(Please scan the above QR code to view this Prospectus)

CHEMMANUR CREDITS AND INVESTMENTS LIMITED

Chemmanur Credits and Investments Limited ("**our Company**" or "**the Company**" or "**the Issuer**") was incorporated as 'Chemmanur Credits and Investments Limited', a public limited company under the provisions of the Companies Act, 1956, pursuant to a certificate of incorporation dated December 16, 2008, issued by Registrar of Companies, Kerala and Lakshadweep ("**RoC**"). Our Company holds a certificate of registration dated June 10, 2010 bearing registration number N-16-00185 issued by the Reserve Bank of India ("**RBI**") to carry on the activities of a Non-Banking Financial Company ("**NBFC**") without accepting public deposits under Section 45 IA of the Reserve Bank of India Act, 1934. For further details about our Company including details regarding changes in Registered Office, see "*History and Certain Other Corporate Matters*" on page 119.

Corporate Identification Number: U65923KL2008PLC023560; **PAN**: AADCC5470E **E-mail**: mail@chemmanurcredits.com; **Website**: www.chemmanurcredits.com
Registered Office: Door No. D1 to D4, 3rd Floor, Avenue Tower, East Fort, Thrissur East, Thrissur - 680005, Kerala, India; **Telephone:** +91 487-7121200/2424010
Compliance Officer and Company Secretary: Anju Thomas; **E-mail**: cs@chemmanurcredits.com; **Telephone:** +91 487-7121200/2424010 (Extn. 204)
Chief Financial Officer: Pramod M; **Email**: pramod@chemmanurcredits.com; **Tel**: +91 487-7121200/2424010 (Extn. 212)

PUBLIC ISSUE BY OUR COMPANY OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹ 1,000 EACH, ("NCDS") AT PAR, AMOUNTING UP TO ₹ 4,000 LAKH, HEREINAFTER REFERRED TO AS THE "BASE ISSUE" WITH AN OPTION TO RETAIN OVER-SUBSCRIPTION UP TO ₹ 2,000 LAKH AGGREGATING UP TO ₹ 6,000 LAKH, HEREINAFTER REFERRED TO AS THE "OVERALL ISSUE SIZE". THE ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021 AS AMENDED ("SEBI NCS REGULATIONS"), THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER, AS AMENDED AND THE SEBI MASTER CIRCULAR. THE ISSUE IS NOT PROPOSED TO BE UNDERWRITTEN.

OUR PROMOTER

Our Promoter is Chemmanur Devassykutty Boby, **Email**: boby@chemmanurcredits.com, **Tel**: +91 487-7121200. For further details see, "*Our Promoter*" on page 130.

GENERAL RISKS

Investment in debt securities involves a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this Issue. For taking an investment decision, the Investors must rely on their own examination of the Issuer and the Issue, including the risks involved in it. Specific attention of the Investors is invited to the chapter titled "*Risk Factors*" on page 16 and "*Material Developments