
Unsecured, considered good	98.00	153.25	-	-	-
Unsecured, considered doubtful*	14.79	0.65	-	-	-
	11,341.42	6,577.48	2,685.95	0.44	-

Note:

1. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

*Represents non-performing assets as per Company's asset classification policy (Also refer annexure 29(i))

Muthoot Microfin Limited

Annexure 13

Statement of long-term and short-term loans and advances, as restated

(Amounts in INR millions)

Particulars	As at 31 March				
	2018	2017	2016	2015	2014
Long-term loans and advances (Unsecured, considered good)					
Security deposits	21.00	13.79	4.22	0.04	0.04
Capital advances	5.08	5.26	0.79	-	-
Loans to employees	0.21	-	-	-	-
Balances with government authorities	-	0.11	0.47	0.35	-
Advance income tax (net of provision for tax)	84.50	-	-	0.38	0.35
Advance to related parties	39.95	14.84	-	-	-
Other advances	-	-	0.10	-	-
Total	150.74	34.00	5.58	0.77	0.39
Short-term loans and advances (Unsecured, considered good)					
Loans to employees	0.37	0.25	0.17	-	-
Balances with government authorities	-	1.32	-	-	-
Other advances	2.42	4.03	-	0.15	0.04
Total	2.79	5.60	0.17	0.15	0.04

Note:

1. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

Muthoot Microfin Limited
Annexure 14
Other non-current assets, cash and bank balances and other current assets, as restated
(Amounts in INR millions)

Particulars	As at 31 March				
	2018	2017	2016	2015	2014
Other non-current assets <i>(Unsecured, considered good)</i>					
Non-current bank balances	524.89	550.71	155.88	-	-
Interest strip retained on securitisation of receivables	-	15.80	12.42	-	-
Interest accrued on bank deposit	4.05	1.48	1.85	-	-
Total	528.94	567.99	170.15	-	-
Cash and bank balances					
<i>Cash and cash equivalents</i>					
Cash on hand					
Balance with banks					
- in current accounts	565.56	303.66	219.40	15.71	8.78
- in deposit accounts with maturity less than 3 months	5,139.00	2,817.78	260.80	33.66	44.80
A	5,704.56	3,121.44	480.20	49.37	53.58
Balances with cash collection agents	6.89	25.99	0.77	-	-
B	6.89	25.99	0.77	-	-
<i>Other bank balances</i>					
Deposits with bank held as security against borrowings and other commitments	995.55	867.08	277.79	-	-
C	995.55	867.08	277.79	-	-
Less : Amounts disclosed as 'Other non-current assets'	524.89	550.71	155.88	-	-
D					
Total (A+B+C-D)	6,182.11	3,463.80	602.88	49.37	53.58
Other current assets <i>(Unsecured, considered good)</i>					
Prepaid expenses	14.02	-	-	-	-
Interest strip retained on securitisation of receivables	64.70	357.82	121.30	-	-
Interest accrued on					
- Bank deposits	4.83	5.83	3.11	0.67	0.88
- Loan receivables	200.80	94.51	11.38	-	-
Other accrued revenue	38.93	74.78	-	-	-
Total	323.28	532.94	135.79	0.67	0.88

Note :

1. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

Muthoot Microfin Limited

Annexure 15

Statement of trade receivables, as restated

(Amounts in INR millions)

Particulars	As at 31 March				
	2018	2017	2016	2015	2014
<i>Unsecured, considered good</i>					
Outstanding for a period exceeding six months from the date they are due for payment	-	-	-	-	-
Other receivables	34.39	17.76	7.21	-	-
Total	34.39	17.76	7.21	-	-

Note:

1. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

Muthoot Microfin Limited

Annexure 16

Revenue from operations, as restated

(Amounts in INR millions)

Particulars	For the year ended 31st March				
	2018	2017	2016	2015	2014
Interest income on					
- Loans given	2,921.00	1,357.62	381.13	0.03	2.28
- Fixed deposits	89.15	56.64	10.60	3.76	2.40
Loan processing fees	303.70	203.09	76.62	0.01	-
Commission income	168.31	112.57	21.48	-	-
Excess interest spread on securitisation/direct assignment	1,028.04	705.00	31.62	-	-
Service fee for management of receivables	1.24	3.50	0.10	-	-
Total	4,511.44	2,438.42	521.55	3.80	4.68

Note :

1. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

Muthoot Microfin Limited
Annexure 17
Other income, as restated
(Amounts in INR millions)

Particulars	For the year ended 31 March					Related/ Not related to business activity
	2018	2017	2016	2015	2014	
Non-recurring						
Profit on sale of investments, net	80.99	-	-	-	-	Related
Excess provision reversed	-	-	-	-	0.29	Related
Miscellaneous income	1.73	0.03	0.02	-	-	Not related
Total	82.72	0.03	0.02	-	0.29	

Note:

1. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

Muthoot Microfin Limited
Annexure 18
Expenses, as restated
(Amounts in INR millions)

Particulars	For the year ended 31st March				
	2018	2017	2016	2015	2014
Employee benefits expense					
Salaries and wages	917.13	581.79	71.83	0.77	2.79
Compensated absences	2.58	1.51	1.89	-	-
Gratuity expense	16.78	7.92	4.27	-	-
Contribution to provident and other defined contribution funds	91.62	55.62	5.15	0.10	0.29
Staff welfare expenses	6.91	5.47	0.20	-	-
Total	1,035.02	652.31	83.34	0.87	3.08
Finance costs					
Interest expenses	1,590.76	747.37	179.00	-	0.26
Other borrowing costs	54.25	64.88	31.45	-	-
Interest on income tax	-	4.47	-	-	-
Bank charges	2.07	1.14	0.16	-	-
Total	1,647.08	817.86	210.61	-	0.26
Depreciation and amortisation					
Depreciation towards property, plant and equipment	18.15	9.55	0.14	0.03	0.03
Amortisation towards intangible assets	0.26	0.18	0.02	-	-
Total	18.41	9.73	0.16	0.03	0.03
Provision for loan losses and write-offs					
Provision for loan losses, net	159.53	57.39	43.16	0.01	-
Bad debts written off	76.98	-	-	-	-
Total	236.51	57.39	43.16	0.01	-
Other expenses					
Power and fuel	8.36	3.71	0.81	-	-
Rent and amenities (Also, refer annexure 21 & annexure 27)	76.21	30.04	8.67	1.02	-
Repairs and maintenance - others	3.68	1.34	0.99	-	-
Rates and taxes	4.56	8.37	2.55	3.82	0.85
Legal and professional charges	33.76	40.39	5.20	0.01	0.03
Payments to auditors	3.84	1.68	0.90	0.09	0.09
Traveling and conveyance expenses	71.03	33.81	2.84	0.13	0.56
Printing and stationery	17.90	13.64	0.70	-	-
Communication expenses	25.97	15.57	1.23	-	-
CSR expenditure (Also, refer annexure 22 & annexure 21)	4.79	0.97	-	-	-
Cash management charges (Also, refer annexure 21)	200.92	131.32	1.88	-	-
Software support charges (Also, refer annexure 21)	32.61	32.31	10.75	-	-
Miscellaneous expenses	31.16	15.79	1.77	0.11	0.23
Total	514.79	328.94	38.29	5.18	1.76
Provision for tax					
Current tax / minimum alternate tax	417.37	218.72	68.80	-	-
Deferred tax charge	(35.09)	(16.88)	(16.89)	(0.71)	(0.05)

Note :

1. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

Muthoot Microfin Limited
Annexure 19
Gratuity, as restated

The Company has a defined benefit gratuity plan. The following tables set out the status of the gratuity plan as required under Accounting Standard-15.

(Amounts in INR millions)

Particulars	As at 31 March				
	2018	2017	2016	2015	2014
Obligations at beginning of the year	16.37	4.27	-	-	-
Current service cost	5.58	2.99	0.70	-	-
Interest cost on defined benefit obligation	1.53	0.46	0.03	-	-
Benefits paid	(3.38)	-	-	-	-
Net actuarial loss for the year	12.86	8.65	3.54	-	-
Obligations at end of the year	32.96	16.37	4.27	-	-
Reconciliation of present value of the obligation and the fair value of the plan assets:					
Closing obligations	(32.96)	(16.37)	(4.27)	-	-
Closing fair value of plan assets	28.91	13.10	-	-	-
Liability recognised in the balance sheet	(4.05)	(3.27)	(4.27)	-	-
Gratuity cost for the year					
Current service cost	5.58	2.99	0.70	-	-
Interest cost on defined benefit obligation	1.53	0.46	0.03	-	-
Expected return on plan assets	(1.05)	-	-	-	-
Net actuarial loss for the year	10.72	8.65	3.54	-	-
Contributions made by Muthoot Fincorp Employee Gratuity Trust	-	(4.18)	-	-	-
Net gratuity cost	16.78	7.92	4.27	-	-
Assumptions					
Discount rate	8.00%	8.00%	8.00%	-	-
Salary increase	7.00%	7.00%	5.00%	-	-
Attrition rate	20.0%	20.0%	20.00%	-	-
Retirement age	58	58	58	-	-

Details of experience adjustments - gratuity

Particulars	As at 31 March				
	2018	2017	2016	2015	2014
Defined benefit obligation	32.96	16.37	4.27	-	-
Plan assets	28.91	13.10	-	-	-
Surplus/(deficit)	(4.05)	(3.27)	(4.27)	-	-
Experience adjustment on plan liabilities	12.86	8.65	3.54	-	-
Experience adjustment on plan assets	2.14	-	-	-	-

Note :

1. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

Muthoot Microfin Limited

Annexure 20

Employee stock option plan

(Amounts in INR millions)

Particulars	For the year ended 31 March									
	2018		2017		2016		2015		2014	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Outstanding at the beginning of the year	0.67	-	-	-	-	-	-	-	-	-
Granted during the year	0.30	67	0.67	14	-	-	-	-	-	-
Exercised during the year	0.17	14	-	-	-	-	-	-	-	-
Outstanding at the end of the year	0.80	34	0.67	14	-	-	-	-	-	-
Exercisable at the end of the year	-	-	-	-	-	-	-	-	-	-
Weighted average remaining contractual life (in years)	5.11	-	5.68	-	-	-	-	-	-	-

Note:

1. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

Muthoot Microfin Limited

Annexure 21

Statement of related parties and related party transactions, as restated

A. Related party relationships

Particulars	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
a) Holding company	Muthoot Fincorp Limited	Muthoot Fincorp Limited	Muthoot Fincorp Limited	Muthoot Fincorp Limited	Muthoot Fincorp Limited
b) Key managerial personnel and their relatives (KMP)	Thomas George Muthoot, Director of holding company Thomas John Muthoot, Director of holding company Thomas Muthoot, Director of holding company Sadaf Sayeed, Chief executive officer	Thomas George Muthoot, Director of holding company Thomas John Muthoot, Director of holding company Thomas Muthoot, Director of holding company Sadaf Sayeed, Chief executive officer	Thomas George Muthoot, Director of holding company Thomas John Muthoot, Director of holding company Thomas Muthoot, Director of holding company George Lamannil, Director Sabu Zakharias Kuncheria, Director Maneesh Srivastava, Director Sadaf Sayeed, Chief executive officer	Thomas George Muthoot, Director of holding company Thomas John Muthoot, Director of holding company Thomas Muthoot, Director of holding company George Lamannil, Director Sabu Zakharias Kuncheria, Director Maneesh Srivastava, Director	Thomas George Muthoot, Director of holding company Thomas John Muthoot, Director of holding company Thomas Muthoot, Director of holding company George Lamannil, Director Sabu Zakharias Kuncheria, Director Maneesh Srivastava, Director
c) Entities having significant influence over the Company	Muthoot Pappachan Technologies Limited Muthoot Pappachan Foundation MML Employee Welfare Trust	Muthoot Pappachan Technologies Limited Muthoot Pappachan Foundation MML Employee Welfare Trust	Muthoot Pappachan Technologies Limited		

Note:

1. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

Muthoot Microfin Limited

Annexure 21 (continued)

Statement of related parties and related party transactions, as restated

B. Transactions with related parties

(Amounts in INR millions)

No	Particulars	For the year ended 31 March				
		2018	2017	2016	2015	2014
Transactions with Key Management Personnel						
1	Rent expenses					
	Thomas George Muthoot	0.39	0.21	0.22	0.25	0.19
	Thomas John Muthoot	0.47	0.50	0.39	0.25	0.19
	Thomas Muthoot	0.22	0.19	0.22	0.25	0.19
2	Rental deposits given / (refunded)					
	Thomas George Muthoot	0.10	-	-	-	-
	Thomas John Muthoot	0.08	-	-	-	-
	Thomas Muthoot	0.18	-	-	-	-
3	Remuneration					
	Sadaf Sayeed	6.37	5.53	3.23	-	-
4	Interest expense					
	Thomas George Muthoot*	-	-	-	-	-
	Thomas Muthoot	-	-	-	-	0.26
Transactions with holding company-Muthoot Fincorp Limited						
5	Cash management charges	187.28	116.57	1.75	-	-
6	Commission income	105.12	47.62	-	-	-
7	Rent expenses	4.06	2.32	0.92	0.13	0.13
8	Reimbursement of expenses	1.46	2.19	-	-	-
9	Purchase of assets	-	5.35	15.88	-	-
10	Rental deposits given / (refunded)	0.10	0.78	0.66	-	-
11	Travel expenses	3.17	-	-	-	-
12	Service charges	-	-	-	-	0.02
Transactions with entities having significant influence over the Company						
13	Software support charges					
	Muthoot Pappachan Technologies Limited	30.00	30.00	10.00	-	-
14	Advance given					
	MML Employee Welfare Trust	25.10	14.85	-	-	-
15	CSR expenditure					
	Muthoot Pappachan Foundation	4.79	0.97	-	-	-

Note:

1. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

* The amounts are below rounding off criteria and hence appearing as Nil.

Muthoot Microfin Limited
Annexure 21 (continued)
Statement of related parties and related party transactions, as restated
C. Outstanding balance with related parties
(Amounts in INR millions)

(Amounts in LKR millions)

No	Particulars	Balance as at 31 march				
		2018	2017	2016	2015	2014
Outstanding balance of Key Management Personnel						
1	Rental deposit					
	Thomas George Muthoot	0.10	-	-	0.05	0.05
	Thomas John Muthoot	0.08	-	-	0.05	0.05
	Thomas Muthoot	0.18	-	-	0.05	0.05
2	Rent payable					
	Thomas Muthoot	0.03	-	-	-	0.25
	Thomas George Muthoot	-	0.02	-	-	0.25
	Thomas John Muthoot	-	-	0.02	-	0.25
Outstanding balance of holding company -Muthoot Fincorp Limited						
3	Rental deposit	1.54	1.44	0.66	-	-
4	Balance with cash collection agents	6.89	25.99	-	-	-
5	Creditor for capital goods	-	-	15.88	-	-
6	Trade receivables	21.39	8.72	-	-	-
7	Cash management charges payables	20.96	-	0.77	-	-
8	Rent payable	-	0.01	0.19	-	-
9	Other payables	0.68	-	-	-	-
Outstanding balance of entities having significant influence over the Company						
10	Advance to related parties					
	Muthoot Microfin Employee Welfare Trust	39.95	14.85	-	-	-
11	Software support charges payable					
	Muthoot Pappachan Technologies Limited	-	-	10.45	-	-

Note:

1. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

Muthoot Microfin Limited
Annexure 22
CSR expenditure, as restated
(Amounts in INR millions)

Particulars	As at 31 March				
	2018	2017	2016	2015	2014
Gross amount required to be spent by the Company during financial year	4.72	0.97	-	-	-
Amount spent during the financial year					
Construction/acquisition of any asset	-	-	-	-	-
On purposes other than as specified above	4.79	0.97	-	-	-

Note:
To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

Annexure 23
Earnings per share, as restated
(Amounts in INR millions, except share data)

Particulars	As at 31 March				
	2018	2017	2016	2015	2014
Basic					
Net profit as per the statement of profit and loss	760.07	370.38	94.10	(1.58)	(0.11)
Less: preference dividend on CCPS (including dividend distribution tax)*	-	-	-	-	-
Net profit attributable to equity shareholders	760.07	370.38	94.10	(1.58)	(0.11)
Weighted average number of equity shares	85,516,301	75,907,650	44,719,178	5,500,000	5,104,160
Basic earnings/ (loss) per share	8.89	4.88	2.10	(0.29)	(0.02)
Diluted					
Weighted average number of equity shares (diluted)	91,495,415	77,042,911	44,719,178	5,500,000	5,104,160
Diluted earnings/ (loss) per share	8.31	4.81	2.10	(0.29)	(0.02)

Note:
To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.
* The amounts are below rounding off criteria and hence appearing as Nil.

Annexure 24
Segment reporting, as restated

The Company is primarily engaged in the business of micro finance. All the activities of the Company revolve around the main business. Further, the Company does not have any separate geographic segments other than India. As such there are no separate reportable segments as per AS-17 'Segment reporting'.

Note:
To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

Annexure 25
Contingent liabilities and commitments, as restated

Particulars	As at 31 March				
	2018	2017	2016	2015	2014
Credit enhancements (cash collateral and principal subordination) provided by the Company towards securitisation transactions	267.99	630.32	116.75	-	-

Note:
To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

Muthoot Microfin Limited**Annexure 26****Expenditure in foreign currency, as restated***(Amounts in INR millions)*

Particulars	As at 31 March									
	2018		2017		2016		2015		2014	
	Amount in USD	Amount in INR	Amount in USD	Amount in INR	Amount in USD	Amount in INR	Amount in USD	Amount in INR	Amount in USD	Amount in INR
Traveling and conveyance expenses	0.01	0.83	-	-	-	-	-	-	-	-
Legal and professional charges*	-	0.04	-	-	-	-	-	-	-	-
Data management fees (included under miscellaneous expenses)*	-	0.19	-	-	-	-	-	-	-	-

Note:

To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

*The amounts are below rounding off criteria and hence appearing as Nil.

Annexure 27**Operating lease, as restated**

Lease payments made under cancellable operating lease amounting to Rs.76.21 millions (31 March 2017: Rs.30.04 millions, 31 March 2016 Rs.8.67 million, 31 March 2015 Rs.1.02 millions, and 31 March 2014 Rs.Nil.) disclosed as rent and the same had been disclosed in the statement of profit and loss.

Note:

To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

Muthoot Microfin Limited**Annexure 28****Disclosure on specified bank notes**

The details of Specified Bank Notes (SBN) and other denomination notes held and transacted during the period from November 8, 2016 to December, 30 2016 is given below:

(Amounts in INR millions)

Particulars	SBNs*	Other denomination	Total
Closing cash in hand as on 08 November 2016	-	-	-
Add: Permitted receipts	20	1,961	1,981
Less: Permitted payments	-	-	-
Less: Deposit in banks#	(20)	(1,961)	(1,981)
Closing cash in hand as on 30 December 2016	-	-	-

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

Includes an amount of Rs.1,641.44 millions which represents deposit of other denomination notes with cash collection agents.

Note:

1. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

Muthoot Microfin Limited
Annexure 29
Additional Reserve Bank of India (RBI) disclosures
i. Non performing assets, as restated

Loan portfolio has been classified in accordance with the directives issued by the Reserve Bank of India ('RBI') (Master Circular- Introduction of New Category of NBFCs - 'Non Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs) - Directions). The necessary provisions as per RBI norms have been made. The details are as follows:

(Amounts in INR millions except data on number of accounts)

Asset classification	Classification criteria	Number of accounts*	Amount Outstanding	Provision
As at 31 March 2018				
Standard assets	0-90 days	901,873	16,734.43	1.10
Non-performing assets	90-180 days	13,569	148.89	18.14
Non-performing assets	180 days or more	35,192	446.15	240.85
		950,634	17,329.47	260.09
As at 31 March 2017				
Standard assets	0-90 days	561,977	9,737.61	98.74
Standard assets	90-180 days	10,531	152.50	1.54
Non-performing assets	90-180 days	416	2.82	0.03
Non-performing assets	180 days or more	2,674	25.94	0.25
		575,598	9,918.87	100.56
As at 31 March 2016				
Standard assets	0-90 days	248,871	4,313.97	43.15
Standard assets	90-180 days	-	-	-
Non-performing assets	90-180 days	165	2.09	0.02
Non-performing assets	180 days or more	21	0.31	-
		249,057	4,316.37	43.17
As at 31 March 2015				
Standard assets	0-90 days	46	0.85	0.01
Non-performing assets	90-180 days	-	-	-
Non-performing assets	180 days or more	-	-	-
		46	0.85	0.01
As at 31 March 2014				
Standard assets	0-90 days	-	-	-
Non-performing assets	90-180 days	-	-	-
Non-performing assets	180 days or more	-	-	-
		-	-	-

*Does not include loan receivables retained by the NBFC to comply with minimum retention requirement ('MRR').

Note:

1. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

Muthoot Microfin Limited

Annexure 29 (continued)

Additional RBI disclosures (continued)

i. Non-performing assets (continued), movement reconciliation

(Amounts in INR millions)

Particulars	For the year ended 31 March				
	2018	2017	2016	2015	2014
Net NPAs to Net Advances (%)	1.97%	0.26%	0.06%	-	-
Movement of NPAs (Gross)					
Opening balance	28.75	2.40	-	-	-
Additions during the year	566.85	27.51	2.40	-	-
Reductions during the year	(0.56)	(1.16)	-	-	-
Closing balance	595.04	28.75	2.40	-	-
Movement of Net NPAs					
Opening balance	28.47	2.37	-	-	-
Additions during the year	307.58	27.24	2.37	-	-
Reductions during the year	-	(1.14)	-	-	-
Closing balance	336.05	28.47	2.37	-	-
Movement of provisions for NPAs (excluding provisions on standard assets)					
Opening balance	0.28	0.02	-	-	-
Provisions made during the year	159.53	0.26	0.02	-	-
Transfer from provisions on standard assets	99.18	-	-	-	-
Closing balance	258.99	0.28	0.02	-	-

Note:

1. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

Muthoot Microfin Limited
Annexure 29 (continued)
Additional RBI disclosures (continued)
ii. Capital to Risk-Assets Ratio (CRAR)
(Amounts in INR millions except data on number of loan assets and SPVs)

Particulars	For the year ended 31 March				
	2018	2017	2016	2015	2014
CRAR (%)	34.83%	18.32%	15.16%	153.51%	-
CRAR - Tier I Capital (%)	33.86%	16.59%	14.79%	153.51%	-
CRAR - Tier II Capital (%)	0.97%	1.73%	0.37%	-	-
Amount of subordinated debt raised as Tier-II capital (In ₹)	-	250.00	-	-	-
Amount raised by issue of perpetual debt instruments	-	-	-	-	-

iii. Securitisation activity as an originator

Particulars	For the year ended 31 March				
	2018	2017	2016	2015	2014
Total number of loans assets securitised (numbers)		303,556	70,746	-	-
Book value of loans assets securitised	-	6,107.11	1,286.45	-	-
Book value of loans assets securitised including loan placed as collateral	-	6,351.03	1,349.31	-	-
Sale consideration received during the year	-	6,107.11	1,286.45	-	-
Interest spread recognised in the statement of profit and loss during the year	-	462.36	27.50	-	-
Credit enhancements provided during the year and outstanding as at the year end		-	-	-	-
- Principal subordination	-	243.92	62.86	-	-
- Cash collateral	-	298.29	53.88	-	-
SPVs relating to outstanding securitisation transactions					
Number of SPVs sponsored by the NBFC for securitisation transactions as on the date of the balance sheet	4	14	3	-	-
Total amount of securitised assets as per books of the SPVs sponsored as on the date of the balance sheet	367.21	3,642.21	1,234.90	-	-
Total amount of exposures retained by the NBFC to comply with minimum retention requirement ('MRR')	-	-	-	-	-
Off-balance sheet exposures					
First loss	-	-	-	-	-
Others	-	-	-	-	-
On-balance sheet exposures					
First loss (cash collateral)	155.19	352.18	53.88	-	-
Others (credit enhancement)	112.79	278.15	62.86	-	-
Amount of exposures to securitisation transactions other than MRR					
Off-balance sheet exposures					
Exposure to own securitizations					
First loss	-	-	-	-	-
Others	-	-	-	-	-
Exposure to third party securitisations					
First loss	-	-	-	-	-
Others	-	-	-	-	-
On-balance sheet exposures					
Exposure to own securitizations					
First loss (cash collateral)	-	-	-	-	-
Others	-	-	-	-	-
Exposure to third party securitisations					
First loss	-	-	-	-	-
Others	-	-	-	-	-

Note:

To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

Muthoot Microfin Limited

Annexure 29 (continued)

Additional RBI disclosures (continued)

iv. Details of assignment transactions undertaken

(Amounts in INR millions)

Particulars	For the year ended 31 March				
	2018	2017	2016	2015	2014
Number of accounts (numbers)	719,934	246,268	72,977	-	-
Aggregate value (net of provisions) of accounts sold	12,769.68	4,862.08	1,138.99	-	-
Aggregate consideration	12,769.68	4,862.08	1,138.99	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-	-	-
Aggregate gain / (loss) over net book value	-	-	-	-	-

v. Information of net interest margin

Particulars	For the year ended 31 March				
	2018	2017	2016	2015	2014
Average interest (a)	21.37%	21.06%	22.89%	-	-
Average effective cost of borrowing (b)	12.15%	12.34%	16.29%	-	-
Net interest margin (a-b)	9.22%	8.72%	6.60%	-	-

Note:

1. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.
2. For the years ended 31 March 2015 and 31 March 2014, the Company has followed the RBI regulations on interest rate charged on loans given.

Muthoot Microfin Limited
Annexure 29 (continued)
Additional disclosures required by RBI (continued)
vi. Asset liability management
As at 31 March 2018
(Amounts in INR millions)

Particulars	Maturity with in								Total
	1 to 30 days	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	5 years and above	
Deposits	5,169.65	10.56	49.62	94.46	285.37	474.89	50.00	-	6,134.55
Advances	1,345.23	1,008.47	1,040.08	3,091.89	4,855.75	5,988.04	-	-	17,329.46
Borrowings	772.87	602.63	723.59	2,062.09	3,897.86	7,056.20	1,650.00	750.00	17,515.24

-

As at 31 March 2017

Particulars	Maturity with in								Total
	1 to 30 days	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	5 years and above	
Deposits	2,829.27	5.00	5.34	59.76	234.78	442.52	108.19	-	3,684.86
Advances	745.19	540.77	561.67	1,692.21	3,037.64	3,341.37	-	-	9,918.85
Borrowings	307.55	256.52	246.43	907.27	2,109.40	5,836.15	1,400.00	250.00	11,313.32

As at 31 March 2016

Particulars	Maturity with in								Total
	1 to 30 days	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	5 years and above	
Deposits	270.96	5.00	18.25	19.00	69.50	148.38	7.50	-	538.59
Advances	182.68	234.04	238.08	725.96	1,305.18	1,630.43	-	-	4,316.37
Borrowings	130.93	190.90	174.71	485.58	902.81	2,198.84	44.60	-	4,128.37

As at 31 March 2015

Particulars	Maturity with in								Total
	1 to 30 days	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	5 years and above	
Deposits	-	-	31.16	2.50	-	-	-	-	33.66
Advances	0.05	0.03	0.04	0.10	0.22	0.41	-	-	0.85
Borrowings	-	-	-	-	-	-	-	-	-

As at 31 March 2014

Particulars	Maturity with in								Total
	1 to 30 days	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	5 years and above	
Deposits	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	-

Note

1. To be read together with significant accounting policies and notes to the restated financial information as appearing in Annexure 4.

Muthoot Microfin Limited

Annexure - 30

Capitalisation statement, as restated

(Amounts in INR millions)

Particulars	Pre-issue as at 31 March 2018	Post issue (Refer note 1)
Borrowings		
Short-term borrowings	-	-
Long-term borrowings excluding current maturity (A)	9,456.20	-
Current maturities of long term borrowing	8,059.04	-
Total borrowings (B)	17,515.24	-
Shareholders funds		
Share capital	1,141.71	-
Reserves and surplus	5,006.33	-
Total shareholders funds (C)	6,148.04	-
Long-term borrowings / shareholders funds (A/C)	1.54	-
Total borrowings / shareholders funds (B/C)	2.85	-

Note:

1. Post issue details have not been provided as the issue price of the equity share is not known at the date of the report.
2. To be read together with significant accounting policies and notes to the restated financial information as appearing in Annexure 4.

Statement of accounting ratios, as restated

(Amounts in INR millions, except for share data)

Particulars	For the year ended 31 March				
	2018	2017	2016	2015	2014
Net worth as at the year end (A)	6,148.04	1,890.16	691.82	52.72	54.30
Net profit / (loss) after tax, as restated available for equity shareholders (B)	760.07	370.38	94.10	(1.58)	(0.11)
Weighted average number of equity shares outstanding during the year					
For basic earnings per share (C)	85,516,301	75,907,650	44,719,178	5,500,000	5,104,160
For diluted earnings per share (D)	91,495,415	77,042,911	44,719,178	5,500,000	5,104,160
Earnings / (loss) per share Rs. 10 each (refer note 2)					
Basic (Rs) (E = B/C)	8.89	4.88	2.10	(0.29)	(0.02)
Diluted (Rs) (F = B/D)	8.31	4.81	2.10	(0.29)	(0.02)
Return on net worth (%) (G = B/A)	12.36%	19.60%	13.60%	-3.00%	-0.20%
No. of equity shares outstanding at the end of the year (H)	102,878,211	83,851,586	60,000,000	5,500,000	5,500,000
Net assets value per share of Rs 10 each (I = A/H)	59.76	22.54	11.53	9.59	9.87
Face value (Rs)	10.00	10.00	10.00	10.00	10.00

Notes:

1. The above ratios are calculated as under:

- Basic earnings per share = Net profit attributable to equity shareholders / weighted average number of shares outstanding during the year.
- Diluted earnings per share = Net profit attributable to equity shareholders / weighted average number of diluted potential shares outstanding during the year.
- Return on net worth (%) = Net profit attributable to equity shareholders / net worth as at the end of year.
- Net asset value (Rs) = Net worth / number of equity shares as at the end of year.

2. Earning per shares (EPS) calculation is in accordance with Accounting Standard 20 "Earnings per share" prescribed by the Companies (Accounting Standards) Rules, 2006.

3. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

Annexure 32

Statement of tax shelter, as restated

(Amounts in INR millions)

Particulars		For the year ended 31 March				
		2018	2017	2016	2015	2014
A	Profit/(loss) before tax, as restated	1,142.35	572.22	146.01	(2.29)	(0.16)
	Chargeable at normal rate	1,061.36	572.22	146.01	(2.29)	-
	Chargeable at special rate- short term capital gains on sale of equity shares	80.99	-	-	-	-
B	Tax rates (including surcharge and education cess)					
	Tax rate - normal	34.61%	34.61%	34.61%	30.90%	30.90%
	Tax rate- special (short term capital gains)	17.30%				
C	Tax expense at normal tax rate	367.32	198.03	50.53	-	-
D	Permanent differences					
	Income tax refund not chargeable to tax	(0.91)	-	-	-	-
	Expenses disallowed under Section 37 of Income tax Act	-	0.51	-	-	-
	Donation and CSR expenditure	4.79	0.97	-	-	-
	Profit on sale of fixed asset	(0.13)	-	-	-	-
	Expenses disallowed under Section 40(a)(ii)	-	4.47	-	-	-
	Total permanent differences	3.75	5.95	-	-	-
E	Timing differences					
	Difference between book depreciation and tax depreciation	(0.70)	(2.05)	(2.68)	0.01	-
	Employee benefit expenses	1.85	(1.49)	6.17	(0.01)	-
	Provision for loan portfolio	99.25	57.39	43.34	-	-
	Total timing differences	100.40	53.85	46.83	-	-
F	Net adjustments (D+E)	104.15	59.80	46.83	-	-
G	Set off of carry forward loss and depreciation	-	-	3.44	-	-
H	Tax expenses / (saving) thereon at normal rates((F-G) * B)	36.04	20.69	15.02	-	-
I	Income tax impact on restated profit	-	-	-	-	-
J	Interest under Section 234C			3.25		
K	Current tax on restated profits, as derived (C+H+I+J)	403.36	218.72	68.80	-	-
L	Tax at special rate	14.01	-	-	-	-
M	Total current tax for the year (K+L)	417.37	218.72	68.80	-	-
	Current tax expenses as per restated summary statements	417.37	218.72	68.80	-	-

Note:

1. There was no tax under both normal income tax provisions and MAT provision for the years ended 31 March 2015 and 31 March 2014.
2. The permanent/ timing differences have been computed considering the income-tax computations prepared at the time of preparation of annual financial statements for the relevant years. Issues which are pending adjudication have not been given effect while determining permanent / timing differences.
3. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.
4. The income tax rate includes applicable surcharge, education cess and higher education cess of the years concerned.

Muthoot Microfin Limited**Annexure 33****Statement of dividend paid, as restated***(Amounts in INR millions, except face value of shares)*

Particulars	For the year ended 31 March				
	2018	2017	2016	2015	2014
Equity shares - face value	10.00	10.00	10.00	10.00	10.00
% of dividend	Nil	Nil	Nil	Nil	Nil
Final dividend	Nil	Nil	Nil	Nil	Nil
Compulsorily convertible preference shares - face value	10.00	10.00	10.00	10.00	10.00
% of dividend	Nil	Nil	Nil	Nil	Nil
Final dividend	Nil	Nil	Nil	Nil	Nil

Note:

1. To be read together with significant accounting policies, impact of adjustments and notes to the restated financial information as appearing in Annexure 4.

SUMMARY OF CERTAIN SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IND AS

The Restated Financial Statements included in this Draft Red Herring Prospectus are based on the audited financial statements of the Company which are prepared in accordance with Indian GAAP, and restated in accordance with the SEBI ICDR Regulations. Certain differences exist between Indian GAAP and Ind AS which might be material to the financial information contained herein. The matters described below summarise certain differences between Indian GAAP and Ind AS that may be material. Our Company is responsible for preparing the summary below. Our Company has not prepared a complete reconciliation of its financial statements as at March 31, 2018 and related footnote disclosures between Indian GAAP and Ind AS and has not quantified such differences. Accordingly, no assurance is provided that the following summary is complete.

Potential investors should consult their own professional advisors for an understanding of the differences between Indian GAAP and Ind AS, and how those differences might affect the financial information herein. In making an investment decision, potential investors must rely upon their own examination of our Company, the terms of the Offering and the financial information.

Relevant areas	Accounting under Indian GAAP	Accounting under Ind AS	Relevant Ind AS
Loan assets: initial and subsequent recognition and classification	Under the current Indian GAAP, loan assets (financial assets) are recorded at transaction value. The Company classifies all its financial assets including loan assets as short term or long term. Long term investments are carried at cost less any permanent diminution in the value of such investments determined on a specific identification basis. Current investments are carried at lower of cost or realizable value. Currently under Indian GAAP, income from processing fees is recognized entirely at the time of disbursement of loan in the Statement of Profit and Loss. All costs incurred for origination of loan portfolio are recognized in the Statement of Profit and Loss in the period in which they are incurred.	Ind AS 109 requires all financial assets including loan assets to be recognized on initial recognition at fair value. Financial assets have to be either classified as 'measured at amortized cost' or 'measured at fair value', depending on the business model under which the asset is held and the contractual cash flows arising from these assets. Where assets are measured at fair value, gains and losses are either recognized entirely in profit or loss, (FVTPL), or recognized in other comprehensive income (FVOCI). Financial assets include equity and debts investments, interest free deposits, loans, trade receivables etc. Financial instruments classified at amortized cost and FVOCI and the related revenue (including processing fees and fees of similar nature) net of related costs have to be measured using the Effective Interest Rate (EIR) method.	Ind AS 109 / 32/ 107
Loan assets: Securitization and Direct assignment	Under the current Indian GAAP, transactions relating to sale of loans and advances through securitization / assignment with other financial institutions and banks are accounted for in accordance with relevant guidelines issued by RBI. Such transferred loans and advances are de-recognized from the financial statements and gain/ loss are accounted for only when the Company surrenders rights and obligations specified in the loan contract in favour of the counter parties.	As per Ind AS 109, a financial asset (or, where applicable, a part of a financial asset) is primarily derecognized (i.e. removed from the Company's balance sheet) when: - The rights to receive cash flows from the asset have expired, or - The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Company has transferred substantially all the risks and rewards of the asset, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize	Ind AS 109 / 32/ 107

		the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. The gain or loss arising from the sale is recorded immediately in the income statement.		
Loan impairment	assets:	Under the current Indian GAAP, the Company follows the asset classification and provisioning norms as per NBFC Master Directions, 2016 for Non-Banking Financial Company – Micro Finance Institutions (NBFC- MFI). The rate of provision for standard assets and NPAs are prescribed by RBI which are the minimum to be followed by the Company.	Ind-AS 109 introduces a new model for provisioning of credit losses. The new model is based on the concept of expected credit losses (ECL). ECL are measured at an amount equal to the twelve month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in the statement of profit and loss. The estimates of ECL would therefore be closely linked to the Company's own credit risk appraisal and monitoring systems.	Ind AS 109 / 32/ 107
Long-Term borrowings		Currently, under Indian GAPAP, the Company accounts for the borrowings at transaction cost / historical cost. Interest on the same is accrued based on interest rate charged for the particular loan. Expense incurred towards processing fees and other charges is recognized entirely at the time of availing the borrowing.	Under Ind AS, all financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs (which includes the processing fees etc). After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.	Ind AS 109 / 32/ 107
Preference shares		Under the current Indian GAAP, the Company classifies and accounts for preference shares as part of equity.	Under Ind AS, a financial instrument should be classified upon initial recognition as a financial liability; or an equity instrument according to substance of the contractual arrangement. If an entity has contractual obligation to settle the instrument for cash or by issue of variable number of shares, then the instrument may be classified as liability.	Ind AS 109 / 32/ 107
Deferred taxes		Under the current Indian GAAP, the Company accounts for deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period)	Under Ind AS, deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred	Ind AS 12

	determined in accordance with Accounting Standard - 22. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially established by the Balance Sheet date.	tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.	
Security deposits	Under the current Indian GAAP, the Company recognizes interest free lease security deposits (that are refundable in cash on completion of the lease term) at their transaction value.	Under Ind AS, all financial assets are required to be recognized at fair value. Accordingly, these security deposits will be recorded at fair value and subsequently measured at amortized cost. Difference between the fair value and transaction value of the security deposit will be recognized as prepaid rent which would be amortized over a straight line basis over the period of the deposit.	Ind AS 109
Employee benefits	Currently, under Indian GAAP, the Company recognizes all short term and long term employee benefits in the profit and loss account as the services are received. For long term employee benefit, the Company applies actuarial valuation techniques to determine the liability.	Under Ind AS 19, the change in liability is split into changes arising out of service, interest cost and re-measurements and the change in asset is split between interest income and re-measurements. Changes due to service cost and net interest cost/ income need to be recognized in the income statement and the changes arising out of re-measurements are to be recognized directly in OCI.	Ind AS 19
Provisions, contingent liabilities and contingent assets	Under Indian GAAP, the Company recognizes provisions when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. There is no provision created for constructive obligation. Also, discounting of provisions to present value is not permitted.	Under Ind AS, provisions are recognized for legal as well as constructive obligations. The amount of provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of cash flows (when the effect of time value of money is material).	Ind AS 37
Other comprehensive income	There is no concept of 'Other Comprehensive Income' under Indian GAAP.	Under Ind AS, all items of income and expense recognized in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognized in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes re-measurements of defined benefit plans, foreign exchange differences arising on translation of	Ind AS 1

foreign operations, effective portion of gains and losses on cash flow hedging instruments and fair value gains or (losses) on FVOCI equity instruments.

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

The following discussion of our financial condition and results of operations should be read in conjunction with our restated financial statements as of and for the financial years ended March 31, 2018, 2017 and 2016, including the notes thereto and the reports thereon. Our restated consolidated financial statements have been restated in accordance with the SEBI ICDR Regulations and compiled from our financial statements prepared from the audited consolidated financial statements of our Company prepared in accordance with generally accepted accounting principles in India (Indian GAAP) and to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act, 2013 read together with rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the RBI as applicable to an NBFC-MFI, which differ in certain significant respects from IFRS and U.S. GAAP. Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the twelve-month period ended on March 31 of that year.

The forward-looking statements contained in this discussion and analysis are subject to a variety of factors that could cause actual results to differ materially from those contemplated by such statements. Factors that may cause such a difference include, but are not limited to, those discussed in "Forward-Looking Statements" and "Risk Factors" on pages 13 and 15, respectively.

The terms "total outstanding loan portfolio," "average outstanding loan portfolio," and "outstanding non-performing loan portfolio" appearing in this section refer to the loans provided by us, as referred to in our restated financial statements, and "gross outstanding loan portfolio" or "gross loan portfolio" includes "total outstanding loan portfolio" together with our securitized, assigned and managed loans.

Overview

We are one of the leading micro-finance institutions focused on providing micro-loans to women customers with a focus on rural regions of India. We are the fifth largest NBFC-MFI in India in terms of gross loan portfolio, as of March 31, 2018, according to CRISIL Research. We have 1.2 million active borrowers, who are served by our 467 branches across 168 districts in 16 states and union territories in India, as of March 31, 2018. Our gross loan portfolio was ₹29,202.97 million, while our gross loan portfolio in South India was ₹24,856.50 million, our gross loan portfolio was serviced by 5,583 employees, as of March 31, 2018.

We are part of the Muthoot Pappachan Group, which is one of the leading business conglomerates in South India, with presence across financial services, automotive, hospitality, real estate, healthcare, information technology, precious metals and alternate energy sectors. We believe that our relationship with the Muthoot Pappachan Group provides us with a strong brand recall and we continue to derive significant marketing and operational benefits from our relationship. We also believe there are significant synergies between the financial services business of the Group, and our micro-finance business.

We have built our branch network with an emphasis on under-served rural markets with growth potential, in order to ensure ease of access to borrowers. Our branches are connected to our IT networks and are primarily located in commercial spaces which we believe are easily accessible by our customers. We also leverage the infrastructure and branch network of one of our Promoters, Muthoot Fincorp Limited ("MFL"), for loan disbursements, collections of receipts and collection of processing fee, insurance and any other receipts to ensure safety, efficient and better management of cash and to offer our products and services in a more effective manner. MFL commenced the microfinance business currently undertaken by our Company in the financial year 2010, which was subsequently transitioned and transferred to our Company between April 2014 and March 2017, in a staggered manner. See "– Description of Our Business – Transition of the Microfinance Business from MFL to our Company" on page 127.

Our wide range of lending products are aimed at catering to the life-cycle needs of rural households. We provide loans for income generating purposes to women entrepreneurs living in rural areas. Our loan products comprise of (i) group loans for livelihood solutions such as income generating loans and dairy loans, as well as individual loans such as sewing machine loans; (ii) life betterment solutions including emergency loans, mobile phones loans, solar lantern loans, solar fan and education loans; and (iii) health and hygiene loans such as water purifier loans and induction stove loans. We have adopted a joint liability group model which caters exclusively to women in lower income households and is premised on the fact that if such individuals are given access to credit, they will be able to identify new opportunities and supplement and grow their existing income. We believe that the history of the Muthoot Pappachan Group in working with customers in the bottom of the economic pyramid, helps us better address needs of women in rural households and design lending products to cater to their requirements.

Our Board, Promoters and senior management comprises of experienced professionals, industry experts and management professionals, supported by a qualified and motivated pool of employees. Our senior management team has members who have significant experience in the microfinance and various lending businesses as well as across major functions related to our business, which include policy making, credit administration, operations, risk management, strategy, rural agri-banking, collateral management, debt management, risk-based audit framework and enterprise risk management, fund raising, budgeting, and cash flow management. Collectively, they have demonstrated an ability to manage and grow our operations.

For details of our management team, see “*Our Management*” on page 146.

We have received several awards and certifications in recognition of our approach of integrating social values in the conduct of our business, including the ‘Golden Peacock Award for Business Excellence’ by the Institute of Directors; the ‘MFIN Microfinance’ award under ‘microfinance plus activities’; and the ‘Most Trusted Microfinance Brand’ by India Best Brand Series and Awards, all in 2018.

Significant Factors Affecting Our Results of Operations

Our business, results of operations, financial condition and cash flows have been, and we expect will continue to be, affected by numerous factors, including:

Government Policy and Regulation

The microfinance industry is highly regulated, and has been affected by changes in laws and regulations in the recent past, which have affected its growth. As an NBFC-MFI, we will continue to be affected by a number of regulations promulgated by the RBI. As per RBI regulations, the interest rates charged by us on our microfinance loans is required to be the lower of (i) 10% margin above our cost of funds and (ii) 2.75 times the average base rate of the five largest commercial banks by assets (as notified every quarter by the RBI). Further the RBI regulates, among other things, non-performing assets (“**NPA**s”) and standard assets provisioning norms, capital adequacy norms and other lending stipulations and other operational restrictions. The RBI also regulates the credit flow by banks to NBFCs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to NBFCs. Any change in the regulatory framework affecting NBFC-MFIs, such as those relating to maintaining certain financial ratios, accessing funds or lending to NBFC-MFIs by banks including priority-sector lending (“**PSL**”) norms, would affect our results of operations and growth.

Further, in November 2016, the Government announced the demonetization of bank notes of ₹500 and ₹1,000. Around 86% of the Indian currency in terms of value (₹500 and ₹1,000 notes) was removed from circulation. According to CRISIL the gross loan portfolio of the MFI industry, which was growing at a rate of approximately 70% in the first half of the year ended March 31, 2017, slumped to a growth of 22% by the end of such financial year. Disbursements were affected even more with growth plunging to a contraction of 29% in the second half of the year ended March 31, 2017 compared to a growth of 60% in the first half. (*Source: CRISIL*) Our results of operations for the financial year 2018 were also affected by demonetization and our provisions and write-offs increased by 448% to ₹236.51 million for the financial year 2018 from ₹43.16 million for the financial year 2016.

For changing laws and regulations governing the financial services industry in India and laws and regulations in applicable to us generally, see “*Regulations and Policies*” on page 134.

Availability of Funding Sources

The liquidity and profitability of our business depend, in large part, on our timely access to, and the costs associated with, raising funds. Our funding requirements historically have been met from various sources, including bank loans, non-convertible debentures, equity and preference shares and subordinated debt. Our ability to compete effectively will depend, in part, on our ability to maintain or increase our interest margins. Our margins are affected in part by our ability to continue to secure low-cost funding at rates lower than the interest rates at which we lend to our borrowers. Our ability to meet demand for new loans will depend on our ability to obtain financing on acceptable terms. Factors such as our credit rating, monetary policies of the RBI, domestic and international economic and political conditions and external interventions have an effect on our cost of interest-bearing liabilities. Due to the monetary policies and economic conditions, our cost of borrowings decreased by 25.41% between the financial years 2016 and 2018. Our average effective cost of borrowings during the financial years 2018, 2017 and 2016 was 12.15%, 12.34% and 16.29%, respectively.

A further source of financing for us is proceeds from loan securitizations and assignments that we make from time to time. We securitize or assign a group of similar loans from our outstanding loan portfolio to banks and financial institutions in return for a fixed consideration equal to the aggregate outstanding principal amount of the loans, received upfront, plus an agreed portion of future interest payments of the loans securitized or assigned, received when they are collected. The consideration we derive from the securitization or assignment of our loan portfolios in these transactions depends on a number of factors, including the term of the loans and yield of the loan portfolio securitized or assigned. During the financial years 2018, 2017 and 2016, we securitized and assigned ₹12,769.68 million, ₹10,969.19 million and ₹2,425.44 million, respectively, of loans and also recognized income of ₹1029.28 million, ₹708.50 million and ₹31.72 million, respectively, in these periods. See “*Risk Factors – Internal Risks – Risks Relating to our Business - Any disruption in our sources of funding or increase in costs of funding could adversely affect our liquidity and financial condition.*” on page 19.

Our Ability to Manage Finance Costs and Fluctuations in Interest Rates Effectively

Our results of operations depend to a large extent on the level of our net interest income as our primary revenue source is interest income. During the years ended March 31, 2018, 2017 and 2016, interest on loans outstanding represented 85.96%, 84.59% and 79.14% of our total revenues, respectively. Consequently, our results of operations depend on our ability to manage our financial costs and the impact of fluctuations in interest rates effectively. Our finance costs comprise interest expenses, other borrowing costs, interest on income tax and bank charges. The tenure of our loans for income generation purposes, which comprises a substantial part of our total outstanding loan portfolio, is between 52 to 104 weeks or one to two years. The annual effective interest rate of such loans, as of the date of this Draft Red Herring Prospectus, is 22.00%, and is periodically revised based on our cost of funds. The RBI regulates the interest rate that may be charged by an NBFC-MFI from its borrowers, which is required to be the lower of (i) the cost of funds plus margin of 10.0% for large MFIs with loan portfolios exceeding ₹1.0 billion and (ii) 2.75 times the average base rate of the five largest commercial banks by assets, as determined by RBI every quarter.

Further, our debt service costs and costs of funds depend on many external factors, including developments in the Indian credit market and, in particular, interest rate movements and the existence of adequate liquidity in the debt markets. Interest rates are highly sensitive and fluctuations thereof are dependent upon many factors which are beyond our control, including the monetary policies of the RBI, de-regulation of the financial services sector in India, domestic as well as international economic and political conditions, inflation and other factors. Internal factors which will affect our cost of funds include changes in our credit ratings, available credit limits and access to loan securitization or assignment transactions. Our average cost of borrowings during the financial years 2018, 2017 and 2016 was 12.15%, 12.34% and 16.29%, respectively. During the financial years 2018, 2017 and 2016, our finance costs were ₹1,647.08 million, ₹817.86 million and ₹210.61 million, respectively, and represented, as a percentage of our total revenue, 35.85%, 33.54% and 40.38%, respectively. See “*Risk Factors – Internal Risks – Risks Relating to our Business - Our business is particularly vulnerable to interest rate risk, and volatility in interest rates could have an adverse effect on our net interest income and net interest margin, thereby affecting our results of operations.*” on page 16.

Transition of the microfinance business from MFL to our Company

MFL commenced the microfinance business currently undertaken by our Company in the financial year 2010, which was transitioned and transferred to our Company between April 2014 and March 2017, in a staggered manner. Our results of operations in the financial years 2016, 2017 and 2018 have been impacted by the transition and transfer of the microfinance business from MFL to our Company. The transition included a gradual transfer of employees and leases for branches from MFL to our Company between April 2014 and March 2017. Further, the loan portfolio and active borrowers were transferred from MFL to our Company only as borrowers renewed their microfinance loans. Such borrowers were registered with our Company and their loan account was transferred to our Company. Consequently, in the financial year 2016 and partially in financial year 2017 our Company commenced incurring expenses such as lease payments for our branches and employee benefits expenses, which were transferred prior to a corresponding transfer of the loan portfolio and interest income from loans given. Accordingly, our results of operations for the past three financial years may not be comparable to each other or any future periods, due to the impact of this transition. See “*Risk Factors – Internal Risks – Risks Relating to our Business – If we are unable to manage our growth effectively, our business and reputation could be adversely affected. Further, we may not be able to sustain the growth rates we have had since our inception.*” on page 18.

The table sets out certain key parameters indicating the manner of this transition:

	As of March 31, 2018	As of March 31, 2017	As of March 31, 2016
Branches transferred from MFL to our Company	346	346	180
Newly opened branches by our Company	121	53	-
Total Branches with our Company	467	399	180
Our Gross Outstanding Loan Portfolio (₹ million)	29,202.97	19,558.64	6,530.38
Active borrowers of our Company	1,209,781	765,541	294,803
Gross Loan Outstanding Portfolio in microfinance business of MFL (₹ million)	907.73	3,330.44	12,284.95
Active borrowers with microfinance business of MFL	112,234	389,876	914,810

Our levels of Non-Performing Assets (“NPAs”) and related Provisions and Write-Offs

The focus customer segment for our micro-loan business is women with an annual household income of ₹160,000 or less in urban areas and ₹100,000 or less in rural areas. Our borrowers and members generally have limited sources of income, savings and credit histories and as a result, generally do not have a high level of financial resilience, and, as a result, they may be adversely affected by declining economic conditions and natural calamities such as floods or droughts. Further, we

primarily make unsecured loans and rely primarily on non-traditional guarantee mechanisms rather than any tangible assets or collateral. As a result, our borrowers potentially present a higher risk of loss in case of a credit default compared to that of borrowers in other asset-backed financing products.

In addition, the microfinance business is susceptible to various political and social risks, including any adverse publicity or litigation relating to the microfinance sector. Due to the nature of our borrowers and members, we may experience increased levels of NPAs and related provisions and write-offs, which may adversely affect our business, financial condition and results of operations. We cannot assure you that our risk management policies will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. See *“Risk Factors – Internal Risks – Risks Relating to our Business – The microfinance industry in India faces certain risks due to the category of borrowers that it services, which are not generally associated with other forms of lending. As a result, we may experience increased levels of non-performing assets (“NPAs”) and related provisions and write-offs that may adversely affect our business, financial condition and results of operations.”* on page 15.

Fluctuations in our Loan portfolio and Borrower Base

Our results of operations are directly affected by the number of borrowers we serve from time to time. Growth in our borrower base drives corresponding growth in our interest income and fees received, as borrowers utilize our loan products and also avail of our other financial products and services. Similarly, a decrease in our borrower base would drive a corresponding decrease in our interest income and fees received. Our number of active borrowers was 1.2 million as of March 31, 2018 and our gross loan outstanding portfolio was ₹29,202.97 million as of March 31, 2018.

Our Network and Outreach

Our results of operations depend upon the geographic reach and service capabilities of our network of branches. As of March 31, 2018, we had 4,639 branch managers, credit officers and relationship officers, or 83.09% of our total workforce, spread across 467 branches in 168 districts in India. Our relationship officers market and sell our products, and, together with our branch managers, manage our customer relationships with our members through weekly meetings. As of March 31, 2018, each of our relationship officers managed an average of 364 clients. Our relationship officers and branches are supported by our administrative support staff and management personnel. See *“Risk Factors – Internal Risks – Risks Relating to our Business – We may face various risks associated with our large number of branches and widespread network of operations which may adversely affect our business, financial condition and results of operations.”* on page 21.

Our Ability to Manage Operating Expenses

Our results of operations are affected by our ability to manage our operating expenses, which include employee benefit expenses, other expenses and depreciation and amortization. As we expand our core business and our product and service offerings to our borrowers, we will need to increase headcount by adding relationship officers, other officers and operational management and technology staff. Employee benefit expenses represented 66.0%, 65.8% and 68.4% of our operating expenses during the financial years 2018, 2017 and 2016, respectively. Further, to address cash management risks we avail of cash management services pursuant to a cash management arrangement with our Promoter, MFL. In addition, our relationship officers incur substantial travelling, conveyance and lodging expenses visiting villages, many of which are remote, to market and sell our products and services, maintain member relationships, conduct meetings, disburse loans, collect repayments and report transactions at local banks. During the financial years 2018, 2017 and 2016, our other expenses were 32.83%, 33.19% and 31.44% of our operating expenses, respectively, comprising primarily of rent and amenities, travelling, conveyance and lodging expenses and cash management charges.

Our Ability to Deliver New or Enhanced Financial Products and Services

We believe that diversification of our business and revenue base will continue to be a key component of our strategy. We intend to offer additional financing products such as consumer product loans and bicycle loans, which we believe will strengthen our relationship with our customers and enable higher customer retention. We also intend to reduce our reliance on net interest margins alone, and shift to a combination of net interest margin and fee based income. We earn fee income by cross-selling certain larger ticket loans as well as housing loans and two-wheeler loans from our Group Company to our customers. We believe that such other products and services may offer higher operating margins and may help us increase our overall return on assets.

Key indicators of operating performance

The table below sets forth certain key operating performance parameters for our business:

	As of/ for the year ended March 31, 2018	As of/ for the year ended March 31, 2017	As of/ for the year ended March 31, 2016
Gross Outstanding Loan Portfolio (₹ million) ⁽¹⁾	29,202.97	19,558.64	6,530.38
Year on year growth in Gross Loan Portfolio (%)	49.31%	199.50%	N.A.
Disbursements (₹ million) ⁽²⁾	30,363.01	2,0285.55	765.80
Year on year growth in Disbursements (%)	49.68%	165.14%	N.A.
Total Number of Loans Sanctioned	1,348,508	1,006,049	396,961
Active Borrowers ⁽³⁾	1,209,781	765,541	294,803
Revenue from Operations (₹ million) ⁽⁴⁾	4,511.44	2,438.42	521.55
Net Interest Income (₹ million) ⁽⁵⁾	2,864.36	1,620.56	310.92
Net Interest Margin ⁽⁶⁾	9.22%	8.72%	6.60%
Adjusted Net Interest Margin ⁽⁷⁾	11.75%	12.42%	9.52%
Ratio of Operating Expenses to Annual Average Gross Loan Portfolio	6.43%	7.60%	3.73%
Ratio of Provisions and Write Offs to Annual Average Gross Loan Portfolio	0.97%	0.44%	1.32%
Profit After Tax (₹ million) ⁽⁸⁾	760.07	370.38	94.10
Gross NPAs (₹ million) ⁽⁹⁾	595.04	28.75	2.40
Gross NPAs Ratio ⁽¹⁰⁾	3.43%	0.29%	0.06%
Net NPAs (₹ million) ⁽¹¹⁾	336.05	28.47	2.37
Net NPAs Ratio ⁽¹²⁾	1.97%	0.26%	0.06%
RoA ⁽¹³⁾	3.86%	3.72%	3.53%
RoE ⁽¹⁴⁾	18.91%	28.69%	25.28%
Net Worth ⁽¹⁵⁾	6,148.04	1,890.16	691.82

⁽³¹⁾ Gross outstanding loan portfolio represents the aggregate of future principal outstanding and overdue principal outstanding, if any, for all loan assets which includes loan assets held by the Company as of the last day of the relevant period as well as loan assets which have been transferred by our Company by way of securitization or assignment and are outstanding as of the last day of the relevant period.

⁽³²⁾ Revenue from Operations represents our restated Revenue from Operations.

⁽³³⁾ Net Interest Income represents Revenue from Operations for the relevant period reduced by Interest Expense and Other Borrowing Costs in such period.

⁽³⁴⁾ Disbursements is the total amount disbursed to borrowers in the relevant period, pursuant to loans sanctioned.

⁽³⁵⁾ Active Borrowers are our borrowers which have an active loan account as on the last day of the relevant period.

⁽³⁶⁾ Net Interest Margin as represented in our Restated Financial statements, which is the difference between average interest on qualifying assets and average effective cost of borrowing as computed as per the guidelines prescribed by the RBI.

⁽³⁷⁾ Adjusted Net Interest Margins is our Net Interest Income / Average annual gross outstanding loan portfolio. As part of the adjustments we consider interest on non-qualifying assets and excess interest spread on our securitised and assigned loan portfolio.

⁽³⁸⁾ Profit After Tax represents our restated profit for the period (after tax).

⁽³⁹⁾ Gross NPAs represents our restated NPA (Gross)

⁽⁴⁰⁾ Gross NPAs Ratio represents Gross NPAs/ Total Advances on the date mentioned

⁽⁴¹⁾ Net NPAs represents our restated Net NPA

⁽⁴²⁾ Net NPAs Ratio represents our restated Net NPA's to Net Advances

⁽⁴³⁾ ROA represents Net Profit attributable to equity holders/ annual average total assets

⁽⁴⁴⁾ ROE represents Net Profit attributable to equity holders/ annual average of net worth

Net Worth represents our restated net worth as of the last day of the relevant period.

Significant Accounting Policies

Our management's discussion and analysis of our financial condition and results of operations is based upon our financial statements, which have been prepared in accordance with generally accepted accounting principles in India ("Indian GAAP"), and to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act 2013 read together with rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the RBI as applicable to an NBFC-MFI and Systemically Important NBFC-ND. The financial statements have been prepared on an accrual basis and under the historical cost convention, except in the case of NPAs where interest is recognized upon realization. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the existing accounting policy. Our management evaluates all recently issued or revised accounting standards on an ongoing basis.

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful loans and advances, provision for loss assets, loan receivables, future obligations under employee retirement benefit plans, income taxes and the useful lives of fixed assets. Further, the classification of assets and liabilities into current and non-current is based on the estimation of the operating cycle of our

Company. Although these estimates are based upon our management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

Our significant accounting policies are more fully described in our restated financial statements as of and for the financial years 2018, 2017 and 2016, included elsewhere in this Draft Red Herring Prospectus.

Property, plant and equipment

Property, plant and equipment are carried at cost of acquisition or construction less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price, including duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in the statement of profit and loss within other income or other expenses, as the case may be.

Depreciation is provided using straight line method at the rates of depreciation prescribed in Schedule II of the Companies Act, 2013.

Intangible assets

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. These assets are amortized over their estimated useful lives on a straight line basis, commencing from the date the assets are available to our Company for its use. After initial recognition, intangible assets are carried at their cost less any accumulated amortization and any accumulated impairment losses.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the disposal proceeds and the carrying amount of the asset, and is recognized in the statement of profit and loss within other income or other expenses, as the case may be.

The useful life of the assets is reviewed at each balance sheet date. If the expected useful life of the asset is significantly different from the previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefit from the asset, the method of amortization is changed to reflect the changed pattern. Such changes are accounted in accordance with Accounting Standard (AS) 5, Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Impairment

Our Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, our Company estimates the recoverable amount of the asset. Recoverable amount is the higher of the asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

Operating lease

Where our Company is a lessee, payments on operating lease agreements are recognized as an expense on a straight-line basis over the lease term. Associated costs such as maintenance and insurance are expensed as incurred.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to our Company and the collectability is reasonably assured.

- Interest on loans is recognized on accrual basis, except in the case of NPAs, where interest is recognized upon realization.
- Interest income on deposits with banks is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

- Loan processing fees is accounted upfront as and when it becomes due.
- Excess interest spread on securitization or direct assignment representing income from receivables securitized or assigned is accounted in accordance with the relevant guidelines issued by the RBI. The losses arising are recognized in the statement of profit and loss immediately upon receipt of sale consideration and the gains arising from the transaction are amortized over the tenor of the transaction. Interest retained under assignment of loan receivables is recognized on realization basis over the life of the underlying loan portfolio.
- Commission income is recognized on an accrual basis on the completion of the service in accordance with the terms of the agreement.
- All other income is recognized on an accrual basis.

Securitization or assignment of loans and advances

Transactions relating to transfers of loans and advances through securitization or assignment with other financial institutions and banks are accounted for in accordance with the relevant guidelines issued by the RBI. Such transferred loans and advances are de-recognized from the financial statements and gains or losses are accounted for only where our Company surrenders rights and obligations specified in the loan contract in favor of the counterparties.

Asset classification and provisioning

Our Company follows the asset classification and provisioning norms as per the NBFC Master Directions, 2016 for NBFC-MFIs.

Asset Category	Classification
Standard assets	Asset in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business.
Non-performing assets*	Asset for which, interest/principal payment has remained overdue for a period of 90 days or more.

* RBI has given additional 90 days dispensation for classification of non-performing assets in the wake of demonetization. The dispensation will apply to dues which were payable between November 1, 2016 and December 31, 2016.

Provisioning up to 31 March 2017 (applied until end of financial year 2017)

Higher of a) 1% of the outstanding loan portfolio or b) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more.

Provisioning from 01 April 2017 (applied for financial year 2018)

Higher of:

- 1.50% of the outstanding loan portfolio; or
- Aggregate of: 0.4% of the standard assets which do not meet the qualifying asset criteria; 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days; and 100% of the aggregate loan instalments which are overdue for 180 days or more.

Borrowing cost

Borrowing cost includes interest incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they are incurred.

Employee benefits

- Defined contribution plan: Our Company makes contributions to a statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. Eligible employees receive benefits from the provident fund, which is a defined contribution plan. Both the employee and our Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's basic salary. The Company has no further obligations under the plan beyond its monthly contributions. Contributions to provident fund are charged to the statement of profit and loss on accrual basis.

- **Gratuity:** Our Company provides gratuity, a defined benefit retirement plan covering eligible employees. Liabilities related to the gratuity plan are determined by an independent actuarial valuation carried out using projected unit credit method as of the balance sheet date. Actuarial gain or loss is recognized immediately in the statement of profit and loss.
- **Compensated absences:** Compensated absences are provided for based on the actuarial valuation using the projected unit credit method at year-end. Actuarial gains or losses are immediately taken to the statement of profit and loss and are not deferred.

Taxation

Provision for tax for the year comprises current income tax and deferred tax.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantially enacted at the reporting date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

In computing current taxes, our Company takes into consideration the benefits admissible under the provisions of the Income Tax Act, 1961. In cases wherever the tax liability computed as per above is less than the Minimum Alternate Tax (“**MAT**”), the Company is liable to pay the MAT, in accordance with Section 115JB of the Income Tax Act, 1961. MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss account and shown as MAT credit entitlement. Our Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that our Company will pay normal income tax during the specified period.

Earnings per equity share

The basic earnings per equity share (“**EPS**”) is computed by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of 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 period are adjusted for effects of all dilutive potential equity shares.

Provisions, contingent liabilities and contingent assets

Our Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. The amount of provision recognized are best estimates of expenditure that are required to settle the obligation at the balance sheet date. The estimates are not discounted to their present value.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognized nor disclosed in the financial statements.

Securities issue expenses

Securities issue expenses and redemption premium, if any, are adjusted against the securities premium account as permissible under the Companies Act, 2013, to the extent balance is available for utilization in the securities premium account.

Cash flow statement

Cash flows are reported using the indirect method, whereby profit or loss 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 operating, financing and investing activities of our Company are segregated based on the available information. Cash comprises of cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months

or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Share based payments

Measurement and disclosures in relation to employee share-based payment plans are done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. Our Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on the straight line basis.

The Principal Components of Our Statement of Profit and Loss Account

Income

Revenue from Operations

Revenue from operations consists of interest income on loans given and fixed deposits, loan processing fees, income from managed portfolio, commission income, excess interest spread on securitization or direct assignment and service fee for management of receivables.

Other Income

Other income consists of profit of sale of investments (net) such as income from investing activity in liquid debt based mutual funds for short term, excess provision reversed, and miscellaneous income.

Expenses

Our total expenses comprise employee benefit expenses, finance costs, provision for loan losses and write-offs, depreciation and amortization, cash management expenses, administrative expenses and other operating expenses.

Employee Benefits Expense

Employee benefits expense consist of salaries and wages, compensated absences, gratuity expense, contribution to provident and other defined contribution funds, staff welfare expenses, bonus and incentives.

Finance Costs

Finance costs consist of interest expenses, other borrowing costs such as expenses incurred to raise funds, processing and bank fees, interest on income tax, and bank charges.

Other Expenses

Other expenses include power and fuel, rent and amenities, repairs and maintenance, rates and taxes, legal and professional charges, payments to auditors (excluding taxes), travelling, conveyance and lodging expenses reimbursed to our employees for travel to center meetings, branch offices and our headquarters, printing and stationery costs relating primarily to loan documentation and notarization, communication expenses, marketing expenses, CSR expenditures, cash management charges, software support charges and miscellaneous expenses.

Depreciation and Amortization

Depreciation and amortization expenses are generated by the depreciation of our equipment and other fixed assets and amortization of technology we purchased to assist management of our network of branches and members.

Provisions and Write-offs

Provisions and write-offs include bad debts written off with respect to our outstanding loan portfolio, provisions for standard and non-performing assets and provisions or losses relating to loans we securitized and managed to third parties. We have adopted a policy of creating a buffer provision to deal with event risks. Commencing on December 31, 2017 we have started recognizing provisions of 1.50% on standard assets, which is higher than the provisioning norms prescribed by the RBI. Write offs include write offs on account of frauds or misappropriation and write off of non-financial assets damaged beyond repair but not yet fully depreciated.

Results of Operations for the Financial Years 2018, 2017 and 2016

The summary of our results of operations, including as a percentage of total income, for the financial years 2018, 2017 and 2016 as derived from our restated financial statements is set out in the table below.

	For the Financial Year					
	2018		2017		2016	
	Amount	% of total income	Amount	% of total income	Amount	% of total income
	(₹ in million)	(%)	(₹ in million)	(%)	(₹ in million)	(%)
Income:						
Revenue from operations	4,511.44	98.2	2,438.42	100.0	521.55	100.0
Other Income	82.72	1.8	0.03	-	0.02	-
Total revenue	4,594.16	100.0	2,438.45	100.0	521.57	100.0
Expenditure:						
Employee benefits expense	1,035.02	22.5	652.31	26.8	83.34	16.0
Finance costs	1,647.08	35.9	817.86	33.5	210.61	40.4
Provision for loan losses and write-offs	236.51	5.1	57.39	2.4	43.16	8.3
Depreciation and amortization	18.41	0.40	9.73	0.40	0.16	0.03
Other expenses	514.79	11.2	328.94	13.5	38.29	7.3
Total expenses	3,451.81	75.1	1,866.23	76.5	375.56	72.0
Net Profit before tax, as restated	1,142.35	24.9	572.22	23.5	146.01	28.0
Current tax or minimum alternate tax	417.37	9.1	218.72	9.0	68.80	13.2
Deferred tax charge	(35.09)	(0.8)	(16.88)	(0.7)	(16.89)	(3.2)
Net Profit after tax, as restated	760.07	16.5	370.38	15.2	94.10	18.0

Financial Year 2018 Compared to the Financial Year 2017

Our results of operations for the financial year 2018 and 2017 were particularly affected by the following factors:

- an increase in the number of our active borrowers to 1,209,781 as of March 31, 2018 from 765,541 as of March 31, 2017 and a corresponding increase in our total outstanding loan portfolio to ₹17,329.47 million as of March 31, 2018 from ₹9,918.85 million as of March 31, 2017. Our loan disbursements were ₹30,363.01 million for the financial year 2018 compared to ₹20,285.55 million for the financial year 2017;
- impact of the transition and transfer of the microfinance business from MFL to our Company, in a staggered manner during the financial year 2017 which did not significantly impact our results of operations in the financial 2018. For a part of financial year 2017 our Company commenced incurring expenses such as lease payments for our branches and employee benefits expenses, which were transferred prior to a corresponding transfer of the loan portfolio and interest income from loans given. See “– Significant Factors affecting our results of operations – Transition of the Microfinance Business from MFL to our Company” on page 127;
- reduction in the interest rates charged by us in line with a reduction in our cost of funds as required by RBI regulations; see “– Significant Factors affecting our results of operations – Our Ability to Manage Finance Costs and Fluctuations in Interest Rates Effectively” on page 238;
- an increase in our provisions to 1.50% for the financial year 2018 from 1.00% for the financial year 2017 due to a change in provisioning policy due to a change in our accounting policies; see “– Significant Accounting Policies – Asset classification and provisioning” on page 193; and
- the Government announcement of demonetization of bank notes, in November 2016, which affected our operations and the microfinance industry generally, including fresh disbursements and repayments on loans already disbursed. Our results of operations for the financial year 2017 and 2018 were affected by demonetization and our provisions and write-offs increased to ₹236.51 million for the financial year 2018 from ₹57.39 million for the financial year 2017. See “– Significant Factors affecting our results of operations – Government Policy and Regulation” on page 237; and

Income

Revenue from Operations

Our revenue from operations increased by 85.02% to ₹4,511.44 million for the financial year 2018 from ₹2,438.42 million for the financial year 2017, primarily due to an increase in our interest income on loans given and excess interest spread on securitization and direct assignment of loans.

Our interest income on loans given increased to ₹2,921.00 million for the financial year 2018 from ₹1,357.62 million for the financial year 2017 due to an increase in the number of our active borrowers to 1,209,781 as of March 31, 2018 from 765,541 as of March 31, 2017 and our total outstanding loan portfolio to ₹17,329.47 million as of March 31, 2018 from ₹9,918.85 million and March 31, 2017. This growth was in line with an increase in loan disbursements to ₹30,363.01 million for the financial year 2018 compared to ₹20,285.56 million for the financial year 2017 and increase in our branches to 467 as of March 31, 2018 from 399 as of March 31, 2017.

Our excess interest spread on securitization and direct assignment of loans increased by 45.82% to ₹1,028.04 million for the

financial year 2018 from ₹705.00 million for the financial year 2017, partially due to an increase in volume and outstanding amounts on our securitized and assignment loans. We securitized or assigned loans of ₹12,769.68 million for the financial year 2018 compared to ₹10,969.19 million for the financial year 2017. Further, our excess interest spread on securitization and direct assignment of loans increased due to increasing proportion of direct assignment transactions to securitization transactions in the financial year 2018 compared to the financial year 2017. We receive higher margins on direct assignment transactions due to lower or no cash collateral or guarantee, and related costs, as well as due to higher interest rates received on direct assignment transactions.

Our loan processing fees increased by 49.54% to ₹303.70 million for the financial year 2018 from ₹203.09 million for the financial year 2017, primarily due to an increase in total loan disbursements.

Our commission income increased by 49.51% to ₹168.31 million for the financial year 2018 from ₹112.57 million for the financial year 2017, primarily due to an increase in commissions received from manufacturers or distributors due to increased disbursement of loans for purchase of specified products by us and commissions received on loans arranged under the business correspondence arrangement with our Promoter, MFL and the business correspondence agreement for microfinance products with YES Bank Limited.

Other Income

Other income increased to ₹82.72 million for the financial year 2018 from ₹0.03 million for the financial year 2017. The increase was primarily due to net profit on sale of investments in mutual funds amounting to ₹80.99 million for the financial year 2018.

Expenditure

Employee benefits expense

Employee benefits expense increased by 58.67% to ₹1,035.02 million for the financial year 2018 from ₹652.31 million for the financial year 2017, primarily due to an increase in salaries and wages by 57.6% to ₹917.13 million for the financial year 2018 from ₹581.79 million for the financial year 2017. Our contribution to provident and other defined contribution funds increased by 64.7% to ₹91.62 million for the financial year 2018 from ₹55.62 million. The increase in salaries and wages and contribution to provident and other defined contribution funds resulted primarily from an increase in our total number of employees to 5,583 as of March 31, 2018 from 4,017 as of March 31, 2017, as result of the expansion of our business operations and branch network, and an annual increase in salaries and bonuses for our employees.

Finance Costs

Finance costs increased to ₹1,647.08 million for the financial year 2018 from ₹817.86 million for the financial year 2017 primarily the result of an increase in interest expenses to ₹1,590.76 million for the financial year 2018 from ₹747.37 million for the financial year 2017. The increase in interest expenses was primarily the result of an overall increase of 86.7% in our annual average outstanding borrowings to ₹14,414.28 million for the financial year 2018 from ₹7,720.84 million for the financial year 2017, in line with our business expansion and increased borrowings for disbursements to our borrowers. Our costs of funds reduced to an average rate of 6.76% for the financial year 2018 from an average rate of 7.17% for the financial year 2017, based on monthly average rates during the period.

Other borrowing costs decreased by 16.38% to ₹54.25 million for the financial year 2018 from ₹64.88 million for the financial year 2017, primarily due to lower arranger fees paid by us.

Provision for Loan Losses and Write-offs

Our provisions for loan losses and write-offs increased to ₹236.51 million for the financial year 2018 from ₹57.39 million for the financial year 2017, primarily due to a change in our provisioning policy under which our provision increased to 1.5% of the outstanding portfolio. Our provisions and write-offs were also impacted by the Government announcement of demonetization of bank notes, in November 2016, which resulted in increased NPAs being recognized in the financial year 2018 and resulted in write-offs of ₹76.98 million during the financial year 2018 compared to nil in the financial year 2017 together with the NBFC-ND-SI Master Directions which required us to provide an additional provision of 0.4% of the non-qualifying portfolio.

Depreciation and Amortization

Depreciation and amortization costs increased by 89.2% to ₹18.41 million for the financial year 2018 from ₹9.73 million for the financial year 2017. The increase was primarily due to an expansion of our business and corresponding increase of 85.5% in our tangible fixed assets such as computers, furniture and office equipment to ₹131.03 million for the financial year 2018 from ₹70.63 million for the financial year 2017 in line with increase in the number of our branches to 467 as of March 31, 2018 from 399 as of March 31, 2017.

Other Expenses

Other expenses increased by 56.5% to ₹514.79 million for the financial year 2018 from ₹328.94 million for the financial year 2017, primarily due to an increase in rent and amenities, travelling, conveyance and lodging expenses and cash management charges.

Cash management charges increased by 53.0% to ₹200.92 million for the financial year 2018 from ₹131.32 million for the financial year 2017, primarily due to an increase in total collections and disbursements by 60.3% to ₹37,449.82 million for the financial year 2018 from ₹23,357.20 million for the financial year 2017 and corresponding increase in payments made to MFL pursuant to a cash management agreement.

Rent and amenities increased to ₹76.21 million for the financial year 2018 from ₹30.04 million for the financial year 2017, primarily due to an increase in the number of branches and regional offices to 467 and nine as of March 31, 2018 from 399 and six as of March 31, 2017, respectively.

Traveling, conveyance and lodging expenses increased to ₹71.03 million for the financial year 2018 from ₹33.81 million for the financial year 2017, primarily due to our expansion to new territories which required employees in our existing regions to travel to new areas.

Miscellaneous expenses increased by 97.3% to ₹31.16 million for the financial year 2018 from ₹15.79 million for the financial year 2017, primarily due to an increase in subscription and membership fees for credit reports and analysis and postage and office expenses.

Net Profit before Tax

Our net profit before tax, as restated, increased by 99.6% to ₹1,142.35 million for the financial year 2018 from ₹572.22 million for the financial year 2017.

Tax Expense

Current tax or minimum alternate tax increased by 90.8% to ₹417.37 million for the financial year 2018 from ₹218.72 million for the financial year 2017, primarily due to an increase in taxable income to ₹1,165.49 million for the financial year 2018 from ₹631.98 million for the financial year 2017.

As a result of timing differences in making provisions for loan assets, gratuity and leave encashment, we have deferred tax charges of ₹35.09 million as of March 31, 2018.

Net Profit after Tax

Our net profit after tax, as restated, increased to ₹760.07 million for the financial year 2018 from ₹370.38 million for the financial year 2017.

Financial Year 2017 Compared to the Financial Year 2016

Our results of operations for the financial year 2017 and 2016 were particularly affected by the following factors:

- an increase in the number of our active borrowers to 765,541 as of March 31, 2017 from 294,803 as of March 31, 2016 and a corresponding increase in our total outstanding loan portfolio to ₹9,918.85 million as of March 31, 2017 from ₹4,316.37 million as of March 31, 2016. Our loan disbursements were ₹20,285.56 million for the financial year 2017 compared to ₹7,650.80 million for the financial year 2016; and
- impact of the transition and transfer of the microfinance business from MFL to our Company, in a staggered manner during the financial year 2016 and partially during the financial year 2017. For financial year 2016 and a part of financial year 2017 our Company commenced incurring expenses such as lease payments for our branches and employee benefits expenses, which were transferred prior to a corresponding transfer of the loan portfolio and interest income from loans given. See “– Significant Factors affecting our results of operations – Transition of the Microfinance Business from MFL to our Company” on page 127.

Income

Revenue from Operations

Our revenue from operations increased to ₹2,438.42 million for the financial year 2017 from ₹521.55 million for the financial year 2016, primarily due to an increase in our interest income on loans given and excess interest spread on securitization and direct assignment of loans.

Our interest income on loans given increased to ₹1,357.62 million for the financial year 2017 from ₹381.13 million for the financial year 2016 due to an increase in the number of our active borrowers to 765,541 as of March 31, 2017 from 294,803 as of March 31, 2016 and our total outstanding loan portfolio to ₹9,918.85 million as of March 31, 2017 from ₹4,316.37 million as of March 31, 2016. This growth was due to transition and transfer of the microfinance business from MFL to our Company, in a staggered manner during the financial year 2016 and partially during the financial year 2017 and in line with an increase in loan disbursements to ₹20,285.56 million for the financial year 2017 compared to ₹7,650.80 million for the financial year 2016 and increase in our branches to 399 as of March 31, 2017 from 180 as of March 31, 2016.

Our excess interest spread on securitization and direct assignment of loans increased to ₹705.00 million for the financial year 2017 from ₹31.62 million for the financial year 2016, partially due to an increase in volume and outstanding amounts on our securitized and assignment loans. We securitized or assigned loans of ₹10,969.19 million for the financial year 2017 compared to ₹2,425.42 million for the financial year 2016.

Our loan processing fees increased to ₹203.09 million for the financial year 2017 from ₹76.62 million for the financial year 2016, primarily due to an increase in total loan disbursements. We disbursed 1,006,049 loans in the financial year 2017 compared to 3,96,961 loans in the financial year 2016.

Our commission income increased to ₹112.57 million for the financial year 2017 from ₹21.48 million for the financial year 2016, primarily due to an increase in commissions received from our business correspondence business with Muthoot Fincorp Limited and an increase in our earned facilitation commissions from manufacturers and distributors for loan disbursements in relation to purchase of specified products.

Other Income

Other income increased to ₹0.03 million for the financial year 2017 from ₹0.02 million for the financial year 2016, primarily from a deduction from a vendor's account due to that vendor's violation of contract.

Expenditure

Employee benefits expense

Employee benefit expenses increased to ₹652.31 million for the financial year 2017 from ₹83.34 million for the financial year 2016, primarily due to an increase in salaries and wages to ₹581.79 million for the financial year 2017 from ₹71.83 million for the financial year 2016. Our contribution to provident and other defined contribution funds increased to ₹55.62 million for the financial year 2017 from ₹5.15 million for the financial year 2016. The increase in salaries and wages and contribution to provident and other defined contribution funds resulted primarily from an increase in our total number of employees to 4,017 as of March 31, 2017 from 1,211 as of March 31, 2016 as result of transition and transfer of employees from MFL to our Company and the expansion of our business operations and branch network together with an annual increase in salaries and bonuses for our employees.

Finance Costs

Finance costs increased to ₹817.86 million for the financial year 2017 from ₹210.61 million for the financial year 2016 primarily due to an increase in interest expenses to ₹747.37 million for the financial year 2017 from ₹179.00 million for the financial year 2016. The increase in interest expenses was primarily the result of an overall increase of 174.04% in our annual average outstanding borrowings to ₹11,313.31 million for the financial year 2017 from ₹4,128.37 million for the financial year 2016, in line with our business expansion and increased borrowings for disbursements to our borrowers. Our costs of borrowings reduced 7.17% for the financial year 2017 from financial year 2016.

Other borrowing costs increased to ₹64.88 million for the financial year 2017 from ₹31.45 million for the financial year 2016, primarily due to an increase in annual average borrowings.

Provision for Loan Losses and Write-offs

Our provision for loan losses and write-offs increased to ₹57.39 million for the financial year 2017 from ₹43.16 million for the financial year 2016 primarily due to an increase in our outstanding loan portfolio and to provide provisions as per the statutory requirements.

Depreciation and Amortization

Depreciation and amortization costs increased to ₹9.73 million for the financial year 2017 from ₹0.16 million for the financial year 2016. The increase was primarily due to an increase in our tangible fixed assets such as computers, furniture, office equipment and vehicles to ₹70.63 million for the financial year 2017 from ₹22.27 million for the financial year 2016 in line with increase in the number of our branches to 399 as of March 31, 2017 from 180 as of March 31, 2016.

Other Expenses

Other expenses increased to ₹328.94 million for the financial year 2017 from ₹38.29 million for the financial year 2016, primarily due to an increase in rent and amenities, legal and professional charges, travelling, conveyance and lodging expenses and cash management charges.

Cash management charges increased to ₹131.32 million for the financial year 2017 from ₹1.88 million for the financial year 2016, primarily due to an increase in total collections and disbursements to ₹23,357.20 million for the financial year 2017 from ₹8,760.73 million for the financial year 2016 and corresponding increase in payments made to MFL pursuant to a cash management agreement.

Legal and professional charges increased to ₹40.39 million for the financial year 2017 from ₹5.20 million for the financial year 2016, primarily due to an increase in professional charges for legal opinions from external counsels for financing transactions such as direct assignment and securitization and for contractual agreements.

Rent and amenities increased to ₹30.04 million for the financial year 2017 from ₹8.67 million for the financial year 2016, primarily due to an increase in the number of branches to 399 in financial year 2017 from 180 in the financial year 2016.

Traveling, conveyance and lodging expenses increased to ₹33.81 million for the financial year 2017 from ₹2.84 million for the financial year 2016, primarily due to an increase in the number of employees and our expansion to new territories which required employees in our existing regions to travel to new areas.

Miscellaneous expenses increased to ₹15.79 million for the financial year 2017 from ₹1.77 million for the financial year 2016, primarily due to increased office expenses, data management expenses and membership and subscription expenses for credit reports.

Net Profit before Tax

Our net profit before tax, as restated, increased to ₹572.22 million for the financial year 2017 from ₹146.01 million for the financial year 2016.

Tax Expense

Current tax or minimum alternate tax increased to ₹218.72 million for the financial year 2017 from ₹68.80 million for the financial year 2016, primarily due to an increase in taxable income to ₹631.87 million for the financial year 2017 from ₹189.22 million for the financial year 2016.

As a result of timing differences in making provisions for loan assets, gratuity and leave encashment, we have deferred tax charges of ₹16.88 million as of March 31, 2017.

Net Profit after Tax

Our net profit after tax, as restated, increased to ₹370.38 million for the financial year 2017 from ₹94.10 million for the financial year 2016.

Financial Position

Our net worth increased to ₹6,148.04 million as of March 31, 2018, from ₹1,890.16 million as of March 31, 2017.

Assets

The table below sets forth the principal components of our assets as of March 31, 2018, 2017 and 2016.

	As of March 31,		
	2018	2017	2016
	(₹ in millions)		
Non-current assets			
Fixed assets			
Tangible assets	131.03	70.63	22.26
Intangible assets	0.90	1.16	0.72
Capital work-in-progress	-	5.25	-
Deferred tax assets (net)	69.92	34.83	17.95
Loan receivables	5,988.04	3,341.37	1,630.42
Long-term loans and advances	150.74	34.00	5.58
Other non-current assets	528.94	567.99	170.15
Sub-Total	6,869.57	4,055.23	1,847.08

	As of March 31,		
	2018	2017	2016
	(` in millions)		
Current assets			
Trade receivables	34.39	17.76	7.21
Cash and bank balances	6,182.11	3,463.80	602.88
Loan receivables	11,341.42	6,577.48	2,685.95
Short-term loans and advances	2.79	5.60	0.17
Other current assets	323.28	532.94	135.79
Sub-Total	17,883.99	10,597.58	3,432.00
Total Assets	24,753.56	14,652.81	5,279.08

We had total assets of ₹24,753.56 million as of March 31, 2018, compared to ₹14,652.81 million as of March 31, 2017, primarily due to an increase in loan book during the year and advances and bank balances at the end of the year.

We had total assets of ₹14,652.81 million as of March 31, 2017, compared to ₹5,279.08 million as of March 31, 2016, primarily due to an increase in loans and advances book and bank balances at the end of the year.

Tangible Assets

Our tangible assets increased by 85.5% to ₹131.03 million as of March 31, 2018, from ₹70.63 million as of March 31, 2017, primarily due to the addition of branches leading to increase in furniture and fixtures of ₹54.69 million and office equipment of ₹12.13 million.

Our tangible assets increased to ₹70.63 million as of March 31, 2017 from ₹22.27 million as of March 31, 2016, primarily due to the addition to computer and accessories of ₹10.58 million, furniture and fixtures of ₹26.82 million and office equipment of ₹13.41 million.

Deferred Tax Assets, Net

We have accumulated deferred tax credits of ₹69.92 million as of March 31, 2018 and ₹34.83 million as of March 31, 2017.

Loans and Advances

Our total outstanding loan portfolio was ₹17,329.47 million, or 99.1% of total loans and advances as of March 31, 2018 compared to ₹9,918.85 million, or 99.6% of our total loans and advances as of March 31, 2017.

Our total outstanding loan portfolio was ₹9,918.85 million, or 99.6% of total loans and advances as of March 31, 2017 compared to ₹4,316.37 million, or 99.9% of our total loans and advances as of March 31, 2016.

Loan Receivables

Our total loan receivables increased by 74.7% to ₹17,329.47 million as of March 31, 2018, from ₹9,918.85 million as of March 31, 2017. This increase was primarily due to the increase in unsecured loans (considered good) to joint liability groups ("JLGs") during the financial year 2018 of ₹16,365.10 million as compared to ₹9,372.05 million during the financial year 2017 resulting primarily from an increase in income generating loans disbursed.

Our total loan receivables increased to ₹9,918.85 million as of March 31, 2017, from ₹4,316.37 million as of March 31, 2016. This increase was primarily due to the increase in unsecured loans (considered good) to JLGs during the financial year 2017 of ₹9,372.05 million as compared to ₹4,144.98 million during the financial year 2016 resulting primarily from an increase in income generating loans disbursed.

Our long-term loans and advances increased to ₹150.74 million as of March 31, 2018 from ₹34.00 million as of March 31, 2017. This increase was primarily due to the increase in advance income tax during the financial year 2018 of ₹84.50 million as compared to nil during the financial year 2017.

Our long-term loans and advances increased to ₹34.00 million as of March 31, 2017 from ₹5.58 million as of March 31, 2016. This increase was primarily due to the increase in advances to related parties during the financial year 2017 of ₹14.84 million as compared to nil during the financial year 2016.

The table below shows the breakdown of our loans and advances by type of loans as of March 31, 2018, 2017 and 2016:

Particulars	As at 31 March		
	2018	2017	2016
Non - current loans receivable			
Joint liability group loans			
Unsecured, considered good	5,988.04	3,217.13	1,567.13
Unsecured, considered doubtful*	-	-	0.43
Joint liability group loans placed as collateral towards securitisation transactions			
Unsecured, considered good	-	124.24	62.74
Unsecured, considered doubtful*	-	-	0.12
	5,988.04	3,341.37	1,630.42
Current loans receivable			
Joint liability group loans			
Unsecured, considered good	10,377.06	6,154.92	2,577.85
Unsecured, considered doubtful*	556.97	16.59	1.68
Individual loans			
Secured, considered good	271.32	240.56	106.25
Secured, considered doubtful*	23.28	11.51	0.17
Joint liability group loans placed as collateral towards securitisation transactions			
Unsecured, considered good	98.00	153.25	-
Unsecured, considered doubtful*	14.79	0.65	-
	11,341.42	6,577.48	2,685.95

Trade Receivables

Trade receivables increased by 93.6% to ₹34.39 million as of March 31, 2018 from ₹17.76 million as of March 31, 2017, primarily due to an increase in commission income receivables.

Trade receivables increased to ₹17.76 million as of March 31, 2017 from ₹7.21 million as of March 31, 2016, primarily due to an increase in commission income receivables.

Cash and Bank Balances

Our cash and bank balances consist of cash on hand, balance with banks, balances with cash collection agents and deposits with banks held as security against borrowings and other commitments.

The following table shows our cash and bank balances as of March 31, 2018, 2017 and 2016:

	Non-current			Current		
	As of March 31,			As of March 31,		
	2018	2017	2016	2018	2017	2016
	(₹ in millions)					
Cash and cash equivalents						
Cash on hand						
Balances with banks	524.89	550.71	155.88	-	-	-
In current accounts	-	-	-	565.56	303.66	219.40
In deposit accounts with maturity of less than three months	-	-	-	5,139.00	2,817.78	260.80
Balances with cash collection agents	-	-	-	6.89	25.99	0.77
Other bank balances						
Deposits with banks held as security against borrowings and other commitments	-	-	-	470.66	316.37	121.91
Total	524.89	550.71	155.88	6182.11	3463.80	602.88

Liabilities and Provisions

The table below provides the principal components of our liabilities as of March 31, 2018, 2017 and 2016:

	As of March 31,		
	2018	2017	2016
	(₹ in millions)		
Non-current liabilities			
Long-term borrowings	9,456.20	7,486.16	2,243.44
Other long-term liabilities	-	15.80	12.30
Long-term provisions	6.51	38.06	22.46
Sub-Total	9,462.71	7,540.02	2,278.20

	As of March 31,		
	2018	2017	2016
	(₹ in millions)		
Current liabilities			
Other current liabilities	8,882.72	5,134.50	2,279.68
Short-term provisions	260.09	88.13	29.39
Sub-Total	9,142.81	5,222.63	2,309.07
Total Liabilities	18,605.52	12,762.65	4,587.27

Our total liabilities were ₹18,605.52 million as of March 31, 2018 compared to ₹12,762.65 million as of March 31, 2017, primarily due to an increase in our long-borrowings and other current liabilities.

Our total liabilities were ₹12,762.65 million as of March 31, 2017 compared to ₹4,587.27 million as of March 31, 2016, primarily due to an increase in our long-borrowings and other current liabilities.

Long-Term Borrowings

The table below provides a summary of our long-term borrowings as of March 31, 2018, 2017 and 2016:

Borrowings	Non-current portion			Current maturities			Total		
	As of March 31,			As of March 31,			As of March 31,		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
	(₹ in millions)			(₹ in millions)			(₹ in millions)		
Secured									
Redeemable non-convertible debentures	2,800.00	2,050.00	-	-	-	-	2,800.00	2,050.00	-
Finance lease obligations	0.31	0.43	-	0.12	0.11	-	0.43	0.54	-
Term loans									
Indian Rupee loans from banks	5,700.89	4,306.08	1,612.48	7,009.01	3,035.97	1,373.17	12,709.90	7,342.05	2,985.65
Indian Rupee loans from financial institutions	705.00	879.65	630.96	1,049.91	791.08	511.76	1,754.91	1,670.73	1,142.72
Sub-total	9,206.20	7,236.16	2,243.44	8,059.04	3,827.16	1,884.93	17,265.24	11,063.32	4,128.37
Unsecured, subordinated									
Term loans									
Indian Rupee loans from banks	-	-	-	-	-	-	-	-	-
Indian Rupee loans from financial institutions	250.00	250.00	-	-	-	-	250.00	250.00	-
Sub-total	250.00	250.00	-	-	-	-	250.00	250.00	-
Total	9,456.20	7,486.16	2,243.44	8,059.04	3,827.16	1,884.93	17,515.24	11,313.32	4,128.37

Our long-term borrowings increased by 54.8%, to ₹17,515.24 million as of March 31, 2018 from ₹11,313.32 million as of March 31, 2017, primarily as a result of new loans from banks and other financial institutions amounting to ₹10,008.8 million, as well as a fresh issue of debentures amounting to ₹750.00 million, during the financial year 2018.

Our long-term borrowings increased to ₹11,313.32 million as of March 31, 2017 from ₹4,128.37 million as of March 31, 2016, primarily as a result of new loans from banks and other financial institutions amounting to ₹7,364.62 million, a fresh issue of debentures amounting to ₹2,050.00 million, and a subordinate debt amounting to ₹250.00 million, during the financial year 2017.

Our interest coverage ratio (defined as cash profit after tax plus interest paid divided by interest paid) as of March 31, 2018, 2017 and 2016 was 1.64, 1.59 and 1.77, respectively.

Other Current Liabilities

Our other current liabilities increased by 73.0% to ₹8,882.72 million as of March 31, 2018 from ₹5,134.50 million as of March 31, 2017, primarily due to increase in other current liabilities from banks.

Our other current liabilities increased to ₹5,134.50 million as of March 31, 2017 from ₹2,279.68 million as of March 31, 2016, primarily due to increase in other current liabilities from banks.

Provisions

Our provisions for standard and non-performing assets were ₹260.09 million as of March 31, 2018, compared to ₹100.56 million as of March 31, 2017. Our total outstanding non-performing loan portfolio increased to ₹595.04 million as of March 31, 2018 from ₹28.75 million as of March 31, 2017. Gross NPA ratios were 3.43% and 0.29% as of March 31, 2018 and March 31, 2017, respectively. Net NPA ratios (*i.e.*, net of loan loss provisions) were 1.97% and 0.26% as of March 31, 2018 and March 31, 2017, respectively. The ratio of provision on standard and non-performing assets to our total outstanding loan portfolio was 1.50% as of March 31, 2018 and 1.01% as of March 31, 2017.

Our provisions for standard and non-performing assets were ₹100.56 million as of March 31, 2017, compared to ₹43.17 million as of March 31, 2016. Our total outstanding non-performing loan portfolio increased to ₹28.75 million as of March 31, 2017 from ₹2.4 million as of March 31, 2016. Gross NPA ratios were 0.29% and 0.06% as of March 31, 2017 and March 31, 2016, respectively. Net NPA ratios (*i.e.*, net of loan loss provisions) were 0.26% and 0.06% as of March 31, 2017 and March 31, 2016, respectively. The ratio of provision on standard and non-performing assets to our total outstanding loan portfolio was 1.01% as of March 31, 2017 and 1.00% as of March 31, 2016.

Shareholders' Funds

Our shareholders' funds (net of debit balance in our profit and loss account) was ₹6,148.04 million as of March 31, 2018, representing 24.8% of our total assets, compared to ₹1,890.16 million as of March 31, 2017, representing 12.9% of our total assets. The increase in shareholders' funds in the financial year 2018 was primarily due to a fresh issue of equity and preference shares which raised ₹3,500.00 million representing capital infusion from the promoters and certain private equity investors and an increase in accumulated profits.

Our shareholders' funds (net of debit balance in our profit and loss account) was ₹1,890.16 million as of March 31, 2017, representing 12.9% of our total assets, compared to ₹691.82 million as of March 31, 2016, representing 13.1% of our total assets. The increase in shareholders' funds in the financial year 2017 was primarily due to a fresh issue of equity and preference shares which raised ₹900.00 million and an increase in accumulated profits.

Liquidity and Capital Resources

Liquidity

As of March 31, 2018, we had cash available for use in our operations of ₹6,175.22 million. We currently invest our surplus cash in fixed deposits with various banks and mutual funds. Based upon our current level of expenditure, we believe our bank and debt financing, together with cash flows from operating activities and the proceeds from the offering contemplated herein, will be adequate to meet our anticipated cash requirements for capital expenditure and working capital for at least the next 12 months.

We regularly monitor our funding levels to help ensure we are able to satisfy the requirements for maturity of our liabilities. We maintain diverse sources of funding and liquid assets to facilitate flexibility in meeting our liquidity requirements. Liquidity is provided principally by short-term and long-term borrowings from banks and other entities, proceeds from securitizations and assignments of loans, sales of equity securities and retained earnings.

Our financing agreements generally contain a number of covenants such as provisions to:

- maintain specified levels of types of assets;
- maintain specified CAR and debt-equity ratios;
- restrict the issuance of Equity Shares or change the capital structure of our Company;
- restrict the declaration or payment of dividends or other distributions;
- restrict entering into certain transactions such as reorganizations, amalgamations and mergers;
- restrict changes to the board of directors or material changes in the management of our Company;
- restrict the creation of charge or lien over certain assets;
- restrict the incurrence of additional indebtedness, including providing guarantees;
- restrict making certain payments, including entering into specified financial transactions with entities;
- restrict investments or purchase of assets;
- restrict certain shareholders from sale or transfer of their Equity Shares of our Company;
- restrict entering into specified related party transactions; and
- restrict changes to the memorandum and articles of our Company.

In addition, certain of our loan agreements include provisions which allow the lender, at its discretion, to call for repayment of the loan at short notice or require us to prepay on a *pari passu* basis if any other loan is being repaid. Such covenants, if acted upon, may have an effect on our liquidity. See *"Risk Factors – Internal Risks – We are subject to certain conditions and restrictions in terms of our financing arrangements, which could restrict our ability to conduct our business and operations in*

the manner we desire.”

Cash Flows

The following table summarizes our cash flows for the financial years 2018, 2017 and 2016.

	For the Financial Year		
	2018	2017	2016
	(₹ in millions)		
Net cash used in operating activities	(7,015.97)	(4,688.89)	(3,956.31)
Net cash used in investing activities	(119.75)	(657.56)	(285.46)
Net cash generated from financing activities	9,699.74	8,012.91	4,673.37
Net increase in cash and cash equivalents	2,564.02	2,666.46	431.60

Operating Activities

Net cash used in operating activities was ₹7,015.97 million for the financial year 2018. We had net profit before tax of ₹1,142.35 million for the financial year 2018, which was primarily adjusted for provision for loan losses of ₹159.53 million and working capital adjustments such as increase in loan receivables of ₹7,487.59 million due to new disbursements under our JLG lending model, decrease in other assets of ₹222.85 million due to decrease in interest strip assets created for securitization transactions, and decrease in other liabilities of ₹500.73 million due to decrease in securitization or assignment payables and reversal of interest strip liability on securitization.

Net cash used in operating activities was ₹4,688.89 million for the financial year 2017. We had net profit before tax of ₹572.22 million for the financial year 2017, which was primarily adjusted for changes in working capital such as increase in loan receivables of ₹5,602.50 million due to new disbursements under our JLG lending model, increase in other assets of ₹325.36 million due to increase in interest strip assets created for securitization transactions, and increase in other liabilities of ₹841.34 million due to increase in securitization or assignment payables and reversal of interest strip liability on securitization.

Net cash used in operating activities was ₹3,956.31 million for the financial year 2016. We had net profit before tax of ₹146.01 million for the financial year 2016, which was primarily adjusted for changes in working capital such as increase in loan receivables of ₹4,315.52 million due to new disbursements under our JLG lending model, increase in other assets of ₹149.40 million due to increase in interest strip assets created for securitization transactions, and increase in other liabilities of ₹390.65 million due to increase in securitization or assignment payables, reversal of interest strip liability on securitization and increase in employee and statutory related payables.

Investing Activities

Net cash used in investing activities was ₹119.75 million for the financial year 2018, which primarily related to net investments in deposits of ₹128.45 million in relation to cash collateral for term loans and securitization transactions and purchase of tangible assets of ₹72.41 million in line with the expansion of our branches, which was partially offset by dividends and profit on sale of investment of ₹80.99 million from sale of investments in liquid instruments such as units of mutual funds.

Net cash used in investing activities was ₹657.56 million for the financial year 2017, which primarily related to net investments in deposits of ₹589.29 million in relation to cash collateral for term loans and securitization transactions and purchase of tangible assets of ₹67.89 million in line with the expansion of our branches.

Net cash used in investing activities was ₹285.46 million for the financial year 2016, which primarily related to net investments in deposits of ₹277.79 million in relation to cash collateral for term loans and securitization transactions.

Financing Activities

Net cash generated from financing activities was ₹9,699.74 million for the financial year 2018. This primarily resulted from the issue of equity shares including share premium of ₹2,700.00 million, the issue of preference shares including share premium of ₹800.00 million and proceeds from borrowings of ₹10,758.80 million, which were partially offset by repayment of borrowings of ₹4,556.88 million.

Net cash generated from financing activities was ₹8,012.91 million for the financial year 2017. This primarily resulted from the issue of equity shares including share premium of ₹405.00 million, the issue of preference shares including share premium of ₹495.00 million and proceeds from borrowings of ₹9,664.62 million, which were partially offset by repayment of borrowings of ₹2,479.67 million.

Net cash generated from financing activities was ₹4,673.37 million for the financial year 2016. This primarily resulted from the issue of equity shares including share premium of ₹545.00 million and proceeds from borrowings of ₹4,446.17 million, which were partially offset by repayment of borrowings of ₹317.80 million.

Capital Expenditure

During the financial years 2018, 2017 and 2016, we invested ₹78.93 million, ₹58.78 million and ₹23.14 million, respectively in capital expenditure. The following table sets forth our capital expenditure.

	For the Financial Year		
	2018	2017	2016
	(₹ in millions)		
Tangible Assets (including capital advances and capital work-in-progress)	78.93	58.16	22.40
Intangible Assets (including capital advances and capital work-in-progress)	-	0.62	0.74
Total	78.93	58.78	23.14

Contractual Obligations and Commercial Commitments

The table below sets forth information regarding our contractual obligations and commercial commitments as of March 31, 2018:

	As of March 31, 2018
	(₹ in millions)
Minimum Lease Obligations:	
Not later than one year	0.12
Later than one year but not later than five years	0.31

Securitization and Assignment Arrangements

During the financial years 2018, 2017 and 2016, we securitized or assigned loans of ₹12,769.68 million, ₹10,969.19 million and ₹2,425.44 million, respectively. The following table sets forth information regarding our securitization and assignment activity during the financial years 2018, 2017 and 2016.

	For the Financial Year		
	2018	2017	2016
	(₹ in millions)		
Total book value of the loan asset securitized or assigned	13,549.62	11,536.80	2,573.44
Sale consideration received for the loan asset securitized or assigned	12,769.68	10,969.19	2,425.44

Under the agreements for the securitization and assignment of loans, we transfer all the rights and obligations relating to the loan assets securitized or assigned as shown above to banks, subject to the provision by us of a certain amount of credit support in the form of a guarantee (discussed further under “—Contingent Liabilities”).

Contingent Liabilities

The following table sets forth the principal components of our contingent liabilities (as per AS 29 issued by the ICAI) as of March 31, 2018:

	As of March 31, 2018
	(₹ in millions)
Credit enhancements provided by our Company towards securitization or assignment (including cash collaterals, principal and interest subordination)	267.99

Contingent liabilities for financial year 2018 related to credit enhancements for the loans securitized.

Capital to Risk Asset Ratios

The NBFC-SI Master Directions require all NBFC-MFIs to maintain a capital adequacy ratio consisting of Tier I and Tier II capital that is not less than 15.0% of their aggregate risk-weighted assets. Our capital to risk assets ratio as of March 31, 2018, March 31, 2017 and March 31, 2016 was 34.83%, 18.32% and 15.16% respectively.

Our capital adequacy information as March 31, 2018, 2017 and 2016 is follows:

	As of March 31,		
	2018	2017	2016
	(₹ in millions)		
Tier I capital ⁽¹⁾	6,049.69	1,678.08	646.21
Tier II capital ⁽²⁾	173.55	174.47	16.20
Total Tier I and Tier II capital	6,223.24	1,852.55	662.41
Total risk weighted assets	17,865.73	10,112.17	4,370.50
Tier I capital to risk assets ratio (%)	33.86	16.59	14.79
Tier II capital to risk assets ratio (%)	0.97	1.73	0.37
Total capital to risk assets ratio ⁽³⁾ (%)	34.83	18.32	15.16

Notes:

- (4) Tier I capital means owned funds as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances, including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10% of the owned fund.
- (5) Tier II capital includes preference share capital, revaluation reserves, general provisions and loss reserves, hybrid debt capital instruments and subordinate debts to the extent the aggregate does not exceed Tier I capital.
- (6) The total capital to risk assets ratio is calculated as capital funds (Tier I capital plus Tier II capital) divided by risk-weighted assets (the weighted average of funded and non-funded items after applying the risk weights as assigned by the RBI).

Interest Rate Risk

Since we have fixed rate Rupee assets and a mix of floating and fixed rate liabilities, movements in domestic interest rates constitute the main source of interest rate risk. We assess and manage the interest rate risk on our balance sheet through the process of asset liability management. Our cost of borrowings will be negatively affected by an increase in interest rates. Exposure to fluctuations in interest rates is measured primarily by gap analysis of the maturity profile of our assets and liabilities.

Liquidity Risk

Liquidity risk arises from the absence of liquid resources, when funding loans, and repaying borrowings. This could be due to a decline in the expected collection, or our inability to raise adequate resources at an appropriate price. This risk is minimized through a mix of strategies, including the maintenance of back-up bank credit lines and following a forward-looking borrowing program based on projected loans and maturing obligations.

Known Trends or Uncertainties

Our business has been affected and we expect that it will continue to be affected by the trends identified above in “*Significant Factors Affecting Our Results of Operations*” and the uncertainties described in “*Risk Factors*” on pages 237 and 15, respectively. To our knowledge, except as disclosed in this Draft Red Herring Prospectus, there are no known factors which we expect to have a material adverse effect on our income.

Future Relationship between Cost and Revenue

Other than as described in “*Risk Factors*” and this section, there are no known factors that might affect the future relationship between cost and revenue.

Related Party Transactions

We have entered into several transactions with related parties, including our Promoters, Associates and certain entities of our Promoter Group. Such material related party transactions in the financial years 2018, 2017 and 2016 constitute:

- cash management charges;
- commission income;
- purchase of assets;
- software support charges;
- advances given;
- deposits given;
- rent charges;
- expenses reimbursement; and
- CSR expense management.

We cannot assure you that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. Such related party transactions may potentially involve conflicts of interest. Please refer to the discussion of

potential conflicts of interest in “*Risk Factors*” on page 15.

For details on our related party transactions, see “*Related Party Transactions*” on page 172.

Competitive Conditions

We expect to continue to compete with existing and potential competitors. For details, please refer to the discussions of our competition in “*Risk Factors*” and “*Our Business*” on pages 15 and 116, respectively.

Impact of Inflation

Although India has experienced an increase in inflation rates in recent years, inflation has not had a material impact on our business and results of operations.

Seasonality of Business

Our business is subject to seasonality as we typically see higher borrowings by our customers during the third and fourth quarter of each financial year. We also typically have higher drawdowns under our facilities in the third and fourth quarter of each financial year. See “*Risk Factors – Internal Risks – Our business is subject to seasonality, which may contribute to fluctuations in our results of operations and financial condition.*” on page 28.

New Products or Business Segments

We seek to derive additional fee income from assisting in the cross-selling of two-wheeler loans and home improvement loans from our Group Company. We also intend to establish banking correspondence arrangements with new banks and financial institutions for disbursement and collection of their microfinance products. See “*Our Business*” on page 116.

Significant Developments after March 31, 2018

Except as set out in this Draft Red Herring Prospectus, to our knowledge, no circumstances have arisen since the date of the last financial statements as disclosed in this Draft Red Herring Prospectus which materially or adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

Recent Accounting Pronouncements

We prepare our annual and interim financial statements under Indian GAAP. Our Company will be required to prepare annual and interim financial statements under Ind-AS beginning April 1, 2018. Given that Ind-AS is different in many respects from Indian GAAP, under which we currently prepare our financial statements, the transition to Ind-AS may have a significant impact on our financial results and position. See “*Risk Factors – We are required to prepare our financial statements with effect from April 1, 2018 under the Ind AS. As Ind AS differs in various respects from Indian GAAP, our financial statements for financial year 2019 may not be comparable to our historical financial statements*” on page 32.

FINANCIAL INDEBTEDNESS

Our Company avails loans in the ordinary course of business for the purposes of providing micro-finance services. Pursuant to a resolution dated May 10, 2017 passed by our Shareholders, our Company is authorised to borrow from time to time, any amount, secured or unsecured, as it may deem requisite for the purpose of business of our Company, notwithstanding that the amount already borrowed by our Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) would exceed the aggregate of paid-up share capital and free reserves of the Company provided that the amount to be borrowed together with the amount already borrowed by the Company shall not at any time exceed ₹ 40,000 million.

Set forth below is a brief summary of our aggregate borrowings as of July 10, 2018*:

Category of borrowing	Sanctioned Amount (in ₹ million)	Outstanding amount (in ₹ million) as on July 10, 2018
Secured Loans	22,044.21	13,992.71
NCDs	2,800.00	2,800.00
Unsecured	250.00	250.00
Total	25,094.21	17,042.71

* As certified by Rangamani & Co., Chartered Accountants, through their certificate dated July 25, 2018

For further details, see “Financial Statements” on page 181

Principal terms of the borrowings availed by us:

1. **Interest:** In terms of the loans availed by us, the interest rate is typically the base rate of a specified lender and spread per annum, subject to a minimum interest rate. The spread varies among different loan.

Our Company has also issued NCDs to various subscribers. For such borrowings, we enter into debenture trust deeds (“DTDs”) and in terms of such DTDs, a specified interest or coupon rate is to be paid per annum. The interest rate and coupon rate, as applicable for the term loans availed and the NCDs issued by our Company ranges from 8.70% per annum to 14.15% per annum and from 11.00% per annum to 12.30% per annum respectively.

2. **Tenor:** The tenor of the term loan availed by us typically ranges from 24 months to 69 months.

The tenor of the NCDs issued by us typically ranges from 36 months to 72 months (calculated from the date of deemed allotment).

3. **Security:** In terms of our borrowings where security needs to be created, we are typically required to:
 - a) Create security by way of hypothecation on our Company's present and future book debts;
 - b) Create a *pari passu* or first charge on hypothecation of loan receivables under the financing activity;
 - c) Maintain an asset cover for the loan by way of charge over the loan assets/ book debts at a minimum prescribed limit;
 - d) Cash collaterals;
 - e) Execute a demand promissory note for a specified amount in the form approved by the relevant lender; and
 - f) Furnish a letter of comfort from MFL, one of the Promoters of our Company.

The details above are indicative and there may be additional requirements for creation of security under the various borrowing arrangements entered into by us.

4. **Re-payment:** While certain term loans are repayable on demand, the repayment period for most term loans typically range from 21 months to 69 months. Further, in terms of the NCDs, the redemption period typically ranges from 32 months to 72 months. With respect to certain of our NCDs, trustees have a right to call for early redemption of the debentures by exercising the put option 36 months after the deemed date of allotment, on behalf of the debenture holders.
5. **Prepayment:** The loans availed and NCDs issued by our Company typically have prepayment and early redemption provisions, respectively which allow for prepayment or early redemption, as applicable at any given point in time, subject to certain penalties at the time of such prepayment. The prepayment penalty typically ranges from 1% to 4% of the amount being prepaid with respect to the term loans and 2% with respect to NCDs.

6. **Penalty:** The loans availed and NCDs issued by our Company contain provisions prescribing penalties for delayed payment or default in the repayment obligations of our Company, which typically range from 1% to 6% of the amounts involved with respect to term loans and 2% to 5% with respect to NCDs.
7. **Restrictive covenants:** The loans availed by our Company typically, contain certain restrictive covenants, including *inter-alia*:
- a) Change in capital structure or shareholding pattern of the borrower without prior permission of the lender;
 - b) Amend or modify its constitutional documents without prior permission of the lender;
 - c) Change in accounting policies (unless expressly required by law) without the prior permission of the lender;
 - d) Non-maintenance of shareholding of promoters/ directors at at least 51% without the prior permission of the lender; and
 - e) Make any substantial alteration to the nature of business or amend or alter any of the provisions of the memorandum or articles of association or constitutive documents relating to borrowing powers or principal business activities without the prior written permission of the lender.
8. **Events of Default:** Borrowing arrangements entered into by our Company contain standard events of default, including *inter-alia*:
- a) Change in capital structure or shareholding pattern of the borrower without prior permission of the lender;
 - b) Creation of any further charge on the fixed assets of our Company without prior approval of the lender;
 - c) Violation of any term of the relevant agreement or any other borrowing agreement entered into by our Company with the lender;
 - d) Any change in the financial ratios of our Company beyond the prescribed limits as mentioned under various borrowing agreements;
 - e) Any merger, consolidation, re-organisation, scheme of arrangement or compromise between our Company and its creditors or shareholders or if our Company effects any scheme of amalgamation or reconstruction without prior approval of the lender;
 - f) Change in management or control of our Company without prior permission of the lender;
 - g) If our Company causes any material change to the nature or conduct of business, ceases to carry on its business or gives notice of its intention to do so without prior approval of the lender;
 - h) Non creation of the required security as required under the loan agreement entered into between our Company and lender within the stipulated time;
 - i) Non-payment of installment/ interest within stipulated time;
 - j) Declaring dividend over and above the percentage indicated in the cash flow statements without the approval of the lender;
 - k) Diversion of funds for purposes other than the sanctioned purpose;
 - l) Change or amendment to the constitutional documents without the prior approval of the lender;
 - m) Down-grading of credit ratings below specified limits, as stipulated by the lender;
 - n) If our Company fails to furnish to the lender detailed end use statement of the loan as and when so required by the lender within the time prescribed by the lender;
 - o) If a receiver is appointed in respect of the whole or any part of the property/assets of our Company or if any attachment, distress, execution or other process against our Company, or any of the securities is imposed or levied upon; and
 - p) All or substantially all of the undertaking, assets or properties of our Company or its interests therein are seized, nationalised, expropriated or compulsorily acquired by the authority of Government.

The details above are indicative and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by us.

Additionally our Company is required to ensure that the aforementioned events of default and other events of default, as specified under the various binding documents and agreements entered into by our Company for the purpose of availing of loans are not triggered.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as stated in this section, there are no (i) outstanding criminal proceedings, (ii) actions taken by statutory or regulatory authorities, (iii) tax proceedings, and (iv) material litigation, in each case, involving our Company, our Promoters, our Directors or our Group Company.

Further, except as stated in this section, there are no (i) outstanding dues to creditors of our Company as determined to be material by our Board of Directors as per the materiality policy, in accordance with SEBI ICDR Regulations; and (ii) outstanding dues to small scale undertakings and other creditors.

It is clarified that for the purposes of the above, pre-litigation notices (other than notices involving actions by statutory or regulatory authorities in the last five years or which are pending) received by our Company, Directors, Promoters or Group Company shall not be considered as litigation until such time that our Company, Directors, Promoters or Group Company, as the case may be, is impleaded as defendant or respondent in litigation proceedings before any judicial fora.

I. Litigation involving our Company

A. Outstanding civil litigation involving our Company

As regards civil litigation, given the nature and extent of operations of our Company, our Board has, pursuant to its resolution dated June 27, 2018, considered outstanding civil litigation involving our Company wherein the aggregate amount involved exceeds 1% of the PAT of our Company as per the Restated Financial Statements of our Company for the Financial Year ended March 31, 2018 to be material.

Accordingly, we have only disclosed all outstanding civil litigations involving our Company wherein the aggregate amount involved exceeds ₹7.60 million individually. In case of pending civil litigation proceedings wherein the monetary amount involved is not quantifiable, such litigation has been considered 'material' only in the event that the outcome of such litigation is expected to have a materially adverse bearing on the operations or performance of our Company.

There is no outstanding civil litigation involving our Company wherein the amount involved exceeds ₹7.60 million. Further, there is no outstanding litigation wherein monetary liability is not quantifiable, whose outcome would have a material adverse bearing on the business, operations, financial position or reputation of our Company.

B. Outstanding criminal litigation involving our Company

Criminal proceedings by our Company

1. A first information report ("**FIR**") was filed by our Company, on October 07, 2017 in relation to an alleged robbery that took place on October 06, 2017, wherein the perpetrator seized, *inter alia*, cash amounting to ₹0.03 million from the complainant. The charge sheet on the matter was submitted by the investigating officer before the Court of Judicial Magistrate of First Class, Konark on November 30, 2017. This matter is currently pending.
2. Another FIR was filed by our Company on December 26, 2017 in relation to an alleged robbery of cash amounting to ₹0.06 million, that took place on December 21, 2017. This matter is currently pending.
3. An FIR was filed by our Company on March 07, 2017, in relation to an alleged fraudulent misappropriation of funds amounting to ₹0.85 million. The charge sheet on the matter was submitted by the investigating officer before the Court of Judicial Magistrate, Nanguneri on May 15, 2017. This matter is currently pending.
4. An FIR was filed by our Company on April 07, 2018, in relation to an alleged robbery that took place at the MFL office located near one of our Company's branches, wherein the perpetrators took, *inter alia*, cash amounting to ₹0.34 million collected by the debt collection officers of our Company from certain women self-help groups. This matter is currently pending.
5. An FIR was filed by our Company on December 03, 2016, in relation to fraudulent misappropriation of loan repayment amounts collected from certain self-help groups, aggregating to ₹1.97 million by a former employee of our Company. This matter is currently pending.
6. A police complaint was filed by our Company on October 27, 2016, against a former relationship officer of our Company, in relation to an alleged misappropriation of funds amounting to ₹1.40 million. Subsequently, a petition was filed by our Company before the Madurai Bench of the Madras High Court ("**Madurai Bench**"), wherein our Company has sought a

direction to the Inspector of Police, District Crime Branch, Virudhunagar District (“**Inspector of Police**”), to register a case on the basis of our Company’s complaint. The Madurai Bench has, by way of its order dated November 28, 2016, directed the Inspector of Police to expedite the enquiry in the matter and complete the same within a period of two weeks from the date of receipt of a copy of the order. This matter is currently pending.

7. An FIR was registered by our Company on November 29, 2017, against certain former group loan recovery staff members working in one of our Company’s branches. The three suspects had between the period November, 2016 and June, 2017, allegedly misused and misappropriated an amount of ₹0.61 million collected from the borrowers, instead of depositing the money with our Company. This matter is currently pending.
8. An FIR was registered by our Company on December 25, 2017, against certain former employees of our Company. The suspects had during their employment with our Company, allegedly sanctioned loans to the members without actually giving them the money and had recovered the loans from a few members but had not deposited the money to our Company, thereby misusing and misappropriating an amount of ₹1.33 million. This matter is currently pending.
9. A police complaint was filed by our Company on March 14, 2018, against certain former relationship officers of our Company, who had allegedly collected amounts aggregating to ₹0.08 million from the associations of our Company, but did not deposit the money to our Company. This matter is currently pending.
10. A police complaint was filed by our Company, on February 24, 2018, against certain former officials of our Company, in relation to an alleged fraudulent misappropriation of funds aggregating to ₹0.62 million. This matter is currently pending.
11. A police complaint was filed by our Company, on December 15, 2017 against certain former officials of our Company, in relation to an alleged fraudulent misappropriation of funds amounting to ₹0.37 million. This matter is currently pending.

C. Outstanding actions initiated by regulatory and statutory authorities

1. Our Company received a letter dated April 30, 2013 from the Employees' Provident Fund Organisation (“**EPFO**”) directing our Company to produce certain documents for inspection. Pursuant to an inspection of the records furnished by our Company, the EPFO issued an inspection report dated May 07, 2013 alleging certain discrepancies in the remittance of dues and other compliances under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (“**EPF Act**”), for the period of November, 2012 to March, 2013. Subsequently, the Assistant Provident Fund Commissioner (Enforcement), EPFO, by virtue of its order dated December 26, 2013, directed our Company to remit an amount of ₹0.03 million as outstanding dues for the period of November, 2012 to March, 2013. This order dated December 26, 2013 was challenged before the Employees Provident Funds Appellate Tribunal, New Delhi (“**EPFAT**”) and the EPFAT by way of an interim order dated May 27, 2014 stayed the operation of the order of the EPFO dated December 26, 2013 till the disposal of the appeal. However, the Assistant Provident Fund Commissioner, EPFO initiated another enquiry as per a notice dated June 05, 2014 in respect of the period from April, 2013 to December, 2013. Thereafter, the Assistant Provident Fund Commissioner, EPFO issued an order dated February 19, 2016 assessing an amount of ₹0.09 million as contribution due in respect of the period from April, 2013 to December, 2013. Our Company has filed an appeal against the aforesaid order dated February 19, 2016 before the EPFAT on March 21, 2016, which has now been transferred to the Bangalore bench. Subsequently, a letter was issued by our Company to the Assistant Provident Fund Commissioner, EPFO requesting the EPFO to refrain from taking any coercive action in relation to the proceedings. Further, our Company has received a letter dated June 28, 2016 from the Assistant Provident Fund Commissioner and Recovery Officer, EPFO for recovery of statutory EPF dues/damages/interest amounting to ₹0.09 million. The matter is currently pending.
2. Our Company received a summons dated June 07, 2018 from the Assistant/Regional Provident Fund Commissioner, EPFO, stating that certain contribution payments were made by our Company after the prescribed due dates for the period from April, 2014 to March, 2018 and a penalty and interest of ₹0.06 million was computed in relation to such belated payments. Our Company replied to the summons by way of a letter dated June 12, 2018. This matter is currently pending.
3. Our Company received a summons dated June 09, 2017 from the Assistant Provident Fund Commissioner (Compliance), EPFO stating that our Company had failed to (i) remit dues on actual wages for the period from January, 2014 to March, 2016; and (ii) enrol 413 employees with effect from September, 2015 onwards. The EPFO accordingly decided to determine the dues payable by our Company for the period from January, 2014 to March, 2016 by conducting an enquiry under Section 7A of the EPF Act. Our Company has replied to a summons pursuant to its letter dated October 30, 2017, requesting the Assistant Provident Fund Commissioner, EPFO to close the proceedings and absolve our Company of all liabilities. The matter is currently pending.

II. Litigation involving our Directors

A. Outstanding civil litigation involving our Directors

Our Board has, pursuant to its resolution dated June 27, 2018, determined that all such outstanding civil litigation involving our Directors where an adverse outcome would materially and adversely affect the business, operations or financial position or reputation of our Company, would be considered as material for our Company.

Civil litigation involving Thomas Muthoot, Thomas John Muthoot and Thomas George Muthoot

1. M. Mathew has filed a suit before the district court at Kottayam, against the Muthoot Pappachan Group and others alleging infringement of the trademark “MUTHOOT”. The mark “MUTHOOT” has been registered as a trademark by M. Mathew, Chairman and Managing Director of Muthoot Mercantile Limited. Thomas John Muthoot, Thomas George Muthoot and Thomas Muthoot on behalf of "Muthoot Pappachan Group", have contended that “Muthoot” is a family name and they have the right to use the same for their business and also that the Muthoot Pappachan Group was using the same much prior to M. Mathew. The matter is currently pending.
2. Thomas John Muthoot, Thomas George Muthoot and Thomas Muthoot have filed an application before the Intellectual Property Appellate Board, Chennai (“IPAB”), to remove/cancel/rectify the trademark “MUTHOOT”. The mark “MUTHOOT” has been registered as a trademark by M. Mathew, Chairman and Managing Director of Muthoot Mercantile Limited. The matter is currently pending before the IPAB.

B. Outstanding criminal litigation involving our Directors

Outstanding criminal litigation involving Thomas Muthoot, Thomas John Muthoot and Thomas George Muthoot

1. Thomas John Muthoot, Thomas George Muthoot and Thomas Muthoot have filed a writ petition for quashing a complaint filed by K. P. Varghese before the Chief Judicial Magistrate, Trivandrum, alleging that exorbitant interest rate is being charged on loans granted by MFL. The said writ petition has been admitted and the proceedings in the lower court have been stayed. The matter is currently pending.
2. The service tax department has initiated prosecution against Thomas John Muthoot consequent to a tax claim made on another concern. Technically such prosecution will not lie as no claim was made by the department against Thomas John Muthoot and also for the reason that all actions on the assessment made by the department is currently stayed by the appellate tribunal. Therefore, the same is challenged before the high court and the court was pleased to grant a stay in the matter.

C. Outstanding actions initiated by regulatory and statutory authorities against our Directors

1. Our Promoters, Thomas Muthoot, Thomas John Muthoot and Thomas George Muthoot, have each received notices under Section 153A of the Income Tax Act, 1961 as per which they are required to prepare true and correct return of their income for the Assessment Years 2011-2012 to 2016-2017.

III. Tax Proceedings

Except as disclosed below, there are no outstanding tax proceedings involving our Company, Directors, Promoters or Group Company.

Nature of case	Number of cases	Amount involved* (in ₹ million)
Direct Tax		
Company	NIL	NIL
Directors	40	596.31
Promoters (other than Directors)	4	820.46
Group Company	NIL	NIL
Indirect Tax		
Company	NIL	NIL
Directors	NIL	NIL
Promoters (other than Directors)	4	503.36
Group Company	NIL	NIL

*To the extent quantifiable

IV. Amounts Owed To Small Scale Undertakings/Creditors

Our Board has, pursuant to its resolution dated June 27, 2018, approved that all creditors of our Company (excluding banks and financial institutions from whom our Company has availed of financing facilities) to whom, the amount due by our Company exceeds 1% of the total outstanding dues to small scale undertakings and other creditors, as at March 31, 2018, i.e. ₹0.52 million, would be considered as material.

As on March 31, 2018, our Company had 40 creditors to whom a total amount of ₹51.78 million was due, of which eight are material creditors to whom an amount of ₹46.91 million was due. As on the date of the Draft Red Herring Prospectus, our Company did not owe any dues to small scale undertakings.

The details pertaining to net outstanding dues towards our creditors are available on the website of our Company at www.muthootmicrofin.com/our-creditors. It is clarified that such details available on our website do not form part of this Draft Red Herring Prospectus. Anyone placing reliance on any other source of information, including our Company's website, would be doing so at their own risk.

V. Material Developments

Except as disclosed in “*Management's Discussion And Analysis of Financial Condition and Results of Operations*” on page 236, there have not arisen, since the date of the last financial information disclosed in this Draft Red Herring Prospectus, any circumstances which materially and adversely affect, or are likely to affect, our profitability taken as a whole or the value of our assets or our ability to pay our liabilities within the next 12 months.

VI. Litigation involving our Promoters

A. Litigation involving our individual Promoters

1. Outstanding civil litigation involving our individual Promoters

Our Board has, pursuant to its resolution dated June 27, 2018, determined that all such outstanding civil litigation involving any of our Company's individual Promoters where an adverse outcome would materially and adversely affect the business, operations or financial position or reputation of our Company, would be considered as material for our Company.

Civil litigation involving Thomas Muthoot, Thomas John Muthoot and Thomas George Muthoot

For details in relation to the civil litigations involving Thomas Muthoot, Thomas John Muthoot and Thomas George Muthoot, please see “*Civil litigation involving Thomas Muthoot, Thomas John Muthoot and Thomas George Muthoot*” on page 262 of this Draft Red Herring Prospectus.

2. Outstanding criminal litigation involving our individual Promoters

Outstanding criminal litigation involving Thomas Muthoot, Thomas John Muthoot and Thomas George Muthoot

For details in relation to the outstanding criminal litigations involving Thomas Muthoot, Thomas John Muthoot and Thomas George Muthoot, please see “*Outstanding criminal litigation involving Thomas Muthoot, Thomas John Muthoot and Thomas George Muthoot*” on page 262 of this Draft Red Herring Prospectus.

3. Outstanding actions initiated by regulatory and statutory authorities against our individual Promoters

For details in relation to the outstanding actions initiated by regulatory and statutory authorities against Thomas Muthoot, Thomas John Muthoot and Thomas George Muthoot, please see “*Outstanding actions initiated by regulatory and statutory authorities against our Directors*” on page 262 of this Draft Red Herring Prospectus.

B. Litigation involving MFL

1. Outstanding criminal litigation involving MFL

Criminal proceedings against MFL

- (a) Mr. T.S. Dasaratharaman, a customer of MFL, had filed a complaint before the Judicial First-Class Magistrate Court, Thanjavur, alleging charging of exorbitant rate of interest. The said complaint was dismissed and thereafter Mr. T.S. Dasaratharaman has filed a revision petition against the same which is now pending in the Sessions Court, Thanjavur.

- (b) The defacto complainant, Ms. Sholly Rajan had filed a petition against MFL in the Judicial First Class Magistrate Court, Kochi for the interim custody of the gold seized by the police, which is pending.

Criminal proceedings by MFL

- (a) MFL has moved before the Hon'ble High Court to quash the proceedings of the protest complaint filed by Ms. Nusaiba Haneef for production of gold ornaments before the Magistrate Court under section 94 of the Code of Criminal Procedure, 1973. The gold was previously seized by the police, which was subsequently released to MFL. The amount involved in the transaction sums up to ₹0.677 million.
- (b) MFL has moved before the High Court to quash the proceedings of the protest complaint filed by Ms. Subaida for production of gold ornaments before the Magistrate Court under section 94 of the Code of Criminal Procedure, 1973. The gold was previously seized by the police, which was subsequently released to MFL. The amount involved in the transaction sums up to ₹0.418 million.
- (c) MFL has filed a petition before the Judicial First-Class Magistrate Court against Shine Mon, a customer, for cheating. The customer had availed a loan of ₹0.027 million against the security of certain ornaments, the ownership of which was claimed by third party and a cheating case was also filed by such third party against the customer.
- (d) Mr. Jiju V. Stephen, the accused has pledged gold with MFL which was seized by police in a cheating case. The court had acquitted the accused and had ordered to release the said 39.5 gm gold to him against which our Company had moved before the Hon'ble High Court.
- (e) MFL had filed an appeal in the Session Court, Mavelikkara against the order of the magistrate Court in dismissing application filed by MFL for returning gold valuing ₹2.77 million on conclusion of trial.
- (f) There are 80 FIRs filed by MFL that are pending before various forums at different stages. These proceedings, inter alia, relate to instances of theft and fraud in relation to pledging of spurious gold/cash embezzlement aggregating to ₹ 40.109 million and 2.95 kg of gold.
- (g) There are 150 cases filed by MFL pending before various forums for alleged violation of Section 138 of the Negotiable Instruments Act, 1881 and also for recovery of amounts under the dishonored cheques issued by the customers of MFL which involves an aggregate sum of ₹1.163 million.

2. Outstanding civil litigation involving MFL

Given the nature and extent of operations of MFL, our Board has, pursuant to its resolution dated June 27, 2018, considered the outstanding civil litigation involving MFL which exceeds 1% of the PAT of MFL, as per the consolidated financial statements of MFL, for the financial year ended March 31, 2018, to be material.

Accordingly, we have only disclosed all outstanding civil litigations involving MFL wherein the aggregate amount involved exceeds ₹15.11 million individually. In case of pending civil litigation proceedings wherein the monetary amount involved is not quantifiable, such litigation has been considered 'material' only in the event that the outcome of such litigation has a material adverse bearing on the operations or performance of our Company.

- (a) MFL has initiated recovery actions under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 against Samson & Sons Builders and Developers Private Limited for the loan availed by the latter amounting to ₹73.5 million. Against the said actions, Ms. Mary Koshy & others, the persons who are claiming to be the previous owners of one of the secured assets, have filed an appeal against MFL before the Debt Recovery Tribunal, Ernakulam. The matter is now reserved for judgment.
- (b) Tripple Ess Communications Private Limited has filed a suit against MFL and others before the High Court, Delhi claiming an amount of ₹7.65 million towards payments due against certain outdoor advertising campaigns allegedly undertaken for MFL. MFL has filed its written statement in the matter.
- (c) MFL has filed a special leave petition before the Supreme Court of India against the final judgment and order dated November, 18, 2009 passed by the division bench of the High Court of Kerala directing MFL to register under the provisions of Kerala Money Lenders Act, 1958, as amended ("KMLA"). MFL has raised the following contentions: (i) it is a company incorporated under the Companies Act, 1956 and not a 'person' within the meaning of the term "money lender" under the KMLA; and (ii) even if considered as a 'person', MFL is an institution established by or under an act of the Parliament since it is registered as an NBFC under the RBI Act, and hence falls under the exception to the definition of "money lender" as provided under Section 2(7)(f) of the KMLA. The matter is pending for hearing and final disposal.

- (d) Ms. Komala, a former employee of the MFL whose employment was terminated by the MFL, challenged her termination before the labour court and the court had ordered her reinstatement with back wages. The employee has filed an application for computing the back wages. The claim amount involved, as per the employee, is ₹2.8 million.

3. Outstanding actions initiated by regulatory and statutory authorities against MFL

- (a) Muthoot Estate Investments (“MEI”) is a partnership firm, with the promoters of MFL as its partners. Prior to March 29, 2012, MEI accepted public deposits in the form of fixed deposits, cumulative deposits and special public deposits, under the bona fide belief that partnership firms can accept deposits for legitimate business purposes. Such deposits were primarily accepted using the branches and infrastructure of MFL. Pursuant to public notice dated March 29, 2012, the RBI declared that acceptance of such deposits was prohibited in terms of Section 45S of the RBI Act and cautioned the public against making further investments into MEI. MEI by way of its letter dated April 18, 2012 informed RBI that it had stopped accepting deposits from the public and would repay the deposits accepted completely in 10 years with effect from April 1, 2012, at the rate of not less than 10% per annum of the total deposits outstanding in MEI as on March 31, 2012. The RBI had issued a show cause notice against MFL asking why its NBFC registration should not be cancelled since MFL had been permitting MEI to use MFL’s premises for their activity thereby indirectly accepting deposits through an unincorporated body. From there on several correspondences between MFL and the RBI had been exchanged regarding the repayment of deposits accepted, and its timeline. MFL had ultimately repaid all the funds within September 30, 2017 which was the final deadline granted by RBI for repayment. Further RBI vide its letter dated June 26, 2018 had directed MFL to inform RBI as to whether any of the repayments made through cheque or otherwise has been returned for any reason and if so, the amount, the number of deposits they pertain to and the accounting treatment for the same in the books of MEI. MFL had issued the reply on July 02, 2018. The matter is still pending with the RBI.
- (b) MFL has filed an appeal with EPF Tribunal against the order of EPFO, Nagercoil directing MFL that each of the branches of MFL established under its jurisdiction need to have individual code under the EPF Act. MFL’s contention was that MFL should be covered under a single code and compliance with the EPF Act is to be ensured as a company and not by each branch under a separate code. The matter is pending with EPF Tribunal.
- (c) Our Promoter, MFL has filed a settlement application dated December 17, 2017 before the Income Tax Settlement Commission (the “**Settlement Application**”) for waiver of penalties chargeable under various provisions of the Income Tax Act and for grant of immunity from prosecution under the Income Tax Act, 1961 (the “**Income Tax Act**”). The tax and interest due on the issues forming part of the Settlement Application totalled to Rs. 740.60 million. The Settlement Application relates to notices received under Section 147 of the Income Tax Act, as per which the income chargeable to tax for the Financial Year 2011 for MFL had escaped assessment, and Section 153A of the Income Tax Act, as per which MFL was required to prepare true and correct return of which MFL was assessable for the Assessment Years 2011-2012 to 2016-2017. The Settlement Application is currently pending.

VII. Litigation involving our Group Company

A. Outstanding civil litigation involving our Group Company

As regards civil litigation, given the nature and extent of operations of Muthoot Pappachan Technologies Limited, our Board has, pursuant to its resolution dated June 27, 2018, considered outstanding civil litigation involving Muthoot Pappachan Technologies Limited wherein the aggregate amount involved exceeds 1% of the PAT of our Company as per the Restated Financial Statements of our Company for the Financial Year ended March 31, 2018 to be material.

Accordingly, we have only disclosed all outstanding civil litigations involving Muthoot Pappachan Technologies Limited wherein the aggregate amount involved exceeds ₹7.60 million individually. In case of pending civil litigation proceedings wherein the monetary amount involved is not quantifiable, such litigation has been considered ‘material’ only in the event that the outcome of such litigation is expected to have a materially adverse bearing on the operations or performance of our Company.

There is no outstanding civil litigation involving Muthoot Pappachan Technologies Limited wherein the amount involved exceeds ₹7.60 million individually. Further, there is no outstanding litigation, whose outcome would have a material adverse bearing on the business, operations, financial position or reputation of our Company.

GOVERNMENT AND OTHER APPROVALS

Our Company has received the material consents, licences, permissions, registrations and approvals from the Government, various governmental agencies and other statutory and / or regulatory authorities required for carrying out our present business activities or to undertake the Offer and except as mentioned below, no further material approvals are required for carrying on our present business activities or to undertake the Offer. Our Company undertakes to obtain all material approvals and licences and permissions required to operate our present business activities. Unless otherwise stated, these approvals or licences are valid as of the date of this Draft Red Herring Prospectus and in case of licences and approvals which have expired; we have either made an application for renewal or are in the process of making an application for renewal. For further details, in connection with the applicable regulatory and legal framework within which we operate, see “*Regulations and Policies*” on page 134.

The objects clause of the Memorandum of Association enables our Company to undertake its present business activities.

We have set out below an indicative list of material approvals obtained by our Company.

I. Approvals in relation to the Offer

For details, see “*Other Regulatory and Statutory Disclosures*” on page 268.

II. Incorporation details of our Company

- (i) Certificate of incorporation dated April 06, 1992 issued by the RoC to our Company, in its former name, being Panchratna Stock and Investment Consultancy Services Private Limited.
- (ii) Certificate of change of name dated June 09, 1994 issued by the RoC, consequent upon conversion of our Company to public limited company, being Panchratna Stock and Investment Consultancy Services Limited.
- (iii) Fresh certificate of incorporation dated June 22, 1994 issued by the RoC to our Company, consequent upon change of name of our Company to Panchratna Securities Limited.
- (iv) Fresh certificate of incorporation dated November 06, 2012 issued by the RoC to our Company, consequent upon change of name of our Company to Muthoot Microfin Limited.
- (v) Our Company has been allotted the corporate identity number U65190MH1992PLC066228.

III. Business related approvals

a. Regulatory Approvals

- (i) The RBI had granted a certificate of registration dated March 18, 1998 allotting registration number 13.00365, pursuant to which our Company (under its erstwhile name, ‘Panchratna Securities Limited’) was registered as an NBFC under section 45 IA of the RBI Act.
- (ii) A fresh certificate of incorporation consequent upon change of name was issued to our Company by the RoC on November 6, 2012, post which the RBI granted a revised certificate of registration dated March 18, 1998 reflecting the change of our Company's name, with effect from March 25, 2015. The RBI has granted NBFC-MFI status to our Company with effect from March 25, 2015 pursuant to an endorsement on our certificate of registration dated March 18, 1998.

b. Approval from Taxation Authorities

- (i) The permanent account number of our Company is AAACP6227D.
- (ii) The tax deduction account number of our Company is MUMP31227A.
- (iii) Our Company has obtained goods and services tax registrations under the Central Goods and Service Tax Act, 2017, for our business operations in the states of Kerala, Tamil Nadu, Madhya Pradesh, Goa, Odisha, Haryana, Delhi, Karnataka, Maharashtra, Punjab, Gujarat, Uttar Pradesh, West Bengal, Pondicherry, Jharkhand, Rajasthan and Bihar.
- (iv) Our Company has obtained professional tax registrations in the states of Karnataka, Odisha, Maharashtra, Gujarat and Madhya Pradesh.

c. Other Approvals

- (i) Letter dated March 19, 2013 from the Employees' Provident Fund Organization, with respect to applicability of the EPF Act and the schemes framed thereunder to our Company (issued under our Company's erstwhile name "*Pancharatna Securities Limited*") and allotting EPF Code number of KR/KCH/29181 to our Company.
- (ii) Our Company has obtained registrations in the normal course of business for its branches across various states in India under the employees' state insurance and relevant shops and establishment legislations, as well as registrations from the state labour welfare boards of Kerala and Maharashtra. Certain licences may have lapsed under their normal course. Our Company has either made an application to the appropriate authorities for fresh registrations or for renewal of existing registrations, or is in the process of making such applications.
- (iii) Our Company has also obtained a certificate of enlistment from the Barasat Municipality under the West Bengal Municipal Act, 1993, bearing certificate number 200052018072778 for exercising the profession, trade or calling of micro finance.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Our Board has approved the Offer pursuant to the resolution passed at its meeting held on June 27, 2018 and our Shareholders have approved the Offer pursuant to a resolution passed at the EGM held on July 04, 2018 under Section 62(1)(c) of the Companies Act, 2013.

For details on the authorisation of the Selling Shareholders in relation to the Offer, see “*The Offer*” and “*Capital Structure*” on pages 54 and 66, respectively.

The Equity Shares being offered by each of the Selling Shareholders in the Offer have been held by such Selling Shareholder, respectively, for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI and are eligible for being offered for sale in the Offer in accordance with Regulation 26(6) of the SEBI ICDR Regulations. Each of the Selling Shareholders has also confirmed that it is the legal and beneficial owner of its respective portion of the Offered Shares being offered under the Offer for Sale. Each of the Selling Shareholders has, severally and not jointly, confirmed that its respective portion of the Offered Shares are free from any lien, charge, and encumbrance, further details of which are set out in “*History and Certain Corporate Matters*” on page 131.

Our Company had applied for the approval of, and the RBI has approved, the Offer by way of letters dated June 11, 2018 and June 25, 2018, respectively.

Our Company has received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoters, members of the Promoter Group and our Directors have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Each of the Selling Shareholders specifically confirms that they have not been that they have not been prohibited or debarred from accessing the capital markets under any order or direction passed by SEBI or any other governmental authority.

The companies with which our Promoters and Directors are or were associated as promoter, directors or persons in control have not been prohibited from accessing the capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

None of our Directors are associated with entities which are engaged in the securities market related business and are registered with SEBI.

There has been no action taken by SEBI against our Directors or the entities in which our Directors are involved as promoters or directors.

Prohibition by RBI

Neither our Company, our Promoters, relatives of our Promoters (as per the Companies Act, 1956), our Directors nor our Group Company have been identified as a Wilful Defaulter. There are no violations of securities laws committed by our Company, our Promoter and our Directors in the past or is pending against our Company, our Promoter and our Directors.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with the eligibility criteria provided in Regulation 26(1) of the SEBI ICDR Regulations, and as calculated from the Restated Financial Statements prepared in accordance with the Companies Act and restated in accordance with the SEBI ICDR Regulations:

- our Company has net tangible assets of at least ₹ 30 million in each of the preceding three full years (of 12 months each) of which not more than 50% are held in monetary assets;
- our Company has a minimum average pre-tax operating profit of ₹ 150 million calculated on a restated basis, during the three most profitable years out of the immediately preceding five years;
- our Company has a net worth of at least ₹ 10 million in each of the three preceding full years (of 12 months each);
- the aggregate of the Offer and all previous issues made in Fiscal 2018 is not expected to exceed five times the pre-Offer net worth as per our audited balance sheet for the year ended March 31, 2018; and
- The name of our Company has not changed during the last year from the date of this Draft Red Herring Prospectus.

Our Company's net worth, net tangible assets, pre-tax operating profit, monetary assets and monetary assets as a percentage of the net tangible assets derived from the Restated Financial Statements included in this Draft Red Herring Prospectus as at and for the financial years ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 are set forth below:

(₹ in million, except percentage values)					
Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Net tangible assets (A) ⁽¹⁾	24,682.74	14,616.82	5,260.42	51.82	54.93
Pre-tax operating profits (B) ⁽²⁾	1,078.04	581.92	146.15	(2.26)	(0.42)
Net worth (C) ⁽³⁾	6,148.04	1,890.16	691.82	52.72	54.30
Monetary assets (D) ⁽⁴⁾	6,707.00	4,014.51	758.76	49.37	53.58
Monetary assets as a percentage of net tangible assets (D) / (A)	27%	27%	14%	95%	98%

Notes:

1. Net tangible assets means the sum of all net assets of the Company excluding deferred tax assets if any and intangible assets as defined in Accounting Standard 26 issued by the Institute of Chartered Accountants of India.
2. Pre-tax operating profit is defined as profit before other income, exceptional items, tax and depreciation.
3. Net worth has been defined as the aggregate of the paid up share capital, securities premium account, and other reserves and surplus (excluding revaluation reserve), as per restated financial information.
4. Monetary Assets comprises of sum of cash and balance with banks and other current and deposit accounts.

Financial Years ended March 31, 2018, March 31, 2017 and March 31, 2016 were the three most profitable years out of the immediately preceding five Financial Years in terms of our Restated Financial Statements.

Further, in accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted will be not less than 1,000 failing which the entire application monies shall be refunded or unblocked in the respective ASBA Accounts of the ASBA Bidders, as the case may be. In case of delay, if any, in refund within such timeline as prescribed under applicable laws, our Company shall be liable to pay interest on the application money at the rate of 15% per annum for the period of delay. For avoidance of doubt, subject to applicable law, a Selling Shareholder shall not be responsible to pay interest or expenses for any delay, except to the extent such delay has been caused solely and directly attributable to an act or omission of such Selling Shareholder and to the extent of their respective portion of Offered Shares.

Our Company is in compliance with conditions prescribed in Regulation 4 of the SEBI ICDR Regulations to the extent applicable.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, COPY OF THIS DRHP HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO 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 OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE MANAGERS, BEING EDELWEISS FINANCIAL SERVICES LIMITED, MOTILAL OSWAL INVESTMENT ADVISORS LIMITED, CREDIT SUISSE SECURITIES (INDIA) PRIVATE LIMITED AND SMC CAPITALS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, AND EACH OF THE SELLING SHAREHOLDERS WILL BE RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY MADE OR CONFIRMED OR UNDERTAKEN BY SUCH SELLING SHAREHOLDER IN THIS DRAFT RED HERRING PROSPECTUS IN RELATION TO ITSELF AND FOR ITS RESPECTIVE PORTION OF THE OFFERED SHARES, THE MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDERS DISCHARGE THEIR RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JULY 27, 2018 WHICH READS AS FOLLOWS:

“WE, EDELWEISS FINANCIAL SERVICES LIMITED, MOTILAL OSWAL INVESTMENT ADVISORS LIMITED, CREDIT SUISSE SECURITIES (INDIA) PRIVATE LIMITED AND SMC CAPITALS LIMITED WHO HAVE BEEN APPOINTED BY THE COMPANY AND THE SELLING SHAREHOLDERS TO MANAGE THE OFFER, STATE AND CONFIRM AS FOLLOWS:

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIAL DOCUMENTS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS DATED JULY 27, 2018 PERTAINING TO THE SAID OFFER;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY AND THE SELLING SHAREHOLDERS, WE CONFIRM THAT:**
 - (A) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;**
 - (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ ISSUED BY SECURITIES AND EXCHANGE BOARD OF INDIA, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - (C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT 1956, AS AMENDED AND TO THE EXTENT NOT REPLACED BY THE COMPANIES ACT, 2013, THE COMPANIES ACT, 2013, TO THE EXTENT IN FORCE, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA AND THAT TILL DATE SUCH REGISTRATIONS IS VALID. – COMPLIED WITH AND NOTED FOR COMPLIANCE**
- 4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. - NOTED FOR COMPLIANCE**
- 5. WE CERTIFY THAT WRITTEN CONSENTS FROM THE PROMOTERS HAVE BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTER’S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTER’S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS. – COMPLIED WITH AND NOTED FOR COMPLIANCE**
- 6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTER’S CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS. – COMPLIED WITH AND NOTED FOR COMPLIANCE**
- 7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT**

PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE OFFER. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC OFFER. - NOT APPLICABLE

8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. - COMPLIED WITH TO THE EXTENT APPLICABLE
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE OFFER ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE OFFER, THE COMPANY AND THE SELLING SHAREHOLDERS SPECIFICALLY CONTAINS THIS CONDITION. - NOTED FOR COMPLIANCE. ALL MONIES RECEIVED OUT OF THE OFFER SHALL BE CREDITED/ TRANSFERRED TO A SEPARATE BANK ACCOUNT AS REFERRED TO IN SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013.
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE BIDDERS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. - NOT APPLICABLE. UNDER SECTION 29 OF THE COMPANIES ACT, 2013, EQUITY SHARES IN THE OFFER SHALL BE ISSUED IN DEMATERIALIZED FORM ONLY
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:
 - (A) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND
 - (B) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE OFFER. - NOTED FOR COMPLIANCE
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE, ETC. - COMPLIED WITH
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY. - COMPLIED WITH

16. **WE ENCLOSE STATEMENT ON ‘PRICE INFORMATION OF PAST ISSUES HANDLED BY THE MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THE ISSUE)’, AS PER FORMAT SPECIFIED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA THROUGH CIRCULAR. – COMPLIED WITH**
17. **WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS. – COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS OF THE COMPANY, IN ACCORDANCE WITH INDIAN ACCOUNTING STANDARD 18, IN THE FINANCIAL INFORMATION OF THE COMPANY INCLUDED IN THE DRAFT RED HERRING PROSPECTUS AS CERTIFIED BY RANGAMANI & CO., CHARTERED ACCOUNTANTS FIRM WITH REGISTRATION NUMBER: 0030505, PURSUANT TO ITS CERTIFICATE DATED JULY 25, 2018.**
18. **WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS. (IF APPLICABLE). – NOT APPLICABLE.**

The filing of this Draft Red Herring Prospectus does not, however, absolve the Company or any person who has authorised the issue of this Draft Red Herring Prospectus from any liabilities under Section 34 or Section 36 of the Companies Act, 2013, or from the requirement of obtaining such statutory and/ or other clearances as may be required for the purpose of the Offer. SEBI further reserves the right to take up at any point of time, with the Managers, any irregularities or lapses in this Draft Red Herring Prospectus.

All legal requirements pertaining to the Offer will be complied with at the time of registering the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Offer will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 26, 32, 33(1) and 33(2) of the Companies Act, 2013.

Caution - Disclaimer from our Company, our Directors, the Selling Shareholders and the Managers

Our Company, our Directors, the Selling Shareholders and the Managers accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website www.muthootmicrofin.com, or the respective websites of our Promoters, Promoter Group or any affiliate of our Company or the Selling Shareholders would be doing so at his or her own risk.

Each of the the Selling Shareholders and their directors, affiliates, associates and officers, accept no responsibility for any statements made in this Draft Red Herring Prospectus other than those statements or undertakings specifically made or confirmed by such Selling Shareholder in relation to itself and its respective portion of Offered Shares.

The Managers accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement.

All information shall be made available by our Company, the Selling Shareholders (with respect to themselves and their respective portion of Offered Shares) and the Managers to the Bidders and the public at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at the Bidding Centres or elsewhere.

None among our Company, the Selling Shareholders or any member of the Syndicate shall be liable for any failure in uploading the Bids due to faults in any software/ hardware system or otherwise.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholders, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The Managers and their respective associates and affiliates in their capacity as principals or agents may engage in a wide range of transactions with, and perform services for, our Company, our Promoter, Promoter Group and the Selling Shareholders, their respective directors and officers, group companies, affiliates or associates or third parties in the ordinary

course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Promoter, Promoter Group and the Selling Shareholders and their respective directors, officers, agents, group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Disclaimer in respect of Jurisdiction

This Offer is being made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, as amended, including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, domestic Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in equity shares, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with IRDA, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, systemically important NBFCs registered with the RBI) and permitted Non-Residents including FPIs and Eligible NRIs, AIFs, FVCIs, and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares. This Draft Red Herring Prospectus does not constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus will be filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any offer or sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company or the Selling Shareholders since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons as defined in Regulation S under the U.S. Securities Act, except for these purposes, U.S. Persons include Persons who would otherwise have been excluded from such term solely by virtue of Rule 902(k)(1)(viii)(B) or Rule 902(k)(2)(i) (“U.S. Persons”) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Company has not registered and does not intend to register under the U.S. Investment Company Act in reliance upon section 3(c)(7) thereof. Accordingly, the Equity Shares are only being offered and sold (i) within the United States or to U.S. Persons that are “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act (“Rule 144A”) and referred to in the Draft Red Herring Prospectus as “U.S. QIBs”, for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in the Draft Red Herring Prospectus as “QIBs”) pursuant to the private placement exemption set out in Section 4(a) of the U.S. Securities Act, that are also “qualified purchasers” (as defined under the U.S. Investment Company Act) in reliance upon section 3(c)(7) of the U.S. Investment Company Act and (ii) outside the United States to non-U.S. Persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. See “Offer Information – Terms of the Offer – Eligibility and Transfer Restrictions” beginning on page 285.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction except in compliance with the applicable laws of such jurisdiction.

Bidders are advised to ensure that any Bid from them does not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.

Disclaimer Clause of RBI

The Company has a valid certificate of registration dated March 18, 1998 issued by the RBI under Section 45IA of the Reserve Bank of India Act, 1934. Further, the Company holds a modified certificate of registration dated March 25, 2015 as an NBFC-MFI. However, the RBI does not accept any responsibility or guarantee about the present position as to the

financial soundness of our Company or for the correctness of any of the statements or representation made or opinions expressed by our Company and for repayment of deposits/ discharge of liabilities by our Company.

Disclaimer Clause of BSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and Prospectus prior to registering the RoC.

Disclaimer Clause of NSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to registering the RoC.

Filing

A copy of this Draft Red Herring Prospectus has been filed with SEBI at the Securities and Exchange Board of India, Plot No. C4-A, “G” Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India and electronically on the platform provided by SEBI.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 26 of the Companies Act, 2013 would be delivered for registration with RoC at the office of the RoC situated at 100, Everest, Marine Drive Mumbai 400 002, Maharashtra, India.

Listing

The Equity Shares issued through the Red Herring Prospectus are proposed to be listed on BSE and NSE. Applications will be made to the Stock Exchanges for obtaining permission to deal in and for listing and trading of the Equity Shares. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company and the Selling Shareholders will forthwith repay, all monies received from the applicants in pursuance of the Red Herring Prospectus, as required by applicable law. If such money is not repaid within the prescribed time, then our Company, the Selling Shareholders and every officer in default shall be liable to repay the money, with interest, as prescribed under applicable law.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within six Working Days from the Bid/ Offer Closing Date or within such period as may be prescribed by SEBI. Further, the Selling Shareholders shall extend all reasonable support and extend reasonable cooperation as required or necessary and requested by our Company and the Managers for the completion of the necessary formalities to facilitate the process for listing and commencement of trading at all the Stock Exchanges within six Working Days of the Bid/ Offer Closing Date or within such period as may be prescribed by SEBI.

If our Company does not Allot Equity Shares pursuant to the Offer within six Working Days from the Bid/ Offer Closing Date or within such timeline as prescribed by SEBI, it shall repay, without interest, all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period.

Price information of past issues handled by the Managers

Price information of past issues handled by Edelweiss:

S.No.	Issuer name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date (₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- - % change in closing benchmark]- 180th calendar days from listing
1.	Fine Organic Industries Limited	6001.69	783.00	July 2, 2018	815.00	Not Applicable	Not Applicable	Not Applicable
2.	ICICI Securities Limited	34,801.16	520.00	April 4, 2018	435.00	-27.93% [5.44%]	-37.26% [5.22%]	Not Applicable
3.	Galaxy Surfactants Limited	9,370.88	1480.00	February 8, 2018	1,525.00	1.14% [-3.31%]	-0.85% [1.33%]	Not Applicable
4.	Amber Enterprises India Limited	6,000.00	859.00 ^{^^}	January 30, 2018	1,175.00	27.15% [-5.04%]	32.56% [-2.81%]	Not Applicable
5.	Future Supply Chain Solutions Limited	6,496.95	664.00	December 18, 2017	664.00	3.50% [3.00%]	6.27% [-2.83%]	-5.20% [4.13%]
6.	Shalby Limited	5,048.00	248.00	December 15, 2017	239.70	-3.57% [3.95%]	-11.51% [0.75%]	-28.51 [4.93%]
7.	HDFC Standard Life Insurance Company Limited	86,950.07	290.00	November 17, 2017	310.00	30.16% [1.02%]	48.93% [2.11%]	74.66% [5.04%]
8.	Reliance Nippon Life Asset Management Limited	15,422.40	252.00	November 6, 2017	295.90	3.61% [-3.19%]	8.12% [2.05%]	-4.21% [1.59%]
9.	Prataap Snacks Limited	4,815.98	938.00 ^{^^}	October 5, 2017	1,270.00	25.12% [5.70%]	31.82% [5.60%]	40.99% [3.27%]
10.	ICICI Lombard General Insurance Company Limited	57,009.39	661.00	September 27, 2017	651.10	3.62% [6.25%]	18.97% [8.17%]	15.36% [4.06%]

Source: www.nseindia.com

^{^^}Amber Enterprises India Limited - Employee Discount of ₹ 85 per Equity Share to the Offer Price was offered to the Eligible Employees Bidding in the Employee Reservation Portion. All calculations are based on the Offer Price of Rs. 859 per equity share

^{^^}Prataap Snacks Limited - Employee Discount of ₹ 90 per Equity Share to the Issue Price was offered to the Eligible Employees Bidding in the Employee Reservation Portion. All calculations are based on the issue price of Rs. 938 per equity share

Notes

1. Based on date of listing.
2. % of change in closing price on 30th / 90th / 180th calendar day from listing day is calculated vs Issue price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30th/ 90th / 180th calendar day from listing day.
3. Wherever 30th/ 90th / 180th calendar day from listing day is a holiday, the closing data of the next trading day has been considered.
4. The Nifty 50 index is considered as the Benchmark Index.
5. Not Applicable. – Period not completed.
6. Disclosure in Table-1 restricted to 10 issues.

Summary statement of disclosure of past issues handled by Edelweiss:

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2018-19*	2	40,802.85	-	1	-	-	-	-	-	-	-	-	-	-
2017-18	11	218,549.76	-	-	1	1	5	4	-	1	2	3	1	2
2016 - 17	6	123,361.22	-	-	1	1	3	1	-	-	-	3	2	1

*The information is as on the date of this Draft Red Herring Prospectus

1. Based on date of listing.
2. Wherever 30th and 180th calendar day from listing day is a holiday, the closing data of the next trading day has been considered.
3. The Nifty 50 index is considered as the Benchmark Index.

For the financial year 2018-19 – 2 issues have been completed. However, only 1 issue has completed 90 days.

For the financial year 2017-18 – 11 issues have been completed. All the 11 issues have completed 90 days and only 9 issues have completed 180 days yet.

Price information of past issues handled by Motilal:

S.No.	Issuer name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date (₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	IndoStar Capital Finance Limited	18,440.00	572.00	May 21, 2018	600.00	-1.92% [+2.43%]	NA	NA
2.	MAS Financial Services Limited	4,600.42	459.00	October 18, 2017	660.00	28.45% [+0.71%]	35.80% [+4.79%]	31.55% [+3.11%]
3.	Dixon Technologies (India) Limited	5,992.79	1766.00	September 18, 2017	2,725.00	50.78% [+0.57%]	80.93% [+1.77%]	95.22% [+0.41%]
4.	AU Small Finance Bank Limited	19,125.14	358.00	July 10, 2017	530.00	53.60% [+1.40%]	71.80% [+2.14%]	95.38% [+8.06%]
5.	GTPL Hathway Limited	4,848.00	170.00	July 04, 2017	170.00	-13.32% [+4.16%]	-19.09% [+1.82%]	-2.94% [+9.54%]
6.	PSP Projects Limited	2,116.80	210.00	May 29, 2017	190.00	21.67% [-1.18%]	68.37% [+2.63%]	103.21% [+8.17%]
7.	Avenue Supermarts Limited	18,700.00	299.00	March 21, 2017	600.00	152.94% [+0.16%]	166.35% [+5.88%]	263.80% [+10.57%]
8.	BSE Limited	12,434.32	806.00	February 03, 2017	1,085.00	10.51% [+1.79%]	24.21% [+7.08%]	32.41% [+15.34%]
9.	S.P. Apparels Limited	2,391.20	268.00	August 12, 2016	275.00	27.33% [+2.24%]	17.09% [-0.54%]	51.94% [+1.11%]
10.	Parag Milk Foods Limited	7,505.37	215.00	May 19, 2016	217.50	17.07% [+4.97%]	48.67% [+11.04%]	38.93% [+6.59%]

Source: www.nseindia.com

Notes:

- The S&P CNX NIFTY is considered as the Benchmark Index.
- Price on NSE is considered for all of the above calculations.
- In the event any day falls on a holiday, the price/index of the immediately preceding working day has been considered.
- In Parag Milk Foods Limited, the issue price to retail individual investor and employees was ₹ 203 per equity share after a discount of ₹ 12 per equity share. The Anchor Investor Issue price was ₹ 227 per equity share.

Summary statement of disclosure of past issues handled by Motilal:

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2018 – date*	1	18,440.00	NA	NA	1	NA	NA	NA	NA	NA	NA	NA	NA	NA
2017-2018	5	36,683.15	NA	NA	1	2	1	1	NA	NA	1	3	1	NA
2016-2017	4	41,000.89	NA	NA	NA	1	1	2	NA	NA	NA	2	2	NA

Source: www.nseindia.com

* The information is as on the date of this Draft Red Herring Prospectus

The information for each of the financial years is based on issues listed during such financial year.

Price information of past issues handled by Credit Suisse:

S.No.	Issuer name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date (₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	S Chand and Company Limited	7,285.57	670.00	May 09, 2017	700.00	-18.10%, [3.72%]	-26.91%, [7.95%]	-28.06%, [12.18%]
2.	IRB InvIT Fund	50,328.84	102.00	May 18, 2017	102.00	-2.61%, [1.68%]	-5.49%, [4.96%]	-11.03%, [8.44%]
3.	Eris Lifesciences Limited	17,411.63	603.00	June 29, 2017	611.00	1.12%, [5.37%]	-5.45%, [3.87%]	26.48%, [10.81%]
4.	Godrej Agrovet Limited	11,573.12	460.00	October 16, 2017	615.60	-11.22%, [-0.43%]	4.77%, [4.99%]	16.68%, [2.44%]
5.	HDFC Standard Life Insurance Company Limited	86,950.00	290.00	November 17, 2017	310.00	9.53%, [1.02%]	25.33%, [2.11%]	46.98%, [5.04%]
6.	Varroc Engineering Limited	19,549.61	967.00	July 6, 2018	1,015	Not Applicable	Not Applicable	Not Applicable

Source: www.nseindia.com for the price information and prospectus for issue details

Notes:

- 30th, 90th, 180th calendar days from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case we have considered the closing data of the next trading date.
- Price information and benchmark index values have been shown only for the designated stock exchange in the above table.
- NSE is the designated stock exchange for the issue listed in the above table. NIFTY has been used as the benchmark index.
- Details of Varroc is not available, as the company got listed on July 06, 2018 and 30th, 90th, 180th calendar day has not been completed.

Summary statement of disclosure of past issues handled by Credit Suisse:

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2018-19	1	19,549.61	-	-	-	-	-	-	-	-	-	-	-	-
2017-18	5	173,549.16	-	-	3	-	-	-	2	-	1	1	-	2
2016-17	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

a) NSE is the designated stock exchange for the issue listed in the above table.

b) Details of Varroc is not available, as the company got listed on July 06, 2018 and 30th, 90th, 180th calendar day has not been completed.

Price information of past issues handled by SMCC:

S.No.	Issuer name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date (₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	BSE Limited	12,434.32	806.00	February 03, 2017	1,085.00	+17.52% [+2.55%]	+24.41% [+6.53%]	+34.43% [+15.72%]

Source: www.nseindia.com

Summary statement of disclosure of past issues handled by SMCC:

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2018-19*														
2017-18	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2016-17	1	12,434.32	-	-	-	-	-	1	-	-	-	-	1	-

* The information is as on the date of this Draft Red Herring Prospectus

Source: www.nseindia.com

Notes:

a) Based on date of listing i.e. February 03, 2017.

b) % of change in closing price on 30th/ 90th / 180th calendar day from listing day is calculated vs issue price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30th/ 90th / 180th calendar day from listing day.

c) Wherever 30th/ 90th/ 180th calendar day from listing day is a holiday, the closing data of the next trading day has been considered.

d) The Nifty 50 index is considered as the benchmark index

Track record of past issues handled by the Managers

For details regarding the track record of the Managers, as specified in circular reference CIR/ MIRSD/ 1/ 2012 dated January 10, 2012 issued by SEBI, please see the websites of the Managers, as set forth in the table below:

S.No	Name of the Manager	Website
1.	Edelweiss Financial Services Limited	www.edelweissfin.com
2.	Motilal Oswal Investment Advisors Limited	www.motilaloswalgroup.com
3.	Credit Suisse Securities (India) Private Limited	www.credit-suisse.com
4.	SMC Capitals Limited	www.smccapitals.com

Consents

Consents in writing of: (a) the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, our Chief Financial Officer, legal counsels, Bankers to our Company, the Managers, CRISIL Research, independent chartered accountants, the Registrar to the Offer have been obtained; and (b) the Syndicate Members, the Banker(s) to the Offer/ Escrow Collection Bank(s)/ Refund Bank(s)/ Monitoring Agency to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act, 2013 and such consents have not been withdrawn as of the date of this Draft Red Herring Prospectus.

Expert to the Offer

Our Company has received written consent from the Statutory Auditors namely, Walker Chandiok & Co LLP., Chartered Accountants, to include their name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act, 2013, in respect of the reports of the Statutory Auditors on the Restated Financial Statements dated June 27, 2018 and the statement of tax benefits dated June 27, 2018, included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.

Offer Expenses

The total expenses of the Offer are estimated to be approximately [●]. The expenses of this Offer include, among others, underwriting fees, brokerage and selling commission, printing and stationery expenses, fees payable to the Managers, Registrar to the Offer and legal counsel, advertising and marketing expenses and listing fees. For further details, of Offer expenses, see “*Objects of the Offer – Offer Expenses*” on page 83.

All fees and expenses in relation to the Offer shall be shared between our Company and the Selling Shareholders in the proportion as mutually agreed between the Company and the Selling Shareholders, in accordance with applicable law.

Fees Payable to the Syndicate

The total fees payable to the Syndicate (including underwriting commission and selling commission and reimbursement of their out-of-pocket expenses) will be as per the engagement letters between our Company, the Selling Shareholders and the Managers, and as stated in the Syndicate Agreement, copies of which will be made available for inspection at the Corporate Office from 10:00 am to 4:00 pm on Working Days from the date of registering the Red Herring Prospectus until the Bid/ Offer Closing Date. For details of the Offer expenses, see “*Objects of the Offer*” on page 83.

Commission payable to SCSBs and Registered Brokers, RTAs and CDPs

For details of the commission payable to SCSBs and Registered Brokers, see “*Objects of the Offer*” on [●].

Fees Payable to the Registrar to the Offer

The fees payable to the Registrar to the Offer will be as per the Registrar Agreement dated July 27, 2018 entered into, between our Company, the Selling Shareholders and the Registrar to the Offer, a copy of which will be made available for inspection at the Registered Office from 10:00 am to 4:00 pm on Working Days from the date of registering the Red Herring Prospectus until the Bid/ Offer Closing Date.

The Registrar to the Offer will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Offer to enable it to send refund orders or Allotment advice by registered post/ speed post/ under certificate of posting.

Grading of the Offer

No credit rating agency registered with SEBI has been appointed for grading the Offer.

Credit Rating

As this is an offer of Equity Shares, credit rating is not required.

Particulars regarding public or rights issues by our Company during the last five years

Except as disclosed in “*Capital Structure*” on page 66, our Company has not made any public or rights issues during the five years preceding the date of this Draft Red Herring Prospectus.

Previous issues of Equity Shares otherwise than for cash

Our Company has not issued any securities including for consideration otherwise than for cash.

Commission and brokerage paid on previous issues of the Equity Shares

Since this is the initial public issue of the Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company’s inception.

Previous capital issue during the previous three years by listed Group Companies of our Company

The Company does not have any listed Group Companies.

Performance vis-à-vis objects – Public/ rights issue of our Company and/ or listed Group Companies of our Company

Our Company has not undertaken a public issue in the past. For details in relation to rights issues undertaken by our Company, please see “*Capital Structure*” on page 66.

Outstanding debentures or bonds or other instruments

Other than (a) outstanding stock options granted to our employees pursuant to the Muthoot Microfin Employee Stock Option Plan 2016 as disclosed in “*Capital Structure*” on page 76; and (b) as mentioned in “*Financial Indebtedness*” on page 258, our Company does not have any outstanding debentures or bonds as of the date of filing this Draft Red Herring Prospectus.

Outstanding Preference Shares

Except as disclosed in “*Capital Structure*” on page 66 our Company does not have any outstanding preference shares as on date of this Draft Red Herring Prospectus.

Partly Paid-up Shares

Our Company does not have any partly paid-up Equity Shares or preference shares as on the date of this Draft Red Herring Prospectus.

Stock Market Data of Equity Shares

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

Mechanism for Redressal of Investor Grievances

The Registrar Agreement provides for the retention of records with the Registrar to the Offer for a period of at least three years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, subject to agreement with the Company and the Selling Shareholders for storage of such records for a longer period, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances relating to the Offer may be addressed to the Registrar to the Offer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the Bid cum Application Form was submitted. The Bidder should provide complete details such as name of the sole/ first Bidder, ASBA Form number, the Bidder's, DP ID, Client ID, PAN, date of the ASBA Form, address of the Bidder, number of Equity Shares applied for, the name and address of the Designated Intermediary where the ASBA Form was submitted by the ASBA Bidder and the ASBA Account number in which the amount equivalent to the Bid Amount is blocked. Further, the Bidder shall also enclose the Acknowledgement Slip from the Designated Intermediaries in addition to the documents/ information mentioned hereinabove. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders. Our Company, the Managers and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs, Syndicate Members, RTA, CDPs including any defaults in complying with its obligations under the SEBI ICDR Regulations

All grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as name of the sole/ first Bidder, Anchor Investor Form number, DP ID, Client ID, PAN, date of the Anchor Investor Form, address of the Anchor Investor, number of Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Form and the name and address of the Manager where the Anchor Investor Form was submitted by the Anchor Investor.

Further, with respect to the Bid cum Application Forms submitted with the Registered Brokers, the investor shall also enclose the acknowledgment from the Registered Broker in addition to the documents/ information mentioned hereinabove.

In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days.

Our Company, the Selling Shareholders, the Managers and the Registrar to the Offer accept no responsibility for errors, omissions, commission of any acts of the Designated Intermediaries including any defaults in complying with their obligations under the SEBI ICDR Regulations.

Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the SCSB in case of ASBA Bidders, for the redressal of routine investor grievances shall be ten Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has constituted a Stakeholders' Relationship Committee, which is responsible for redressal of grievances of the security holders of our Company, comprising Thomas John Muthoot, Thomas Muthoot, Sadaf Sayeed and Praveen T., as members. For details, see "*Our Management*" on page 155.

Our Company has also appointed Neethu Ajay, Company Secretary and Compliance Officer of our Company for the Offer and she may be contacted in case of any pre-Offer or post-Offer related problems at the following address:

Neethu Ajay

Company Secretary and Compliance Officer
5th Floor, Muthoot Towers
M.G Road
Kochi 682 035
Kerala, India
Telephone: (+91) 48 4427 7500
Facsimile: (+91) 48 4430 0127
Email: info@muthootmicrofin.com

Disposal of investor grievances by listed companies under the same management

Muthoot Capital Services Limited:

All share related matters, namely transfer, transmission, transposition, dividend, change of name, address and signature of

mandate and power of attorney, replacement, split, consolidation, demat and remat of shares, issue of duplicate certificates etc. are handled by Muthoot Capital Services Limited's Registrar and Transfer Agent ("RTA") being M/s. Integrated Registry Management Services Private Limited.

Investors correspond with the RTA and Muthoot Capital Services Limited, on all share related matters. Muthoot Capital Services Limited has in place an Investor Grievance Redressal Policy for the redressal of investor grievances/complaints on a timely manner. Further, the investors can also write to the compliance officer. The board of directors of Muthoot Capital Services Limited has constituted a stakeholders relationship committee, the terms of reference of which are as follows:

- 1) To look into redressing shareholders/investors complaints like unnecessary delay in transfer of shares, non-receipt of balance sheets, and non-receipt of declared dividends etc.;
- 2) To take on record the transfer/transmission of shares and deletion of name; and
- 3) Complaint letters received from stock exchanges/ SEBI/ Ministry of Corporate Affairs etc. and the responses thereto are to be reviewed by the stakeholders relationship committee.

The stakeholders relationship committee oversees performance of RTA and recommends measures for overall improvement in the quality of investor services. The time normally taken by the Muthoot Capital Services Limited for disposal of various types of investor grievances is within 30 days of submission of full set of documents to the company or the RTA.

The following are the details of the investor grievances received and redressed by Muthoot Capital Services Limited in the last three Financial Years prior to the filing of this Draft Red Herring Prospectus:

Financial Year ended March 31	Investor grievances at the start of the Financial year	Investor Grievances received during the Financial Year	Investor Grievances resolved during the Financial Year	Investor Grievances pending at the end of the Financial Year
2018	Nil	Nil	Nil	Nil
2017	Nil	Nil	Nil	Nil
2016	Nil	1	1	Nil

As of the date of this Draft Red Herring Prospectus, there are nil outstanding investor grievances.

Changes in Auditors

Except as provided below, there has been no change in our auditors during the last three years.

Name of auditor	Date of change	Reason
Sabu and Co.	March 04, 2016	Resignation
Walker Chandiok & Co LLP., Chartered Accountants	March 21, 2016	Appointment

Capitalisation of Reserves or Profits

Our Company has not capitalised its reserves or profits at any time during the last five years.

Revaluation of Assets

Our Company has not revalued its assets at any time in the last five years.

SECTION VII: OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being issued and transferred pursuant to this Offer shall be subject to the provisions of the Companies Act, the SEBI ICDR Regulations, the SCRA, the SCRR, the Memorandum and Articles of Association, the SEBI Listing Regulations, the terms of the Red Herring Prospectus, the Prospectus, the Abridged Prospectus, Bid cum Application Form, the Revision Form, the CAN, the Allotment Advice and other terms and conditions as may be incorporated in the other documents/ certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/ or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by SEBI, the RBI, the Government of India, the Stock Exchanges, the RoC and any other authorities while granting their approval for the Offer.

Offer

The Offer comprises a Fresh Issue by the Company and an Offer for Sale by the Selling Shareholders. The fees and expenses relating to the Offer shall be shared in the proportion mutually agreed between the Company and each of the Selling Shareholders in accordance with applicable law.

Ranking of the Equity Shares

The Equity Shares being issued and transferred pursuant to the Offer shall be subject to the provisions of the Companies Act, the MoA and AoA, the SEBI Listing Regulations and shall rank *pari-passu* in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The Allottees upon Allotment of Equity Shares under the Offer, will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment in accordance with applicable law. For further details, see “*Main Provisions of Articles of Association*” on page 334.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to our Shareholders in accordance with the provisions of Companies Act, 2013, the Memorandum and Articles of Association, the SEBI Listing Regulations and other applicable laws and any guidance or directives received from the GoI, in this regard. All dividends, if any, declared by our Company after the date of Allotment (pursuant to the transfer of Equity Shares from the Offer for Sale), will be payable to the Bidders who have been Allotted Equity Shares in the Offer for the entire year, in accordance with applicable law. For further details, in relation to dividends, see “*Dividend Policy*” and “*Main Provisions of the Articles of Association*” on pages 173 and 334, respectively.

Face Value and Offer Price

The face value of each Equity Share is ₹ 10 and at any given time there shall be only one denomination of Equity Shares. The Offer Price at the lower end of the Price Band is ₹ [●] per Equity Share and at the higher end of the Price Band is ₹ [●] per Equity Share. The Anchor Investor Offer Price is ₹ [●] per Equity Share.

The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company and the Selling Shareholders in consultation with the Managers and advertised in [●] editions of the English national daily newspaper [●], [●] editions of the Hindi national daily newspaper [●] and the [●] editions of Marathi daily newspaper [●], Marathi being the regional language of Maharashtra where our Registered Office is located, each with wide circulation, at least five Working Days prior to the Bid/ Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the websites of the Stock Exchanges.

At any given point of time there shall be only one denomination of Equity Shares.

Compliance with SEBI ICDR Regulations

Our Company shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, our Equity Shareholders shall have the following rights:

- Right to receive dividends, if declared;

- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy or e-voting, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability of Equity Shares, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the SEBI Listing Regulations and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/ or consolidation/ splitting, see “*Main Provisions of Articles of Association*” on page 334.

Option to receive Equity Shares in Dematerialised Form

Pursuant to Section 29 of the Companies Act, 2013 the Equity Shares shall be allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Offer:

- Agreement dated November 26, 2016 amongst NSDL, our Company and the Registrar to the Offer; and
- Agreement dated July 23, 2018 amongst CDSL, our Company and the Registrar to the Offer.

Market Lot and Trading Lot

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer will be only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares. For details, please see “*Basis for Allotment*” on page 325.

Joint Holders

Subject to our AoA, where two or more persons are registered as the holders of the Equity Shares, they shall be entitled to hold such Equity Shares as joint tenants with benefits of survivorship.

Jurisdiction

Exclusive jurisdiction for the purpose of this Offer is with the competent courts/ authorities in Mumbai.

Nomination facility to Bidders

In accordance with Section 72 of the Companies Act, 2013 read with the Companies (Share Capital and Debentures), Rules, 2014, the sole Bidder, or the First Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest to the exclusion of other persons, unless the nomination is varied or cancelled in the prescribed manner. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 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 Equity Shares; or
- b) to make such transfer of the Equity Shares, as the deceased holder could have made.

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 Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialised mode there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective Depository Participant.

Minimum Subscription

In the event our Company does not receive (i) a minimum subscription of 90% of the Fresh Issue, and (ii) a subscription in the Offer equivalent to at least the minimum number of securities as specified under Rule 19(2)(b) of the SCRR, including through devolvement of Underwriters, as applicable, within 60 days from the Bid Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, our Company shall be liable pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and other applicable law. For avoidance of doubt, subject to applicable law, a Selling Shareholder shall not be responsible to pay interest or expenses for any delay, except to the extent such delay has been caused solely and directly attributable to an act or omission of such Selling Shareholder and to the extent of their respective portion of Offered Shares.

The requirement for minimum subscription is not applicable to the Offer for Sale. In case of under-subscription in the Offer, after meeting the minimum subscription requirements of 90% of the Fresh Issue, the balance subscription in the Offer will be first made towards the Fresh Issue from the valid Bids followed by Allotment of the Equity Shares being sold by the Selling Shareholders on a proportionate basis.

Undersubscription, if any, in any category except the QIB portion, would be met with spill over from the other categories at the discretion of our Company and the Selling Shareholders, in consultation with the Managers and the Designated Stock Exchange,

Further, our Company and the Selling Shareholders shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000 in compliance with Regulation 26(4) of SEBI ICDR Regulations.

Arrangements for Disposal of Odd Lots

There are no arrangements required for disposal of odd lots since the Equity Shares will be traded only in dematerialized form and the market lot for the Equity Shares is one Equity Share.

Restrictions, if any on Transfer and Transmission of Equity Shares

Except for the lock-in of the pre-Offer capital of our Company, lock-in of the minimum Promoter's Contribution and the Anchor Investor lock-in as provided in "*Capital Structure*" on page 66 and except as provided in the Articles of Association there are no restrictions on transfer of Equity Shares. For details, see "*Main Provisions of the Articles of Association*" on page 334.

Eligibility and Transfer Restrictions

As described more fully below, there are certain restrictions regarding the Equity Shares that affect potential U.S. and non-U.S. investors. These restrictions are (i) prohibitions on participation in the Offer by persons in circumstances which would cause our Company to be required to be registered as an investment company under the U.S. Investment Company Act and (ii) restrictions on the ownership of Equity Shares by such persons following the offer.

The Equity Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S under the U.S. Securities Act, except for these purposes, U.S. Persons include Persons who would otherwise have been excluded from such term solely by virtue of Rule 902(k)(1)(viii)(B) or Rule 902(k)(2)(i) ("U.S. Persons") except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Company has not registered and does not intend to register under the U.S. Investment Company Act in reliance upon section 3(c)(7) thereof. Accordingly, the Equity Shares are only being offered and sold (i) within the United States or to U.S. Persons that are "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act ("Rule 144A") and referred to in the Draft Red Herring Prospectus as "U.S. QIBs", for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in the Draft Red Herring Prospectus as "QIBs") pursuant to the private placement exemption set out in Section 4(a) of the U.S. Securities Act, that are also "qualified purchasers" (as defined under the U.S. Investment Company Act) in reliance upon section 3(c)(7) of the U.S. Investment Company Act and (ii) outside the United States to non-U.S. Persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. The Equity Shares may not be re-offered, re-sold, pledged or otherwise transferred except in an offshore transaction in accordance with Regulation S to a person outside the United States and not known by the transferor to be a U.S. Person by pre-

arrangement or otherwise (including, for the avoidance of doubt, a bona fide sale on BSE Limited or the National Stock Exchange of India Limited). See “*Offer Information – Terms of the Offer – Eligibility and Transfer Restrictions*” beginning on page 285.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Until the expiry of 40 days after the commencement of the Offer, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in the Offer) may violate the registration requirements of the U.S. Securities Act. The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Draft Red Herring Prospectus or approved or disapproved the Equity Shares. Any representation to the contrary is a criminal offence in the United States. In making an investment decision investors must rely on their own examination of our Company and the terms of the Offer, including the merits and risks involved.

Our Company is not and will not be registered under the U.S. Investment Company Act, and investors will not be entitled to the benefits afforded to investors under the U.S. Investment Company Act.

Investors may be required to bear the financial risk of an investment in the Equity Shares for an indefinite period. The Equity Shares are not transferable except in compliance with the restrictions described in “*Offer Information – Terms of the Offer – Eligibility and Transfer Restrictions*” on page 285.

Eligible Investors

The Equity Shares are being offered and sold

- (i) in the United States or to, or for the account or benefit of, U.S. Persons, in each case that are both U.S. QIBs and QPs, in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act and in reliance on section 3(c)(7) of the U.S. Investment Company Act; and
- (ii) outside the United States to investors that are not U.S. Persons, nor persons acquiring for the account or benefit of U.S. Persons, in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur;

and in each case who are deemed to have made the representations set forth immediately below.

Equity Shares Offered and Sold within the United States or to U.S. Persons

Each purchaser that is a U.S. Person or acquiring the Equity Shares issued pursuant to this Offer within the United States or for the account or benefit of U.S. Persons, by a declaration included in the Bid cum Application Form and its acceptance of this Draft Red Herring Prospectus and of the Equity Shares, will be deemed to have acknowledged, represented to and agreed, on behalf of itself and each person for which it is acting, with the Company and the Managers that it has received a copy of this Draft Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- i. the purchaser is authorized to consummate the purchase of the Equity Shares issued pursuant to this Offer in compliance with all applicable laws and regulations;
- ii. the purchaser acknowledges that the Equity Shares issued pursuant to this Offer have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;
- iii. the purchaser (i) is a QIB and a QP, (ii) is aware that the sale to it is being made in a transaction exempt from or not subject to the registration requirements of the U.S. Securities Act, (iii) was not formed or operated for the purpose of investing in the Equity Shares and (iv) is acquiring such Equity Shares for its own account or for the account of one or more persons, each of which is a QIB and a QP, with respect to which it exercises sole investment discretion;
- iv. the purchaser acknowledges that the Company has not registered, and does not intend to register, as an “investment company” (as such term is defined under the U.S. Investment Company Act) and that the Company has imposed the transfer and offering restrictions with respect to persons in the United States and U.S. Persons described in the Draft

Red Herring Prospectus so that the Company will be able to rely on the exception provided by Section 3(c)(7) of the U.S. Investment Company Act and will have no obligation to register as an investment company. The purchaser, and each person for which it is acting, also understands and agrees that the Company and the Managers shall have the right to request and receive such additional documents, certifications, representations and undertakings, from time to time, as they may deem necessary in order to comply with applicable legal requirements;

- v. the purchaser is not a broker-dealer which owns and invests on a discretionary basis less than US\$25 million in securities of issuers unaffiliated with such broker-dealer;
- vi. the purchaser understands that, subject to certain exceptions, to be a QP, entities must have US\$25 million in "investments" (as defined in Rule 2a51-1 of the U.S. Investment Company Act);
- vii. the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;
- viii. the purchaser is not a participant-directed employee plan, such as a 401 (k) plan, or a trust holding the assets of such plan, unless the investment decisions with respect to such plan are made solely by the fiduciary, trustee or sponsor of such plan;
- ix. the purchaser is not managed as a device for facilitating individual investment decisions of beneficial owners, but rather is managed as a collective investment vehicle;
- x. the purchaser, and each account for which it is purchasing or otherwise acquiring Equity Shares, will purchase, hold or transfer Equity Shares amounting to at least US\$250,000 or its equivalent in another currency;
- xi. it, and each person for which it is acting, was not formed, reformed, operated or recapitalized for the purpose of investing in the Equity Shares and/or other securities of the Company;
- xii. if the purchaser, or any person for which it is acting, is an investment company excepted from the U.S. Investment Company Act pursuant to section 3(c)(1) or section 3(c)(7) thereof (or a foreign investment company under Section 7(d) thereof relying on section 3(c)(1) or 3(c)(7) with respect to its holders that are U.S. persons) and was formed on or before April 30, 1996, it has received the consent of its beneficial owners who acquired their interests on or before April 30, 1996, with respect to its treatment as a QP in the manner required by Section 2(a)(51)(C) of the U.S. Investment Company Act and the rules promulgated thereunder;
- xiii. the purchaser, and each person for which it is acting, is not a partnership, common trust fund, or corporation, special trust, pension fund or retirement plan, or other entity, in which the partners, beneficiaries, beneficial owners, participants, shareholders or other equity owners, as the case may be, may designate the particular investments to be made, or the allocation thereof unless all such partners, beneficiaries, beneficial owners, participants, shareholders or other equity owners are both QIBs and QPs;
- xiv. the purchaser, and each person for which it is acting, has not invested more than 40.0% of its assets in the Equity Shares (or beneficial interests therein) and/or other securities of the Company after giving effect to the purchase of the Equity Shares (or beneficial interests therein) (unless all of the beneficial owners of such entity's securities are both QIBs and QPs);
- xv. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only outside the United States in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act to a person outside the United States and not known by the transferor to be a U.S. Person by pre-arrangement or otherwise (including, for the avoidance of doubt, by means of a bona fide sale on the floor of any Indian stock exchange). The purchaser agrees not to effect any sale, pledge or other transfer unless the purchaser first executes (x) in the case of a sale, pledge or other transfer that takes place on the floor of any Indian stock exchange, a letter certifying as such or (x) for all other sales, pledges or other transfers, a US Resale Letter in the form of Annexure A, and in each case delivers such letter to the Company prior to the settlement if any, of the sale, pledge or other transfer of the Equity Shares. The purchaser understands that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them;
- xvi. is not subscribing to, or purchasing, the Equity Shares with a view to, or for the offer or sale in connection with, any distribution thereof (within the meaning of the U.S. Securities Act) that would be in violation of the securities laws of the United States or any state thereof;

- xvii. the Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any such Equity Shares;
- xviii. the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined in Regulation S under the U.S. Securities Act in the United States with respect to the Equity Shares or any "general solicitation" or "general advertising" (as defined in Regulation D under the U.S. Securities Act) in the United States in connection with any offer or sale of the Equity Shares;
- xix. the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless the Company determines otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE COMPANY HAS NOT BEEN REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "U.S. INVESTMENT COMPANY ACT").

THIS PURCHASER OF THIS SECURITY AGREES THAT (X) THE ISSUER MAY OFFER OR SELL THIS SECURITY IN MINIMUM DENOMINATIONS OF \$250,000, AND ONLY TO A PERSON WHO IS (A) BOTH A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (A "QIB") IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A AND A QUALIFIED PURCHASER AS DEFINED UNDER SECTION 2(a)(51) OF THE U.S. INVESTMENT COMPANY ACT FOR PURPOSES OF SECTION 3(c)(7) OF THE U.S. INVESTMENT COMPANY ACT (A "QP"), (B) NOT A BROKER-DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN US \$25 MILLION IN SECURITIES OF ISSUERS UNAFFILIATED WITH SUCH BROKER-DEALER, (C) NOT AN AFFILIATE OF THE ISSUER OR A PERSON OR A PERSON ACTING ON BEHALF OF AN AFFILIATE, (D) NOT A PARTICIPANT-DIRECTED EMPLOYEE PLAN, SUCH AS A 401(K) PLAN, OR A TRUST HOLD THE ASSETS OF SUCH PLAN, UNLESS THE INVESTMENT DECISIONS WITH RESPECT TO SUCH PLAN ARE MADE SOLELY BY THE FIDUCIARY TRUSTEE OF SUCH PLAN, (E) NOT MANAGED AS A DEVICE FOR FACILITATING INDIVIDUAL INVESTMENT DECISIONS OF BENEFICIAL OWNERS, BUT RATHER AS A MANAGED INVESTMENT VEHICLE, AND (F) WAS NOT FORMED OR OPERATED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHERE EACH BENEFICIAL OWNER OF THE PURCHASER IS A QIB-QP), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION, AND (Y) THE PURCHASER WILL, AND EACH SUBSEQUENT PURCHASER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY OR ANY INTEREST HEREIN FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

THIS SECURITY MAY NOT BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED BY A TRANSFEROR TO ANOTHER PERSON EXCEPT TO A PERSON OUTSIDE THE UNITED STATES AND NOT KNOWN BY THE TRANSFEROR TO BE A US PERSON BY PRE-ARRANGEMENT OR OTHERWISE IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, AND OTHERWISE IN A TRANSACTION EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND THE U.S. INVESTMENT COMPANY ACT.

THIS SECURITY IS NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN. EACH TRANSFEROR OF THIS SECURITY AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE COMPANY'S OFFER DOCUMENTS TO THE TRANSFEREE AND TO ANY EXECUTING BROKER.

- xx. the purchaser agrees, upon a proposed transfer of the Equity Shares, to notify any purchaser of such Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the Equity Shares being sold and agrees not to act as a swap counterparty or other type of intermediary whereby any other party will acquire an economic interest or beneficial interest in the Equity Shares acquired or reoffer, resell, pledge or otherwise transfer the Equity Shares or any beneficial interest therein, to any person except to a person that meets all of the requirements above and who agrees not to subsequently transfer the Equity Shares or any beneficial interest therein except in accordance with these transfer restrictions;
- xxi. the purchaser understands and acknowledges that (i) subject to applicable law, the Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated

restrictions; (ii) any acquisition of a beneficial interest in the Equity Shares by any U.S. Person or any person within the United States who is required under these restrictions to be a QIB-QP but is not a QIB-QP at the time it acquires a beneficial interest in the Equity Shares, shall be null and void ab initio and will not be honored by the Company and in no event will the Company, its directors, officers, employees or agents, including any broker or dealer, have any liability whatsoever to the purchaser by reason of any act or failure to act by any person authorized by the Company in connection with the foregoing;

- xxii. the purchaser understands and acknowledges that the Company may be a “covered fund” as defined in Section 13 of the Bank Holding Company Act of 1956, commonly referred to as the “Volcker Rule” (the “Volcker Rule”). The definition of “covered fund” in the Volcker Rule includes (subject to specified exclusions) any entity that would be an investment company under the U.S. Investment Company Act but for the exception from the definition of “investment company” in Section 3(c)(1) or 3(c)(7) thereof. The Company intends to qualify under Section 3(c)(7). The Company may be otherwise excepted from the definition of “investment company”, but it makes no assurances in that regard. Thus, the Company may be a “covered fund” for purposes of the Volcker Rule. Accordingly, banking entities that are subject to the Volcker Rule may be prohibited under the Volcker Rule from, among other things, acquiring or retaining our Equity Shares, absent any applicable exclusion or exemption. Each purchaser must make its own determination as to whether it is a banking entity subject to the Volcker Rule and, if applicable, the potential impact of the Volcker Rule on its ability to acquire or retain our Equity Shares;
- xxiii. the purchaser is knowledgeable, sophisticated and experienced in business and financial matters, fully understands the limitations on ownership and transfer and the restrictions on sales of the Equity Shares and is aware that there are substantial risks incidental to the purchase of the Equity Shares and is able to bear the economic risk of such purchase; and
- xxiv. the purchaser acknowledges that the Company, the Managers, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

All Other Equity Shares Offered and Sold in this Offer

Each purchaser that is a non-U.S. Person and acquiring the Equity Shares sold pursuant to this Offer outside the United States, by a declaration included in the Bid cum Application Form and its acceptance of this Draft Red Herring Prospectus and of the Equity Shares sold pursuant to this Offer, will be deemed to have acknowledged, represented to and agreed with the Company and the Managers that it has received a copy of this Draft Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- i. the purchaser is authorized to consummate the purchase of the Equity Shares sold pursuant to this Offer in compliance with all applicable laws and regulations;
- ii. the purchaser acknowledges that the Equity Shares issued pursuant to this Offer have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (not relying on Rule 902(k)(1)(viii)(B) or Rule 902(k)(2)(i)) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;
- iii. the purchaser is purchasing the Equity Shares issued pursuant to this Offer in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the U.S. Securities Act;
- iv. the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares issued pursuant to this Offer, is a non-U.S. Person and was located outside the United States at each time (i) the offer was made to it and (ii) when the buy order for such Equity Shares was originated, and continues to be a non-U.S. Person and located outside the United States and has not purchased such Equity Shares for the account or benefit of any U.S. Person or any person in the United States or entered into any arrangement for the transfer of such Equity Shares or any economic interest therein to any U.S. Person or any person in the United States;
- v. the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;
- vi. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise

transferred only outside the United States in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act to a person not known by the transferor to be a U.S. Person, by pre-arrangement or otherwise (including, for the avoidance of doubt, by means of a bona fide sale on the floor of any Indian stock exchange). The purchaser understands that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them, and confirms that the proposed transfer of the Equity Shares is not part of a plan or scheme to evade the registration requirements of the U.S. Securities Act or the U.S. Investment Company Act;

- vii. the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined in Regulation S under the U.S. Securities Act in the United States with respect to the Equity Shares;
- viii. the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless the Company determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE COMPANY HAS NOT BEEN REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "U.S. INVESTMENT COMPANY ACT"). THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT TO A PERSON OUTSIDE THE UNITED STATES AND NOT KNOWN BY THE TRANSFEROR TO BE A US PERSON BY PRE-ARRANGEMENT OR OTHERWISE IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND OTHERWISE IN A TRANSACTION EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND THE U.S. INVESTMENT COMPANY ACT.

THIS SECURITY IS NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN. EACH TRANSFEROR OF THIS SECURITY AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE COMPANY'S OFFER DOCUMENTS TO THE TRANSFEREE AND TO ANY EXECUTING BROKER.

- ix. the purchaser agrees, upon a proposed transfer of the Equity Shares, to notify any purchaser of such Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the Equity Shares being sold;
- x. the purchaser understands and acknowledges that (i) subject to applicable law, the Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares under other than in compliance with the above-stated restrictions; (ii) any acquisition of a beneficial interest in the Equity Shares by any U.S. Person or any person within the United States who is required under these restrictions to be a QIB-QP but is not a QIB-QP at the time it acquires a beneficial interest in the Equity Shares, shall be null and void ab initio and will not be honored by the Company and in no event will the Company, its directors, officers, employees or agents, including any broker or dealer, have any liability whatsoever to the purchaser by reason of any act of failure to act by any person authorized by the Company in connection with the foregoing;
- xi. the purchaser understands and acknowledges that the Company may be a "covered fund" as defined in the Volcker Rule. The definition of "covered fund" in the Volcker Rule includes (subject to specified exclusions) any entity that would be an investment company under the U.S. Investment Company Act but for the exception from the definition of "investment company" in Section 3(c)(1) or 3(c)(7) thereof. The Company intends to qualify under Section 3(c)(7). The Company may be otherwise excepted from the definition of "investment company", but it makes no assurances in that regard. Thus, the Company may be a "covered fund" for purposes of the Volcker Rule. Accordingly, banking entities that are subject to the Volcker Rule may be prohibited under the Volcker Rule from, among other things, acquiring or retaining our Equity Shares, absent any applicable exclusion or exemption. Each purchaser must make its own determination as to whether it is a banking entity subject to the Volcker Rule and, if applicable, the potential impact of the Volcker Rule on its ability to acquire or retain our Equity Shares; and
- xii. the purchaser acknowledges that the Company, the Managers, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Period of operation of subscription list

See “*Offer Structure – Bid/ Offer Programme*” on page 294.

OFFER STRUCTURE

Initial public offer of up to [●] Equity Shares for cash at price of ₹ [●] (including a premium of ₹ [●] per Equity Share) aggregating up to [●] comprising a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 5,000 million by our Company and Offer of Sale of up to 16,310,072 Equity Shares aggregating up to ₹ [●] million by the Selling Shareholders. The Offer will constitute [●]% of the post-Offer paid-up Equity Share capital of our Company.

The face value of the equity shares of the Company is ₹ 10 each.

The Offer is being made through the Book Building Process.

Particulars	QIBs ⁽¹⁾	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/ allocation ⁽²⁾	Not more than [●] Equity Shares	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Retail Individual Bidders	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer Size available for Allotment/ allocation	Not more than 50% of the Offer Size being available for allocation to QIBs. However, upto 5% of the Net QIB Portion will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be available for allocation to QIBs	Not less than 15% of the Offer or the Offer less allocation to QIBs and Retail Individual Bidders	Not less than 35% of the Offer or Offer less allocation to QIBs and Non-Institutional Bidders
Basis of Allotment/ allocation if respective category is oversubscribed	Proportionate as follows (excluding the Anchor Investor Portion): (a) up to [●] Equity Shares shall be available for allocated on a proportionate basis to Mutual Funds only; and (b) up to [●] Equity Shares shall be allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above. Up to [●] Equity Shares may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to Mutual Funds only	Proportionate	Proportionate, subject to minimum Bid Lot. For details see, “Offer Procedure – Part B – Section 7: Allotment Procedure and Basis of Allotment – Allotment to RIIs” on page 325
Minimum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹ 200,000	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹200,000	[●] Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the size of the Offer, subject to applicable limits.	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the size of the Offer, subject to applicable limits.	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹ 200,000
Mode of Allotment	Compulsorily in dematerialized form		
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter		
Allotment Lot	A minimum of [●] Equity Shares and thereafter in multiples of [●] Equity Shares. For Retail Individual Bidders, [●] Equity Shares and in multiples of one Equity Share thereafter, subject to availability in the Retail Portion		
Trading Lot	One Equity Share		
Who can apply ⁽³⁾⁽⁴⁾	Public financial institutions as specified in Section 2(72) of the Companies Act, 2013, scheduled commercial banks, multilateral and bilateral development financial institutions, mutual funds registered with SEBI, FPIs other than Category III Foreign Portfolio Investors, VCFs, AIFs, FVCIs, state industrial	Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions, societies and trusts, Category III Foreign Portfolio Investors	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta)

Particulars	QIBs ⁽¹⁾	Non-Institutional Bidders	Retail Individual Bidders
	development corporation, insurance company registered with IRDA, provident fund with minimum corpus of ₹ 250 million, pension fund with minimum corpus of ₹ 250 million National Investment Fund set up by the Government, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important NBFCs		
Terms of Payment	Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder that is specified in the ASBA Form at the time of submission of the ASBA Form ⁽⁴⁾		
(1) Our Company and the Selling Shareholders may, in consultation with the Managers, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion. For details, see “Offer Structure” on page 292 (2) Subject to valid Bids being received at or above the Offer Price. This is an Offer in terms of Rule 19(2)(b) of the SCRR. The Offer is being made through the Book Building Process wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to QIBs, provided that our Company and the Selling Shareholders in consultation with Managers, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above Anchor Investor Allocation Price. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. (3) In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders (4) Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Offer Price shall be payable by the Anchor Investor Pay-In Date as indicated in the CAN. For details of terms of payment applicable to Anchor Investors, see “Offer Procedure – Part B - Section 7: Allotment Procedure and Basis of Allotment” from page 325			

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

Under subscription, if any, in any category except the QIB Portion, would be met with spill-over from the other categories at the discretion of our Company and the Selling Shareholders in consultation with the Managers and the Designated Stock Exchange. Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and the Selling Shareholders in consultation with the Managers and the Designated Stock Exchange, on a proportionate basis. For further details, see “Terms of the Offer” on page 283.

Withdrawal of the Offer

Our Company and the Selling Shareholders, severally and not jointly, in consultation with the Managers, reserve the right not to proceed with the Offer after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges simultaneously. The Managers, through the Registrar to the Offer, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification and also inform the Bankers to the Offer to process refunds to the Anchor Investors, as the case may be. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared and the Stock Exchanges will also be informed promptly.

If our Company and the Selling Shareholders, in consultation with the Managers, withdraw the Offer after the Bid/ Offer Closing Date and thereafter determines that it will proceed with an issue/ offer for sale of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, this Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and the within six days of the Bid/ Offer Closing Date and final RoC approval of the Prospectus after it is registered with the RoC and submitted to the Stock Exchange.

Bid/ Offer Programme

BID/ OFFER OPENS ON	[●]⁽¹⁾
BID/ OFFER CLOSES ON	[●]⁽²⁾

- (1) Our Company and the Selling Shareholders may, in consultation with the Managers, consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/ Offer Opening Date in accordance with the SEBI ICDR Regulations
- (2) Our Company and the Selling Shareholders may, in consultation with the Managers, consider closing the Bid/ Offer Period for QIBs one day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Bid/ Offer Closing Date	[●]
Finalisation of Basis of Allotment with the Designated Stock Exchange	[●]
Initiation of refunds (if any, for Anchor Investors)/ unblocking of funds in ASBA Accounts	[●]
Credit of Equity Shares to demat accounts of Allottees	[●]
Commencement of trading of the Equity Shares on the Stock Exchanges	[●]

The above timetable is indicative other than the Bid/ Offer Opening Date and the Bid/ Offer Closing Date and does not constitute any obligation on our Company or the Selling Shareholders or the Managers.

Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/ Offer Closing Date or such other period as may be prescribed (and the Selling Shareholders shall extend reasonable cooperation with respect to their respective portion of the Offered Shares), the timetable may change due to various factors, such as extension of the Bid/ Offer Period by our Company and the Selling Shareholders, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. Each of the Selling Shareholders, severally and not jointly, confirm that they shall extend reasonable cooperation required by our Company and the Managers for the completion of necessary formalities for listing and commencement of trading of their respective portion of Offered Shares on the Stock Exchanges within six working days from the Bid/ Offer Closing Date.

Except in relation to the Bids received from the Anchor Investors, Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 5.00 p.m. Indian Standard Time (“IST”) during the Bid/ Offer Period (except the Bid/ Offer Closing Date) at the Bidding Centres and the Designated Branches mentioned on the Bid cum Application Form.

On the Bid/ Offer Closing Date, the Bids and any revision in the Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. IST and shall be uploaded until (i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and (ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders after taking into account the total number of applications received up to the closure of timings and reported by the Managers to the Stock Exchanges.

It is clarified that Bids not uploaded on the electronic bidding system of the Stock Exchanges or in respect of which the full Bid Amount is not blocked by SCSBs would be rejected.

Due to limitation of time available for uploading the Bids on the Bid/ Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/ Offer Closing Date and, in any case, no later than 1.00 p.m. IST on the Bid/ Offer Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/ Offer Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under this Offer. Bids will be accepted only on Working Days. None among our Company, the Selling Shareholders or any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software/ hardware system or otherwise.

In case of any discrepancy in the data entered in the electronic book vis-a-vis the data contained in the physical Bid cum Application Form, for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book vis-a-vis the data contained in the physical or electronic Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Offer shall ask for rectified data. Bidders may please note that as per letters dated July 03, 2006 and July 6, 2006, issued by BSE and NSE, respectively, Bids and any revision in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges.

Our Company and the Selling Shareholders in consultation with the Managers, reserve the right to revise the Price Band during the Bid/ Offer Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor

Price shall not be less than the face value of the Equity Shares. The revision in the Price Band shall not exceed 20% on either side i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

In case of such revision in the Price Band, the Bid/ Offer Period shall be extended for at least three additional Working Days after such revision, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in Price Band, and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the websites of the Managers and the terminals of the other Syndicate Members and intimated to the SCSBs, Registered Brokers, RTAs and CDPs. However, in case of revision of the price band, the Bid Lot shall remain the same.

OFFER PROCEDURE

*All Bidders should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/ CFD/ DIL/ 12/ 2013) dated October 23, 2013 notified by the SEBI (the “**General Information Document**”) included below under “**Part B – General Information Document**”, which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document has been updated to reflect the enactments and regulations and amendments thereof, to the extent applicable to the Offer. The General Information Document is also available on the websites of the Stock Exchanges and the Managers. Please refer to the relevant provisions of the General Information Document, which are applicable to the Offer.*

All designated intermediaries in relation to the Offer should ensure compliance with the SEBI circular (CIR/ CFD/ POLICYCELL/ 11/ 2015) dated November 10, 2015, as amended and modified by the SEBI circular (SEBI /HO/ CFD/ DIL/ CIR/ P/ 2016/ 26) dated January 21, 2016, in relation to the clarifications or streamlining the process of public issue of equity shares and convertibles.

Our Company, the Selling Shareholders and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in applicable laws, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus.

PART A

Book Building Procedure

The Offer is being made through the Book Building Process in accordance with Regulation 26(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Offer shall be available for allocation to QIBs on a proportionate basis, provided that our Company and the Selling Shareholders, in consultation with the Managers, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from them at or above the Anchor Investor Allocation Price. In case of under-subscription or non-allocation in the Anchor Investor Portion, the remaining Equity Shares will be added back to the QIB Portion (other than the Anchor Investor Portion). 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Under-subscription, if any, in any portion except in the QIB Portion, would be allowed to be met with spill-over from any other portion or combination of portions, at the discretion of our Company and the Selling Shareholders in consultation with the Managers and the Designated Stock Exchange and subject to applicable laws.

The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms that do not have the details of the Bidders’ depository account, including DP ID, Client ID and PAN, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.

Bid cum Application Form

Copies of the ASBA Form and the abridged prospectus will be available with the Designated Intermediaries at the relevant Bidding Centres and our Registered Office. An electronic copy of the ASBA Form will also be available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com), at least one day prior to the Bid/ Offer Opening Date.

Copies of the Anchor Investor Application Form will be available at the offices of the Managers.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

ASBA Bidders must provide bank account details and authorisation to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details are liable to be rejected.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians (including relevant QIBs, Non-Institutional Investors, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis [^]	White
Non-Residents including Eligible NRIs applying on a repatriation basis, FPI or FVCIs, registered multilateral and bilateral development financial institutions [^]	Blue
Anchor Investors**	White

* Other than electronic Bid cum Application Form

** Bid cum Application Forms for Anchor Investors will be made available at the office of the Managers.

[^]Electronic Bid cum Application forms will also be available for download on the website of the NSE (www.nseindia.com) and the BSE (www.bseindia.com).

Designated Intermediaries (other than SCSBs) shall submit/ deliver the ASBA Forms to the respective SCSBs where the Bidder has a bank account and shall not submit it to any non-SCSB or any Banker to the Offer.

Who can Bid?

In addition to the category of Bidders set forth under “Part B - General Information Document for Investing in Public Issues – Category of Investors Eligible to Participate in an Issue” on page 307, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines:

- Scientific and/ or industrial research organisations authorised in India to invest in the Equity Shares; and
- Any other persons eligible to Bid in the Offer under the laws, rules, regulations, guidelines and policies applicable to them.

Participation by Promoter(s), the Promoter Group, the Managers, the Managers’ associates and affiliates, the Syndicate Members and Persons Related to the Promoters/ the Promoter Group/ the Managers

The Managers and Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the respective associates and affiliates of the Managers and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the Managers and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

The Managers and any persons related to the Managers (other than Mutual Funds sponsored by entities related to the Managers) and our Promoter, Promoter Group and any persons related to our Promoter and Promoter Group cannot apply in the Offer in the Anchor Investor Portion.

Our Promoter and members of the Promoter Group will not participate in the Offer except to the extent of Offered Shares.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids, provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of

index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of the Bid cum Application Form from the Designated Intermediaries. Eligible NRI Bidders Bidding on a repatriation basis by using the Non-Resident Forms should authorise their respective SCSBs to block their Non-Resident External (“NRE”) accounts or Foreign Currency Non-Resident (“FCNR”) Accounts, and eligible NRI Bidders Bidding on a non-repatriation basis by using Resident Forms should authorise their respective SCSBs to block their Non-Resident Ordinary (“NRO”) accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (White in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (Blue in colour).

Bids by FPIs

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10% of our post-Offer Equity Share capital. Further, in terms of applicable FEMA regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company (on a fully diluted basis) and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company (on a fully diluted basis). The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by our Board of Directors followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to the RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

The existing individual and aggregate investment limits for FPI in our Company is 10% and 49% of the total paid-up Equity Share capital of our Company, respectively.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

As per the circular issued by SEBI on November 24, 2014, these investment restrictions shall also apply to subscribers of offshore derivative instruments. Two or more subscribers of offshore derivative instruments having a common beneficial owner shall be considered together as a single subscriber of the offshore derivative instrument. In the event an investor has investments as a FPI and as a subscriber of ODIs, these investment restrictions shall apply on the aggregate of the FPI and offshore derivative instrument investments held in the underlying company.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations and circulars issued in this regard, an FPI, other than Category III Foreign Portfolio Investors and unregulated broad-based funds, which are classified as Category II Foreign Portfolio Investors by virtue of their investment manager being appropriately regulated, may issue, subscribe or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only if (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms; and (iii) such offshore derivative instruments shall not be issued to or transferred to persons who are resident Indians or NRIs and to entities beneficially owned by resident Indians or NRIs.

An FPI is also required to ensure that any transfer of offshore derivative instrument is made by, or on behalf of it subject to the following conditions:

- (a) such offshore derivative instruments are transferred to persons in accordance with the SEBI FPI Regulations; and
- (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

Bids by SEBI registered AIFs and FVCIs

The SEBI FVCI Regulations and the SEBI AIF Regulations inter-alia prescribe the investment restrictions on the VCFs, FVCIs and AIFs registered with SEBI.

FVCIs and AIFs may participate in the Offer subject to the rules and regulations that are applicable to each of them respectively.

FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering. The category I and II AIFs cannot invest more than 25% of the investible funds in one investee company. A category III AIF cannot invest more than 10% of the investible funds in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking.

Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations (and accordingly are not permitted to invest in the Offer) until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme or increase the targeted corpus of the fund or scheme after the notification of the SEBI AIF Regulations.

Further, according to the SEBI ICDR Regulations, the shareholding of VCFs, category I and category II AIFs and FVCIs held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing of a draft offer document with SEBI.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only, and net of bank charges and commission.

Bids by Limited Liability Partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof.

Bids by Banking Companies

In case of Bids made by banking companies registered with the RBI, certified copies of (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company and the Selling Shareholders reserve the right to reject any Bid by a banking company without assigning any reason thereof.

The investment limit for banking companies in a financial services company, not being a subsidiary, as per the Banking Regulation Act, 1949, as amended ("**Banking Regulation Act**"), and the Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, dated May 26, 2016, as amended, individually shall not exceed 10% of the bank's paid-up share capital and reserves as per the last audited balance sheet or a subsequent balance sheet, whichever is lower. The aggregate equity investments made in all subsidiaries and other entities engaged in financial services and non-financial services, including overseas investments shall not exceed 20% of the bank's paid-up share capital and reserves. A banking company would require a prior approval of the RBI to make investments in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed).

Bids by Systemically Important Non-Banking Financial Companies

With respect to Bids by systemically important non-banking financial companies, a certified copy of its registration certificate with the RBI, indicating that the Bidder is a systemically important non-banking financial company, must be lodged with the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof. Systemically important non-banking financial companies participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

Bids by Insurance Companies

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2016 (the “**IRDA Investment Regulations**”), are broadly set forth below:

(a) *Limit for the investee company*: The lower of: (i) 10%* of the outstanding equity shares (face value); and (ii) 10% of such funds and reserves as specified under the IRDA Investment Regulations, in case of a life insurer, or 10% of the approved investments and other investments as permitted under the Insurance Act and the IRDA Investment Regulations, in case of a general insurer (including reinsurer or a health insurer), as the case may be;

(b) *Limit for the entire group of the investee company*: Not more than: (i) 15% of such funds and reserves as specified under the IRDA Investment Regulations, in case of a life insurer, or 15% of the approved investments and other investments as permitted under the Insurance Act and the IRDA Investment Regulations, in case of a general insurer (including reinsurer or a health insurer); or (ii) 15% of the investment assets in all companies belonging to the group, whichever is lower; and

(c) *Limit for the industry sector to which the investee company belongs*: Not more than: (i) 15% of the such funds and reserves as specified under the IRDA Investment Regulations, in case of a life insurer, or 15% of the approved investments and other investments as permitted under the Insurance Act and the IRDA Investment Regulations, in case of a general insurer (including a re-insurer or a health insurer); or (ii) 15% of the investment asset, whichever is lower.

* The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹500,000 million or more but less than ₹2,500,000 million.

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by the IRDA from time to time.

Bids by Provident Funds/ Pension Funds

In case of Bids made by provident funds/ pension funds with minimum corpus of ₹ 250 million, subject to applicable laws, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to reject any Bid, without assigning any reason thereof.

Bids by Anchor Investors

In accordance with the SEBI ICDR Regulations, the key terms for participation by Anchor Investors are provided below.

- a) Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the Managers.
- b) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹100 million. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 100 million.
- c) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.
- d) Bidding for Anchor Investors will open one Working Day before the Bid/ Offer Opening Date, i.e., the Anchor Investor Bidding Date, and will be completed on the same day.
- e) Our Company and the Promoter Selling Shareholder, in consultation with the Managers will finalise allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than:
 - i. maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹100 million;
 - ii. minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100 million but up to ₹ 2,500 million, subject to a minimum Allotment of ₹ 50 million per Anchor Investor; and

- iii. in case of allocation above ₹ 2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹ 2,500 million, subject to minimum allotment of ₹ 50 million per Anchor Investor.
- f) Allocation to Anchor Investors will be completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made will be made available in the public domain by the Managers before the Bid/ Offer Opening Date, through intimation to the Stock Exchange.
- g) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.
- h) If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Allocation Price will be payable by the Anchor Investors on the Anchor Investor Pay-in Date specified in the CAN. If the Offer Price is lower than the Anchor Investor Allocation Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Allocation Price.
- i) Equity Shares Allotted in the Anchor Investor Portion will be locked-in for a period of 30 days from the date of Allotment.
- j) The Managers, our Promoter, members of the Promoter Group or any person related to them (except for Mutual Funds sponsored by entities related to the Managers) will not participate in the Anchor Investor Portion. The parameters for selection of Anchor Investors will be clearly identified by the Managers and made available as part of the records of the Managers for inspection by SEBI.
- k) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, eligible FPIs, AIFs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of India, insurance funds set up by the Department of Posts, Government of India or the National Investment Fund and provident funds with a minimum corpus of ₹ 250 million (subject to applicable laws) and pension funds with a minimum corpus of ₹ 250 million (subject to applicable laws), Systemically Important NBFCs (as defined under in RBI regulations) 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 Bid cum Application Form, as the case may be. Failing this, our Company and the Selling Shareholders reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Selling Shareholders, in consultation with the Managers, in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form.

In accordance with existing regulations, OCBs cannot participate in the Offer.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders, the Managers and the Syndicate Members are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.

General Instructions

Do's:

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
4. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidder's depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;
5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Center within the prescribed time;

6. If you are an ASBA Bidder, the first applicant is not the ASBA Account holder, ensure that the Bid cum Application Form is signed by the ASBA Account holder. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form;
7. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;
8. Ensure that the name(s) given in the Bid cum Application Form is/ are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain the name of only the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;
9. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;
10. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to any of the Designated Intermediaries;
11. Ensure that you submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised Acknowledgement Slip;
12. Except for (i) Bids on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of circular dated June 30, 2008 of SEBI, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms circular dated July 20, 2006 of the SEBI, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the Income Tax Act. The exemption for the Central or the State Government and officials appointed by the courts for investors who are exempt from the requirement of obtaining/ specifying their PAN for transacting in the securities market 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. All other applications in which PAN is not mentioned will be rejected;
13. Ensure that the Demographic Details are updated, true and correct in all respects;
14. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
15. Ensure that the category and the investor status is indicated;
16. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trusts, etc., relevant documents are submitted;
17. Ensure that Bids submitted by any person resident outside India should be in compliance with applicable foreign and Indian laws;
18. Ensure that the depository account is active, the correct DP ID, the Client ID and the PAN are mentioned in the Bid cum Application Form and that the name of the Bidder, the DP ID, the Client ID and the PAN entered into the online IPO system of the Stock Exchanges by the Designated Intermediary, as applicable, match with the name, DP ID, Client ID and PAN available in the Depository database;
19. Ensure that you have correctly signed the authorisation/ undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid;
20. Ensure that while Bidding through a Designated Intermediary, the ASBA Form is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at www.sebi.gov.in);
21. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the Bid cum Application Form and the Red Herring Prospectus; and
22. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/ revise Bid Amount to less than the Floor Price or higher than the Cap Price (including any revisions thereof);
3. Do not pay the Bid Amount in cheques, demand drafts, by cash, money order, by postal order or by stock invest;
4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
5. If you are a QIB or Non-Institutional Bidder, do not Bid at Cut-off Price;
6. Do not withdraw or lower the size of your Bid (in terms of number of Equity Shares Bid for, or Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder;
7. Do not instruct your respective SCSBs to release the funds blocked in the ASBA Account under the ASBA process;
8. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Bidders);

9. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer size and/ or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;
10. Do not submit Bid for an amount more than funds available in your ASBA Account;
11. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
12. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
13. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);
14. Do not submit more than five Bid cum Application Forms per ASBA Account;
15. Anchor Investors should not bid through the ASBA process;
16. Do not Bid on another Bid cum Application Form and the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;
17. Do not Bid on another Bid cum Application Form after you have submitted a Bid to a Designated Intermediary;
18. Do not send ASBA Forms by post. Instead submit the same to only a Designated Intermediary;
19. Do not Bid on a physical ASBA Form that does not have the stamp of a Designated Intermediary;
20. Do not submit the GIR number instead of the PAN;
21. 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 Offer; and
22. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Payment into Escrow Account for Anchor Investors

Our Company and the Selling Shareholders, in consultation with the Managers, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. Anchor Investors are not permitted to Bid in the Offer through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, RTGS, NACH or NEFT). For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of:

- (a) In case of resident Anchor Investors: “[●]”
- (b) In case of Non-Resident Anchor Investors: “[●]”

Escrow Mechanism

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholder, the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in all editions of [●], all editions of [●] and [●] editions of [●] (which are English, Hindi and Marathi daily newspapers, Marathi being the regional language of Maharashtra, where the Registered Office is located), each with wide circulation. Our Company shall, in the pre-Offer advertisement state the Bid/ Offer Opening Date, the Bid/ Offer Closing Date and the QIB Bid/ Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule XIII of the SEBI ICDR Regulations.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the Managers are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of the this Draft Red Herring Prospectus. The Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.

Signing of the Underwriting Agreement and the RoC Filing

- (a) Our Company, the Selling Shareholders and the Syndicate intend to enter into an Underwriting Agreement on or immediately after the finalisation of the Offer Price.

- (b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be registered with the RoC in accordance with applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

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.”***

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

Undertakings by our Company

Our Company undertakes the following:

- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within six Working Days of the Bid/ Offer Closing Date or any other period as may be prescribed, will be taken;
- the funds required for making refunds (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- if Allotment is not made within the prescribed time period under applicable laws, the entire subscription amount received will be refunded/ unblocked within the time prescribed under applicable laws. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and other applicable laws for the delayed period;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- that details of all monies utilised out of the Fresh Issue shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which monies have been utilised. Further, details of all unutilised monies out of the Fresh Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet, indicating the form in which such amounts have been invested;
- that we shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time;
- intimation of the credit of securities/ refund orders to Eligible NRIs shall be despatched within specified time;
- except for allotment of Equity Shares pursuant to exercise of options under the ESOP Plan, no further issue of the Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded/ unblocked in ASBA Account on account of non-listing, under-subscription, etc.; and
- adequate arrangements shall be made to collect all Bid cum Application Forms by Bidders.

Undertakings by the Selling Shareholders

Each of the Selling Shareholders, severally and not jointly, with respect to itself only (and not in respect of any other person) and their respective portion of the Offered Shares, undertakes that:

- the Equity Shares offered by it in the Offer have been held by it for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with the SEBI, such period determined in accordance with Regulation 26(6) of the SEBI ICDR Regulations;;
- it shall not have any recourse to the proceeds of the Offer until final listing and trading approvals have been received from the Stock Exchanges;
- it shall take all steps to provide all reasonable assistance to our Company and the Managers, as may be required for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges within six Working Days from the Bid/ Offer Closing Date, failing which it shall forthwith repay without interest all monies

received from Bidders. In case of delay, interest as per applicable laws shall be paid by the Selling ShareholderS in proportion to the Offered Shares;

- it shall not offer, lend, pledge, charge, transfer or otherwise encumber, sell, dispose off any of the Offered Shares being offered pursuant to the Offer until such time that the lock-in remains effective save and except as may be permitted under the SEBI ICDR Regulations;
- it shall provide all reasonable assistance to our Company and the Managers to ensure that the Equity Shares being offered by it pursuant to the Offer shall be transferred to the successful Bidders within the time specified under applicable laws;
- it shall reimburse our Company for expenses incurred in relation to the Offer in the manner agreed to amongst the Selling Shareholders and our Company, in accordance with applicable laws;
- the funds required for making refunds (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by the Selling Shareholders; and
- it shall comply with all applicable laws, including but not limited to the SEBI ICDR Regulations and the Companies Act 2013, and the rules and regulations made thereunder, in relation to the Offer.

Utilisation of Offer Proceeds

The Selling Shareholders, severally and not jointly, along with our Company confirm and declare that all monies received out of the Offer shall be credited/ transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.

PART B

General Information Document for Investing in Public Issues

This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. Bidders/ Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the issue. For taking an investment decision, the Bidders/ Applicants should rely on their own examination of the issuer and the issue, and should carefully read the Red Herring Prospectus/ Prospectus before investing in the issue.

SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book Building Process as well as to the Fixed Price issues. The purpose of the “General Information Document for Investing in Public Issues” is to provide general guidance to potential Bidders/ Applicants in IPOs and FPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“**SEBI ICDR Regulations**”).

Bidders/ Applicants should note that investment in equity and equity related securities involves risk and Bidder/ Applicant should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/ or for subscribing to securities in an Issue and the relevant information about the Issuer undertaking the Issue are set out in the Red Herring Prospectus (“**RHP**”)/ Prospectus filed by the Issuer with the Registrar of Companies (“**RoC**”). Bidders/ Applicants should carefully read the entire RHP/ Prospectus and the Bid cum Application Form/ Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Issue. In case of any difference in interpretation or conflict and/ or overlap between the disclosure included in this document and the RHP/ Prospectus, the disclosures in the RHP/ Prospectus shall prevail. The RHP/ Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the Lead Manager(s) to the Issue and on the website of Securities and Exchange Board of India (“**SEBI**”) at www.sebi.gov.in.

For the definitions of capitalised terms and abbreviations used herein Bidders/ Applicants may see “*Glossary and Abbreviations*”.

SECTION 2: BRIEF INTRODUCTION TO IPOs/ FPOs

2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer, Bidders/ Applicants may refer to the RHP/ Prospectus.

2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is *inter-alia* required to comply with the eligibility requirements in terms of Regulation 26/ Regulation 27 of the SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer, Bidders/ Applicants may refer to the RHP/ Prospectus.

2.3 Other Eligibility Requirements:

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, 2009, the Companies Act, 2013, the Companies Act, 1956 (to the extent applicable), the Securities Contracts (Regulation) Rules, 1957 (“**SCRR**”), industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/ Applicants may refer to the RHP/ Prospectus.

2.4 Types of Public Offers – Fixed Price Offers and Book Built Offers

In accordance with the provisions of the SEBI ICDR Regulations, 2009, an Issuer can either determine the Issue Price through the Book Building Process (“**Book Built Issue**”) or undertake a Fixed Price Issue (“**Fixed Price Issue**”). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/ Issue Opening Date, in case of an IPO and at least one Working Day before the Bid/ Issue Opening Date, in case of an FPO.

The Floor Price or the Issue price cannot be lesser than the face value of the securities.

Bidders/ Applicants should refer to the RHP/ Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

2.5 ISSUE PERIOD

The Issue may be kept open for a minimum of three Working Days (for all category of Bidders/ Applicants) and not more than ten Working Days. Bidders/ Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/ Prospectus for details of the Bid/ Issue Period. Details of Bid/ Issue Period are also available on the website of the Stock Exchange(s).

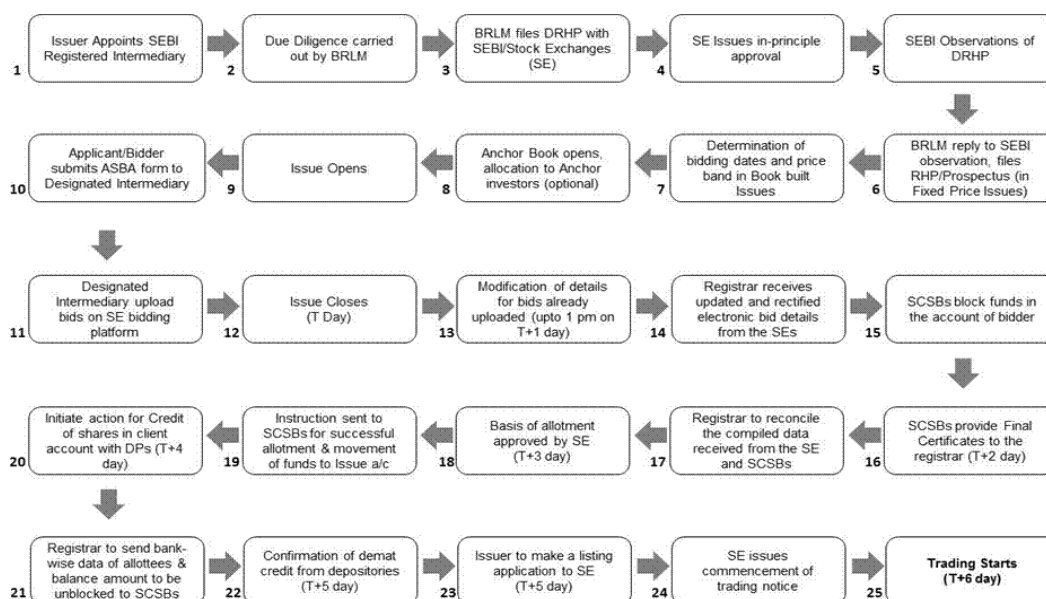
In case of a Book Built Issue, the Issuer may close the Bid/ Issue Period for QIBs one Working Day prior to the Bid/ Issue Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/ Issue Period may be extended by at least three Working Days, subject to the total Bid/ Issue Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/ Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges, and the advertisement in the newspaper(s) issued in this regard.

2.6 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price and Book Built Issues is as follows. Bidders/ Applicants may note that this is not applicable for Fast Track FPOs:

- In case of Issue other than Book Built Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:
 - i. Step 7: Determination of Issue Date and Price

ii. Step 10: Applicant submits ASBA Form with any of the Designated Intermediaries.



SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

Each Bidder/ Applicant should check whether it is eligible to apply under applicable law. Furthermore, certain categories of Bidders/ Applicants, such as NRIs, FPIs and FVCIs may not be allowed to Bid/ Apply in the Issue or hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/ Applicants are requested to refer to the RHP/ Prospectus for more details.

Subject to the above, an illustrative list of Bidders/ Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/ Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder/ Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/ Application Form as follows: “Name of sole or first Bidder/ Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*”. Bids/ Applications by HUFs may be considered at par with Bids/ Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;
- Scientific and/ or industrial research organisations authorised in India to invest in the Equity Shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations, 2009 and other laws, as applicable);
- FPIs other than Category III foreign portfolio investors, Bidding under the QIBs category;
- FPIs which are Category III foreign portfolio investors, Bidding under the NIIs category;
- Trusts/ societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/ societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;
- Any other person eligible to Bid/ Apply in the Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws; and
- As per the existing regulations, OCBs are not allowed to participate in an Issue.

SECTION 4: APPLYING IN THE ISSUE

Book Built Issue: Bidders/ Applicants should only use the specified ASBA Form (or in case of Anchor Investors, the Anchor Investor Application Form) either bearing the stamp of the Designated Intermediary, as available or downloaded from the websites of the Stock Exchanges. Bid cum Application Forms are available with the Designated Intermediaries at the Bidding Centres and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of

the Stock Exchanges at least one day prior to the Bid/ Issue Opening Date. For further details, regarding availability of Bid cum Application Forms, Bidders/ Applicants may refer to the RHP/ Prospectus.

Fixed Price Issue: Applicants should only use the specified Bid cum Application Form bearing the stamp of the relevant Designated Intermediaries, as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Designated Branches of the SCSBs and at the Registered and Corporate Office of the Issuer. For further details, regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/ Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Bid cum Application Form for various categories of Bidders/ Applicants is as follows:

Category	Colour of the Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non-repatriation basis	White
NRIs, FVCIs, FPIs, on a repatriation basis	Blue
Anchor Investors (where applicable) & Bidders/ Applicants Bidding/ applying in the reserved category	As specified by the Issuer

Securities issued in an IPO can only be in dematerialised form in accordance with Section 29 of the Companies Act, 2013. Bidders/ Applicants will not have the option of getting the Allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to Allotment.

4.1 INSTRUCTIONS FOR FILLING THE BID CUM APPLICATION FORM/ APPLICATION FORM

Bidders/ Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/ Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below. The samples of the Bid cum Application Form for resident Bidders/ Applicants and the Bid cum Application Form for non-resident Bidders/ Applicants are reproduced below:

Application Form – For Residents

COMMON BID CUM APPLICATION FORM	XYZ LIMITED - INITIAL PUBLIC ISSUE - R Address : Contact Details : CIN No :	FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS																											
LOGO TO, THE BOARD OF DIRECTORS XYZ LIMITED	BOOK BUILT ISSUE ISIN :	Bid cum Application Form No. 																											
SYNDICATE MEMBER'S STAMP & CODE SUB-BROKER'S / SUB-AGENT'S STAMP & CODE BANK BRANCH SERIAL NO.	BROKER/SCSB/DP/RTA STAMP & CODE ESCROW BANK/SCSB BRANCH STAMP & CODE SCSB SERIAL NO.	1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER Mr. / Ms. Address Email Tel. No (with STD code) / Mobile 																											
3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL For NSDL, enter 8 digit DP ID followed by 8 digit Client ID / For CDSL, enter 16 digit Client ID		6. INVESTOR STATUS ☐ Individual(s) - IND ☐ Hindu Undivided Family* - HUF ☐ Bodies Corporate - CO ☐ Banks & Financial Institutions - FI ☐ Mutual Funds - MF ☐ Non-Resident Indians - NRI (Non-Repatriation basis) ☐ National Investment Fund - NIF ☐ Insurance Funds - IF ☐ Insurance Companies - IC ☐ Venture Capital Funds - VCF ☐ Alternative Investment Funds - AIF ☐ Others (Please specify) - OTH																											
4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF") <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Bid Options</th> <th rowspan="2">No. of Equity Shares Bid (In Figures) (Bid must be in multiples of Bid Lot as advertised)</th> <th colspan="3">Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)</th> <th rowspan="2">"Cut-off" (Please tick)</th> </tr> <tr> <th>Bid Price</th> <th>Retail Discount</th> <th>Net Price</th> </tr> </thead> <tbody> <tr> <td>Option 1</td> <td></td> <td></td> <td></td> <td></td> <td>☐</td> </tr> <tr> <td>(OR) Option 2</td> <td></td> <td></td> <td></td> <td></td> <td>☐</td> </tr> <tr> <td>(OR) Option 3</td> <td></td> <td></td> <td></td> <td></td> <td>☐</td> </tr> </tbody> </table>		Bid Options	No. of Equity Shares Bid (In Figures) (Bid must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			"Cut-off" (Please tick)	Bid Price	Retail Discount	Net Price	Option 1					☐	(OR) Option 2					☐	(OR) Option 3					☐	5. CATEGORY ☐ Retail Individual Bidder ☐ Non-Institutional Bidder ☐ QIB
Bid Options	No. of Equity Shares Bid (In Figures) (Bid must be in multiples of Bid Lot as advertised)			Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)				"Cut-off" (Please tick)																					
		Bid Price	Retail Discount	Net Price																									
Option 1					☐																								
(OR) Option 2					☐																								
(OR) Option 3					☐																								
7. PAYMENT DETAILS Amount paid (₹ in figures) (₹ in words) ASBA Bank A/c No. Bank Name & Branch 		PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐																											
I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ANNOUNCEMENT PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.																													
8A. SIGNATURE OF SOLE / FIRST BIDDER _____ Date : _____	8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS) I/We authorize the SCSB to do all acts as are necessary to make the Application in the line 1) _____ 2) _____ 3) _____	BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)																											
TEAR HERE																													
LOGO XYZ LIMITED INITIAL PUBLIC ISSUE - R	Acknowledgement Slip for Broker/SCSB/DP/RTA	Bid cum Application Form No. PAN of Sole / First Bidder 																											
DPID / CLID 																													
Amount paid (₹ in figures) Bank & Branch 		Stamp & Signature of SCSB Branch																											
ASBA Bank A/c No. 																													
Received from Mr./Ms. 																													
Telephone / Mobile Email 																													
TEAR HERE																													
XYZ LIMITED - INITIAL PUBLIC ISSUE - R No. of Equity Shares Bid Price Amount Paid (₹) ASBA Bank A/c No. Bank & Branch 	Stamp & Signature of Broker / SCSB / DP / RTA	Name of Sole / First Bidder Acknowledgement Slip for Bidder Bid cum Application Form No. 																											

Application Form – For Non – Residents

COMMON BID CUM APPLICATION FORM	XYZ LIMITED - INITIAL PUBLIC ISSUE - NR Address : _____ Contact Details: _____ CIN No. _____	FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIS, FPIs OR FVCS, ETC APPLYING ON A REPATRIATION BASIS
LOGO	TO, THE BOARD OF DIRECTORS XYZ LIMITED	BOOK BUILT ISSUE ISIN : _____
		Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE	1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER												
		Mr. / Ms. _____												
		Address _____												
		Email _____												
		Tel. No (with STD code) / Mobile _____												
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	ESCROW BANK/SCSB BRANCH STAMP & CODE													
BANK BRANCH SERIAL NO.	SCSB SERIAL NO.	2. PAN OF SOLE / FIRST BIDDER												

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL		6. INVESTOR STATUS												
For NSDL, enter 8 digit DP ID followed by 8 digit Client ID / For CDSL, enter 16 digit Client ID		☐ NRI Non-Resident Indian(s) (Repatriation basis)												
		☐ FII FII or Sub-account not a Corporate/Foreign Individual												
		☐ FIIISA FII Sub-account Corporate/Individual												
		☐ FVCI Foreign Venture Capital Investor												
		☐ FPI Foreign Portfolio Investors												
		☐ OTH Others (Please Specify) _____												
4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")														
Bid Options:	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 10%;">No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)</th> <th colspan="3">Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)</th> </tr> <tr> <th></th> <th>Bid Price</th> <th>Retail Discount</th> <th>Net Price</th> </tr> <tr> <td>8 7 6 5 4 3 2 1</td> <td>3 2 1</td> <td>3 2 1</td> <td>3 2 1</td> </tr> </table>	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)				Bid Price	Retail Discount	Net Price	8 7 6 5 4 3 2 1	3 2 1	3 2 1	3 2 1	5. CATEGORY ☐ Retail Individual Bidder ☐ Non-Institutional Bidder ☐ QIB
No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)													
	Bid Price	Retail Discount	Net Price											
8 7 6 5 4 3 2 1	3 2 1	3 2 1	3 2 1											
Option 1														
(OR) Option 2														
(OR) Option 3														
7. PAYMENT DETAILS		PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐												
Amount paid (₹ in figures) _____ (₹ in words) _____														
ASBA Bank A/c No. _____														
Bank Name & Branch _____														
I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED AGREED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.														
8A. SIGNATURE OF SOLE / FIRST BIDDER	8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS) I/We authorize the SCSB to do all acts as are necessary to make the Application in the time	BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)												
Date : _____	1) _____ 2) _____ 3) _____													

LOGO	XYZ LIMITED INITIAL PUBLIC ISSUE - NR	Acknowledgement Slip for Broker/SCSB/DP/RTA	Bid cum Application Form No.
		PAN of Sole / First Bidder	
DPID / CLID _____			
Amount paid (₹ in figures) _____ Bank & Branch _____		Stamp & Signature of SCSB Branch	
ASBA Bank A/c No. _____			
Received from Mr./Ms. _____			
Telephone / Mobile _____ Email _____			

XYZ LIMITED - INITIAL PUBLIC ISSUE - NR	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th></th> <th>Option 1</th> <th>Option 2</th> <th>Option 3</th> </tr> <tr> <td>No. of Equity Shares</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Bid Price</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Amount Paid (₹)</td> <td></td> <td></td> <td></td> </tr> </table>		Option 1	Option 2	Option 3	No. of Equity Shares				Bid Price				Amount Paid (₹)				Name of Sole / First Bidder _____ Acknowledgement Slip for Bidder Bid cum Application Form No.
	Option 1	Option 2	Option 3															
No. of Equity Shares																		
Bid Price																		
Amount Paid (₹)																		
ASBA Bank A/c No. _____ Bank & Branch _____																		

4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/ FIRST BIDDER/ APPLICANT

- (a) Bidders/ Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.
- (b) **Mandatory Fields:** Bidders/ Applicants should note that the name and address fields are compulsory and e-mail and/ or telephone number/ mobile number fields are optional. Bidders/ Applicants should note that the

contact details mentioned in the Bid cum Application Form/ Application Form may be used to dispatch communications in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, the Designated Intermediaries and the Registrar to the Issue only for correspondence(s) related to an Issue and for no other purposes.

- (c) **Joint Bids/ Applications:** In the case of Joint Bids/ Applications, the Bids/ Applications should be made in the name of the Bidder/ Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/ Applicant would be required in the Bid cum Application Form/ Application Form and such first Bidder/ Applicant would be deemed to have signed on behalf of the joint holders. All communications may be addressed to such Bidder/ Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.
- (d) **Impersonation:** Attention of the Bidders/ 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.”**

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

- (e) **Nomination Facility to Bidder/ Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of Allotment of the Equity Shares in dematerialised form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/ Applicants should inform their respective CDP.

4.1.2 **FIELD NUMBER 2: PAN OF SOLE/ FIRST BIDDER/ APPLICANT**

- (a) PAN (of the sole/ first Bidder/ Applicant) provided in the Bid cum Application Form/ Application Form should be exactly the same as the PAN of the person(s) in whose sole or first name the relevant beneficiary account is held as per the Depositories’ records.
- (b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/ Applications on behalf of the Central or State Government, Bids/ Applications by officials appointed by the courts and Bids/ Applications by Bidders/ Applicants residing in Sikkim (“PAN Exempted Bidders/ Applicants”). Consequently, all Bidders/ Applicants, other than the PAN Exempted Bidders/ Applicants, are required to disclose their PAN in the Bid cum Application Form/ Application Form, irrespective of the Bid/ Application Amount. Bids/ Applications by the Bidders/ Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.
- (c) The exemption for the PAN Exempted Bidders/ Applicants 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.
- (d) Bid cum Application Forms which provide the GIR Number instead of PAN may be rejected.
- (e) Bids by Bidders/ Applicants whose demat accounts have been ‘suspended for credit’ are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/ MRD/ DP/ 22/ 2010. Such accounts are classified as “Inactive demat accounts” and Demographic Details are not provided by depositories.

4.1.3 FIELD NUMBER 3: BIDDERS/ APPLICANTS DEPOSITORY ACCOUNT DETAILS

- (a) Bidders/ Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form. The DP ID and Client ID provided in the Bid cum Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form is liable to be rejected.**
- (b) Bidders/ Applicants should ensure that the beneficiary account provided in the Bid cum Application Form is active.
- (c) Bidders/ Applicants should note that on the basis of the DP ID and Client ID as provided in the Bid cum Application Form, the Bidder/ Applicant may be deemed to have authorised the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Bidder/ Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for unblocking of ASBA Account or for other correspondence(s) related to an Issue.
- (d) Bidders/ Applicants are advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders'/ Applicants' sole risk.

4.1.4 FIELD NUMBER 4: BID OPTIONS

- (a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/ RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/ Issue Opening Date in case of an IPO, and at least one Working Day before Bid/ Issue Opening Date in case of an FPO.
- (b) The Bidders/ Applicants may Bid at or above Floor Price or within the Price Band for IPOs/ FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders/ Applicants may Bid at Floor Price or any price above the Floor Price (For further details Bidders/ Applicants may refer to (Section 5.6 (e))
- (c) **Cut-Off Price:** Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.
- (d) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the Lead Managers may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.
- (e) **Allotment:** The Allotment of specified securities to each RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be Allotted on a proportionate basis. For details of the Bid Lot, Bidders/ Applicants may refer to the RHP/ Prospectus or the advertisement regarding the Price Band published by the Issuer.

4.1.4.1 Maximum and Minimum Bid Size

- (a) The Bidder/ Applicant may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Investors, Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder/ Applicant does not exceed ₹ 200,000 and Eligible Employees Bidding in the Employee Reservation portion can Bid for a Bid Amount not exceeding ₹ 500,000.
- (b) In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category (with it not being eligible for Discount, if any), then such Bid may be rejected if it is at the Cut-off Price.

- (c) For NRIs, a Bid Amount of up to ₹ 200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹ 200,000 may be considered under the Non-Institutional Category for the purposes of allocation.
- (d) Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/ Prospectus, or as advertised by the Issuer, as the case may be. Non-Institutional Investors and QIBs are not allowed to Bid at Cut-off Price.
- (e) In case the Bid Amount reduces to ₹ 200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Investors who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.
- (f) For Anchor Investors, if applicable, the Bid Amount shall be least ₹ 100 million. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Category under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/ Issue Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Issue Price is lower than the Issue Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Issue Price is lower than the Anchor Investor Issue Price, the amount in excess of the Issue Price paid by the Anchor Investors shall not be refunded to them.
- (g) A Bid cannot be submitted for more than the Issue size.
- (h) The maximum Bid by any Bidder/ Applicant including QIB Bidder/ Applicant should not exceed the investment limits prescribed for them under the applicable laws.
- (i) The price and quantity options submitted by the Bidder/ Applicant in the Bid cum Application Form may be treated as optional bids from the Bidder/ Applicant and may not be cumulated. After determination of the Issue Price, the highest number of Equity Shares Bid for by a Bidder/ Applicant at or above the Issue Price may be considered for Allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of Bidders/ Applicants may refer to (Section 5.6 (e)).

4.1.4.2 Multiple Bids

- (a) Bidder/ Applicant should submit only one Bid cum Application Form. Bidder/ Applicant shall have the option to make a maximum of three Bids at different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another Designated Intermediary and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.
- (b) Bidders/ Applicants are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple Bids:
 - i. All Bids may be checked for common PAN as per the records of the Depository. For Bidders/ Applicants other than Mutual Funds, Bids bearing the same PAN may be treated as multiple Bids by a Bidder/ Applicant and may be rejected.
 - ii. For Bids from Mutual Funds, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders/ Applicants, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.
- (c) The following Bids may not be treated as multiple Bids:
 - i. Bids by Reserved Categories Bidding in their respective Reservation Portion as well as bids made by them in the Issue portion in public category.

- ii. Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.
- iii. Bids by Mutual Funds submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.
- iv. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

4.1.5 **FIELD NUMBER 5: CATEGORY OF BIDDERS/ APPLICANTS**

- (a) The categories of Bidders/ Applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and Allotment in the Issue are RIIs, NIIs and QIBs.
- (b) Up to 60% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of Anchor Investors based on allocation size, to the Anchor Investors, in accordance with SEBI ICDR Regulations, 2009, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Issue Price. For details regarding allocation to Anchor Investors, Bidders/ Applicants may refer to the RHP/ Prospectus.
- (c) An Issuer can make reservation for certain categories of Bidders/ Applicants as permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, Bidders/ Applicants may refer to the RHP/ Prospectus.
- (d) The SEBI ICDR Regulations, 2009, specify the allocation or Allotment that may be made to various categories of Bidders/ Applicants in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation Bidder/ Applicant may refer to the RHP/ Prospectus.

4.1.6 **FIELD NUMBER 6: INVESTOR STATUS**

- (a) Each Bidder/ Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective Allotment to it in the Issue is in compliance with the investment restrictions under applicable law.
- (b) Certain categories of Bidders/ Applicants, such as NRIs, FPIs and FVCIs may not be allowed to Bid in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/ Applicant are requested to refer to the RHP/ Prospectus for more details.
- (c) Bidders/ Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.
- (d) Bidders/ Applicant should ensure that their investor status is updated in the Depository records.

4.1.7 **FIELD NUMBER 7: PAYMENT DETAILS**

- (a) The full Bid Amount (net of any Discount, as applicable) shall be blocked in the ASBA Account based on the authorisation provided in the ASBA Form. If the Discount is applicable in the Issue, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the funds shall be blocked for Bid Amount net of Discount. Only in cases where the RHP/ Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder/ Applicant. In case of Bidders/ Applicant specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.
- (b) Bidders/ Applicant who Bid at Cut-off Price shall arrange to block the Bid Amount based on the Cap Price.
- (c) All Bidders/ Applicants (except Anchor Investors) have to participate in the Issue only through the ASBA mechanism.
- (d) Bid Amount cannot be paid in cash, through money order or through postal order.

4.1.7.1 Instructions for Anchor Investors:

- (a) Anchor Investors may submit their Bids with a Book Running Lead Manager.
- (b) Payments should be made either by RTGS, direct credit or NEFT.
- (c) The Banker to the Offer shall maintain the monies in the Escrow Account for and on behalf of the Anchor Investors until the Designated Date.

4.1.7.2 Payment instructions for ASBA Bidders/ Applicants:

- (a) Bidders/ Applicants may submit the ASBA Form either
 - i. in electronic mode through the internet banking facility offered by an SCSB authorising blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or
 - ii. in physical mode to any Designated Intermediary.
- (b) Bidders/ Applicants must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by Bidder and which is accompanied by cash, money order, demand draft, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, will not be accepted.
- (c) Bidders/ Applicants should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder;
- (d) Bidders/ Applicants shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
- (e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.
- (f) Bidders/ Applicants should submit the Bid cum Application Form only at the Bidding Centres, i.e. to the respective member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centres, the RTA at the Designated RTA Locations or CDP at the Designated CDP Locations.
- (g) Bidders/ Applicants bidding through a Designated Intermediary (other than an SCSB) should note that ASBA Forms submitted to them may 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 location for such Designated Intermediary to deposit ASBA Forms.
- (h) Bidders/ Applicants bidding directly through the SCSBs should ensure that the ASBA is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
- (i) Upon receipt of the ASBA Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Form.
- (j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the ASBA Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.
- (k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not accept such Bids and such bids are liable to be rejected.
- (l) Upon submission of a completed ASBA Form each Bidder may be deemed to have agreed to block the entire Bid Amount and authorised the Designated Branch of the SCSB to block the Bid Amount specified in the ASBA Form in the ASBA Account maintained with the SCSBs.
- (m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Bid, as the case may be.

- (n) SCSBs bidding in the Issue must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

4.1.7.3 Unblocking of ASBA Account

- (a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected Bids, if any, to enable the SCSBs to unblock the respective bank accounts.
- (b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful Bidder to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.
- (c) In the event of withdrawal or rejection of the ASBA Form and for unsuccessful Bids, the Registrar to the Issue may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/ Issue Closing Date.

4.1.7.4 Discount (if applicable)

- (a) The Discount is stated in absolute rupee terms.
- (b) Bidders/ Applicants applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Issue, Bidders/ Applicants may refer to the RHP/ Prospectus.
- (c) The Bidders/ Applicants entitled to the applicable Discount in the Issue may block the Bid Amount less Discount.

Bidder may note that in case the net amount blocked (post Discount) is more than 200,000, the Bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RII category.

4.1.8 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS

- (a) Only the First Bidder is required to sign the Bid cum Application Form. Bidders/ Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.
- (b) If the ASBA Account is held by a person or persons other than the Bidder, then the Signature of the ASBA Account holder(s) is also required.
- (c) The signature has to be correctly affixed in the authorisation/ undertaking box in the ASBA Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the ASBA Form.
- (d) Bidders/ Applicants must note that Bid cum Application Form/ Application Form without signature of Bidder and/ or ASBA Account holder is liable to be rejected.

4.1.9 ACKNOWLEDGEMENT AND FUTURE COMMUNICATION

- (a) Bidders/ Applicants should ensure that they receive the Acknowledgement Slip duly signed and stamped by the Designated Intermediary, as applicable, for submission of the ASBA Form.
- (b) All communications in connection with Bids made in the Issue may be addressed to the Registrar to the Issue with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder/ Applicant, Bid cum Application Form number, Bidders'/ Applicants' DP ID, Client ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

- (c) Further, the investor shall also enclose a copy of the Acknowledgement Slip duly received from the Designated Intermediaries in addition to the information mentioned hereinabove.

For further details, Bidder may refer to the RHP/ Prospectus and the Bid cum Application Form.

4.2 INSTRUCTIONS FOR FILING THE REVISION FORM

- (a) During the Bid/ Issue Period, any Bidder (other than QIBs and NIIs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.
- (b) RII may revise their bids or withdraw their Bids till the Bid/ Issue Closing Date.
- (c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.
- (d) The Bidder can make this revision any number of times during the Bid/ Issue Period. However, for any revision(s) in the Bid, the Bidders/ Applicants will have to use the services of the same Designated Intermediary through which such Bidder had placed the original Bid. Bidders/ Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample revision form is reproduced below:

COMMON BID REVISION FORM	XYZ LIMITED - INITIAL PUBLIC ISSUE - R	FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs, AND ELIGIBLE NRI, APPLYING ON A NON-REPATRIATION BASIS
	Address : Contact Details: CIN No	
LOGO	TO, THE BOARD OF DIRECTORS XYZ LIMITED	BOOK BUILT ISSUE ISIN :
		Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE	1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER	
		Mr. / Ms. 	
		Address 	
		Tel. No (with STD code) / Mobile 	
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	ESCROW BANK/SCSB BRANCH STAMP & CODE	2. PAN OF SOLE / FIRST BIDDER	
			
BANK BRANCH SERIAL NO.	SCSB SERIAL NO.	3. BIDDER'S DEPOSITORY ACCOUNT DETAILS	
		☐ NSDL ☐ CDSL For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID	

PLEASE CHANGE MY BID															
4. FROM (AS PER LAST BID OR REVISION)															
Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised)									Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/- only)					
	(In Figures)									(In Figures)					
	8	7	6	5	4	3	2	1	Bid Price	Retail Discount	Net Price	"Cut-off"			
Option 1															
(OR) Option 2															
(OR) Option 3															
5. TO (Revised Bid) (Only Retail Individual Bidders can Bid at "Cut-off")															
Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised)									Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/- only)					
	(In Figures)									(In Figures)					
	8	7	6	5	4	3	2	1	Bid Price	Retail Discount	Net Price	"Cut-off"			
Option 1															
(OR) Option 2															
(OR) Option 3															
6. PAYMENT DETAILS															
Additional Amount Paid (₹ in figures) (₹ in words) 															
ASBA Bank A/c No. 															
Bank Name & Branch 															
I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID REVISION FORM AND THE ATTACHED ABBREVIATED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID REVISION FORM GIVEN OVERLEAF.															
7A. SIGNATURE OF SOLE / FIRST BIDDER				7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS)				BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)							
Date : 				I/We authorize the SCSB to do all acts as are necessary to make the Application in the name 1) 2) 3) 											

LOGO	XYZ LIMITED	Acknowledgement Slip for Broker/SCSB/ DP/RTA	Bid cum Application Form No.
	BID REVISION FORM - INITIAL PUBLIC ISSUE - R		
DPID / CLID 		PAN of Sole / First Bidder 	
Additional Amount Paid (₹) 		Bank & Branch 	
ASBA Bank A/c No. 		Stamp & Signature of SCSB Branch 	
Received from Mr./Ms. 			
Telephone / Mobile Email 			

XYZ LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - R	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th></th> <th>Option 1</th> <th>Option 2</th> <th>Option 3</th> </tr> <tr> <td>No. of Equity Shares</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Bid Price</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Additional Amount Paid (₹)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>ASBA Bank A/c No.</td> <td colspan="3"></td> </tr> <tr> <td>Bank & Branch</td> <td colspan="3"></td> </tr> </table>		Option 1	Option 2	Option 3	No. of Equity Shares				Bid Price				Additional Amount Paid (₹)				ASBA Bank A/c No.				Bank & Branch				<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">Stamp & Signature of Broker / SCSB / DP / RTA</td> <td style="text-align: center;">Name of Sole / First Bidder</td> </tr> <tr> <td colspan="2" rowspan="2"> </td> <td style="text-align: center;"> Acknowledgement Slip for Bidder </td> </tr> <tr> <td style="text-align: right;"> Bid cum Application Form No. </td> </tr> </table>	Stamp & Signature of Broker / SCSB / DP / RTA		Name of Sole / First Bidder			Acknowledgement Slip for Bidder	Bid cum Application Form No.
	Option 1	Option 2	Option 3																														
No. of Equity Shares																																	
Bid Price																																	
Additional Amount Paid (₹)																																	
ASBA Bank A/c No.																																	
Bank & Branch																																	
Stamp & Signature of Broker / SCSB / DP / RTA		Name of Sole / First Bidder																															
		Acknowledgement Slip for Bidder																															
		Bid cum Application Form No. 																															

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

4.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/ FIRST BIDDER, PAN OF SOLE/ FIRST BIDDER & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER

Bidders/ Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.2.2 FIELD 4 & 5: BID OPTIONS REVISION 'FROM' AND 'TO'

- (a) Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example,

if a Bidder has Bid for three options in the Bid cum Application Form and such Bidder is changing only one of the options in the Revision Form, the Bidder must still fill the details of the other two options that are not being revised, in the Revision Form. The Designated Intermediaries may not accept incomplete or inaccurate Revision Forms.

- (b) In case of revision, Bid options should be provided by Bidders/ Applicants in the same order as provided in the Bid cum Application Form.
- (c) In case of revision of Bids by RIIs and Retail Individual Shareholders, such Bidders/ Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹ 200,000 and Eligible Employees Bidding in the Employee Reservation portion can Bid for a Bid Amount not exceeding ₹ 500,000. In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or for any other reason or ₹ 500,000 in case of Bids by Eligible Employees Bidding under the Employee Reservation Portion, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIIs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.
- (d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Category in terms of the RHP/ Prospectus. If, however, the RII does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RII and the RII is deemed to have approved such revised Bid at Cut-off Price.
- (e) In case of a downward revision in the Price Band, RIIs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked after the Allotment is finalised.

4.2.3 FIELD 6: PAYMENT DETAILS

- (a) All Bidders/ Applicants are required to authorise blocking of the full Bid Amount (less Discount (if applicable) along with the Bid Revision Form. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.
- (b) Bidder may issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Bidder had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.
- (c) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds ₹ 200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/ Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for may be adjusted downwards for the purpose of Allotment, such that additional amount is required blocked and the Bidder is deemed to have approved such revised Bid at the Cut-off Price.
- (d) In case of a downward revision in the Price Band, RIIs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked after finalisation of Basis of Allotment.

4.2.4 FIELDS 7: SIGNATURES AND ACKNOWLEDGEMENTS

Bidders may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

4.3 INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)

4.3.1 FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/ FIRST BIDDER, PAN OF SOLE/ FIRST BIDDER & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.3.2 FIELD 4: PRICE, APPLICATION QUANTITY & AMOUNT

- (a) The Issuer may mention Issue Price or Price Band in the draft Prospectus. However, a prospectus registered with RoC contains one price or coupon rate (as applicable).
- (b) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the Lead Managers may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.
- (c) Applications by RIIs and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹ 200,000 and Eligible Employees Bidding under the Employee Reservation Portion should ensure that the application amount payable does not exceed ₹ 500,000.
- (d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.
- (e) An application cannot be submitted for more than the Issue size.
- (f) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.
- (g) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or other SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.
- (h) Applicants are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple applications:
 - i. All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds, Bids bearing the same PAN may be treated as multiple applications by a Bidder and may be rejected.
 - ii. For applications from Mutual Funds, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.
- (i) The following applications may not be treated as multiple Bids:
 - i. Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Issue portion in public category.
 - ii. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.
 - iii. Applications by Mutual Funds submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

4.3.3 FIELD NUMBER 5: CATEGORY OF APPLICANTS

- (a) The categories of applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and Allotment in the Issue are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).
- (b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, applicants may refer to the Prospectus.
- (c) The SEBI ICDR Regulations, 2009 specify the allocation or Allotment that may be made to various categories of applicants in an Issue depending upon compliance with the eligibility conditions. Details

pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation applicant may refer to the Prospectus.

4.3.4 **FIELD NUMBER 6: INVESTOR STATUS**

Applicants should refer to instructions contained in paragraphs 4.1.6.

4.3.5 **FIELD 7: PAYMENT DETAILS**

- (a) All Applicants (other than Anchor Investors) are required to make use ASBA for applying in the Issue.
- (b) Application Amount cannot be paid in cash, through money order, cheque, demand draft or through postal order or through stock invest.

4.3.5.1 **Payment instructions for Applicants**

Applicants should refer to instructions contained in paragraph 4.1.7.2.

4.3.5.2 **Unblocking of ASBA Account**

Applicants should refer to instructions contained in paragraph 4.1.7.2.1.

4.3.5.3 **Discount** (if applicable)

Applicants should refer to instructions contained in paragraph 4.1.7.2.3.

4.3.6 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS & ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

Applicants should refer to instructions contained in paragraphs 4.1.8 & 4.1.9.

4.4 **SUBMISSION OF BID CUM APPLICATION FORM/ REVISION FORM**

4.4.1 **Bidders may submit completed Bid cum application form/ Revision Form in the following manner:**

Mode of Application		Submission of Bid cum Application Form
Anchor Investors Application Form	1)	To the Book Running Lead Managers at the locations mentioned in the Anchor Investor Application Form
ASBA Form	(a)	To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres or the RTA at the Designated RTA Location or the CDP at the Designated CDP Location
	(b)	To the Designated Branches of the SCSBs

- (a) Bidders/ Applicants should submit the Revision Form to the same Designated Intermediary through which such Bidder/ Applicant had placed the original Bid.
- (b) Upon submission of the Bid cum Application Form, the Bidder/ Applicant will be deemed to have authorised the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/ Applicant.
- (c) Upon determination of the Issue Price and filing of the Prospectus with the RoC, the Bid cum Application Form will be considered as the application form.

SECTION 5: ISSUE PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Issue, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Issue Price based on the Bids received as detailed in Schedule XI of the SEBI ICDR Regulations, 2009. The Issue Price is finalised after the Bid/ Issue Closing Date. Valid Bids received at or above the Issue Price are considered for allocation in the Issue, subject to applicable regulations and other terms and conditions.

5.1 **SUBMISSION OF BIDS**

- (a) During the Bid/ Issue Period, Bidders/ Applicants may approach any of the Designated Intermediaries to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the Book Running Lead Manager, to register their Bid.

- (b) In case of Bidders/ Applicants (excluding NIIs and QIBs) Bidding at Cut-off Price, the Bidders may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable).
- (c) For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/ Applicants are requested to refer to the RHP.

5.2 ELECTRONIC REGISTRATION OF BIDS

- (a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.
- (b) On the Bid/ Issue Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Red Herring Prospectus.
- (c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/ Allotment. The Designated Intermediaries are given till 1:00 pm on the next Working Day following the Bid/ Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/ Issue Period after which the Stock Exchange(s) send the bid information to the Registrar to the Issue for further processing.

5.3 BUILD UP OF THE BOOK

- (a) Bids received from various Bidders/ Applicants through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the Lead Managers at the end of the Bid/ Issue Period.
- (b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the Bidding Centres during the Bid/ Issue Period.

5.4 WITHDRAWAL OF BIDS

- (a) RIIs can withdraw their Bids until Bid/ Issue Closing Date. In case a RII wishes to withdraw the Bid during the Bid/ Issue Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.
- (b) The Registrar to the Issue shall give instruction to the SCSB for unblocking the ASBA Account upon or after finalisation of Basis of Allotment. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS

- (a) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to:
 - i. the Bids accepted by the Designated Intermediary,
 - ii. the Bids uploaded by the Designated Intermediary, and
 - iii. the Bid cum application forms accepted but not uploaded by the Designated Intermediary.
- (b) Any RII whose Bid has not been considered for Allotment, due to failures on the part of the SCSB may seek redressal from the concerned SCSB within three months of the listing date in accordance with the circular SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018.
- (c) The Lead Managers and their affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.

- (d) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.
- (e) In case of QIB Bidders/ Applicants, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) Lead Managers and their affiliate Syndicate Members (only in the Specified Locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.
- (f) All bids by QIBs, entities forming part of the Promoter Group, NIIs & RIIs can be rejected on technical grounds listed herein.

5.5.1 GROUND FOR TECHNICAL REJECTIONS

Bid cum Application Forms can be rejected on the below mentioned technical grounds either at the time of their submission to any of the Designated Intermediaries, or at the time of finalisation of the Basis of Allotment. Bidders/ Applicants are advised to note that the Bids/ Applications are liable to be rejected, inter-alia, on the following grounds, which have been detailed at various places in this GID:-

- a. Bid by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account supported by guardian as per Demographic Details provided by Depositories);
- b. Bids by OCBs;
- c. Bids by any entity forming part of the Promoter Group;
- d. In case of partnership firms, Bid for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;
- e. In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted along with the Bid cum Application Form;
- f. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- g. Bids by any person outside India if not in compliance with applicable foreign and Indian laws;
- h. Bids by any U.S. Persons or persons within the United States, which, if individually or collectively, result that any of the representations contained in “**Offer Information – Terms of the Offer – Eligibility and Transfer Restrictions**” beginning on page 285 are untrue or any of the undertakings or covenants contained in “**Offer Information – Terms of the Offer – Eligibility and Transfer Restrictions**” beginning on page 285 are breached.
- i. PAN not mentioned in the Bid cum Application Form, except for Bids by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;
- j. In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;
- k. Bids for lower number of Equity Shares than the minimum specified for that category of investors;
- l. Bids at a price less than the Floor Price and Bids at a price more than the Cap Price;
- m. Bids at Cut-off Price by NIIs and QIBs;
- n. The amounts mentioned in the Bid cum Application Form do not tally with the amount payable for the value of the Equity Shares Bid for;
- o. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- p. Submission of more than five ASBA Forms as through a single ASBA Account;

- q. Bids for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the RHP;
- r. Multiple Bids as defined in this GID and the RHP/ Prospectus;
- s. Inadequate funds in the bank account to block the Bid Amount specified in the Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
- t. Where no confirmation is received from SCSB for blocking of funds;
- u. Bids by Bidders/ Applicants (other than Anchor Investors) not submitted through ASBA process;
- v. Bids submitted to Designated Intermediaries at locations other than the Bidding Centres or to the Banker to the Offer (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the issuer or the Registrar to the Issue;
- w. Bids not uploaded on the terminals of the Stock Exchanges;
- x. Bids by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form;
- y. Bids uploaded without affixing the approval of the IRDA to the Bid cum Application Form, in the event the Allotment of Equity Shares by the Bidder results in the Bidder holding 5% or more of the post-Offer paid up equity capital of our Company; and
- z. Bids not uploaded in the Stock Exchanges bidding system.

5.6 BASIS OF ALLOCATION

- (a) The SEBI ICDR Regulations, 2009 specify the allocation or Allotment that may be made to various categories of Bidders/ Applicants in an Issue depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Issue size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP/ Prospectus. For details in relation to allocation, the Bidder may refer to the RHP/ Prospectus.
- (b) Under-subscription in any category (except QIB Category) is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and in consultation with the Lead Managers and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations, 2009. Unsubscribed portion in QIB Category is not available for subscription to other categories.
- (c) In case of under subscription in the Issue, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Issue. For allocation in the event of an under-subscription applicable to the Issuer, Bidders/ Applicants may refer to the RHP.
- (d) **Illustration of the Book Building and Price Discovery Process**

Bidders/ Applicants should note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes Bidding by Anchor Investors.

Bidders/ Applicants can bid at any price within the price band. For instance, assume a price band of ₹ 20 to ₹ 24 per share, issue size of 3,000 equity shares and receipt of five bids from Bidders/ Applicants, details of which are shown in the table below. The illustrative book given below shows the demand for the equity shares of the issuer at various prices and is collated from bids received from various investors.

Bid quantity	Bid amount (₹)	Cumulative quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of equity shares is the price at which the book cuts off, i.e., ₹ 22.00 in the above example. The issuer, in consultation with the book running lead managers, may finalise the issue price at or

below such cut-off price, i.e., at or below ₹ 22.00. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

(e) **Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of Bidding (“**Alternate Book Building Process**”).

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/ Issue Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder/ Applicant with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder/ Applicant is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIIs, NIIs and Employees are Allotted Equity Shares at the Floor Price and Allotment to these categories of Bidders/ Applicants is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the Allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be Allotted to a single Bidder/ Applicant, decide whether a Bidder/ Applicant be allowed to revise the bid upwards or downwards in terms of price and/ or quantity and also decide whether a Bidder/ Applicant be allowed single or multiple bids.

SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE

Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue. As the Issue Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through the Designated Intermediary.

Applicants may submit an Application Form either in physical form to the any of the Designated Intermediaries or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only (“ASBA Account”). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/ Issue Opening Date.

In a fixed price Issue, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/ Applicants may refer to the relevant section of the GID.

SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

The Allotment of Equity Shares to Bidders/ Applicants other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/ Applicants may refer to RHP/ Prospectus. No Retail Individual Investor will be Allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be Allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Issue (excluding any Offer for Sale of specified securities). However, in case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

7.1 ALLOTMENT TO RIIs

Bids received from the RIIs at or above the Issue Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Issue Price, full Allotment may be made to the RIIs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Issue Price, then the maximum number of RIIs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot (“**Maximum RII Allottees**”). The Allotment to the RIIs will then be made in the following manner:

- (a) In the event the number of RIIs who have submitted valid Bids in the Issue is equal to or less than Maximum RII Allottees, (i) all such RIIs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis

to the RIIs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).

- (b) In the event the number of RIIs who have submitted valid Bids in the Issue is more than Maximum RII Allottees, the RIIs (in that category) who will then be Allotted minimum Bid Lot shall be determined on the basis of draw of lots.

7.2 ALLOTMENT TO NIIs

Bids received from NIIs at or above the Issue Price may be grouped together to determine the total demand under this category. The Allotment to all successful NIIs may be made at or above the Issue Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Issue Price, full Allotment may be made to NIIs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Issue Price, Allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

7.4 ALLOTMENT TO QIBs

For the Basis of Allotment to Anchor Investors, Bidders/ Applicants may refer to the SEBI ICDR Regulations, 2009 or RHP/ Prospectus. Bids received from QIBs Bidding in the QIB Category (net of Anchor Portion) at or above the Issue Price may be grouped together to determine the total demand under this category. The QIB Category may be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Issue Price. Allotment may be undertaken in the following manner:

- (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full Allotment to the extent of valid Bids received above the Issue Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for Allotment to all QIBs as set out at paragraph 7.4(b) below;
- (b) In the second instance, Allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Issue Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

7.5 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)

- (a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of the issuer in consultation with the Selling Shareholders and the Lead Managers, subject to compliance with the following requirements:
- i. not more than 60% of the QIB Category will be allocated to Anchor Investors;
 - ii. one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and
 - iii. allocation to Anchor Investors shall be on a discretionary basis and subject to:
 - a maximum number of two Anchor Investors for allocation up to ₹ 100 million;
 - a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 100 million and up to ₹ 2,500 million subject to minimum Allotment of ₹ 50 million per such Anchor Investor; and
 - a minimum number of five Anchor Investors and maximum number of 15 Anchor Investors for allocation more than ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹ 2,500 million or part thereof, subject to minimum Allotment of ₹ 50 million per such Anchor Investor.
- (b) An Anchor Investor shall make an application of a value of at least ₹ 100 million in the Issue.

- (c) A physical book is prepared by the Registrar on the basis of the Anchor Investor Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the Issuer in consultation with the Lead Managers, selected Anchor Investors will be sent a CAN and if required, a revised CAN.
- (d) **In the event that the Issue Price is higher than the Anchor Investor Issue Price:** Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.
- (e) **In the event the Issue Price is lower than the Anchor Investor Issue Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

7.6 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIIs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED ISSUE

In the event of the Issue being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations, 2009.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

- (a) Bidders/ Applicants may be categorised according to the number of Equity Shares applied for;
- (b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders/ Applicants in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;
- (c) The number of Equity Shares to be Allotted to the successful Bidders/ Applicants may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder/ Applicant in that category multiplied by the inverse of the over-subscription ratio;
- (d) In all Bids where the proportionate Allotment is less than the minimum Bid Lot decided per Bidder/ Applicant, the Allotment may be made as follows: the successful Bidders/ Applicants out of the total Bidders/ Applicants for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder/ Applicant may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;
- (e) If the proportionate Allotment to a Bidder/ Applicant is a number that is more than the minimum Bid Lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded to the lower whole number. Allotment to all Bidders/ Applicants in such categories may be arrived at after such rounding off; and
- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders/ Applicants in that category, the remaining Equity Shares available for Allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate Allotment to the successful Bidders/ Applicants in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders/ Applicants applying for minimum number of Equity Shares.

7.7 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

- (a) **Designated Date:** On the Designated Date, the Banker to the Offer shall transfer the funds represented by allocation of Equity Shares to Anchor Investors from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders/ Applicants applying in the Anchor Investor Portion shall be made from the Refund Account as per the terms of the Escrow Agreement and the RHP. On the Designated Date, the Registrar to the Issue shall

instruct the SCSBs to transfer funds represented by allocation of Equity Shares from ASBA Accounts into the Public Issue Account.

- (b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/ Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue. Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/ Applicants who have been Allotted Equity Shares in the Issue.
- (c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.
- (d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/ Applicants Depository Account will be completed within six Working Days of the Bid/ Issue Closing Date.

SECTION 8: INTEREST AND REFUNDS

8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/ Issue Closing Date. The Registrar to the Issue may initiate corporate action for credit to Equity Shares the beneficiary account with Depositories, within six Working Days of the Bid/ Issue Closing Date.

8.2 GROUNDS FOR REFUND

8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/ list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/ Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/ Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) or obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer shall be punishable with a fine which shall not be less than ₹ 5 lakhs but which may extend to ₹ 50 lakhs and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than ₹ 50,000 but which may extend to ₹ 3 lakhs, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith take steps to refund, without interest, all moneys received from Bidders/ Applicants.

If such money is not refunded to the Bidders/ Applicants within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/ Prospectus.

8.2.2 NON RECEIPT OF MINIMUM SUBSCRIPTION

If the Issuer does not receive a minimum subscription of 90% of the Net Issue (excluding any offer for sale of specified securities), including devolvement to the Underwriters, the Issuer may forthwith, take steps to unblock the entire subscription amount received within six Working Days of the Bid/ Issue Closing Date and repay, without interest, all moneys received from Anchor Investors. In case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable. In case of under-subscription in the Issue involving a Fresh Issue and the Offer for Sale, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

The Selling Shareholders agree and acknowledge that in the event that any Equity Shares are not sold in the Offer for Sale on account of under-subscription, such unsold Equity Shares shall be subject to lock-in in accordance with the Red Herring Prospectus and the SEBI ICDR Regulations, 2009.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay the amount received from Bidders/ Applicants, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of 15 Working Days, be jointly and severally liable to repay the money, with interest at the rate of 15% per annum in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

8.2.3 MINIMUM NUMBER OF ALLOTTEES

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be Allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulations, 2009 comes for an Issue under Regulation 26(2) of SEBI (ICDR) Regulations, 2009 but fails to Allot at least 75% of the Net Issue to QIBs, in such case full subscription money is to be refunded.

8.3 MODE OF REFUND

- (a) **In case of ASBA Bids:** Within six Working Days of the Bid/ Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Bid and also for any excess amount blocked on Bidding.
- (b) **In case of Anchor Investors:** Within six Working Days of the Bid/ Issue Closing Date, the Registrar to the Issue may dispatch the refund orders for all amounts payable to unsuccessful Anchor Investors.
- (c) In case of Anchor Investors, the Registrar to the Issue may obtain from the depositories, the Bidders'/ Applicants' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Anchor Investor Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their depositories. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Registrar to the Issue, the Banker to the Offer, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Banker to the Offer.

8.3.1 Electronic mode of making refunds for Anchor Investors

The payment of refund, if any, may be done through various electronic modes as mentioned below:

- (a) **NACH**— National Automated Clearing House which is a consolidated system of ECS. Payment of refund would be done through NACH for Bidders/ Applicants having an account at any 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 Bidders/ 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 the Bidder/ Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
- (b) **NEFT**—Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investors' bank is NEFT enabled and has been assigned the Indian Financial System Code ("IFSC"), which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Anchor Investors through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;
- (c) **Direct Credit**—Anchor Investors having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;

- (d) **RTGS**—Anchor Investors having a bank account at any of the centres notified by SEBI where **clearing houses are managed by the RBI, may have the option to receive refunds, if any**, through RTGS; and

Please note that refunds through the abovementioned modes shall be credited only to the bank account from which the Bid Amount was remitted to the Banker to the Offer.

For details of levy of charges, if any, for any of the above methods, Anchor Investors may refer to RHP/ Prospectus.

8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% per annum, if the Allotment is not made and refund instructions have not been given to the clearing system in the disclosed manner. Instructions for unblocking of funds in the ASBA Account are not dispatched within the 15 days of the Bid/ Issue Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Bid/ Issue Closing Date, if Allotment is not made.

SECTION 9: GLOSSARY AND ABBREVIATIONS

Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.

Term	Description
Allotment/ Allot/ Allotted	The allotment of Equity Shares pursuant to the Issue to successful Bidders/ Applicants
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/ Applicants who have been Allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Allottee	An Bidder/ Applicant to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations, 2009 and the Red Herring Prospectus.
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and Prospectus
Anchor Investor Portion	Up to 60% of the QIB Category which may be allocated by the Issuer in consultation with the Lead Managers, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Supported by Blocked Amount / ASBA	An application, whether physical or electronic, used by Bidders/ Applicants, other than Anchor Investors, to make a Bid and authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
ASBA Form	Application form, whether physical or electronic, used by ASBA Bidders/ Applicants, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the Bidder/ Applicant
ASBA Bidder/ Applicant	All Bidders/ Applicants except Anchor Investors
Banker to the Issue/ Escrow Collection Bank(s)/ Collecting Banker	Banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account(s) for Anchor Investors may be opened, and as disclosed in the RHP/ Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	Basis on which the Equity Shares may be Allotted to successful Bidders/ Applicants under the Issue
Bid	An indication to make an offer during the Bid/ Issue Period by a prospective Bidder/ Applicants pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/ Issue Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder/ Applicants upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount
Bid cum Application Form	Anchor Investor Application Form or the ASBA Form, as the context requires
Bid/ Issue Closing Date	Except in the case of Anchor Investors (if applicable), the date after which the Designated Intermediaries may not accept any Bids for the Issue, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Bidders/ Applicants may refer to the RHP/ Prospectus for the Bid/ Issue Closing Date
Bid/ Issue Opening Date	The date on which the Designated Intermediaries may start accepting Bids for the Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Bidders/ Applicants may refer to the RHP/ Prospectus for the Bid/ Issue Opening Date

Term	Description
Bid/ Issue Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date inclusive of both days and during which prospective ASBA Bidders/ Applicants can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Bid/ Issue Period for QIBs one working day prior to the Bid/ Issue Closing Date in accordance with the SEBI ICDR Regulations, 2009. Bidders/ Applicants may refer to the RHP/ Prospectus for the Bid/ Issue Period
Bidder/ Applicant	Any prospective investor who makes a Bid pursuant to the terms of the RHP/ Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/ Applicant should be construed to mean an Applicant
Book Built Process/ Book Building Process/ Book Building Method	The book building process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made
Broker Centres/	Broker centres notified by the Stock Exchanges, where Bidders/ 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 Registered Brokers are available on the websites of the Stock Exchanges.
BRLM(s)/ Book Running Lead Manager(s)/ Lead Manager/ LM	The Book Running Lead Manager to the Issue as disclosed in the RHP/ Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM
Business Day	Monday to Saturday (except 2 nd and 4 th Saturday of a month and public holidays)
CAN/ Confirmation of Allocation Note	Notice or intimation of allocation of Equity Shares sent to Anchor Investors, who have been allocated Equity Shares, after the Anchor Investor Bid/ Issue Period
Cap Price	The higher end of the Price Band, above which the Issue Price and the Anchor Investor Issue Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDPs	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular number CIR/ CFD/ POLICYCELL/ 11/ 2015 dated November 10, 2015 issued by SEBI
Cut-off Price	Issue Price, finalised by the Issuer in consultation with the Book Running Lead Manager(s), which can be any price within the Price Band. Only RIIs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/ Applicants are entitled to Bid at the Cut-off Price
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders/ Applicants including the Bidders'/ Applicants' address, name of the Applicant's father/ husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by Bidders/ Applicants (excluding Anchor Investors) and a list of which is available on www.sebi.gov.in/ cms/ sebi_data/ attachdocs/ 1316087201341.html
Designated CDP Locations	Such locations of the CDPs where Bidders/ Applicants can submit the ASBA Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the websites of the respective Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Date	The date on which funds are transferred by the Banker to the Offer from the Escrow Account and the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Bidders/ Applicants in the Fresh Issue may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale
Designated Intermediaries	Members of the Syndicate, Sub-Syndicate/ Agents, SCSBs, Registered Brokers, Brokers, the CDPs and RTAs, who are authorised to collect Bid cum Application Forms from the Bidders/ Applicants, in relation to the Issue
Designated RTA Locations	Such locations of the RTAs where Bidders/ Applicants can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the websites of the respective Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/ Prospectus of the Issuer
Discount	Discount to the Issue Price that may be provided to Bidders/ Applicants in accordance with the SEBI ICDR Regulations, 2009.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoters. For further details, Bidder/ Applicant may refer to the RHP/ Prospectus
Equity Shares	Equity Shares of the Issuer
Escrow Account	Account opened with the Banker to the Offer and in whose favour the Anchor Investors may transfer money through NEFT, direct credit or RTGS in respect of the Bid Amount when submitting a Bid

Term	Description
Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Issue, the Book Running Lead Manager(s), the Syndicate Member(s), the Banker to the Offer and the Refund Bank(s) for collection of the Bid Amounts from Anchor Investors and where applicable, remitting refunds of the amounts collected to the Anchor Investors on the terms and conditions thereof
Banker to the Offer	Refer to definition of Banker to the Issue
FCNR Account	Foreign Currency Non-Resident Account
First Bidder/ Applicant	The Bidder/ Applicant whose name appears first in the Bid cum Application Form or Revision Form
Fixed Price Issue/ Fixed Price Process/ Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made
Floor Price	The lower end of the Price Band, at or above which the Issue Price and the Anchor Investor Issue Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPIs	Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issue	Public issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Issuer/ Company	The Issuer proposing the initial public offering/ further public offering as applicable
Locations	Bidding centres where the syndicate shall accept ASBA Forms from Bidders/ Applicants
Maximum RII Allottees	The maximum number of RIIs who can be Allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/ Prospectus and Bid cum Application Form
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the RHP/ Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Issue	The Issue less reservation portion
Non-Institutional Investors or NIIs	All Bidders/ Applicants, including FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Issue being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the RHP/ Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FPIs and FVCIs registered with SEBI
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/ Prospectus through an offer for sale by the Selling Shareholder
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for
Issue Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted to Bidders/ Applicants other than Anchor Investors, in terms of the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Issue Price The Issue Price may be decided by the Issuer in consultation with the Book Running Lead Manager(s)
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Issue may be decided by the Issuer in consultation with the Book Running Lead Manager(s) and advertised, at least five working days in case of an IPO and one working day in case of FPO, prior to the Bid/ Issue Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation
Pricing Date	Date on which the Issuer in consultation with the Book Running Lead Manager(s), finalise the Issue Price
Prospectus	Prospectus to be filed with the RoC in accordance with Section 26 of the Companies Act, 2013 after the Pricing Date, containing the Issue Price, the size of the Issue and certain other information
Public Issue Account	Bank account opened with the Banker to the Issue to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date

Term	Description
QIB Category	The portion of the Issue being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under SEBI ICDR Regulations, 2009
RTGS	Real Time Gross Settlement
Red Herring Prospectus/ RHP	The red herring prospectus issued in accordance with Section 32 of the Companies Act, 2013, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The RHP may be filed with the RoC at least three days before the Bid/ Issue Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus
Refund Account(s)	The account opened with Refund Bank(s), from which refunds to Anchor Investors, if any, of the whole or part of the Bid Amount may be made
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/ Prospectus and Bid cum Application Form of the Issuer
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular number CIR/ CFD/ POLICYCELL/ 11/ 2015 dated November 10, 2015 issued by SEBI
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Issue/ RTO	The Registrar to the Issue as disclosed in the RHP/ Prospectus and Bid cum Application Form
Reserved Category/ Categories	Categories of persons eligible for making application/ Bidding under reservation portion
Reservation Portion	The portion of the Issue reserved for such category of eligible Bidders/ Applicants as provided under the SEBI ICDR Regulations, 2009
Retail Individual Investors/ RIIs	Investors who applies or bids for a value of not more than ₹ 200,000
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than ₹ 200,000.
Retail Category	The portion of the Issue being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum Bid Lot, subject to availability in RII category and the remaining shares to be Allotted on proportionate basis.
Revision Form	The form used by the Bidders/ Applicants in an issue through Book Building Process to modify the quantity of Equity Shares and/ or bid price indicated therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations, 2009	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on www.sebi.gov.in/ cms/ sebi_data/ attachdocs/ 1316087201341.html
Stock Exchanges/ SE	The stock exchanges as disclosed in the RHP/ Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Issue are proposed to be listed
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms
Syndicate	The Book Running Lead Manager(s) and the Syndicate Member
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of ASBA Forms by Syndicate Members
Syndicate Member(s)/ SM	The Syndicate Member(s) as disclosed in the RHP/ Prospectus
Underwriters	The Book Running Lead Manager(s) and the Syndicate Member(s)
Underwriting Agreement	The agreement among the Issuer, and the Underwriters to be entered into on or after the Pricing Date
Working Day	All days other than the second and fourth Saturdays of each month, Sundays or public holidays, on which commercial banks in Mumbai are open for business; provided however, when referring to (a) announcement of Price Band; and (b) Bid/ Issue Period, the term shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (c) the time period between the Bid/ Issue Closing Date and the listing of the Equity Shares on the Stock Exchanges, shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/ HO/ CFD/ DIL/ CIR/ P/ 2016/ 26 dated January 21, 2016

SECTION VIII: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

The Articles of Association of the Company comprise of two parts, Part I and Part II, which parts shall, unless the context otherwise requires, co-exist with each other. In case of inconsistency between Part I and Part II, the provisions of Part II shall be applicable. However, Part II shall automatically terminate and, without any further action by the Company or its shareholders, cease to have any force and effect, on and from the date of listing of the Equity Shares on a stock exchange in India, as part of a qualified initial public offering of the Equity Shares.

PART I

4. SHARE CAPITAL

- (a) The authorised Share Capital of the Company shall be as stated under Clause V of the Memorandum of Association of the Company from time to time and the Company may sub-divide, consolidate and increase the Share Capital from time to time and upon the sub-division of shares, apportion the right to participate in profits in any manner as between the shares resulting from the sub-division.
- (b) The Paid up Share Capital shall at all times be as prescribed under the Act.
- (c) The Company has power, from time to time, to increase its authorised or issued and Paid up Share Capital.
- (d) The Share Capital of the Company may be classified into Equity Shares with differential rights as to dividend, voting or otherwise in accordance with the applicable provisions of the Act, Rules, and Law, from time to time.
- (e) Subject to Article 4(d), all Equity Shares shall be of the same class and shall be alike in all respects and the holders thereof shall be entitled to identical rights and privileges including without limitation to identical rights and privileges with respect to dividends, voting rights, and distribution of assets in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company.
- (f) The Board may allot and issue shares of the Company as payment or part payment for any property purchased by the Company or in respect of goods sold or transferred or machinery or appliances supplied or for services rendered to the Company in or about the formation of the Company or the acquisition and/or in the conduct of its business or for any goodwill provided to the Company; and any shares which may be so allotted may be issued as fully/partly paid up shares and if so issued shall be deemed as fully/partly paid up shares. However, the aforesaid shall be subject to the approval of shareholders under the relevant provisions of the Act and Rules.
- (g) The amount payable on application on each share shall not be less than 5 per cent of the nominal value of the share or, as may be specified by SEBI.
- (h) Nothing herein contained shall prevent the Directors from issuing fully paid up shares either on payment of the entire nominal value thereof in cash or in satisfaction of any outstanding debt or obligation of the Company.
- (i) Except so far as otherwise provided by the conditions of issue or by these presents, any Capital raised by the creation of new Equity Shares, shall be considered as part of the existing Capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.
- (j) All of the provisions of these Articles shall apply to the Shareholders.
- (k) Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any Equity Shares therein, shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is on the Register of Members shall for the purposes of these Articles be a Shareholder.
- (l) The money, (if any), which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the insertion of the name of the allottee, in the Register of Members as the name of the holder of such Equity Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

10. ALTERATION OF SHARE CAPITAL

Subject to these Articles and Section 61 of the Act, the Company may, by Ordinary Resolution in General Meeting from time to time, alter the conditions of its Memorandum as follows, that is to say, it may:

- (a) increase its Share Capital by such amount as it thinks expedient;
- (b) consolidate and divide all or any of its Share Capital into shares of larger amount than its existing shares;
Provided that no consolidation and division which results in changes in the voting percentage of shareholders shall take effect unless it is approved by the Tribunal on an application made in the prescribed manner.
- (c) convert all or any of its fully Paid up shares into stock and reconvert that stock into fully Paid up shares of any denomination
- (d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and
- (e) cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its Share Capital by the amount of the shares so cancelled. A cancellation of shares in pursuance of this Article shall not be deemed to be a reduction of Share Capital within the meaning of the Act.

11. REDUCTION OF SHARE CAPITAL

The Company may, subject to the applicable provisions of the Act, from time to time, reduce its Capital, any capital redemption reserve account and the securities premium account in any manner for the time being authorized by Law. This Article is not to derogate any power the Company would have under Law, if it were omitted.

13. POWER TO MODIFY RIGHTS

Where, the Capital, is divided (unless otherwise provided by the terms of issue of the shares of that class) into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 48 of the Companies Act, 2013 and Law, and whether or not the Company is being wound up, be modified, commuted, affected or abrogated or dealt with by agreement between the Company and any Person purporting to contract on behalf of that class, provided the same is affected with consent in writing and by way of a Special Resolution passed at a separate meeting of the holders of the issued shares of that class. Subject to Section 107(2) of the Companies Act, 1956 and Law, all provisions hereafter contained as to General Meetings (including the provisions relating to quorum at such meetings) shall *mutatis mutandis* apply to every such meeting.

15. SHARES AND SHARE CERTIFICATES

- (a) The Company shall issue, re-issue and issue duplicate share certificates in accordance with the provisions of the Act and in the form and manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014.
- (b) A duplicate certificate of shares may be issued, if such certificate:
 - (i) is proved to have been lost or destroyed; or
 - (ii) has been defaced, mutilated or torn and is surrendered to the Company.
- (c) The Company shall be entitled to dematerialize its existing shares, rematerialize its shares held in the depository and/or to offer its fresh shares in a dematerialized form pursuant to the Depositories Act, and the rules framed thereunder, if any.
- (d) A certificate, issued under the common seal of the Company, specifying the shares held by any Person shall be *prima facie* evidence of the title of the Person to such shares. Where the shares are held in depository form, the record of depository shall be the *prima facie* evidence of the interest of the beneficial owner.

- (e) If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deems adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Articles shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rupees two for each certificate) as the Directors shall prescribe. Provided that, no fee shall be charged for issue of a new certificate in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above, the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other act, or rules applicable thereof in this behalf.

- (f) Any member of the Company shall have the right to sub-divide, split or consolidate the total number of shares held by them in any manner and to request the Company to provide certificate(s) evidencing such sub-division, split or consolidation.
- (g) The provisions of this Article shall mutatis mutandis apply to Debentures and other Securities of the Company.
- (h) When a new share certificate has been issued in pursuance of sub-article (e) of this Article, it shall be in the form and manner stated under the Companies (Share Capital and Debentures) Rules, 2014.
- (i) Where a new share certificate has been issued in pursuance of sub-articles (e) or (f) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificates maintained in the form and manner specified under the Companies (Share Capital and Debentures) Rules, 2014.
- (j) All blank forms to be used for issue of share certificates shall be printed and the printing shall be done only on the authority of a Resolution of the Board. The blank forms shall be consecutively machine-numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or of such other person as the Board may authorize for the purpose and the Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board.
- (k) The Secretary shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates including the blank forms of the share certificate referred to in sub-article (i) of this Article.
- (l) All books referred to in sub-article (j) of this Article, shall be preserved in the manner specified in the Companies (Share Capital and Debentures) Rules, 2014.
- (m) The details in relation to any renewal or duplicate share certificates shall be entered into the register of renewed and duplicate share certificates, as prescribed under the Companies (Share Capital and Debentures) Rules, 2014.
- (n) If any Share stands in the names of 2 (two) or more Persons, the Person first named in the Register of Members shall as regards receipt of Dividends or bonus, or service of notices and all or any other matters connected with the Company except voting at meetings and the transfer of shares, be deemed the sole holder thereof, but the joint holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such shares, and for all incidents thereof according to these Articles.
- (o) Except as ordered by a court of competent jurisdiction or as may be required by Law, the Company shall be entitled to treat the Shareholder whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognise any benami, trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other Person whether or not he shall have express or implied notice thereof. The Board shall be entitled at their sole discretion to register any shares in the joint names of any 2 (two) or more Persons or the survivor or survivors of them.

17. UNDERWRITING AND BROKERAGE

- (a) Subject to the applicable provisions of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe or procuring or agreeing to procure subscription, (whether absolutely or conditionally), for any shares or Debentures in the Company in accordance with the

provisions of the Companies (Prospectus and Allotment of Securities) Rules, 2014.

- (b) The Company may also, on any issue of shares or Debentures, pay such brokerage as may be lawful.

18. CALLS

- (a) Subject to the provisions of Section 49 of the Act, the Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board, (and not by circular resolution), make such call as it thinks fit upon the Shareholders in respect of all money unpaid on the shares held by them respectively and each Shareholder shall pay the amount of every call so made on him to the Person or Persons and Shareholders and at the times and places appointed by the Board. A call may be made payable by installments. Provided that the Board shall not give the option or right to call on shares to any person except with the sanction of the Company in the General Meeting.
- (b) 30 (thirty) days' notice in writing at the least of every call (otherwise than on allotment) shall be given by the Company specifying the time and place of payment and if payable to any Person other than the Company, the name of the person to whom the call shall be paid, provided that before the time for payment of such call, the Board may by notice in writing to the Shareholders revoke the same.
- (c) The Board of Directors may, when making a call by resolution, determine the date on which such call shall be deemed to have been made, not being earlier than the date of resolution making such call and thereupon the call shall be deemed to have been made on the date so determined and if no date is determined, the call shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed and may be made payable by the Shareholders whose names appear on the Register of Members on such date or at the discretion of the Board on such subsequent date as shall be fixed by the Board. A call may be revoked or postponed at the discretion of the Board.
- (d) The joint holder of a share shall be jointly and severally liable to pay all instalments and calls due in respect thereof.
- (e) The Board may, from time to time at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the Shareholders who, from residence at a distance or other cause the Board may deem fairly entitled to such extension; but no Shareholders shall be entitled to such extension save as a matter of grace and favour.
- (f) If any Shareholder or allottee fails to pay the whole or any part of any call or installment, due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Shareholder.
- (g) Any sum, which by the terms of issue of a share or otherwise, becomes payable on allotment or at any fixed date or by installments at a fixed time whether on account of the nominal value of the share or by way of premium shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue or otherwise the same became payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of call, interest, expenses, forfeiture or otherwise shall apply as if such sum became payable by virtue of a call duly made and notified.
- (h) On the trial or hearing of any action or suit brought by the Company against any Shareholder or his legal representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the Shareholder in respect of whose shares the money is sought to be recovered appears entered on the Register of Members as the holder, or one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the shares; that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the Shareholder or his representatives so sued in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever; but the proof of the matters aforesaid shall be conclusive evidence of the debt.
- (i) Neither a judgment nor a decree in favour of the Company for calls or other money due in respect of any share nor any part payment or satisfaction thereunder, nor the receipt by the Company of a portion of any money which shall from time to time be due from any Shareholder to the Company in respect of his shares, either by

way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

- (j) The Board may, if it thinks fit (subject to the provisions of Section 50 of the Act) agree to and receive from any Shareholder willing to advance the same, the whole or any part of the money due upon the shares held by him beyond the sums actually called up, and upon the amount so paid or satisfied in advance or so much thereof as from time to time and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the Shareholder paying such sum in advance and the Board agree upon, provided that the money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.
- (k) No Shareholder shall be entitled to voting rights in respect of the money(ies) so paid by him until the same would but for such payment, become presently payable.
- (l) The provisions of these Articles shall *mutatis mutandis* apply to the calls on Debentures of the Company.

19. COMPANY'S LIEN:

A. On shares:

- (a) The Company shall have a first and paramount lien:
 - (i) on every share (not being a fully paid-up share), registered in the name of each shareholder (whether solely or jointly with others) and upon the proceeds of sale thereof for all money (whether presently payable or not) called, or payable at a fixed time, in respect of that share and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and except as provided in Article 19A(b);
 - (ii) on all shares (not being fully paid-up shares) standing registered in the name of a single person, for all money presently payable by him or his estate to the Company;

Provided that the Board may, at any time, declare any shares wholly or in part to be exempt from the provisions of this Article;

- (b) No equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect.
- (c) Company's lien, if any, on the shares, shall extend to all Dividends payable and bonuses declared from time to time in respect of such shares.
- (d) Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. The fully paid up shares shall be free from all lien and that in case of partly paid shares, the Company's lien shall be restricted to money called or payable at a fixed time in respect of such shares.
- (e) For the purpose of enforcing such lien, the Board may sell the shares, subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their Shareholders to execute and register the transfer thereof on behalf of and in the name of any purchaser. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Provided that no sale shall be made:

- (i) unless a sum in respect of which the lien exists is presently payable; or
- (ii) until the expiration of 14 days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

The net proceeds of any such sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable. The residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid

to the Person entitled to the shares at the date of the sale.

- (f) No Shareholder shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the Company has exercised any right of lien.

B. On Debentures:

- (a) The Company shall have a first and paramount lien:
 - (i) on every Debenture (not being a fully paid Debenture) registered in the name of each member (whether solely or jointly with others), for all money (whether presently payable or not) called, or payable at a fixed time, in respect of that Debenture;
 - (ii) on all Debentures (not being fully paid Debentures) standing registered in the name of a single person, for all money presently payable by him or his estate to the Company

Provided that the Board may, at any time, declare any Debentures wholly or in part to be exempt from the provisions of this Article.

- (b) Company's lien, if any, on the Debentures, shall extend to all interest and premium payable in respect of such Debentures.
- (c) Unless otherwise agreed, the registration of a transfer of Debentures shall operate as a waiver of the Company's lien, if any, on such Debentures. The fully paid up Debentures shall be free from all lien and that in case of partly paid Debentures, the Company's lien shall be restricted to money called or payable at a fixed time in respect of such Debentures.
- (d) For the purpose of enforcing such lien, the Board may sell the Debentures, subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such Debentures and may authorize the debenture trustee acting as trustee for the holders of Debentures or one of the holder of Debentures to execute and register the transfer thereof on behalf of and in the name of any purchaser. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the Debentures be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Provided that no sale shall be made:

- (i) unless a sum in respect of which the lien exists is presently payable; or
- (ii) until the expiration of 14 days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the Debenture or the person entitled thereto by reason of his death or insolvency.

The net proceeds of any such sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable. The residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the Debentures before the sale) be paid to the Person entitled to the Debentures at the date of the sale.

- (e) No holder of Debentures shall exercise any voting right in respect of any Debentures registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the Company has exercised any right of lien.

20. FORFEITURE OF SHARES

- (a) If any Shareholder fails to pay any call or installment or any part thereof or any money due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may, at any time thereafter, during such time as the call or installment or any part thereof or other money remain unpaid or a judgment or decree in respect thereof remain unsatisfied, give notice to him or his legal representatives requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

- (b) The notice shall name a day, (not being less than 14 (fourteen) days from the date of the notice), and a place or places on or before which such call or installment or such part or other money as aforesaid and interest thereon, (at such rate as the Board shall determine and payable from the date on which such call or installment ought to have been paid), and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or installment is payable, will be liable to be forfeited.
- (c) If the requirements of any such notice as aforesaid are not be complied with, any share in respect of which such notice has been given, may at any time, thereafter before payment of all calls, installments, other money due in respect thereof, interest and expenses as required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all Dividends declared or any other money payable in respect of the forfeited share and not actually paid before the forfeiture subject to the applicable provisions of the Act. There shall be no forfeiture of unclaimed Dividends before the claim becomes barred by Law.
- (d) When any share shall have been so forfeited, notice of the forfeiture shall be given to the Shareholder on whose name it stood immediately prior to the forfeiture or if any of his legal representatives or to any of the Persons entitled to the shares by transmission, and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.
- (e) Any share so forfeited shall be deemed to be the property of the Company and may be sold; re-allotted, or otherwise disposed of either to the original holder thereof or to any other Person upon such terms and in such manner as the Board shall think fit.
- (f) Any Shareholder whose shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses and other money owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rate as the Board may determine and the Board may enforce, (if it thinks fit), payment thereof as if it were a new call made at the date of forfeiture.
- (g) The forfeiture of a share shall involve extinction at the time of the forfeiture of all interest in all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of these rights as by these Articles are expressly saved.
- (h) A duly verified declaration in writing that the declarant is a Director or Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all Persons claiming to be entitled to the shares.
- (i) Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some Person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
- (j) Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relevant shares shall, (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Shareholder), stand cancelled and become null and void and of no effect and the Board shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.
- (k) The Board may, at any time, before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

22. TRANSFER AND TRANSMISSION OF SHARES

- (a) The Company shall maintain a "Register of Transfers" and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any Share, Debenture or other Security held in a material form.
- (b) In accordance with Section 56 of the Act, the Rules and such other conditions as may be prescribed under Law, every instrument of transfer of shares held in physical form shall be in writing. In case of transfer of shares

where the Company has not issued any certificates and where the shares are held in dematerialized form, the provisions of the Depositories Act shall apply.

- (c) An application for the registration of a transfer of the shares in the Company may be made either by the transferor or the transferee within the time frame prescribed under the Act.

Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee in a prescribed manner and the transferee communicates no objection to the transfer within 2 (two) weeks from the receipt of the notice.

- (d) Every such instrument of transfer shall be executed by both, the transferor and the transferee and attested and the transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof.
- (e) The Board shall have power on giving not less than 7 (seven) days previous notice by advertisement in a vernacular newspaper and in an English newspaper having wide circulation in the city, town or village in which the Office of the Company is situated, and publishing the notice on the website as may be notified by the Central Government and on the website of the Company, to close the transfer books, the Register of Members and/or Register of Debenture-holders at such time or times and for such period or periods, not exceeding 30 (thirty) days at a time and not exceeding in the aggregate 45 (forty-five) days in each year, as it may deem expedient.
- (f) Subject to the provisions of Sections 58 and 59 of the Act, these Articles and other applicable provisions of the Act or any other Law for the time being in force, the Board may, refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any securities or interest of a Shareholder or debentures in the Company. The Company shall, within 30 (thirty) days from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send a notice of refusal to the transferee and transferor or to the person giving notice of such transmission, as the case may be, giving reasons for such refusal.

Provided that, registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other Person or Persons indebted to the Company on any account whatsoever.

- (g) Subject to the applicable provisions of the Act and these Articles, the Directors shall have the absolute and uncontrolled discretion to refuse to register a Person entitled by transmission to any shares or his nominee as if he were the transferee named in any ordinary transfer presented for registration, and shall not be bound to give any reason for such refusal and in particular may also decline in respect of shares upon which the Company has a lien.
- (h) Subject to the provisions of these Articles, any transfer of shares in whatever lot should not be refused, though there would be no objection to the Company refusing to split a share certificate into several scripts of any small denominations or, to consider a proposal for transfer of shares comprised in a share certificate to several Shareholders, involving such splitting, if on the face of it such splitting/transfer appears to be unreasonable or without a genuine need. The Company should not, therefore, refuse transfer of shares in violation of the stock exchange listing requirements on the ground that the number of shares to be transferred is less than any specified number.
- (i) In case of the death of any one or more Shareholders named in the Register of Members as the joint-holders of any shares, the survivors shall be the only Shareholder or Shareholders recognized by the Company as having any title to or interest in such shares, but nothing therein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other Person.
- (j) The Executors or Administrators or holder of the succession certificate or the legal representatives of a deceased Shareholder, (not being one of two or more joint-holders), shall be the only Shareholders recognized by the Company as having any title to the shares registered in the name of such Shareholder, and the Company shall not be bound to recognize such Executors or Administrators or holders of succession certificate or the legal representatives unless such Executors or Administrators or legal representatives shall have first obtained probate or letters of administration or succession certificate, as the case may be, from a duly constituted court in India, provided that the Board may in its absolute discretion dispense with production of probate or letters of administration or succession certificate, upon such terms as to indemnity or otherwise as the Board may in its absolute discretion deem fit and may under Article 22(a) of these Articles register the name of any Person who claims to be absolutely entitled to the shares standing in the name of a deceased Shareholder, as a Shareholder.

- (k) The Board shall not knowingly issue or register a transfer of any share to a minor or insolvent or Person of unsound mind, except fully paid shares through a legal guardian.
- (l) Subject to the provisions of Articles, any Person becoming entitled to shares in consequence of the death, lunacy, bankruptcy of any Shareholder or Shareholders, or by any lawful means other than by a transfer in accordance with these Articles, may with the consent of the Board, (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article, or of his title, as the Board thinks sufficient, either be registered himself as the holder of the shares or elect to have some Person nominated by him and approved by the Board, registered as such holder; provided nevertheless, that if such Person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the shares.
- (m) A Person becoming entitled to a share by reason of the death or insolvency of a Shareholder shall be entitled to the same Dividends and other advantages to which he would be entitled if he were the registered holder of the shares, except that he shall not, before being registered as a Shareholder in respect of the shares, be entitled to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Directors shall, at any time, give notice requiring any such Person to elect either to be registered himself or to transfer the shares, and if such notice is not complied with within 90 (ninety) days, the Directors may thereafter withhold payment of all Dividends, bonuses or other monies payable in respect of the shares until the requirements of the notice have been complied with.

- (n) Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the shares. Every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

Where any instrument of transfer of shares has been received by the Company for registration and the transfer of such shares has not been registered by the Company for any reason whatsoever, the Company shall transfer the Dividends in relation to such shares to a special account unless the Company is authorized by the registered holder of such shares, in writing, to pay such Dividends to the transferee and will keep in abeyance any offer of right shares and/or bonus shares in relation to such shares.

In case of transfer and transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or Securities are being held in any electronic and fungible form in a Depository, the provisions of the Depositories Act shall apply.

- (o) Before the registration of a transfer, the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with a properly stamped and executed instrument of transfer in accordance with the provisions of Section 56 of the Act.
- (p) No fee shall be payable to the Company, in respect of the registration of transfer or transmission of shares, or for registration of any power of attorney, probate, letters of administration and succession certificate, certificate of death or marriage or other similar documents, sub division and/or consolidation of shares and debentures and sub-divisions of letters of allotment, renounceable letters of right and split, consolidation, renewal and genuine transfer receipts into denomination corresponding to the market unit of trading.
- (q) The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof, (as shown or appearing in the Register of Members), to the prejudice of a Person or Persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had any notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto, in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice, and give effect thereto if the Board shall so think fit.
- (r) There shall be a common form of transfer in accordance with the Act and Rules.
- (s) The provision of these Articles shall subject to the applicable provisions of the Act, the Rules and any

requirements of Law. Such provisions shall mutatis mutandis apply to the transfer or transmission by operation of Law to other Securities of the Company.

23. DEMATERIALIZATION OF SECURITIES

(a) Dematerialization:

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing Securities, rematerialize its Securities held in the Depositories and/or to offer its fresh Securities in a dematerialized form pursuant to the Depositories Act, and the rules framed thereunder, if any.

(b) Subject to the applicable provisions of the Act, either the Company or the investor may exercise an option to issue, dematerialize, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act.

(c) Notwithstanding anything contained in these Articles to the contrary, in the event the Securities of the Company are dematerialized, the Company shall issue appropriate instructions to the Depository not to Transfer the Securities of any Shareholder except in accordance with these Articles.

(d) If a Person opts to hold his Securities with a Depository, the Company shall intimate such Depository the details of allotment of the Securities and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Securities.

(e) Securities in Depositories to be in fungible form:

All Securities held by a Depository shall be dematerialized and be held in fungible form. Nothing contained in Sections 88, 89 and 186 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.

(f) Rights of Depositories & Beneficial Owners:

(i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the Registered Owner for the purposes of effecting transfer of ownership of Securities on behalf of the Beneficial Owner.

(ii) Save as otherwise provided in (i) above, the Depository as the Registered Owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.

(iii) Every person holding shares of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a Shareholder of the Company.

(iv) The Beneficial Owner of Securities shall, in accordance with the provisions of these Articles and the Act, be entitled to all the rights and subject to all the liabilities in respect of his Securities, which are held by a Depository.

(g) Except as ordered by a court of competent jurisdiction or as may be required by Law required and subject to the applicable provisions of the Act, the Company shall be entitled to treat the person whose name appears on the Register as the holder of any share or whose name appears as the Beneficial Owner of any share in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equity, equitable contingent, future, partial interest, other claim to or interest in respect of such shares or (except only as by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof but the Board shall at their sole discretion register any share in the joint names of any two or more persons or the survivor or survivors of them.

(h) Register and Index of Beneficial Owners:

The Company shall cause to be kept a register and index of members in accordance with all applicable provisions of the Act and the Depositories Act, with details of shares and debentures held in materialized and dematerialized forms in any media as may be permitted by Law including any form of electronic media.

The register and index of Beneficial Owners maintained by a Depository under the Depositories Act shall be deemed to be a register and index of members for the purposes of this Act. The Company shall have the power to keep in any state or country outside India a branch register of members resident in that state or country.

(i) **Cancellation of Certificates upon surrender by Person:**

Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a participant, the Company shall cancel such certificates and shall substitute in its record, the name of the Depository as the registered owner in respect of the said Securities and shall also inform the Depository accordingly.

(j) **Service of Documents:**

Notwithstanding anything contained in the Act or these Articles to the contrary, where Securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

(k) **Transfer of Securities:**

(i) Nothing contained in Section 56 of the Act or these Articles shall apply to a transfer of Securities effected by transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.

(ii) In the case of transfer or transmission of shares or other marketable Securities where the Company has not issued any certificates and where such shares or Securities are being held in any electronic or fungible form in a Depository, the provisions of the Depositories Act shall apply.

(l) **Allotment of Securities dealt with in a Depository:**

Notwithstanding anything in the Act or these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details of allotment of relevant Securities thereof to the Depository immediately on allotment of such Securities.

(m) **Certificate Number and other details of Securities in Depository:**

Nothing contained in the Act or these Articles regarding the necessity of having certificate number/distinctive numbers for Securities issued by the Company shall apply to Securities held with a Depository.

(n) **Register and Index of Beneficial Owners:**

The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, shall be deemed to be the Register and Index (if applicable) of Shareholders and Security-holders for the purposes of these Articles.

(o) **Provisions of Articles to apply to Shares held in Depository:**

Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depositories Act.

(p) **Depository to furnish information:**

Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by Law and the Company in that behalf.

(q) **Option to opt out in respect of any such Security:**

If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, he shall inform the Depository accordingly. The Depository shall on receipt of such information make appropriate entries in its records and shall inform the Company. The Company shall within 30 (thirty) days of the receipt of intimation from a Depository and on fulfillment of such conditions and on payment of such fees as may be specified by

the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.

(r) **Overriding effect of this Article:**

Provisions of this Article will have full effect and force notwithstanding anything to the contrary or inconsistent contained in any other Articles.

28. BORROWING POWERS

- (a) Subject to the provisions of Sections 73, 179 and 180, and other applicable provisions of the Act and these Articles, the Board may, from time to time, at its discretion by resolution passed at the meeting of a Board:
- (i) accept or renew deposits from Shareholders;
 - (ii) borrow money by way of issuance of Debentures;
 - (iii) borrow money otherwise than on Debentures;
 - (iv) accept deposits from Shareholders either in advance of calls or otherwise; and
 - (v) generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company.

Provided, however, that where the money to be borrowed together with the money already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the Paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose), the Board shall not borrow such money without the consent of the Company by way of a Special Resolution in a General Meeting.

- (b) Subject to the provisions of these Articles, the payment or repayment of money borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the resolution of the Board shall prescribe including by the issue of bonds, perpetual or redeemable Debentures or debenture-stock, or any mortgage, charge, hypothecation, pledge, lien or other security on the undertaking of the whole or any part of the property of the Company, both present and future. Provided however that the Board shall not, except with the consent of the Company by way of a Special Resolution in General Meeting mortgage, charge or otherwise encumber, the Company's uncalled Capital for the time being or any part thereof and Debentures and other Securities may be assignable free from any equities between the Company and the Person to whom the same may be issued.
- (c) Any bonds, Debentures, debenture-stock or other Securities may if permissible in Law be issued at a discount, premium or otherwise by the Company and shall with the consent of the Board be issued upon such terms and conditions and in such manner and for such consideration as the Board shall consider to be for the benefit of the Company, and on the condition that they or any part of them may be convertible into Equity Shares of any denomination, and with any privileges and conditions as to the redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors or otherwise. Provided that Debentures with rights to allotment of or conversion into Equity Shares shall not be issued except with the sanction of the Company in General Meeting accorded by a Special Resolution.
- (d) Subject to the applicable provisions of the Act and these Articles, if any uncalled Capital of the Company is included in or charged by any mortgage or other security, the Board shall make calls on the Shareholders in respect of such uncalled Capital in trust for the Person in whose favour such mortgage or security is executed, or if permitted by the Act, may by instrument under seal authorize the Person in whose favour such mortgage or security is executed or any other Person in trust for him to make calls on the Shareholders in respect of such uncalled Capital and the provisions hereinafter contained in regard to calls shall *mutatis mutandis* apply to calls made under such authority and such authority may be made exercisable either conditionally or unconditionally or either presently or contingently and either to the exclusion of the Board's power or otherwise and shall be assignable if expressed so to be.
- (e) The Board shall cause a proper Register to be kept in accordance with the provisions of Section 85 of the Act of all mortgages, Debentures and charges specifically affecting the property of the Company; and shall cause the requirements of the relevant provisions of the Act in that behalf to be duly complied with within the time prescribed under the Act or such extensions thereof as may be permitted under the Act, as the case may be, so far as they are required to be complied with by the Board.

- (f) Any capital required by the Company for its working capital and other capital funding requirements may be obtained in such form as decided by the Board from time to time.
- (g) The Company shall also comply with the provisions of the Companies (Registration of Charges) Rules, 2014 in relation to the creation and registration of aforesaid charges by the Company.

30. CONVERSION OF SHARES INTO STOCK AND RECONVERSION

- (a) The Company in General Meeting may, by Ordinary Resolution, convert any Paid-up shares into stock and when any shares shall have been converted into stock, the several holders of such stock may henceforth transfer their respective interest therein, or any part of such interests, in the same manner and subject to the same regulations as those subject to which shares from which the stock arose might have been transferred, if no such conversion had taken place or as near thereto as circumstances will admit. The Company may, by an Ordinary Resolution, at any time reconvert any stock into Paid-up shares of any denomination. Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so however such minimum shall not exceed the nominal account from which the stock arose.
- (b) The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards Dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose, but no such privileges or advantages, (except participation in the Dividends and profits of the Company and in the assets on winding-up), shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

31. ANNUAL GENERAL MEETING

In accordance with the provisions of the Act, the Company shall in each year hold a General Meeting specified as its Annual General Meeting and shall specify the meeting as such in the notices convening such meetings. Further, not more than 15 (fifteen) months gap shall exist between the date of one Annual General Meeting and the date of the next. All General Meetings other than Annual General Meetings shall be Extraordinary General Meetings.

33. VENUE, DAY AND TIME FOR HOLDING ANNUAL GENERAL MEETING

- (a) Every Annual General Meeting shall be called during business hours, that is, between 9 A.M. and 6 P.M. on a day that is not a national holiday, and shall be held at the Office of the Company or at some other place within the city, town or village in which the Office of the Company is situated, as the Board may determine and the notices calling the Meeting shall specify it as the Annual General Meeting.
- (b) Every Shareholder of the Company shall be entitled to attend the Annual General Meeting either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table, the Directors' Report and Audited Statement of Accounts, Auditors' Report, (if not already incorporated in the Audited Statement of Accounts), the proxy Register with proxies and the Register of Directors' shareholdings which latter Register shall remain open and accessible during the continuance of the Meeting. The Board shall cause to be prepared the Annual Return and forward the same to the concerned Registrar of Companies, in accordance with Sections 92 and 137 of the Act. The Directors are also entitled to attend the Annual General Meeting.

34. NOTICE OF GENERAL MEETINGS

- (a) Number of days' notice of General Meeting to be given: A General Meeting of the Company may be called by giving not less than 21 (twenty one) days clear notice in writing or in electronic mode, excluding the day on which notice is served or deemed to be served (i.e., on expiry of 48 (forty eight) hours after the letter containing the same is posted). However, a General Meeting may be called after giving shorter notice if consent is given in writing or by electronic mode by not less than 95 (ninety five) percent of the Shareholders entitled to vote at that meeting.

The notice of every meeting shall be given to:

- (a) every Shareholder, legal representative of any deceased Shareholder or the assignee of an insolvent member of the Company,

- (b) Auditor or Auditors of the Company, and
 - (c) all Directors.
- (b) Notice of meeting to specify place, etc., and to contain statement of business: Notice of every meeting of the Company shall specify the place, date, day and hour of the meeting, and shall contain a statement of the business to be transacted thereat shall be given in the manner prescribed under Section 102 of the Act.
 - (c) Contents and manner of service of notice and Persons on whom it is to be served: Every notice may be served by the Company on any Shareholder thereof either personally or by sending it by post to their/its registered address in India and if there be no registered address in India, to the address supplied by the Shareholder to the Company for giving the notice to the Shareholder.
 - (d) Special Business: Subject to the applicable provisions of the Act, where any items of business to be transacted at the meeting are deemed to be special, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each item of business including any particular nature of the concern or interest if any therein of every Director or manager (as defined under the provisions of the Act), if any or key managerial personnel (as defined under the provisions of the Act) or the relatives of any of the aforesaid and where any item of special business relates to or affects any other company, the extent of shareholding interest in that other company of every Director or manager (as defined under the provisions of the Act), if any or key managerial personnel (as defined under the provisions of the Act) or the relatives of any of the aforesaid of the first mentioned company shall also be set out in the statement if the extent of such interest is not less than 2 per cent of the paid up share capital of that other company. All business transacted at any meeting of the Company shall be deemed to be special and all business transacted at the Annual General Meeting of the Company with the exception of the business specified in Section 102 of the Act shall be deemed to be special.
 - (e) Resolution requiring Special Notice: With regard to resolutions in respect of which special notice is required to be given by the Act, a special notice shall be given as required by Section 115 of the Act.
 - (f) Notice of Adjourned Meeting when necessary: When a meeting is adjourned for 30 (thirty) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting in accordance with the applicable provisions of the Act.
 - (g) Notice when not necessary: Save as aforesaid, and as provided in Section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
 - (h) The notice of the General Meeting shall comply with the provisions of Companies (Management and Administration) Rules, 2014.\

39. QUESTIONS AT GENERAL MEETING HOW DECIDED

- (a) At any General Meeting, a resolution put to the vote of the General Meeting shall, unless a poll is demanded, be decided by a show of hands. Before or on the declaration of the result of the voting on any resolution by a show of hands, a poll may be carried out in accordance with the applicable provisions of the Act or the voting is carried out electronically. Unless a poll is demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the Minute Book of the Company shall be conclusive evidence of the fact, of passing of such resolution or otherwise.
- (b) In the case of equal votes, the Chairman shall both on a show of hands and at a poll, (if any), have a casting vote in addition to the vote or votes to which he may be entitled as a Shareholder.
- (c) If a poll is demanded as aforesaid, the same shall subject to anything stated in these Articles be taken at such time, (not later than forty-eight hours from the time when the demand was made), and place within the City, Town or Village in which the Office of the Company is situate and either by a show of hands or by ballot or by postal ballot, as the Chairman shall direct and either at once or after an interval or adjournment, or otherwise and the result of the poll shall be deemed to be the decision of the meeting at which the poll was demanded. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The demand for a poll may be withdrawn at any time by the Person or Persons who made the demand.
- (d) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a

Shareholder, (not being an officer or employee of the Company), present at the meeting provided such a Shareholder is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared, to remove a scrutineer from office and fill vacancies in the office of scrutineer arising from such removal or from any other cause.

- (e) Any poll duly demanded on the election of a Chairman of a meeting or any question of adjournment, shall be taken at the meeting forthwith. A poll demanded on any other question shall be taken at such time not later than 48 hours from the time of demand, as the Chairman of the meeting directs.
- (f) The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.
- (g) No report of the proceedings of any General Meeting of the Company shall be circulated or advertised at the expense of the Company unless it includes the matters required by these Articles or Section 118 of the Act to be contained in the Minutes of the proceedings of such meeting.
- (h) The Shareholders will do nothing to prevent the taking of any action by the Company or act contrary to or with the intent to evade or defeat the terms as contained in these Articles.

40. PASSING RESOLUTIONS BY POSTAL BALLOT

- (a) Notwithstanding any of the provisions of these Articles, the Company may, and in the case of resolutions relating to such business as notified under the Companies (Management and Administration) Rules, 2014, as amended, or other Law required to be passed by postal ballot, shall get any resolution passed by means of a postal ballot, instead of transacting the business in the General Meeting of the Company. Also, the Company may, in respect of any item of business other than ordinary business and any business in respect of which Directors or Auditors have a right to be heard at any meeting, transact the same by way of postal ballot.
- (b) Where the Company decides to pass any resolution by resorting to postal ballot, it shall follow the procedures as prescribed under Section 110 of the Act and the Companies (Management and Administration) Rules, 2014, as amended from time.

41. VOTES OF MEMBERS

- (a) No Shareholder shall be entitled to vote either personally or by proxy at any General Meeting or meeting of a class of Shareholders either upon a show of hands or upon a poll in respect of any shares registered in his name on which calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.
- (b) No member shall be entitled to vote at a General Meeting unless all calls or other sums presently payable by him have been paid, or in regard to which the Company has lien and has exercised any right of lien.
- (c) Subject to the provisions of these Articles, without prejudice to any special privilege or restrictions as to voting for the time being attached to any class of shares for the time being forming a part of the Capital of the Company, every Shareholder not disqualified by the last preceding Article, shall be entitled to be present, and to speak and vote at such meeting, and on a show of hands, every Shareholder present in person shall have one vote and upon a poll, the voting right of such Shareholder present, either in person or by proxy, shall be in proportion to his share of the Paid Up Share Capital of the Company held alone or jointly with any other Person or Persons.

Provided however, if any Shareholder holding Preference shares be present at any meeting of the Company, save as provided in Section 47(2) of the Act, he shall have a right to vote only on resolutions placed before the Meeting, which directly affect the rights attached to his preference shares.

- (d) On a poll taken at a meeting of the Company, a Shareholder entitled to more than one vote, or his proxy, or any other Person entitled to vote for him (as the case may be), need not, if he votes, use or cast all his votes in the same way.
- (e) A Shareholder of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, through a committee or through his legal guardian; and any such committee or guardian may, on a poll vote by proxy. If any Shareholder be a minor his vote in respect of his Share(s) shall be exercised by his guardian(s), who may be selected (in case of dispute) by

the Chairman of the meeting.

- (f) If there be joint registered holders of any shares, any one of such Persons may vote at any meeting or may appoint another Person, (whether a Shareholder or not) as his proxy in respect of such shares, as if he were solely entitled thereto; but the proxy so appointed shall not have any right to speak at the meeting and if more than one of such joint-holders be present at any meeting, then one of the said Persons so present whose name stands higher in the Register of Members shall alone be entitled to speak and to vote in respect of such shares, but the other joint-holders shall be entitled to be present at the meeting. Several Executors or Administrators of a deceased Shareholder in whose name shares stand shall for the purpose of these Articles be deemed joint-holders thereof.
- (g) Subject to the provision of these Articles, votes may be given personally or by an attorney or by proxy. A body corporate, whether or not a Company within the meaning of the Act, being a Shareholder may vote either by a proxy or by a representative duly authorised in accordance with Section 113 of the Act and such representative shall be entitled to exercise the same rights and powers, (including the right to vote by proxy), on behalf of the body corporate which he represents as that body could have exercised if it were an individual Shareholder.
- (h) Any Person entitled to transfer any shares of the Company may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his right to such shares and give such indemnity (if any) as the Board may require unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.
- (i) Every proxy, (whether a Shareholder or not), shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the Common Seal of such corporation or be signed by an officer or an attorney duly authorised by it, and any committee or guardian may appoint proxy. The proxy so appointed shall not have any right to speak at a meeting.
- (j) An instrument of proxy may appoint a proxy either for (i) the purposes of a particular meeting (as specified in the instrument) or (ii) for any adjournment thereof or (iii) it may appoint a proxy for the purposes of every meeting of the Company, or (iv) of every meeting to be held before a date specified in the instrument for every adjournment of any such meeting.
- (k) A Shareholder present by proxy shall be entitled to vote only on a poll.
- (l) An instrument appointing a proxy and a power of attorney or other authority (including by way of a Board Resolution, (if any),) under which it is signed or a notarially certified copy of that power or authority or resolution as the case may be, shall be deposited at the Office not later than forty-eight hours before the time for holding the meeting at which the Person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date of its execution. An attorney shall not be entitled to vote unless the power of attorney or other instrument or resolution as the case may be appointing him or a notarially certified copy thereof has either been registered in the records of the Company at any time not less than forty-eight hours before the time for holding the meeting at which the attorney proposes to vote, or is deposited at the Office of the Company not less than forty-eight hours before the time fixed for such meeting as aforesaid. Notwithstanding that a power of attorney or other authority has been registered in the records of the Company, the Company may, by notice in writing addressed to the Shareholder or the attorney, given at least 48 (forty eight) hours before the meeting, require him to produce the original power of attorney or authority or resolution as the case may be and unless the same is deposited with the Company not less than forty-eight hours before the time fixed for the meeting, the attorney shall not be entitled to vote at such meeting unless the Board in their absolute discretion excuse such non-production and deposit.
- (m) Every instrument of proxy whether for a specified meeting or otherwise should, as far as circumstances admit, be in any of the forms set out in the Companies (Management and Administration) Rules, 2014.
- (n) If any such instrument of appointment be confined to the object of appointing an attorney or proxy for voting at meetings of the Company it shall remain permanently or for such time as the Directors may determine in the custody of the Company; if embracing other objects a copy thereof, examined with the original, shall be delivered to the Company to remain in the custody of the Company.
- (o) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the Share in respect of which the vote is given, provided that no intimation in writing

of the death, revocation or transfer shall have been received at the Office before the meeting.

- (p) No objection shall be made to the validity of any vote, except at the Meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.
- (q) The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be in the sole judge of the validity of every vote tendered at such poll.
 - (i) The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within 30 (thirty) days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.
 - (ii) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the same meeting within the aforesaid period of 30 (thirty) days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for that purpose.
 - (iii) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
 - (iv) The Minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
 - (v) All appointments of Directors of the Company made at any meeting aforesaid shall be included in the minutes of the meeting.
 - (vi) Nothing herein contained shall require or be deemed to require the inclusion in any such Minutes of any matter which in the opinion of the Chairman of the Meeting (i) is or could reasonably be regarded as, defamatory of any person, or (ii) is irrelevant or immaterial to the proceedings, or (iii) is detrimental to the interests of the Company. The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the Minutes on the aforesaid grounds.
 - (vii) Any such Minutes shall be evidence of the proceedings recorded therein.
 - (viii) The book containing the Minutes of proceedings of General Meetings shall be kept at the Office of the Company and shall be open, during business hours, for such periods not being less in the aggregate than two hours in each day as the Board determines, for the inspection of any Shareholder without charge.
 - (ix) The Company shall cause minutes to be duly entered in books provided for the purpose of: -
 - a. the names of the Directors and Alternate Directors present at each General Meeting;
 - b. all Resolutions and proceedings of General Meeting.
- (r) The Shareholders shall vote (whether in person or by proxy) all of the shares owned or held on record by them at any Annual or Extraordinary General Meeting of the Company called for the purpose of filling positions to the Board, appointed as a Director of the Company under Sections 152 and 164(1) of the Act in accordance with these Articles.
- (s) The Shareholders will do nothing to prevent the taking of any action by the Company or act contrary to or with the intent to evade or defeat the terms as contained in these Articles.
- (t) All matters arising at a General Meeting of the Company, other than as specified in the Act or these Articles if any, shall be decided by a majority vote.
- (u) The Shareholders shall exercise their voting rights as shareholders of the Company to ensure that the Act or these Articles are implemented and acted upon by the Shareholders, and by the Company and to prevent the taking of any action by the Company or by any Shareholder, which is contrary to or with a view or intention to evade or defeat the terms as contained in these Articles.
- (v) Any corporation which is a Shareholder of the Company may, by resolution of the Board or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company and the

said person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could have exercised if it were an individual Shareholder in the Company (including the right to vote by proxy).

- (w) The Company shall also provide e-voting facility to the Shareholders of the Company in terms of the provisions of the Companies (Management and Administration) Rules, 2014, the Listing Agreement or any other Law, if applicable to the Company.

42. DIRECTORS

Subject to the applicable provisions of the Act, the number of Directors of the Company shall not be less than 3 (three) and not more than 15 (fifteen). The Company shall also comply with the provisions of the Companies (Appointment and Qualification of Directors) Rules, 2014 and the provisions of the Listing Regulations. The Board shall have an optimum combination of executive and Independent Directors with at least 1 (one) woman Director, as may be prescribed by Law from time to time.

68. PROCEEDINGS OF THE BOARD OF DIRECTORS

- (a) Board Meetings shall be held at least once in every 3 (three) month period and there shall be at least 4 (four) Board Meetings in any calendar year and there should not be a gap of more than 120 (one hundred twenty) days between two consecutive Board Meetings. Meetings shall be held at the Registered Office, or such a place as may be decided by the Board.
- (b) The participation of Directors in a meeting of the Board may be either in person or through video conferencing or other audio visual means, as may be prescribed, which are capable of recording and recognising the participation of the Directors and of recording and storing the proceedings of such meetings along with date and time. However, such matters as provided under the Companies (Meetings of Board and its Powers) Rules, 2014 shall not be dealt with in a meeting through video conferencing or other audio visual means. Any meeting of the Board held through video conferencing or other audio visual means shall only be held in accordance with the Companies (Meetings of Board and its Powers) Rules, 2014.
- (c) The Company Secretary or any other Director shall, as and when directed by the Chairman or a Director convene a meeting of the Board by giving a notice in writing to every Director in accordance with the provisions of the Act and the Companies (Meetings of Board and its Powers) Rules, 2014.
- (d) The Board may meet either at the Office of the Company, or at any other location in India or outside India as the Chairman or Director may determine.
- (e) At least 7 (seven) days' notice of every meeting of the Board shall be given in writing to every Director for the time being at his address registered with the Company and such notice shall be sent by hand delivery or by post or by electronic means. A meeting of the Board may be convened in accordance with these Articles by a shorter notice in case of any emergency as directed by the Chairman or the Managing Director or the Executive Director, as the case may be, subject to the presence of 1 (one) Independent Director in the said meeting. If an Independent Director is not present in the said meeting, then decisions taken at the said meeting shall be circulated to all the Directors and shall be final only upon ratification by one independent Director. Such notice or shorter notice may be sent by post or by fax or e-mail depending upon the circumstances.
- (f) At any Board Meeting, each Director may exercise 1 (one) vote. The adoption of any resolution of the Board shall require the affirmative vote of a majority of the Directors present at a duly constituted Board Meeting.

69. QUORUM FOR BOARD MEETING

- (a) Quorum for Board Meetings

Subject to the provisions of Section 174 of the Act, the quorum for each Board Meeting shall be one-third of its total strength and the presence of Directors by video conferencing or by other audio visual means shall also be counted for the purposes of calculating quorum.

If any duly convened Board Meeting cannot be held for want of a quorum, then such a meeting shall automatically stand adjourned for 7 (seven) days after the original meeting at the same time and place, or if that day is a national holiday, on the succeeding day which is not a public holiday to the same time and place. Provided however, the adjourned meeting may be held on such other date and such other place as may be unanimously agreed to by all the Directors in accordance with the provisions of the Act.

- (b) If in the event of a quorum once again not being available at such an adjourned meeting, the Directors present shall constitute the quorum and may transact business for which the meeting has been called.

95. DIVIDEND POLICY

- (a) The profits of the Company, subject to any special rights relating thereto being created or authorised to be created by the Memorandum or these Articles and subject to the provisions of these Articles shall be divisible among the Shareholders in proportion to the amount of Capital Paid-up or credited as Paid-up and to the period during the year for which the Capital is Paid-up on the shares held by them respectively. Provided always that, (subject as aforesaid), any Capital Paid-up on a Share during the period in respect of which a Dividend is declared, shall unless the Directors otherwise determine, only entitle the holder of such Share to an apportioned amount of such Dividend as from the date of payment.
- (b) Subject to the provisions of Section 123 of the Act the Company in General Meeting may declare Dividends, to be paid to Shareholders according to their respective rights and interests in the profits. No Dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may, declare a smaller Dividend, and may fix the time for payments not exceeding 30 (thirty) days from the declaration thereof.
- (c)
 - (i) No Dividend shall be declared or paid otherwise than out of profits of the Financial Year arrived at after providing for depreciation in accordance with the provisions of Section 123 of the Act or out of the profits of the Company for any previous Financial Year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both provided that: -
 - a. if the Company has not provided for depreciation for any previous Financial Year or years it shall, before declaring or paying a Dividend for any Financial Year provide for such depreciation out of the profits of that Financial Year or out of the profits of any other previous Financial Year or years, and
 - b. if the Company has incurred any loss in any previous Financial Year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the Dividend is proposed to be declared or paid or against the profits of the Company for any previous Financial Year or years arrived at in both cases after providing for depreciation in accordance with the provisions of Section 123 of the Act or against both.
 - (ii) The declaration of the Board as to the amount of the net profits shall be conclusive.
- (d) The Board may, from time to time, pay to the Shareholders such interim Dividend as in their judgment the position of the Company justifies.
- (e) Where Capital is paid in advance of calls upon the footing that the same shall carry interest, such Capital shall not whilst carrying interest, confer a right to participate in profits or Dividend.
- (f)
 - (i) Subject to the rights of Persons, if any, entitled to shares with special rights as to Dividend, all Dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof Dividend is paid but if and so long as nothing is Paid upon any shares in the Company, Dividends may be declared and paid according to the amount of the shares.
 - (ii) No amount paid or credited as paid on shares in advance of calls shall be treated for the purpose of this regulation as paid on shares.
 - (iii) All Dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the Dividend is paid, but if any shares are issued on terms providing that it shall rank for Dividend as from a particular date such shares shall rank for Dividend accordingly.
- (g) Subject to the applicable provisions of the Act and these Articles, the Board may retain the Dividends payable upon shares in respect of any Person, until such Person shall have become a Shareholder, in respect of such shares or until such shares shall have been duly transferred to him.

- (h) Any one of several Persons who are registered as the joint-holders of any Share may give effectual receipts for all Dividends or bonus and payments on account of Dividends or bonus or sale proceeds of fractional certificates or other money(ies) payable in respect of such shares.
- (i) Subject to the applicable provisions of the Act, no Shareholder shall be entitled to receive payment of any interest or Dividends in respect of his Share(s), whilst any money may be due or owing from him to the Company in respect of such Share(s); either alone or jointly with any other Person or Persons; and the Board may deduct from the interest or Dividend payable to any such Shareholder all sums of money so due from him to the Company.
- (j) Subject to Section 126 of the Act, a transfer of shares shall not pass the right to any Dividend declared thereon before the registration of the transfer.
- (k) Unless otherwise directed any Dividend may be paid by cheque or warrant or by a pay slip or receipt (having the force of a cheque or warrant) and sent by post or courier or by any other legally permissible means to the registered address of the Shareholder or Person entitled or in case of joint-holders to that one of them first named in the Register of Members in respect of the joint-holding. Every such cheque or warrant shall be made payable to the order of the Person to whom it is sent and in case of joint-holders to that one of them first named in the Register of Members in respect of the joint-holding. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission, or for any Dividend lost to a Shareholder or Person entitled thereto, by a forged endorsement of any cheque or warrant or a forged signature on any pay slip or receipt of a fraudulent recovery of Dividend. If 2 (two) or more Persons are registered as joint-holders of any Share(s) any one of them can give effectual receipts for any money(ies) payable in respect thereof. Several Executors or Administrators of a deceased Shareholder in whose sole name any Share stands shall for the purposes of this Article be deemed to be joint-holders thereof.
- (l) No unpaid Dividend shall bear interest as against the Company.
- (m) Any General Meeting declaring a Dividend may on the recommendation of the Board, make a call on the Shareholders of such amount as the Meeting fixes, but so that the call on each Shareholder shall not exceed the Dividend payable to him, and so that the call will be made payable at the same time as the Dividend; and the Dividend may, if so arranged as between the Company and the Shareholders, be set-off against such calls.
- (n) Notwithstanding anything contained in this Article, the dividend policy of the Company shall be governed by the applicable provisions of the Act and Law.
- (o) The Company may pay dividends on shares in proportion to the amount paid-up on each Share in accordance with Section 51 of the Act.

96. UNPAID OR UNCLAIMED DIVIDEND

- (a) If the Company has declared a Dividend but which has not been paid or the Dividend warrant in respect thereof has not been posted or sent within 30 (thirty) days from the date of declaration, transfer the total amount of dividend, which remained unpaid or unclaimed within 7 (seven) days from the date of expiry of the said period of 30 (thirty) days to a special account to be opened by the Company in that behalf in any scheduled bank to be called the "Unpaid Dividend Account".
- (b) Any money so transferred to the unpaid Dividend account of the Company which remains unpaid or unclaimed for a period of 7 (seven) years from the date of such transfer, shall be transferred by the Company to the Fund established under sub-section (1) of Section 125 of the Act, viz. "Investors Education and Protection Fund".
- (c) No unpaid or unclaimed Dividend shall be forfeited by the Board before the claim becomes barred by Law.

97. CAPITALIZATION OF PROFITS

The Company in General Meeting may, upon the recommendation of the Board, resolve:

- (a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the Company's profit and loss account or otherwise, as available for distribution, and
- (b) that such sum be accordingly set free from distribution in the manner specified herein below in sub-article (iii)

as amongst the Shareholders who would have been entitled thereto, if distributed by way of Dividends and in the same proportions.

- (c) The sum aforesaid shall not be paid in cash but shall be applied either in or towards:
 - (i) paying up any amounts for the time being unpaid on any shares held by such Shareholders respectively;
 - (ii) paying up in full, un-issued shares of the Company to be allotted, distributed and credited as fully Paid up, to and amongst such Shareholders in the proportions aforesaid; or
 - (iii) partly in the way specified in sub-article (i) and partly in the way specified in sub-article (ii).
- (d) A share premium account may be applied as per Section 52 of the Act, and a capital redemption reserve account may, duly be applied in paying up of unissued shares to be issued to Shareholders of the Company as fully paid bonus shares.

99. DISTRIBUTION OF ASSETS IN SPECIE OR KIND UPON WINDING UP

- (a) If the company shall be wound up, the Liquidator may, with the sanction of a special Resolution of the company and any other sanction required by the Act divide amongst the shareholders, in specie or kind the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.
- (b) For the purpose aforesaid, the Liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the shareholders or different classes of shareholders.

100. DIRECTOR'S AND OTHER'S RIGHTS TO INDEMNITY

Subject to the provisions of Section 197 of the Act, every Director, Manager and other officer or employee of the company shall be indemnified by the company against any liability incurred by him and it shall be the duty of the Directors to pay out of the funds of the company all costs, losses and expenses which any director, Manager, officer or employee may incur or become liable to by reason of any contract entered into by him on behalf of the company or in any way in the discharge of his duties and in particular, and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, Manager, Officer or employee in defending any proceedings whether civil or criminal in which judgement is given in his favour or he is acquitted or in connection with any application under section 463 of the Act in which relief is granted by the court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the company and have priority as between the shareholders over all the claims.

PART II

The Articles of Association of the Company comprise of two parts, Part I and Part II, which parts shall, unless the context otherwise requires, co-exist with each other. In case of inconsistency between Part I and Part II, the provisions of Part II shall be applicable. However, Part II shall automatically terminate and, without any further action by the Company or its shareholders, cease to have any force and effect, on and from the date of listing of the Equity Shares on a stock exchange in India, as part of a qualified initial public offering of the Equity Shares.

4. MANAGEMENT OF THE COMPANY

4.1 Board of Directors

- (a) Subject to applicable law and the terms of the Charter Documents, as the case may be, the Assets, Business, operations and affairs of the Company shall be managed exclusively by and under the overall direction, supervision and control of the Board, which shall have powers to do all such lawful acts and take all such actions as are permitted under applicable law and the Charter Documents; provided that those matters that are required to be approved by the Shareholders, whether under the Companies Act, or the Charter Documents, shall be referred to the Shareholders for their approval and shall be approved in accordance with these Articles.

(b) ***Composition and size of the Board***

Unless otherwise agreed to in writing by Creation on and from the Effective Date, the Company shall, subject to applicable law, have up to 15 (fifteen) Directors, with (i) up to 5 (five) Promoter Directors, (ii) 1 (one) Creation Director, and (iii) such number of Independent Directors appointed/ nominated by the Board in accordance with applicable law. Provided Creation shall cease to have such right if it (along with its Affiliates) ceases to hold at least 7% (seven percent) of the paid up Share Capital of the Company on an As Converted Basis at any time and if such an event happens, the position of any subsisting Creation Director on the Board shall stand automatically vacated.

Subject to the provisions of Articles (a) and (b), the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the Directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by these Articles. Such person shall hold office only up to the date of the next annual general meeting of the Company, held subsequent to such appointment(s) but shall be eligible for appointment by the Company as a Director at that meeting subject to the provisions of the Companies Act.

4.2 **Removal of Directors**

- (a) Notwithstanding anything to the contrary, Creation and the Promoter Group may from time to time by notice in writing to the Company, remove and/ or replace their respective nominee Director(s) in the Company. For the avoidance of doubt, it is clarified that the Promoter Group shall have the right to remove and/or replace only the Promoter Directors and not the Creation Director, and that Creation shall have the right to remove and/or replace only the Creation Director and not the Promoter Directors.

4.3 **Retirement of Directors**

The Creation Director shall not be required to retire by rotation and all other Directors, other than the Independent Directors, shall constitute the number of Directors required to retire by rotation, if so required by applicable law.

4.4 **Remuneration of Directors**

None of the Directors (including the Chairman) is entitled to receive remuneration for holding office as Director or exercising the functions of that office, except for the payment or reimbursement of their travel expenses including international travel (not exceeding INR 1,500,000 (Indian Rupees One Million Five Hundred Thousand per Financial Year), accommodation expenses and other ancillary expenses in relation to such meetings. The Company shall ensure that the payment/ reimbursement for participation in the Board meeting(s) shall be the same for all the Directors and as per the policy approved by the Board in this regard. Further, the Independent Directors shall be entitled to receive sitting fees as decided by the Board from time to time.

- 4.5 Without prejudice to the foregoing, each of the Company and the Promoter Group shall exercise all rights and powers available to them, including the exercise of votes at Board and general meetings of the Company, to procure that full effect is given to the provisions of this Article 4.

4.6 **Independent Directors**

The Independent Directors shall be appointed to the Board in accordance with applicable laws. The terms of appointment of the Independent Director shall be decided by the Board. For the avoidance of doubt, the Independent Directors shall count towards the total number of Directors as set out in Clause 4.1. The conditions referred to above shall also be followed in finalising the replacement of Independent Director(s).

For the purposes of these Articles, no Promoter Directors or Creation Director shall be considered as an Independent Director.

4.7 **Chairman**

The Directors of the Company will select one amongst the Promoters Directors to be the Chairman of the Board. Except as provided in Article 5.6, the Chairman shall not have a second or casting vote in the event of an equality of votes at Board meetings or general meetings of the Company.

4.8 **Board Meetings**

Each Shareholder shall exercise all rights and powers available to her/him/it/them, and shall procure the exercise of all rights and powers available to it/him/her/them, including the exercise of votes at Board meetings and in general meetings of the Company, to ensure that the Company and the Directors adopt the following rules in relation to Board meetings:

- (a) The Board shall meet at least at such frequency as prescribed by the Companies Act. The meetings of the Board can be held either at the registered office of the Company or such other place as may be determined by the Board; and
- (b) At least 7 (Seven) Business Days' (or such shorter period as may be approved in writing by each of the Directors subject to the Companies Act) written notice shall be given to each Director for each meeting, setting out the agenda for the meeting in reasonable detail and attaching the relevant documents and background notes to be discussed at the meeting and all available data and information relating to matters to be discussed at the meeting, except as otherwise agreed in writing by all the Directors.

Convening of Board Meetings: Any Director may, and the company secretary of the Company, if so appointed, shall on the requisition of a Director, summon a meeting of the Board or a committee thereof, in accordance with the notice and other requirements set out in this Article 4. Any Director wishing to place a matter on the agenda for any meeting of the Board may do so by communicating with the Chairman sufficiently in advance of the meeting of the Board, so as to permit timely dissemination of information with respect to the agenda items to all Directors.

4.9 **Quorum**

- (a) The quorum for all meetings of the Board shall be the presence of 4 (four) Directors, which shall include the presence of at least 1 (one) Creation Director, 2 (two) Promoter Directors and 1 (one) Independent Director to constitute a valid quorum. Participation of the Directors by video conferencing or by other audio visual or electronic means (as permitted under applicable law) shall also be counted for the purpose of constituting valid quorum. The quorum shall be present throughout the meeting.
- (b) In the event any of the Creation Director and/or the Promoter Directors and/or the Independent Director (as set out in Article (a) above) is unable to attend a Board meeting, then Creation and/or the Promoter Group and/or the Independent Director may agree in writing, that the quorum for that meeting shall not include the relevant Creation Director and/or the Promoter Directors and/or the Independent Director. In the event Creation and/or the Promoter Group and/or the Independent Director provides a notice of absence or waiver in writing, then the quorum for that Board meeting shall not include Creation Director and/or the Promoter Directors and/or the Independent Director, as the case may be, and in such a Board meeting no matter which was not disclosed in the agenda shall be tabled or discussed. If any meeting is held in contravention of this Article (b), then such meeting shall be deemed inquorate. In the event that Creation and/or the Promoter Group and/or the Independent Director does not agree in writing as above, then the Board meeting shall stand adjourned in accordance with the provisions of Article 4.10 below.

4.10 **Adjournment of Board Meetings**

- (a) In the event that no quorum is present (as required under Article 4.9 above) within half hour of the appointed time for any meeting of the Board, the meeting shall be adjourned by a period of 7 (seven) Business Days and if the Creation Director and/or the Promoter Directors are unable to attend such adjourned meeting of the Board, the quorum at such adjourned meeting for consideration of matters other than Reserved Matters shall be that prescribed under the Companies Act (and not as per Article 4.9 above), so long as at least 1 (one) Promoter Director is present at the beginning of, and throughout, the meeting, provided that:
 - (i) a Reserved Matter listed in Article 5.1 below shall not be taken up at the adjourned Board meeting (or any further adjournment thereof), even if such Reserved Matter had been specifically set out on the agenda of such original unless Creation has granted its written confirmation or waived its consent for such Reserved Matter prior to the adjourned Board meeting; Provided further that the Board shall proceed with a Reserved Matter listed in Article 5.2, in the manner provided in Article 5.6 and
 - (ii) without prejudice to Article (a) above, no items may be considered at the adjourned meeting which were not specifically set out on the agenda for the meeting which was adjourned. Notwithstanding

any provision stated in that agenda for the tabling of discussion regarding or resolution on “other business”, “other matters with the permission of the chairman” or any similar provision, no such other matters shall be tabled or discussed at such adjourned Board meeting.

4.11 Passing of Resolutions and Voting

- (a) Each Director shall have the right to cast 1 (one) vote. Except for any decisions in relation to the Reserved Matters, under these Articles or which expressly require a higher majority under applicable law, decisions of the Board shall be made on the basis of a simple majority vote cast by the Directors entitled to vote at the relevant meeting; and
- (b) In accordance with applicable law, any Director may participate in and vote at a meeting of the Board by means of a video conferencing, similar communications equipment, or other audio visual or electronic means (as permitted under applicable law) which allows all Persons participating in the meeting to hear each other and record the deliberations, whether or not the alternate nominated by that Director is physically attending the relevant meeting provided that where a Director is voting at a meeting of the Board by means of a video conference or other audio visual or electronic means (as permitted under applicable law), any alternate nominated by that Director, shall not be entitled to vote on any matters put before the relevant meeting. Where any Director participates in a meeting of the Board by any of the means described in the preceding sentence of this Article (b), the Company shall ensure that that Director is provided with a copy of all documents referred to during such Board meeting before the commencement of such meeting of Board.

4.12 Circular Resolutions

Subject to the provision of the Companies Act which does not permit certain businesses to be approved by circular resolution, a circular resolution in writing, executed by a majority of the Directors as are entitled to vote thereon, shall constitute a valid decision of the Board provided that a draft of such resolution was sent to all of the Directors together with a copy of all supporting and necessary papers as may be necessary to vote on such resolution at their usual address by hand delivery or by speed post or registered post or by courier, or through such electronic means including registered email address of the Directors and such other compliance as required under the Companies Act. Where not less than one-third of the total Directors (such one-third must include the Creation Director) for the time being require the resolution under circulation to be decided at a meeting, the Chairman shall put that/those resolution(s) for consideration at a meeting of the Board. Notwithstanding anything contrary contained in these Articles, any resolution concerning any Reserved Matters may be passed by a circular resolution, and can be acted upon only if such circular resolution has been approved and executed by a majority of the Directors on the Board, and which majority shall include the Creation Director and at least 1 (one) Promoter Director.

4.13 Miscellaneous

The Chairman of the meeting shall cause minutes of each meeting of the Board to be prepared within 20 (twenty) calendar days of the meeting. The members of the Board shall thereafter make any comments on the minutes of the meeting within 7 (seven) calendar days of receipt of the minutes. If no comments are made within the time limit set out in this Article 4.13, the minutes shall be deemed to be accepted. The minutes shall be signed as per the provisions of the Companies Act. All comments made by a Director shall be recorded to the satisfaction of the Director making such comments. If such comments cannot be recorded due to inappropriateness or otherwise, the Chairman shall place on record in the minutes the fact that the comments were received and retain the records of such comments for the perusal of the Board at all times.

4.14 Meetings of the Committee of the Board of the Company

The Company and the Shareholders agree and acknowledge that Creation shall have the right to appoint/nominate one Director each on the audit committee and nomination and remuneration committee of the Board and the provisions relating to the Board meetings and circular resolutions of the Company as per Article 4 shall apply *mutatis mutandis* to any meeting and circular resolutions of the audit committee and nomination and remuneration committee of the Board.

4.15 Attendance at the meetings of the Board or committees

Every Director present at any meeting of the Board or of a committee thereof shall sign his/her name in a book to be kept for that purpose.

5. RESERVED MATTERS

5.1 In relation to the Company, the following will be the part A Reserved Matters:

- (a) Entering into any arrangement that would adversely affect the rights, preferences, powers (including voting powers) or privileges of the Securities of the Company;
- (b) Save as otherwise expressly permitted under these Articles, any transfer, redemption, variation or repurchase or agreement to transfer, redeem, vary or repurchase its Equity Shares or Securities or allot, issue, agree to issue or allot Equity Shares or Securities (or option or right to subscribe for the same);
- (c) Any alteration of, amendment to, or waiver of any provision in the Charter Documents other than in connection with the Qualified IPO after March 31, 2019;
- (d) Any reduction or increase in the authorised capital of the Company either by lowering the par value of Shares or by decreasing the number of Shares issued, any sub-division or amalgamation of the authorized or issued share capital of the Company or of any rights or privileges attached to any Shares or class of Shares of the Company or any Share split, issue of bonus Shares, consolidation of Shares, combinations, recapitalizations or such similar events other than in connection with the Qualified IPO after March 31, 2019;
- (e) Any proposal for:
 - (i) The creation of any Subsidiary or the reconstruction, consolidation or reorganization of the Company ; or
 - (ii) The amalgamation or merger of the Company with any other company or concern; or
 - (iii) The winding up, dissolution, bankruptcy, insolvency or voluntary liquidation of the Company; or
 - (iv) Other than in the ordinary course of business, transfer or sale of any Assets in excess of an amount of INR 25,00,000/- (Indian Rupees Twenty Five Lakhs)]; or
 - (v) Any acquisitions, change of voting control, spin-offs, compromise or arrangement with creditors, other similar or related actions.
- (f) The making by the Company of any arrangement with its creditors and the moving for insolvency, receivership or bankruptcy;
- (g) The initiation or commencement of any legal or administrative proceedings by the Company against any third party with respect to any claims in excess of INR 25,00,000 (Indian Rupees Twenty Five Lakhs) in the aggregate in any Financial Year and/or the initiation or commencement of any defense proceedings in case of any legal or administrative proceedings with respect to any claims in excess of INR 25,00,000/- (Indian Rupees Twenty Five Lakhs) in the aggregate in any Financial Year filed against the Company or any of its Subsidiaries. For the avoidance of doubt, it is clarified that any legal or administrative proceeding for which a claim amount cannot be quantified, shall fall within the ambit of this Reserved Matter;
- (h) Save as otherwise expressly permitted under these Articles, sale of substantially all of the Assets, or securities of the Company;
- (i) Any change of Business of the Company such that as per RBI regulations the Company would not be considered to be in the Business;
- (j) Create or adopt any new or additional equity option plan by the Company;
- (k) Any payment of dividends or other distribution by the Company;
- (l) Any decrease in the number of Directors on the Board or any change in the election process thereof;
- (m) Entering into any affiliated or Related Party transactions, agreements or arrangements between the Company and/or the Promoter Group or their affiliates, or any modification thereof or any modification to any existing affiliated or Related Party transaction including any additions or modifications to the Related Parties List;

- (n) Any borrowing, guarantees, indemnities, liability, capital expenditure or any other similar obligation that would result in the value of the Assets of the Company becoming less than its liabilities (taking into account only those contingent liabilities which fructify into any actual liabilities) other than in the ordinary course of business;
- (o) Until March 31, 2018, adoption of Annual Business Plan and/or budgets of the Company or any amendment to, or deviation from, the Annual Business Plan;
- (p) Until March 31, 2019, approval for Qualified IPO and Offer For Sale, which approval shall not be unreasonably withheld. It is clarified that in the event Qualified IPO and Offer For Sale is proposed pursuant to a requirement under applicable law and approval is withheld by Creation, such withholding of approval by Creation shall be deemed to be unreasonable; and
- (q) Any commitment or agreement to do any of the foregoing.

5.2 The following shall be the part B Reserved Matters:

- (a) Any diversification of the Business of the Company, provided the Company continues to qualify as a NBFC-MFI under the -Banking Financial Company -Micro Finance Institutions (Reserve Bank) Directions, 2011;
- (b) Any change in the name of the Company;
- (c) Any change/appointment of auditors of the Company, provided the new auditor appointed is from amongst the Approved Firms;
- (d) Adoption of annual accounts of the Company;
- (e) Any change in the Financial Year for preparation of audited accounts of the Company;
- (f) Any increase in the number of Directors on the Board;
- (g) The acquisition by the Company of any share capital or other securities of any body corporate or the incorporation or setting up of a Subsidiary or associated company;
- (h) Formation of or entry by the Company into joint venture, consortium, partnership or similar arrangement with any other Person or business;
- (i) Subsequent to April 1, 2018, adoption of Annual Business Plan and/or budgets of the Company or any amendment to, or deviation from, the Annual Business Plan;
- (j) The Company making any advance or loan or providing any credit to any Person (other than Related Parties), except in the ordinary course of business of the Business;
- (k) The Company giving any guarantee, indemnity or security in respect of the obligations of any Person other than in the ordinary course of business of the Business;
- (l) Revision of the salaries/ compensation paid to the Directors and Key Executives of the Company;
- (m) Any change in signatories and authorities in relation to signing of any negotiable instruments (including any money transfer instructions, electronic or otherwise) including but not limited to cheques (but excluding warehouse receipts);
- (n) Any cash transaction entered into by the Company leading to a payout by the Company in excess of INR 50,00,000/- (Indian Rupees Fifty Lacs); and
- (o) Any commitment or agreement to do any of the foregoing.

5.3 The Reserved Matters shall only be approved in the following manner:

- (a) At the Board Meeting or circular resolution or video conferencing

All Reserved Matters shall be approved, by a resolution (whether passed at a duly convened and quorate

meeting of the Board or by circular resolution or video conferencing or otherwise), by a majority of the Directors present and voting at such meeting or in such circular resolution or video conferencing or otherwise subject to the provisions of the applicable law.

Such majority of the Directors so present in the meeting of the Board or approving the circular resolution or through video conferencing or otherwise as the case may be in this Article 5.3(a), shall comprise the Creation Director and at least 1 (one) Promoter Director.

Provided however, if the total strength of the Board is increased for any reason, with the approval of Creation, the approval of the Creation Director will still be required for any Reserved Matter.

- (b) For the avoidance of doubt, it is clarified between the Company and the Shareholders that all Reserved Matters which are not required to be passed by the Shareholders at a general meeting, as per applicable law, shall not be required to be tabled or discussed at any meeting of Shareholders and any resolutions required to be passed on such Reserved Matters shall solely and exclusively be passed at a duly convened and quorate meeting of the Board, or by way of a circular resolution or video conferencing or otherwise passed by the Board as the case may be, in accordance with and subject to the provisions of these Articles including Article 5.3 (o)(a) above.
- (c) At the Shareholder's Meeting

In the event that a Reserved Matter approved by the Board is required to be passed by the Shareholders at a general meeting, as per applicable law, such Reserved Matter shall be passed by way of an ordinary or a special resolution (as specified under the Companies Act), and for constitution of the majority of the Shareholders of the Company passing the ordinary or special resolution of the Company such resolution of the Shareholders of the Company shall include the affirmative written consent/ approval/ assent obtained from Creation for the Company to act on any such Reserved Matter as the Shareholder resolution of the Company.

Subject to any change in the shareholding structure of the Company as a result of any further issuance of Securities and/or any transfer of Securities in accordance with these Articles, the percentage voting rights in the Company, of each Shareholder, for the purposes of voting at any annual general meeting or extra ordinary general meeting of the Shareholders or any other applicable provision of these Articles which requires voting or calculation of the shareholding ratio, shall be as follows:

Name of the Shareholder	Voting Rights
TM	5.62%
TGM	5.6%
TJM	5.6%
NG	0.13%
PJ	0.13%
RT	0.1%
MFL	72.55%
MML Employee Welfare Trust	1.1%
Sadaf Sayeed	0.13%
Udeesh Ullas	0.02%
Praveen T	0.01%
Subhransu Pattnayak	0.01%
Creation	9.0%
TOTAL	100%

- 5.4 The provisions of this Article 5 (*Reserved Matters*) shall not apply to Article 8 (*Option with Creation to acquire Creation Additional Shares*) Article 12.2 (*Right of First Refusal*), Article 12.3 (*Tag Along Right*), Article 12.4 (*Permitted transfers by Creation*), Article 13.3 (*Creation's rights on non-completion of the Qualified IPO or Offer For Sale*) Article 13.4 (*Mandated Sale*) Article 13.5 (*Buy-Back*) and Article 14.3 (*Effect of an Event of Default*)
- 5.5 Further, Creation shall be entitled to the rights under this Article 5 provided it holds the Creation Rights Threshold.
- 5.6 **Deadlock resolution**

Notwithstanding any other provision of these Articles, if any Reserved Matter referred to in Article 5.2 ("**Identified Reserved Matter**") (i) is presented before the Board for consideration and Creation Director does not grant his/her affirmative consent for such Identified Reserved Matter or fails to respond within 14 (fourteen) days of such

submission; or (ii) where referred to the Shareholders for their decision, Creation does not grant its affirmative consent for such Identified Reserved Matter or fails to respond within 14 (fourteen) days of such reference (each an “**Identified Reserved Matter Deadlock**”), the Company and the Shareholders shall attempt to resolve the Identified Reserved Matter Deadlock, within 21 (twenty one) days of the occurrence of the Identified Reserved Matter Deadlock, in good faith and in a reasonable manner. In the event the Company and Shareholders are unable to resolve such Identified Affirmative Matter Deadlock within thirty (30) days of the occurrence of the Identified Affirmative Matter Deadlock in spite of the good faith efforts made by the Company and Shareholders and if Identified Reserved Matter Deadlock is required for conducting the Business in the ordinary course or it materially impedes or affects the Business then the Chairman shall have a casting vote and the decision of the Chairman in relation to such Identified Reserved Matter Deadlock shall be final and binding on the Company and Shareholders. Provided however, the Chairman shall, while exercising the casting vote duly and accurately record any dissent of Creation or the Creation Director with reasons to be recorded if required by Creation, as the case may be, in the minutes in accordance with the Companies Act. Creation will be provided the draft minutes for approval before the minutes are finalised and signed.

6. GENERAL MEETINGS

- 6.1 An annual general meeting of the Shareholders shall be held as per the requirements of the Companies Act. Subject to the foregoing, the Board may convene an extraordinary general meeting of the Shareholders whenever they deem appropriate in accordance with the provisions of the Companies Act. Subject to applicable law, at least 21 (twenty one) days prior written notice of every general meeting of Shareholders shall be given to all Shareholders whose names appear on the register of members of the Company. A meeting of the Shareholders may be called by giving shorter notice with the written consent of the Shareholders as required under the Companies Act provided Creation’s consent is obtained.

Notwithstanding anything contained in these Articles, a resolution relating to any Reserved Matter (which is required to be passed by the Shareholders at a general meeting, as per applicable law) shall be passed at any general meeting or any other method of voting as prescribed under the Companies Act, of the Company only in accordance with the provisions of Article 5.3(c) above.

6.2 Contents of Notice

The notice to Shareholders shall specify the place, date, day and time of the meeting. Every notice convening a meeting of the Shareholders shall set forth in full and sufficient detail the business to be transacted thereat, and no business shall be transacted at such meeting unless the same has been specifically stated in the notice convening the meeting. In compliance with the provisions of Section 102 of the Companies Act, a statement setting out the material facts concerning each item of special business to be transacted at a general meeting, shall be annexed to the notice of general meeting sent to the Shareholders.

6.3 Quorum

The quorum for a general meeting of the Company, shall be in accordance with the Companies Act, provided that at least 1 (one) representative of Creation and at least 1 (one) representative of the Promoter Group shall be present at the beginning and throughout the meeting.

6.4 Adjournment of Shareholders’ Meetings

- (a) In the event that no quorum is present within half an hour of the time appointed for holding any meeting of the Shareholders, the meeting shall be adjourned to the same day in the next week at the same time and place unless all Shareholders agree otherwise in writing and if Creation’s representative is unable to attend such re-convened general meeting of the Shareholders, the quorum at such adjourned meeting for consideration of matters other than Reserved Matters, shall be that as prescribed under Section 103 of the Companies Act (and not as per Article **6.3** above) provided that:
- (i) a Reserved Matter listed in Part A of Schedule 4 of the Shareholders Agreement (which is required to be passed by the Shareholders at a general meeting, as per applicable law) shall not be taken up at the adjourned shareholder meeting (or any further adjournment thereof), even if such Reserved Matter had been specifically set out on the agenda for the original meeting which was adjourned unless Creation has granted its written confirmation or waived its consent for such Reserved Matter prior to the meeting of the Shareholders. Provided further that the Shareholders may proceed with a Reserved Matter listed in Part B of Schedule 4 of the Shareholders Agreement in the manner provided in Article 5.6. Notwithstanding any provision stated in that agenda for the tabling of discussion regarding or resolution on “other business”, “other matters with the

permission of the chairman” or any similar provision, no such other matters shall be tabled or discussed at that meeting; and

- (ii) without prejudice to Article 6.4(a)(i) above, no items may be considered at the adjourned meeting which were not specifically set out on the agenda for the meeting which was adjourned.

6.5 **Passing of Resolutions and Voting**

Subject to the provisions of Article 5 (*Reserved Matters*) above and applicable law,

- (a) the voting at general meeting of the Company shall be by way of poll and not by a show of hands;
- (b) for the purposes of voting at a general meeting of the Company, the respective voting entitlements of the Shareholders shall be calculated on an As Converted Basis; and
- (c) all resolutions of the Shareholders of the Company, other than resolutions in relation to the Reserved Matters shall, be adopted in accordance with the Companies Act.

6.6 **Proxies**

The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarized copy of that power or authority (as permitted in applicable law), shall be deposited at the registered office of the Company not less than 48 (forty eight) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 (twenty four) hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid. An instrument appointing a proxy shall be in the form as prescribed in the rules made under the Companies Act.

7. **INFORMATION, ACCOUNTING RECORDS, AUDIT, ACCESS AND KEY EXECUTIVES EMPLOYMENT.**

7.1 **Information**

- (a) The Company shall:
 - (i) prepare and submit to Creation, audited annual financial statements relating to the Company prepared in accordance with Indian GAAP, on or before June 30 of each calendar year;
 - (ii) prepare and submit to Creation, unaudited quarterly financial statements of the Company prepared in accordance with Indian GAAP, within 30 (thirty) calendar days of the end of each fiscal quarter;
 - (iii) prepare and submit to Creation, an Annual Business Plan relating to the Company for the following Financial Year, within 30 (thirty) calendar days of the end of each Financial Year;
 - (iv) provide to Creation, within 7 (seven) Business Days of making the same, information regarding any filings, applications or other correspondence made/ exchanged by the Company with any relevant authority in relation to a matter which is not in the ordinary course of the operations of the Business of the Company or that materially impacts the Business or the Company and submit copies of the foregoing documents upon written request in this regard by Creation;
 - (v) prepare and submit to Creation monthly management reports in a mutually agreed format, which format shall be agreed within 60 (sixty) Business Days of the Effective Date which format may be further amended by mutual discussion between the Company and Creation, detailing key operational performance indicators (including a comparison of financial results with the corresponding quarterly and annual budgets) of the Company within 30 (thirty) calendar days of the end of each month, including without limitation a narrative of the progress of the business of the Company;
 - (vi) prepare and submit to Creation, certified copies of minutes of all meetings of the board of Directors of the Company and of all general meetings of the Company held during any quarter, within 30 (thirty) calendar days of the end of the relevant quarter;

- (vii) provide to Creation information regarding resignation of Key Executive of the Company within a maximum period of 7 (seven) Business Days from the date of resignation; and
 - (viii) provide to Creation within 30 (thirty) days from the date of issuance of such request by Creation, such further information relating to the Business, affairs or financial position of the Company, including but not limited to litigation, books and accounts and other records as may request in writing from time to time.
- (b) Creation shall have access to and the right to inspect all information and material, financial or otherwise of the Company and the right to advise or consult with, management of the Company as it may from time to time require. In addition, Creation, its representatives, assignees, agents, auditors (internal or external) may, at the costs and expenses of Creation, conduct special and/ or forensic audits on an annual basis on the business of the Company. Such audits shall be conducted during business hours, upon providing at least 5 (five) Business Days prior written notice to the Company and shall not interfere with the day to day operations of the Company. Further, such audits, however, shall not affect the Warranties (as defined under the Share Subscription Agreement) and other warranties given in Clause 8 of the Share Subscription Agreement.
 - (c) Each of the Warrantors acknowledge and accept that the Creation Director shall be entitled to pass information concerning the Company to Creation and that Creation shall be entitled to discuss the business, affairs, operations and conditions of the Company with its officers and professional advisors provided that Creation shall remain responsible for the breach by any such persons of the confidentiality obligations set out in these Articles.
 - (d) The Creation Director shall have access to any and all information available to any other Director on the Board of the Company.

7.2 **Auditors**

- (a) Notwithstanding anything to the contrary in these Articles, the consolidated audited financial statements (including balance sheet, cash flow statement and profit and loss account) of the Company shall be prepared and certified by the statutory auditors of the Company.
- (b) Subject to the provisions of the Companies Act, the Company shall at the annual general meeting appoint one of the Approved Firms as an auditor.
- (c) Subject to the provisions of the Companies Act, the auditors so appointed in the annual general meeting shall hold office from the conclusion of that meeting till the conclusion of the sixth annual general meeting, with the meeting wherein such appointment has been made being counted as the first meeting. Provided that such appointment shall be subject to ratification in every annual general meeting till the sixth such meeting by way of passing of an ordinary resolution. If the appointment is not ratified by the members at the annual general meeting, the Board shall appoint one of the other Approved Firms as its auditor or auditors after following the procedure laid down in this behalf under the Companies Act.
- (d) The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as may be determined therein.

7.3 **Accounting principles**

The financial statements of the Company shall be prepared in accordance with Indian GAAP and the Companies Act and shall also comply with the accounting standards notified under the Companies Act. The accounting principles of the Company shall reflect conservative best practices. The accounting principles of the Company shall not be changed without the prior written consent of Creation.

7.4 **Obligations of the Promoter Group and the Company**

The Company and the Promoter Group shall procure fulfilment/compliance by the Company with the terms of this Article 7.

7.5 **Appointment letters to be issued to Key Executives**

The Company shall issue appointment letters to the Key Executives appointed after Execution Date in the form provided in Schedule 8 of the Shareholders Agreement.

8. OPTION WITH CREATION TO ACQUIRE CREATION ADDITIONAL SHARES

- 8.1 Creation shall have a right at its sole option to acquire Creation Additional Shares, at any time within 6 (six) months after the full transition of all the microfinance portfolio by MFL to the Company or the infusion by the Promoter Group of Promoter Group Additional Capital Contribution, whichever is later, but no later than September 30, 2018 by giving a written notice (“Creation Additional Shares Notice”) to the Promoter Group and the Company in the manner prescribed under this Article 8. Upon the exercise of such option by Creation, the Promoter Group will have the option to either require Creation to subscribe to Creation Additional Shares by such Creation Additional Shares being issued and allotted by the Company to Creation (“Primary Issuance”) or transfer of Equity Shares held by the Promoter Group to Creation such that number of Shares transferred to Creation are equivalent to Creation Additional Shares (“Secondary Transfer”) or a combination of Primary Issuance and Secondary Transfer, such that the number of Shares held by Creation upon such Primary Issuance and Secondary Transfer is equivalent to Creation Additional Shares (i.e., 2,615,975 (Two Million Six Hundred and Fifteen Thousand Nine Hundred and Seventy Five)). The Primary Issuance or Secondary Transfer or both, as the case may be, should be completed within 30 (thirty) days of Creation exercising its right under this Article 8, in the manner prescribed herein. In case of Secondary Transfer, the number of Creation Additional Shares that each member of the Promoter Group shall transfer to Creation shall be calculated and decided amongst the Promoter Group. Subject to receipt of the Creation Additional Shares Investment Amount by the Company and / or the Promoter Group, as the case may be, the Creation Additional Shares shall be issued by the Company to Creation and / or Transferred by Promoter Group to Creation together with all rights and benefits attached to the Creation Additional Shares (whether under any agreement or otherwise) and free of all Encumbrances. The transferring member(s) of the Promoter Group further agree(s) to provide representations to Creation with respect to the title to the Creation Additional Shares and authority and capacity in accordance with applicable law, for transfer of the Creation Additional Shares.

Creation shall (if so required by applicable law), prior to payment of the Creation Additional Shares Investment Amount to the Promoter Group, deduct from the Creation Additional Shares Investment Amount, the applicable withholding taxes in accordance with applicable law. Creation shall promptly remit the same to the concerned Tax authorities in India and provide the Promoter Group with a copy of a written receipt or other written acknowledgement of such remittance.

- 8.2 Creation will on the Creation Additional Shares Closing Date (as defined in Article 8.3 below) either pay the Creation Additional Shares Investment Amount to (a) the Company, if Promoter Group decides that it will be a Primary Issuance; or (b) the Promoter Group, if the Promoter Group decides that it will be Secondary Transfer; or (c) both the Company and the Promoter Group, if the Promoter Group decides it will be both a Primary Issuance and a Secondary Transfer. For the avoidance of doubt it is clarified that irrespective of the these options in Articles (a) to (c) in this Article 8.2 exercised by the Promoter Group, the total payment that Creation will make for Creation Additional Shares shall not exceed Creation Additional Shares Investment Amount.
- 8.3 The Creation Additional Shares closing shall take place within the period of 15 (fifteen) Business Days (“**Creation Additional Shares Closing**”) from the Creation Additional Shares Notice unless the relevant parties (i.e. the parties involved in that transfer) mutually agree to extend this date.
- 8.4 On the Creation Additional Shares Closing, the following events shall take place and they will be deemed to have taken place simultaneously:
- (a) Creation shall either remit to: (i) the Company, if Promoter Group decides that it will be a Primary Issuance; or (ii) the Promoter Group, if the Promoter Group decides that it will be a Secondary Transfer; or (iii) both the Company and the Promoter Group, if the Promoter Group decides it will be both a Primary Issuance and a Secondary Transfer, the Creation Additional Shares Investment Amount (subject to tax deduction as per applicable law) into the bank account of the Company and / or the Promoter Group, as the case may be, in proportion to the respective number of Creation Additional Shares being issued by the Company and / or transferred by Promoter Group to Creation;
 - (b) Immediately upon remitting the Creation Additional Shares Investment Amount (subject to tax deduction as per applicable law) in the manner as specified above, Creation shall provide relevant evidence of such remittance to the Company and the Promoter Group (in case of a Primary Issuance) or only the Promoter Group (in case of Secondary Transfer);
 - (c) In case of a Primary Issuance, the Company shall follow the procedure set out below to effect a valid issuance and allotment of the Creation Additional Shares to Creation:
 - (i) At Creation Additional Shares Closing the Company shall issue an offer letter to Creation as per

applicable law making an offer of invitation to Creation to subscribe to the Creation Additional shares in the manner contained in the Companies Act.

- (ii) Simultaneously upon receipt by the Company of an evidence of remittance by Creation as specified in (ii) above, the Company shall ensure that a meeting of the Board is held at which, the Board shall pass the resolution approving the allotment of Creation Additional Shares to Creation with specific reference to the relevant distinctive number and the issuance of corresponding share certificates duly signed, sealed and stamped respectively or Shares in demat form, if so required by Creation.
 - (iii) Immediately thereafter, the Company shall issue and deliver to the authorised representative of Creation, the original share certificate duly stamped, signed and sealed for the number of Creation Additional Shares and incorporate the name of Creation as the legal and beneficial owner of Creation Additional Shares in the register of members of the Company. For the avoidance of doubt, it is clarified that in the event the Company is unable to procure the original share certificates duly stamped, signed and sealed for the aforesaid Creation Additional Shares, the Company shall immediately issue and deliver to Creation duly executed and stamped letter of allotment of Shares with respect to such Creation Additional Shares on Creation Additional Shares Closing. Thereafter, the Company shall as soon as possible and in no event later than 7 (seven) days from the Creation Additional Shares Closing, issue and deliver to the authorised representative of Creation the original share certificate duly stamped, signed and sealed for the number of Creation Additional Shares on Creation Additional Shares Closing. If the Company's Shares are in dematerialised form then the Company shall provide a certified true copy of its shareholding statement with its depositories showing Creation as the holder of Creation Additional Shares on Creation Additional Shares Closing in the records of the depositories and the Company shall to do all such other acts and deeds required under the applicable law to ensure that Creation has the title and ownership to Creation Additional Shares on Creation Additional Shares Closing.
- (d) In case of a Secondary Transfer, the Promoter Group shall, upon receipt of evidence of remittance of the Creation Additional Shares Investment Amount, shall cause the convening of a meeting of the Board to record the transfer of Creation Additional Shares from the Promoter Group to Creation. The Promoter Group shall handover the original share certificates, original signed share transfer forms and all other documents as may be required to effect the transfer of Creation Additional Shares to Creation, the stamp duty on the said share transfer forms and on the Shareholders' Agreement, if any, both in the case of Primary Issuance and/or Secondary Transfer shall be paid and borne by the Promoter Group or if the Creation Additional Shares are held in dematerialised form then the Promoter Group shall immediately handover the duly signed and executed irrevocable delivery instruction slips to Creation (or follow the process as required as per the prescribed process under the applicable law for effecting such transfers in dematerialised form) to effect the credit of Creation Additional Shares to Creation's depository participant account, the details of which will be provided by Creation to the Promoter Group before the Creation Additional Shares Closing Date;
- (e) Simultaneously upon receipt by the Promoter Group (in case of Secondary Transfer) or by the Company (in case of Primary Issuance) and / or by the Promoter Group and the Company (in case of both Primary Issuance and Secondary Transfer) of an evidence of remittance by Creation of Creation Additional Shares Investment Amount (subject to tax deduction as per applicable law), the Promoter Group and the Company shall ensure that a meeting of the Board is held at which, the Board shall pass the resolution (i) approving and noting the transfer of Creation Additional Shares to Creation by the Promoter Group; or (ii) approving the issue and allotment of the Creation Additional Shares to Creation by the Company with specific reference to the relevant distinctive number and the issuance of corresponding share certificates duly stamped; or (iii) a combination of (i) and (ii), as the case may be;
- (f) The Company shall in case of Secondary Transfer deliver to Creation, the original share certificates duly stamped, signed and sealed representing Creation Additional Shares with necessary endorsement on the original share certificates, incorporating the name of Creation as the legal and beneficial owner of Creation Additional Shares in the register of members and register of share transfers of the Company. The Company shall provide Creation a certified true copy of the Board resolution approving and noting the said transfer along with the certified true copy of the register of member and the register of share transfers or a certified true copy of its shareholding statement with its depositories showing Creation as the holder of Creation Additional Shares in the records of the depositories (if the Creation Additional Shares are held in dematerialised form) and to do all requisite filings with the Registrar of Companies, Reserve Bank of India (if required) with respect to the transfer of Creation Additional Shares to Creation;

- (g) The Company shall, in case of Primary Issuance, issue and deliver to Creation, the original share certificates duly stamped, signed and sealed for the number of Creation Additional Shares, incorporate the name of Creation as the legal and beneficial owner of Creation Additional Shares in the register of members of the Company, provide to Creation a certified true copy of the Board resolution approving the issue and allotment of Creation Additional Shares with the certified true copy of the register of member showing Creation as the holder of Creation Additional Shares or a certified true copy of its shareholding statement with its depositories showing Creation as the holder of Creation Additional Shares in the records of the depositories (if the Shares are held in dematerialised form) and to do all requisite filings with the Registrar of Companies, Reserve Bank of India (if required) with respect to the issue and allotment of Creation Additional Shares to Creation. (For the avoidance of doubt, it is clarified that in the event the Company is unable to procure the original share certificate duly stamped, signed and sealed for the aforesaid Creation Additional Shares in the case of Primary Issuance on the Creation Additional Shares Closing Date, the Company shall immediately issue and deliver to Creation duly executed and stamped letter of allotment of Shares with respect to the Creation Additional Shares. Thereafter, the Company shall as soon as possible and in no event later than 7 (seven) days from the Creation Additional Shares Closing Date, issue and deliver to Creation the original share certificate duly stamped, signed and sealed for the number of Creation Additional Shares).

- 8.5 All transactions contemplated by these Articles to be consummated on the Creation Additional Shares Closing Date shall be deemed to occur simultaneously and no such transaction shall be consummated unless all such transactions are consummated.
- 8.6 If after having received the Creation Additional Shares Investment Amount, the Creation Additional Shares Closing does not occur, Creation shall have the right to obligate the Promoter Group and / or the Company and if so required by Creation, the Promoter Group and / or the Company shall forthwith refund to Creation, the Creation Additional Shares Investment Amount no later than 7 (seven) days from receiving a written request from Creation in this regard.
- 8.7 Notwithstanding anything to the contrary contained in these Articles, it is hereby agreed and acknowledged that no provision of these Articles (including Article 5 (*Reserved Matters*), Article 9 (*Superior Rights Protection*), Article 10 (*Recapitalisation*), Article 11 (*Pre-emptive Rights*) and Article 12 (*Transfer of Shares*) that could prejudice this Article 8, shall apply to this Article 8.

9. SUPERIOR RIGHTS PROTECTION

- 9.1 Subject to Article 10 below, in the event that the Company proposes to issue any Securities at a price per Security being lower than Dilution Price ("Dilutive Event"), then the conversion ratio for the Creation Preference Shares and Creation Additional Shares to the extent such Creation Additional Shares are held in the form of Creation Preference Shares (if the Creation Additional Shares are issued or transferred to Creation pursuant and subject to these Articles) will be adjusted so as to ensure that upon conversion, Creation Preference Shares and Creation Additional Shares shall entitle Creation to receive such number of Equity Shares as Creation would have received had Creation utilized the Creation Investment Amount and Creation Additional Shares Investment Amount to subscribe to such Securities at such lower issue price per Security which triggers the Dilutive Event;
- 9.2 Subject to Article 10 below, in the event of an occurrence of a Dilutive Event, Creation shall have the right to cause the Company and the Company shall and the Promoter Group shall procure that the Company shall, prior to the issuance of the Securities in terms of such Dilutive Event, to the new investor, ensure Creation shall be entitled to subscribe to such number of additional Equity Shares as per such legally permissible method such as rights issue or bonus issue and/ or any other method at the lowest price permissible under applicable law so as to ensure that Creation obtains such number of Equity Shares as it would have, if the adjustment contemplated under Article 9.1 was given effect to.
- 9.3 It is further clarified herein that in the event of any Dilutive Event, Creation at its sole discretion may choose to either adjust the respective conversion ratio of the relevant Creation Preference Shares or have Equity Shares issued at the minimum price under applicable law or a combination of both, as the case may be.
- 9.4 The illustrative form of the adjustment mechanism contemplated in Article 9.1 is provided in Annexure B of Schedule 10 of the Shareholders Agreement. The Company and Shareholders agree and acknowledge that the illustration does not prejudice the rights of Creation in Articles 9.1 to 9.3 above but if and when the rights under Articles 9.1 to 9.3 are exercised, the illustration as presently provided in Annexure B of Schedule 10 of the Shareholders Agreement shall be adjusted to give effect to the provisions of the Articles above.
- 9.5 It is clarified that any issuance of Securities pursuant to the rights of Creation under this Article 9 shall at all points of time be outside the ambit of Reserved Matters and the provisions in relation to Article 5 thereunder. The

Company and the Shareholders hereby agree and acknowledge that they shall, and shall cause their nominees on the Board to take all necessary actions to ensure that the provisions of this Article 9 are implemented. Accordingly, the Company and the Promoter Group shall ensure that the issuance of the Equity Shares or the adjustment of the relevant conversion ratios is done so as to fulfil the above objective.

- 9.6 The provision of this Article 9 will become ineffective and will not apply as soon as any new investor (which is neither an Affiliate nor a Related Party) invests in or acquires Shares of the Company at a price per Security being equal to or higher than the Dilution Price.

10. RECAPITALISATION

As long as Creation continues to hold any Securities of the Company, then in the event that the Company proposes to carry out a Share split, issue of bonus Shares, consolidation of Shares, or such similar events which may result in dilution of the shareholding of Creation or the Promoter Group in the Company (“**Recapitalisation Event**”), then the Company shall forthwith take all necessary steps to ensure that Creation and the Promoter Group maintain their shareholding with respect to the Securities of the Company, as was the shareholding prior to the occurrence of such Recapitalisation Event, without any dilution to the respective shareholding of Creation and the Promoter Group in the Company as existing prior to such Recapitalisation Event.

11. PRE-EMPTIVE RIGHTS IN RELATION TO ISSUE OF NEW SECURITIES

- 11.1 The Company shall not issue Securities (“**Additional Securities**”) to any Person (“**Proposed Recipient**”) unless the Company has complied with the provisions of this Article 11 and offers to Creation the right to purchase such Additional Securities as provided in this Article 11.
- 11.2 In the event the Company decides to issue Additional Securities by way of a rights issue, all the existing Shareholders of the Company shall have a pre-emptive right to participate in such issuance on a *pro-rata* basis, such that each Shareholder has the opportunity to maintain his/her/its proportionate shareholding in the Company on an As Converted Basis. If an existing Shareholder of the Company chooses not to exercise his/ her/its pre-emptive right to subscribe to the Additional Securities offered by the Company, such right of pre-emption shall be offered to the other existing Shareholders of the Company who have exercised their pre-emptive right to subscribe to the Additional Securities to the full extent of their entitlement, on a *pro-rata* basis to their shareholding in the Company.
- 11.3 In the event the Company decides to issue of Additional Securities by way of preferential allotment to a Proposed Recipient, Creation shall have, within 30 (thirty) Business Days of receipt of a notice in this regard, a pre-emptive right to either, (i) subscribe to all (but not less than all) of the Additional Securities on the same terms and conditions as are proposed to be offered to the Proposed Recipient or (ii) participate in such issuance on a *pro-rata* basis on the same terms and conditions as are proposed to be offered to the Proposed Recipient such that Creation has the opportunity to maintain its proportionate shareholding in the Company at the relevant time on an As Converted Basis. In the event of case (ii) of this Article 11.3, the Additional Securities not subscribed by Creation will be subscribed by the Proposed Recipient; at a price and upon the terms and conditions no more favourable than offered to Creation and the Proposed Recipient will have to sign the Deed of Accession. For the avoidance of doubt, it is clarified Creation, may at its discretion, exercise any of the rights provided in sub-Article (i) or (ii) of this Article 11.3.
- 11.4 Creation shall be entitled to exercise the right set out in this Article 11.1 either directly or through an Affiliate. If the proposed issuance and allotment does not occur within 90 (Ninety) days, the Company shall not thereafter issue or sell or allot any Additional Securities, without first offering such Additional Securities in the manner provided in this Article 11.1. Failure by Creation to exercise its option to subscribe for Additional Securities with respect to one offering and issuance of the Additional Securities shall not affect its option to subscribe for Additional Securities in any subsequent offering.
- 11.5 Nothing in this Article 11 shall apply to any issuance or allotment of Equity Shares pursuant to ESOP Plan.

12. TRANSFERS OF SHARES

12.1 Restrictions on transfer

- (a) Any Transfer, sale or other disposal of Securities, or the granting or creation of any Encumbrance over Securities or any rights attached to Securities in breach of the Shareholders Agreement and/ or Charter Documents shall be null and void *ab initio*.
- (b) Except for any Transfer of Securities under and in accordance with Article 13.2(d), it shall be a condition of

any sale or Transfer of Securities by any Shareholder that the transferee enters into a Deed of Accession. Any sale or Transfer of Securities by a Shareholder without the transferee entering into a Deed of Accession shall be null and void *ab initio*.

- (c) Notwithstanding anything to the contrary set out in these Articles, the provisions set out in Articles 12.2 and 12.3 shall be applicable until Creation holds Creation Rights Threshold.

12.2 **Creation's Right of First Refusal**

- (a) The Company and the Shareholders agree as follows:

If any Shareholder other than Creation (the “Selling Party”) proposes to Transfer by way of sale all, or part of the Securities held by him/her/it in the Company (the “ROFR Offer Securities”) to any Third Party (the “Proposed Third Party Transferee”), then the Selling Party shall, prior to executing any binding agreement with the Proposed Third Party Transferee, first give a written notice (the “ROFR Offer Notice”) to Creation to purchase the ROFR Offer Securities on the terms and conditions agreed between the Selling Party(ies) and the Proposed Third Party Transferee as detailed in the ROFR Offer Notice (the “Right of First Refusal”).

- (b) ROFR Offer Notice

The ROFR Offer Notice shall *inter alia*:

- (i) state the number of ROFR Offer Securities proposed to be sold by the Selling Party,
 - (ii) contain a representation that the ROFR Offer Securities are free of any Encumbrances;
 - (iii) set out the name and details of the Proposed Third Party Transferee;
 - (iv) state the terms and conditions of such sale, including the price payable for the ROFR Offer Securities (the “**ROFR Offer Price**”) at which the ROFR Offer Securities are sought to be Transferred which shall only be payable in cash and certify that all material terms and conditions of such sale have been disclosed in the ROFR Offer Notice;
 - (v) state the proposed date of consummation of the proposed Transfer, if any;
 - (vi) contain an undertaking that the Proposed Third Party Transferee has been made aware of the fact of the existence of Creation as an Investor in the Company and if requested by the Proposed Third Party Transferee (whether oral or in writing), of the rights of Creation and the Promoter Group as per the Charter Documents;
 - (vii) contain a representation that the Proposed Third Party Transferee has agreed to purchase all the ROFR Offer Securities required to be purchased in accordance with the terms of this Article and the ROFR Offer Notice including executing a Deed of Accession; and
 - (viii) a representation that no consideration, tangible or intangible, is being provided, directly or indirectly, to the Selling Parties and/or to any of their Affiliates, over and above the ROFR Offer Price on the Transfer of the ROFR Offer Securities.
- (c) Within a period of 14 (fourteen) days after receipt of a ROFR Offer Notice (the “**ROFR Offer Period**”), Creation shall have the Right of First Refusal, exercisable through the delivery of an acceptance notice (the “**ROFR Acceptance Notice**”), to purchase the ROFR Offer Securities at a purchase price equal to or higher than the ROFR Offer Price and upon the other terms and conditions set forth in the ROFR Offer Notice.
- (d) The Right of First Refusal of Creation under this Article shall be exercisable by delivering the ROFR Acceptance Notice within the ROFR Offer Period to the relevant Selling Party. The ROFR Acceptance Notice shall state that Creation is willing to acquire the ROFR Offer Securities at the ROFR Offer Price and on such other terms and conditions as set out in the ROFR Offer Notice, and shall form a valid and binding obligation on Creation to purchase the ROFR Offer Securities.
- (e) In the event Creation exercises the Right of First Refusal to the extent of all ROFR Offer Securities, then

Creation and the relevant Selling Parties shall proceed to closing the sale of the ROFR Offer Securities in terms of Articles 12.2.0 and 12.2.0 below.

- (f) If Creation delivers the ROFR Acceptance Notice, the purchase of the ROFR Offer Securities shall be subject to applicable law and receipt of relevant governmental approvals (if required).
- (g) Unless otherwise agreed in writing between Creation and the relevant Selling Party, the purchase of the ROFR Offer Securities shall be completed by Creation within 30 days from the date of the ROFR Acceptance Notice.
- (h) At such closing, the relevant Selling Party shall deliver such Encumbrance-free title to the ROFR Offer Securities being sold simultaneously with Creation paying to the relevant Selling Party, the aggregated ROFR Offer Price (i.e., the ROFR Offer Price multiplied by the number of ROFR Offer Securities being purchased by Creation from such Selling Party).
- (i) In the event that Creation declines to purchase the ROFR Offer Securities or does not exercise its right to purchase the ROFR Offer Securities within the ROFR Offer Period, then the Selling Party shall be free to sell all but not less than all the ROFR Offer Securities to the Proposed Third Party Transferee at a price not less than the ROFR Offer Price and on terms no more favourable than as set out in the ROFR Offer Notice subject however to the Tag Along Right of Creation set out in Article 12.3 below. The sale to the Proposed Third Party Transferee under this Article 12.20 must be completed within 60 (Sixty) Business Days from the expiry of the ROFR Offer Period. Company and the Shareholders shall be required to provide necessary co-operation as reasonably requested to facilitate the Transfer of the ROFR Offer Securities to the Proposed Third Party Transferee. If the Selling Party and the Proposed Third Party Transferee fail to consummate the sale of the ROFR Offer Securities within the time period stipulated under this Article, then the Right of First Refusal and Tag Along Right shall re-apply in case of any sale of the Securities by the Selling Party to Third Parties.
- (j) The Company undertakes to do and all the Promoter Group shall cause the Company all such acts and deeds as may be necessary to give effect to the provisions of this Article 12.2, including without limitation, effecting the conversion of some or all of the Securities held by Creation in accordance with the terms of these Articles as required by Creation.
- (k) A copy of all notices required to be given under this Article 12.2 shall be delivered concurrently to the Company.
- (l) It is clarified the provisions of this Article 12.2 shall not be applicable to the Transfer of any Securities pursuant to the provisions of Article 12.3.

12.3 Tag Along Rights

- (a) Any sale of the Securities to any Person (other than Creation) ("**Purchaser**") pursuant to Article 12.2 above shall also be subject to the following ("**Tag Along Right**") as under:
- (b) In case Creation has not issued a ROFR Acceptance Notice ("**Tagging Shareholder**") it may at its sole discretion require the Selling Party to Transfer such number of Securities held by the Tagging Shareholder calculated on a proportionate basis of the then Share Capital of the Company. It is clarified that in the event that the Purchaser is not agreeable to purchase the number of Securities being offered for sale pursuant to the Tag Along Right, and the Purchaser is agreeable to purchase a reduced number of Securities, then the Selling Party and the Tagging Shareholder(s) shall reduce their Securities for sale on a proportionate basis so as to facilitate a sale of such reduced Securities. Provided however, the terms and conditions on which the Selling Party shall be required to sell the Securities held by the Tagging Shareholder, shall not be less favourable than the terms under which the Selling Party shall sell its own Securities.
- (c) In the event the Tagging Shareholder intends to exercise its rights under Article 12.3, the Tagging Shareholder shall provide the Selling Party with a written notice ("**Tag Notice**") within the ROFR Offer Period specifying therein (i) the number of Securities which the Tagging Shareholder intends to Transfer to the Purchaser; and (ii) the number of Securities that the Selling Party is entitled to Transfer to the Purchaser.
- (d) The exercise or non-exercise of the rights of the Tagging Shareholder under Article 12.3 by the Tagging Shareholder, shall not affect the Tagging Shareholders' right to require the Selling Party to Transfer its Securities in any subsequent transfer by the Selling Party.

- (e) The Selling Party shall forthwith but not later than 30 (thirty) days of receiving the Tag Notice, take all necessary steps to Transfer the Securities of the Tagging Shareholder along with his/her/its own Securities to the Purchaser. The Company and the Shareholders expressly agree and acknowledge that, the Selling Party shall not be entitled to Transfer its/his/her Securities to the Purchaser unless and until the Selling Party has Transferred the Securities required by Tagging Shareholder under this Article, to the Purchaser on terms not less favourable than the terms on which the Selling Party proposes to Transfer his/her/its Securities.
- (f) Notwithstanding anything contrary contained in these Articles, the rights and obligations under this Article 12.3 shall not be available after completion of a Qualified IPO in accordance with Article 13 below.

12.4 Permitted Transfers by Creation

- (a) For the avoidance of doubt it is clarified that Creation shall at all times be at liberty to sell, Transfer or otherwise dispose of, all or any of its Securities and all rights attached to its Securities), in favour of its Affiliate (“**Permitted Creation Transferee**”), without any restriction or condition whatsoever or create or allow to subsist any Encumbrance over all or any of its Securities or any rights attached to its Securities, without any restriction or condition. Provided that the rights, obligations or benefits attached to the Securities (not being rights, obligations or benefits arising out of the Transaction Documents) held by Creation shall be transferred only upon transfer of the underlying Securities.
- (b) If Creation proposes to sell or Transfer any of its Securities to any Person (including a Permitted Creation Transferee), Creation shall procure that the relevant Person executes a Deed of Accession as a condition precedent to any such proposed sale of its Securities.
- (c) In order to facilitate a possible Transfer of Securities, Creation shall be entitled to independently carry out through any advisor any due diligence activity on the Company, as it may deem necessary for the benefit of the proposed transferee. Such due diligence shall be without cost to the Company, with reasonable prior written notice to the Company, during usual working hours and without disruption to the day to day operations of the Company. The Company shall cooperate with such advisor as part of the due diligence process.
- (d) Notwithstanding anything to the contrary set out in these Articles, Creation shall not be entitled to Transfer any Securities to a Person engaged in the business of: (i) microfinance in any state in India where the Company has 5 (five) % or more of its portfolio at the time of such Transfer; or (ii) gold loan financing; or (iii) any Affiliates of the Persons falling under (i) and (ii) above.

12.5 Right of First Refusal of the Promoter Group

If Creation proposes to Transfer by way of sale all, or part of the Securities held by it in the Company (the “Promoter ROFR Offer Securities”) to any Third Party (the “Proposed Creation Third Party Transferee”), then Creation shall, prior to executing any binding agreement with the Proposed Creation Third Party Transferee, first give a written notice (the “Promoter ROFR Offer Notice”) to the Promoter Group to purchase the Promoter ROFR Offer Securities on the terms and conditions agreed between Creation and the Proposed Creation Third Party Transferee as detailed in the Promoter ROFR Offer Notice (the “Promoter Right of First Refusal”).

(a) Promoter ROFR Offer Notice

The Promoter ROFR Offer Notice shall *inter alia*:

- (i) state the number of Promoter ROFR Offer Securities proposed to be sold by Creation,
- (ii) contain a representation that the Promoter ROFR Offer Securities are free of any Encumbrances;
- (iii) set out the name and details of the Proposed Creation Third Party Transferee;
- (iv) state the terms and conditions of such sale, including the price payable for the Promoter ROFR Offer Securities (the “**Promoter ROFR Offer Price**”) at which the Promoter ROFR Offer Securities are sought to be Transferred which shall only be payable in cash;

- (v) state the proposed date of consummation of the proposed Transfer, if any;
 - (vi) contain an undertaking that the Proposed Creation Third Party Transferee has been made aware of the rights of the Promoter Group as per the Charter Documents;
 - (vii) contain a representation that the Proposed Creation Third Party Transferee has agreed to purchase all the Promoter ROFR Offer Securities required to be purchased in accordance with the terms of this Article and the Promoter ROFR Offer Notice including executing a Deed of Accession; and
 - (viii) a representation that no consideration, tangible or intangible, is being provided, directly or indirectly, to Creation and/or to any of its Affiliates, over and above the Promoter ROFR Offer Price on the Transfer of the Promoter ROFR Offer Securities.
- (b) Within a period of 14 (fourteen) days after receipt of a Promoter ROFR Offer Notice (the “**Promoter ROFR Offer Period**”), the Promoter Group shall have the Promoter Right of First Refusal, exercisable through the delivery of an acceptance notice (the “**Promoter ROFR Acceptance Notice**”), to purchase the Promoter ROFR Offer Securities at a purchase price equal to or higher than the Promoter ROFR Offer Price and upon the other terms and conditions set forth in the Promoter ROFR Offer Notice.
 - (c) The Promoter Right of First Refusal under this Article shall be exercisable by delivering the Promoter ROFR Acceptance Notice within the Promoter ROFR Offer Period to Creation. The Promoter ROFR Acceptance Notice shall state that one or more of member of the Promoter Group is/are willing to acquire the Promoter ROFR Offer Securities at the Promoter ROFR Offer Price and on such other terms and conditions as set out in the Promoter ROFR Offer Notice, and shall form a valid and binding obligation on the relevant member(s) of the Promoter Group to purchase the Promoter ROFR Offer Securities.
 - (d) In the event the Promoter Group exercises the Promoter Right of First Refusal to the extent of all Promoter ROFR Offer Securities, then the relevant member(s) of the Promoter Group and Creation shall proceed to closing the sale of the ROFR Offer Securities in terms of Articles Articles 12.50 and 12.5.0 below.
 - (e) If the Promoter Group delivers the Promoter ROFR Acceptance Notice, the purchase of the Promoter ROFR Offer Securities shall be subject to applicable law and receipt of relevant governmental approvals (if required).
 - (f) Unless otherwise agreed in writing between the Promoter Group and Creation, the purchase of the Promoter ROFR Offer Securities shall be completed by Creation within 30 days from the date of the Promoter ROFR Acceptance Notice.
 - (g) At such closing, Creation shall deliver such Encumbrance-free title to the Promoter ROFR Offer Securities being sold simultaneously with the relevant member(s) of the Promoter Group paying to Creation, the aggregated Promoter ROFR Offer Price (i.e., the Promoter ROFR Offer Price multiplied by the number of Promoter ROFR Offer Securities being purchased by the Promoter Group from Creation).
 - (h) In the event that the Promoter Group declines to purchase the Promoter ROFR Offer Securities or does not exercise its right to purchase the Promoter ROFR Offer Securities within the Promoter ROFR Offer Period, then Creation shall be free to sell all but not less than all the Promoter ROFR Offer Securities to the Proposed Creation Third Party Transferee at a price not less than the Promoter ROFR Offer Price and on terms no more favourable than as set out in the Promoter ROFR Offer Notice. The sale to the Proposed Creation Third Party Transferee under this Article 12.5.0 must be completed within 60 (Sixty) Business Days from the expiry of the Promoter ROFR Offer Period. Company and the Shareholders shall be required to provide necessary co-operation as reasonably requested to facilitate the Transfer of the Promoter ROFR Offer Securities to the Proposed Creation Third Party Transferee. If Creation and the Proposed Creation Third Party Transferee fail to consummate the sale of the Promoter ROFR Offer Securities within the time period stipulated under this Article, then the Promoter Right of First Refusal shall re-apply in case of any sale of the Securities by Creation to Third Parties.
 - (i) The Company undertakes to do and the Promoter Group shall cause the Company to do all such acts and deeds as may be necessary to give effect to the provisions of this Article 12.50, including without limitation, effecting the conversion of some or all of the Securities held by Creation in accordance with the terms of these Articles as required by Creation.
 - (j) A copy of all notices required to be given under this Article 12.5 shall be delivered concurrently to the

Company.

12.6 Notwithstanding any provisions to the contrary in these Articles, at all times, when an Affiliate or a nominee (as the case maybe) becomes a Shareholder pursuant to a Transfer of Securities by the relevant Shareholder, subject to the provisions of the Shareholders' Agreement it shall act together with the relevant Shareholder, as a single class ("**Shareholder Group**"), including but not limited to voting on all Shareholder resolutions as a single block (and not severally). The Shareholder Group of each Shareholder (including Creation and the Promoter Group) shall nominate, by written notice to the Company and the other Shareholder Group(s) (if any), 1 (one) Person within the Shareholder Group who shall: (a) act for and on behalf of each member of the Shareholder Group under the Transaction Documents in respect of any right, action or waiver to be exercised by any member of the Shareholder Group (including the nomination, replacement or removal of their respective Directors); and (b) be responsible for causing each of the members of the Shareholder Group to perform its obligations, covenants and undertakings hereunder. Any Securities held by an Affiliate or nominee (as the case maybe) of a Shareholder belonging to a Shareholder Group shall be deemed to be the Securities held by such Shareholder.

12.7 The Company shall not recognise or register, and the Board shall not approve, a Transfer of any Securities in the Company and no Shareholder shall Transfer any Securities in the Company in contravention of this Article 12.

It is hereby clarified that the provisions of this Article 12 in relation to Transfer of Securities to an Affiliate, shall not be applicable to Creation

12.8 Where an Affiliate of a Party is a Shareholder, if at any point of time, any transaction is contemplated pursuant to which such Affiliate would on successful completion of the said transaction, cease to be an Affiliate of that Party, then prior to completion of the said transaction the relevant Party and the Affiliate shall take all necessary actions to ensure that the Securities are Transferred by the Affiliate back to the relevant Party before ceasing to be an Affiliate of the Party concerned.

12.9 Nothing in this Article 12 shall apply to:

- (a) any transfer of Equity Shares by the Promoter Group pursuant to ESOP Plan; and
- (b) any Transfer of Creation Additional Shares from the Promoter Group to Creation pursuant to these Articles.

13. EXIT OPTIONS

13.1 Qualified IPO

- (a) The Company and the Promoter Group undertakes with Creation:
 - (a) that the Company and the Promoter Group shall, subject to Article 13.1(f) below, on or before December 31, 2021, consummate the Qualified IPO (the "Qualified IPO Target Date"); and
 - (b) to use their best endeavours and do all acts, deeds and things that are required to ensure a successful completion of a Qualified IPO on or prior to the Qualified IPO Target Date.
- (b) The Qualified IPO will be based on the advice of the QIPO Investment Bank(s) and shall be structured so as to maximise value to the Shareholders and the valuation of the Company.
- (c) In relation to the QIPO Investment Bank(s), the Company and the Promoter Group agree that:
 - (a) the Company in mutual agreement with Creation shall engage the QIPO Investment Bank(s) at the cost of the Company; and
 - (b) the book running lead manager from amongst the QIPO Investment Bank(s) shall be an Approved Bank.
- (d) The Company and the Promoter Group shall provide Creation with: (A) regular updates on the Qualified IPO process, including any updates of the reasonably anticipated date on which any draft or final red herring prospectus/ offer document is to be filed with any relevant authority at least 7 (seven) calendar days prior to such filing and updates on any change to such reasonably anticipated date immediately upon becoming aware thereof, (B) copies of every draft and final red herring prospectus/ offer document filed with any relevant authority at least 2 (two) calendar days prior to such filing, (C) an indicative timetable for the Qualified IPO, and (D) indicative valuations as soon as these are available.

- (e) The Company and Shareholders agree that,
- (a) the Qualified IPO shall be structured in a way such that Creation will not be considered as, or deemed to be, a “promoter”, and none of the Securities of Creation will be considered as, or deemed to be, “promoter shares” under applicable law with respect to public offerings (including without limitation the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended or of any other statutory or regulatory authority as applicable from time to time) and are not, in any event, subject to any lock-in requirements as a ‘promoter’, and subject to applicable law, the Qualified IPO shall be undertaken in a manner that does not result in the imposition of any moratorium in respect of any dealing in Securities by Creation. Further, in the event that the Company undertakes an overseas offering of its Securities, the Company shall comply with the regulations relating to such offering and undertake all actions required to enable Creation to obtain all such customary registration rights that are generally available to private equity investors, allowing Creation to offer their Securities for sale as part of such offering; For avoidance of doubt, it is clarified herein and agreed and acknowledged by the Company and the Promoter Group that at the time of such overseas offering, the decision of Creation’s counsel(s) as to what constitute customary registration rights and customary related rights shall be final and binding on the Company, and the Promoter Group shall not obstruct the decision of the Company and/or Creation in relation to such customary registration rights and customary related rights;
 - (b) Creation shall not give any representation, warranty, confirmation, undertaking, covenant or indemnity whatsoever in connection with the Qualified IPO, including to the Qualified IPO Investment Bank(s), other than any statements made with respect to itself and that the Equity Shares, if any, offered for sale by Creation in the Qualified IPO, have clear title;
 - (c) the Company shall be liable to secure, reimburse, indemnify, defend and hold harmless the Key Executives and Directors including Promoter Directors and Creation Director (whether such position was held in the past or at present at that time) on demand for and against any and all loss, damage, liability or other cost or expenses whatsoever arising out of, in relation to or resulting from any representation, warranty, indemnity, confirmation, undertaking or covenant or otherwise in connection with the Qualified IPO, provided such Key Executives and Directors including Promoter Directors and Creation Director did not act in any manner which would constitute gross negligence, fraud or misconduct. The Company may obtain additional directors’ and officers’ liability insurance at such time, if deemed necessary by the Board at the relevant time;
 - (d) the Company and the Promoter Group shall do all such acts, deeds, matters and things necessary, required or desirable by Creation in accordance with applicable law to facilitate and effectuate the exit of Creation through the Qualified IPO including without limitation: (i) the Securities held by the Promoter Group shall be subjected to a lock-in or other restriction on transfer, as applicable to promoter’s contribution under the guidelines/regulations of any relevant authority; and (ii) the Promoter Group shall provide such representations, warranties, undertakings, confirmations, disclosures, covenants, indemnities, as may be required under any draft or final red herring prospectus/offer document (as the case may be) ; and
 - (e) if required, the Company and the Shareholders may, on mutually acceptable terms and conditions, extend the Qualified IPO Target Date by a period of 1 (one) year.
- (f) Subject to Article 13.1.(e) above, if a Qualified IPO is not consummated on or before December 31, 2021 (the “**Offer For Sale Target Date**”) in accordance with these Articles, Creation shall have the right but not the obligation to require the Promoter Group, by way of a written notice, to join Creation in pursuing a Qualified IPO by an offer for sale of the existing Equity Shares (“**Offer For Sale**”) as per the provisions of Article 13.2(e) below at a valuation determined in accordance with the following procedure:
- (a) Creation and the Promoter Group shall each appoint one Approved Bank (being different from the other’s choice of an Approved Bank) from amongst the Approved Banks, to separately value the Company.
 - (b) The two Approved Banks shall submit their separate valuation reports to Creation and the Company as soon as possible and, in any event, within 45 (forty five) calendar days of their appointment. The Company and the Shareholders shall give full co-operation to facilitate the valuation.

- (c) Notwithstanding the provisions of Articles 13.1 (f)(a) and 13.1 (f)(b) above, in the event the valuation of the Company, as determined in accordance with the procedure above, is not acceptable to Creation or the Promoter Group for any reason whatsoever, then Creation shall have the right to either (i) pursue a fresh valuation/ re-valuation of the Company by a third Approved Bank without the Company's consent (which shall be binding on all members) or (ii) decide not to pursue an Offer For Sale and exercise its rights under Article 13.3 below, in accordance with the terms contained therein.
- (g) The Company and the Promoter Group shall do all such acts, deeds, matters and things necessary, required or desirable in accordance with applicable law to facilitate and effectuate the exit of Creation through the Offer For Sale within six (6) months from the date of the notice served by Creation.
- (h) In the event that the rights of Creation under these Articles are required to be deleted from the Articles of Association pursuant to the requirements of applicable law or of any relevant authority, the Company and the Promoter Group shall procure that, (i) until the Qualified IPO/Offer For Sale is completed, the said rights of Creation shall continue to be given effect in good faith and accordance with the terms of these Articles, and (ii) the said rights are reinstated in the Articles of Association in the event that the Qualified IPO/Offer For Sale does not occur or is delayed for any reason beyond a period of 90 (ninety) calendar days from the Qualified IPO Target Date/Offer For Sale Target Date.

13.2 **Method of the Qualified IPO and Offer For Sale**

The Company and the Shareholders agree as follows with respect to the Qualified IPO and Offer For Sale:

- (a) the Qualified IPO and/or Offer For Sale may be effected through an underwritten:
 - (i) issue of new Equity Shares; and/or
 - (ii) offer for sale of existing Equity Shares;
- (b) unless otherwise agreed between Creation in writing in accordance with Article 13.1 (f) above, the Qualified IPO shall be conducted at Qualified IPO price which would entitle Creation to realise, from the proceeds of the Qualified IPO, for its own account an amount proportionate to their shareholding in the Company;
- (c) the number of Shares to be sold/ offered for sale as part of the Qualified IPO and/or Offer For Sale shall be determined by the Company and the Shareholders;
- (d) in the event of an Offer For Sale of existing Equity Shares, Creation shall have the right (and the Company and the Promoter Group shall ensure that Creation shall be entitled) to offer, on a pro rata, inter-se shareholding basis, all of the Equity Shares held by Creation to the exclusion of any other Shareholder. In the event Creation chooses either not to participate in the Offer For Sale or to offer Equity Shares less than its pro rata entitlement above in the Offer For Sale, such unutilised portion shall be made available to all the Shareholders of the Company on a pro-rata basis. In the event the Promoter Group chooses either not to participate in the Offer For Sale or offers Equity Shares less than its pro rata entitlement above in the Offer For Sale and the number of Equity Shares as may be required to obtain a listing of the Equity Shares on the relevant Recognised Stock Exchange under applicable law is not complied with, as a result thereof, the Offer For Sale does not consummate, Creation shall be entitled at its sole discretion to immediately exercise its rights under Article 13.3 notwithstanding the fact that OFS Terminate Date as provided in Article 13.3 and Article 13.4 has not come ; and
- (e) The cost and expenses relating to the Qualified IPO or the Offer For Sale (including without limitation underwriting, selling and distribution costs) shall be borne by the Company.

13.3 **Creation's rights on non-completion of the Qualified IPO or Offer For Sale**

In the event that Qualified IPO or Offer For Sale is not completed on or before December 31, 2022 ("**OFS Termination Date**") then the provisions of Article 13.4 and 13.5 below shall apply.

13.4 **Mandated Sale**

- (a) If on or before December 31, 2022 neither (i) a Qualified IPO nor Offer For Sale is undertaken by the Company; nor (ii) an acceptable exit opportunity for all Securities of Creation has materialized, Creation

shall be entitled to sell all the Securities in the Company to any Person (“Mandated Sale Purchaser”) and for this purpose Creation may at its option require the Promoter Group to appoint a reputable investment bank acceptable to Creation to find a suitable Mandated Sale Purchaser (the “Mandated Sale”).

- (b) In case the Promoter Group and all other Shareholders also wish to exit in the Mandated Sale, provided the Mandated Sale Purchaser is willing also acquire the Securities of the Promoter Group and the other Shareholders, then Creation will have a preferential right over the Promoter Group and other Shareholders to first completely exit from the Company before the Promoter Group and other Shareholders exit the Company.
- (c) In the case of a Mandated Sale, the Company, Promoter Group and the other Shareholders shall be obligated to take all actions as required by Creation and Mandated Sale Purchaser in a timely manner and in any event within such time periods as may be specified by Creation and/or the Mandated Sale Purchaser, in order to successfully complete the sale of all the Securities held by Creation, free of Encumbrances, including, voting in favour of/ procuring the approval of the Board (and/ or any relevant committee or sub-committee thereof) to the Transfer of all the Securities held by Creation expressly waiving any dissenter’s rights or rights of appraisal or similar rights or other documents or representations or covenants required by the Mandated Sale Purchaser.
- (d) As part of the Mandated Sale, the Company and the Promoter Group shall provide full access to the appointed investment bank and the Mandated Sale Purchaser, in order to facilitate the Mandated Sale. The Promoter Group, Creation and other Shareholders shall undertake to sell their interests in the Company to the highest bidder in the Mandated Sale. If no offers are received within one year of the appointment of the investment bank, the Mandated Sale shall be terminated, unless extended by Creation.
- (e) The Company shall bear and pay all costs and expenses incurred in connection with a Mandated Sale, including without limitation all registration, filing and qualification fees, and cost in connection with investment bank.

13.5 Buy-Back

- (a) Notwithstanding anything to the contrary in these Articles, in the event, for any reason whatsoever, if complete exit is not provided to Creation on or before December 31, 2023, Creation shall have the right (but shall be under no obligation), exercisable at its sole discretion, by issuing a notice in writing to the Company (“Buy-Back Exit Notice”), to sell and call upon the Company to buy-back all the Securities held by Creation (including the Equity Shares issued upon Conversion thereof) (“Buy-Back Exit Shares”).
- (b) Upon receipt of the Buy-Back Exit Notice, the Company shall and the Promoter Group shall ensure that the Company, be irrevocably bound to buy-back all the Buy-Back Exit Shares at a price based on the fair market value of the Company as determined by a chartered accountant or a merchant banker registered with the Securities and Exchange Board of India appointed by Creation and acceptable to the Promoter Group (“Buy-Back Exit Price”). Within 90 (ninety) calendar days from the date of the Buy-Back Exit Notice, the Company shall and the Promoter Group shall ensure that the Company completes a buy-back of the Buy-Back Exit Shares at the Buy-Back Exit Price in accordance with the provisions of the Companies Act, provided that fair market value of the Company is determined within a period of 30 (thirty) calendar days of the Buy-Back Exit Notice. It is clarified that in case the determination of the fair market value takes longer than 30 (thirty) calendar days from the Buy-Back Exit Notice, the time period of completing the determination of the fair market value shall accordingly stand extended, till such time as a final determination of the fair market value is achieved but in no event the completion of buy-back will be extended beyond 90 (ninety) calendar days from the date of the Buy-Back Exit Notice. The Parties agree that the process of buy-back under this Article 13.5 (b) will be implemented at all times in a manner compliant with the Companies Act.
- (c) The Company and the Promoter Group agree and undertake that, subject to applicable law, shall, without any recourse to Creation whatsoever, take all steps necessary to allow the Company to satisfy its obligations under this Article 13.5.
- (d) The Promoter Group hereby irrevocably undertakes not to, whether directly or indirectly through an Affiliate, participate in, or offer or tender any of the Shares held by any of them in any buy-back offers made by the Company pursuant to this Article 13.5.
- (e) Creation shall not have the right to have the Buy-Back Exit Shares bought back in accordance with this Article 13.5 in the following circumstances:

- (i) If the Company is able to raise an investment from one or more institutional investors (each an “Unaffiliated Institutional Investor”) which causes Promoter Group’s shareholding in the Company to be diluted to below 50% (fifty percent) on an As Converted Basis; or
- (ii) If, through one or more future investments through at least three Unaffiliated Institution Investor, Promoter Group’s shareholding in the Company is diluted to below 66.67% (sixty six decimal six seven percent) on an As Converted Basis and Promoter Directors on the Board comprise less than 50% (fifty percent) of the Board; or
- (iii) If there is any Material Adverse Effect that impacts all the NBFC-MFIs in India or all NBFC-MFIs operating in a territory where the Company holds more than 20% (Twenty Percent) of its portfolio.

18. PREFERENCE SHARES

Subject to the provisions of section 55 of the Companies Act and Article 5, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

19. ALTERATION OF CAPITAL

- 19.1 Subject Article 5, the Company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.
- 19.2 Subject to the provisions of section 61 of the Companies Act and Article 5, the Company may, by ordinary resolution:
- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (b) stock into fully paid-up shares of any denomination;
 - (c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
 - (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.
- 19.3 Subject Article 5, the Company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law:
- (a) its share capital;
 - (b) any capital redemption reserve account; or
 - (c) any share premium account.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material will be attached to the copy of the Red Herring Prospectus/ Prospectus which will be delivered to the RoC for registration. Copies of the contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all Working Days from date of the Red Herring Prospectus until the Bid/ Offer Closing Date.

A. Material contracts for the Offer

1. Offer agreement dated July 27, 2018 between our Company, the Selling Shareholders and the Managers.
2. Registrar agreement dated July 27, 2018 between our Company, the Selling Shareholders and the Registrar to the Offer.
3. Escrow agreement dated [●] between our Company, the Selling Shareholders, the Registrar to the Offer, the Managers, the Syndicate Members, the Escrow Collection Bank(s) and the Refund Bank(s).
4. Share escrow agreement dated [●] between the Selling Shareholders, our Company and the Share Escrow Agent.
5. Syndicate agreement dated [●] between our Company, the Selling Shareholders, the Managers and the Syndicate Members.
6. Underwriting agreement dated [●] between our Company, the Selling Shareholders and the Underwriters.
7. Monitoring agency agreement dated [●] between our Company and the Monitoring Agency.

B. Other material contracts in relation to our Company

1. Share purchase agreement dated December 08, 2011 entered into amongst Janamma Thomas, Thomas John Muthoot, Thomas George Muthoot, Thomas Muthoot, Preethi John, Nina George, Remmy Thomas, Ajay Shanghavi, Harshkumar Maheshwary and our Company (in its erstwhile name Panchratna Securities Limited)
2. Share subscription agreement dated December 21, 2016 executed amongst MFL, Thomas John Muthoot, Thomas George Muthoot, Thomas Muthoot, Preethi John, Nina George, Remmy Thomas, Creation Investments India LLC and our Company
3. Shareholders' agreement dated December 20, 2017 executed amongst MFL, Thomas John Muthoot, Thomas George Muthoot, Thomas Muthoot, Preethi John, Nina George, Remmy Thomas, Creation Investments India LLC and our Company, as amended by way of an amendment agreement dated July 14, 2018 and a waiver and amendment letter dated July 27, 2018
4. Agreement dated February 14, 2017, executed between Thomas John Muthoot, Thomas George Muthoot, Thomas Muthoot and our Company
5. Agreement dated April 01, 2015 executed between Muthoot Pappachan Technologies Limited and our Company.
6. Agreement dated April 01, 2016 executed between MFL and our Company
7. Agreement dated June 01, 2016 executed between MFL and our Company
8. Agreement dated March 26, 2018 executed between MFL and our Company
9. Agreement dated March 26, 2018 executed between MFL and our Company

C. Material documents

1. Certified copies of the Memorandum and Articles of Association of our Company, as amended from time to time.
2. Certificate of incorporation dated April 06, 1992 issued by the RoC to our Company.
3. Fresh certificate of incorporation dated June 09, 1994 issued by the RoC to our Company consequent upon change of name of our Company to Panchratna Stock and Investment Consultancy Services Limited.
4. Fresh certificate of incorporation dated June 22, 1994 issued by the RoC, consequent upon change of name of our Company to Panchratna Securities Limited.
5. Fresh certificate of incorporation dated November 06, 2012 issued by RoC consequent upon change of name of our Company to Muthoot Microfin Limited.
6. Resolutions of the Board of Directors dated June 27, 2018, authorising the Offer and other related matters.
7. Shareholders' resolution dated July 04, 2018, in relation to this Offer and other related matters.
8. Consent letter dated July 26, 2018 from Thomas John Muthoot consenting to the inclusion of up to 4,060,429 Equity Shares in the Offer.
9. Consent letter dated July 26, 2018 from Thomas Muthoot consenting to the inclusion of up to 4,078,996 Equity Shares in the Offer.
10. Consent letter dated July 26, 2018 from Thomas George Muthoot consenting to the inclusion of up to 4,059,019 Equity Shares in the Offer.
11. Consent letter dated July 26, 2018 from Preethi John consenting to the inclusion of up to 121,180 Equity Shares in the Offer.
12. Consent letter dated July 26, 2018 from Remmy Thomas consenting to the inclusion of up to 101,460 Equity Shares in the Offer.
13. Consent letter dated July 26, 2018 from Nina George consenting to the inclusion of up to 122,870 Equity Shares in the Offer.
14. Consent letter dated July 26, 2018 from MFL consenting to the inclusion of up to 1,908,006 Equity Shares in the Offer.
15. Consent letter dated July 26, 2018 from Creation Investments India LLC consenting to the inclusion of up to 1,858,112 Equity Shares in the Offer.
16. Copies of the annual reports of our Company for the Financial Years 2018, 2017, 2016, 2015 and 2014.
17. CRISIL Research consent letter dated July 24, 2018.
18. "Industry Report – Microfinance" dated July 2018 prepared by CRISIL Research.
19. The examination report of the Statutory Auditor dated June 27, 2018, on our Company's Restated Financial Statements, included in this Draft Red Herring Prospectus.
20. The statement of special tax benefits dated June 27, 2018 from the Statutory Auditors.
21. Consent of the Directors, the Managers, the Syndicate Members, Domestic Legal Counsel to our Company, Legal Counsel to the Managers as to Indian Law, International Legal Counsel to the Managers, Registrar to the Offer, Escrow Collection Bank(s), Public Offer Account Bank(s), Refund Bank(s), Monitoring Agency, Bankers to our Company, Company Secretary and Compliance Officer as referred to in their specific capacities.
22. Consent dated July 23, 2018, of our Statutory Auditor, namely, Walker Chandiok & Co. LLP., Chartered Accountants, holding a valid peer review certificate from ICAI, to include:

- (i) their name in this Draft Red Herring Prospectus;
 - (ii) to include their examination reports on the Restated Financial Information dated June 27, 2018 and the Statement of Tax Benefits dated June 27, 2018 in this Draft Red Herring Prospectus; and
 - (iii) to be named as an “Expert” as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as the Statutory Auditors of our Company and in respect of (a) their examination reports on the Restated Financial Information dated June 27, 2018 and (b) the Statement of Tax Benefits dated June 27, 2018, included in this Draft Red Herring Prospectus.
- 23. Due Diligence Certificate dated July 27, 2018, addressed to SEBI from the Managers.
 - 24. In principle listing approvals dated [●] and [●], issued by BSE and NSE, respectively.
 - 25. Tripartite agreement dated November 26, 2016, between our Company, NSDL and the Registrar to the Offer.
 - 26. Tripartite agreement dated July 23, 2018, between our Company, CDSL and the Registrar to the Offer.
 - 27. SEBI observation letter dated [●].

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and rules, regulations or guidelines issued by the Government of India or the regulations or guidelines issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and that no statement or undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, SCRR, the SEBI Act or rules or regulations made there under or guidelines issued, as the case may be. We further certify that all disclosures in this Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTORS OF OUR COMPANY

Thomas John Muthoot
(Non-Executive Director)

Thomas Muthoot
(Managing Director)

Thomas George Muthoot
(Non Executive Director)

Thomas Muthoot John
(Non Executive Director)

Kenneth Dan Vander Weele
(Non Executive Director)

Alok Prasad
(Independent Director)

Amitvikram Talgeri
(Independent Director)

Bhama Krishnamurthy
(Independent Director)

Pushpy B. Muricken
(Independent Director)

T S Vijayan
(Independent Director)

**SIGNED BY THE
OFFICER**

CHIEF FINANCIAL

Praveen T

Place: Kochi

Date: July 27, 2018

DECLARATION

I confirm that all statements and undertakings made, confirmed or undertaken by me in this Draft Red Herring Prospectus about or in relation to myself, as a Selling Shareholder and the Equity Shares which are being offered by me by way of the Offer for Sale pursuant to the Offer, are true and correct. I assume no responsibility for any other statements including, any of the statements made by, or relating to, the Company or any other person(s) in this Draft Red Herring Prospectus.

Name: Thomas John Muthoot

Date: July 27, 2018

DECLARATION

I confirm that all statements and undertakings made, confirmed or undertaken by me in this Draft Red Herring Prospectus about or in relation to myself, as a Selling Shareholder and the Equity Shares which are being offered by me by way of the Offer for Sale pursuant to the Offer, are true and correct. I assume no responsibility for any other statements including, any of the statements made by, or relating to, the Company or any other person(s) in this Draft Red Herring Prospectus.

Name: Thomas Muthoot

Date: July 27, 2018

DECLARATION

I confirm that all statements and undertakings made, confirmed or undertaken by me in this Draft Red Herring Prospectus about or in relation to myself, as a Selling Shareholder and the Equity Shares which are being offered by me by way of the Offer for Sale pursuant to the Offer, are true and correct. I assume no responsibility for any other statements including, any of the statements made by, or relating to, the Company or any other person(s) in this Draft Red Herring Prospectus.

Name: Thomas George Muthoot

Date: July 27, 2018

DECLARATION

I confirm that all statements and undertakings made, confirmed or undertaken by me in this Draft Red Herring Prospectus about or in relation to myself, as a Selling Shareholder and the Equity Shares which are being offered by me by way of the Offer for Sale pursuant to the Offer, are true and correct. I assume no responsibility for any other statements including, any of the statements made by, or relating to, the Company or any other person(s) in this Draft Red Herring Prospectus.

Name: Preethi John (through Thomas John Muthoot pursuant to power of attorney June 27, 2018)

Date: July 27, 2018

DECLARATION

I confirm that all statements and undertakings made, confirmed or undertaken by me in this Draft Red Herring Prospectus about or in relation to myself, as a Selling Shareholder and the Equity Shares which are being offered by me by way of the Offer for Sale pursuant to the Offer, are true and correct. I assume no responsibility for any other statements including, any of the statements made by, or relating to, the Company or any other person(s) in this Draft Red Herring Prospectus.

Name: Remmy Thomas (through Thomas Muthoot pursuant to power of attorney dated June 27, 2018)

Date: July 27, 2018

DECLARATION

I confirm that all statements and undertakings made, confirmed or undertaken by me in this Draft Red Herring Prospectus about or in relation to myself, as a Selling Shareholder and the Equity Shares which are being offered by me by way of the Offer for Sale pursuant to the Offer, are true and correct. I assume no responsibility for any other statements including, any of the statements made by, or relating to, the Company or any other person(s) in this Draft Red Herring Prospectus.

Name: Nina George (through Thomas George Muthoot pursuant to power of attorney dated June 27, 2018)

Date: July 27, 2018

DECLARATION

Muthoot Fincorp Limited confirms that all statements and undertakings made, confirmed or undertaken by it in this Draft Red Herring Prospectus about or in relation to itself, as a Selling Shareholder and the Equity Shares which are being offered by it by way of the Offer for Sale pursuant to the Offer, are true and correct. It assumes no responsibility for any other statements including any of the statements made by, or relating to, the Company or any other person(s) in this Draft Red Herring Prospectus.

Authorised Signatory

Name: Thomas John Muthoot

Designation: Managing Director

Date: July 27, 2018

DECLARATION

Creation Investments India LLC confirms that all statements and undertakings made, confirmed or undertaken by it in this Draft Red Herring Prospectus about or in relation to itself, as a Selling Shareholder and the Equity Shares which are being offered by it by way of the Offer for Sale pursuant to the Offer, are true and correct. It assumes no responsibility for any other statements including any of the statements made by, or relating to, the Company or any other person(s) in this Draft Red Herring Prospectus.

Authorised Signatory

Name: Kenneth Dan Vander Weele

Designation: Partner

Date: July 27, 2018

ANNEXURE A – U.S. RESALE LETTER

[On the letterhead of an investor who is a U.S. Person or a person in the United States; to be executed after resale of the Equity Shares outside the United States which was not consummated on the trading floor of any Indian stock exchange; to be delivered to the Company prior to the settlement of any sale or other transfer of Shares]

Muthoot Microfin Limited (the “**Company**”)
13th Floor, Parinee Crescenzo,
Bandra Kurla Complex, Bandra East,
Mumbai - 400 051, India

Ladies and Gentlemen:

This letter (“**Resale Letter**”) relates to the sale or other transfer by us of equity shares (the “**Shares**”) of the Company, which is required to be in an offshore transaction pursuant to Regulation S (“**Regulation S**”) under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”). Terms used in this Resale Letter are used as defined in Regulation S, except as otherwise stated herein.

We hereby represent and warrant to you as follows:

- (a) We previously purchased the Shares for our own account (or for one or more beneficial owners for which we have acted as fiduciary or agent, with complete investment discretion and with authority to bind each such person), as both a “qualified institutional buyer” (as defined in Rule 144A under the U.S. Securities Act) and a “qualified purchaser” (as defined in Section 2(a)(51) and related rules of the Investment Company Act of 1940, as amended, and the rules thereunder (the “**U.S. Investment Company Act**”). We understand that the Shares have not been and will not be registered under the U.S. Securities Act and that the Company has not registered and will not register as an investment company under the U.S. Investment Company Act).
- (b) The offer and sale of the Shares by us was not made to a person in the United States or to a U.S. Person (as defined in Regulation S, except for these purposes, U.S. Persons include Persons who would otherwise have been excluded from such term solely by virtue of Rule 902(k)(1)(viii)(B) or Rule 902(k)(2)(i)).
- (c) Either:
 - (i) at the time the sell order for the sale of the Shares by us was originated, the buyer was outside the United States or we and any person acting on our behalf reasonably believed that the buyer was outside the United States; or
 - (ii) the transfer of the Shares by us was executed in, on or through the facilities of the National Stock Exchange or the Bombay Stock Exchange, and neither we nor any person acting on our behalf has reason to believe that the transaction was pre-arranged with a buyer in the United States.
- (d) Neither we, nor any of our affiliates, nor any person acting on our or their behalf, has made any directed selling efforts (as such term is defined in Regulation S) in the United States with respect to the Equity Shares.
- (e) The transfer of the Equity Shares by us was not and is not part of a plan or scheme to evade the registration requirements of the U.S. Securities Act or the U.S. Investment Company Act.
- (f) None of the Company, any of its agents nor any of their respective affiliates participated in the sale of the Equity Shares by us.
- (g) We agree that the Company, its agents and their respective affiliates may rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

Where there are joint transferors, each must sign this US Resale Letter. A US Resale Letter of a corporation must be signed by an authorized officer or be completed otherwise in accordance with such corporation’s constitution (and evidence of such authority may be required).

Yours sincerely,
(Name of Transferor)
By: Title:
Date: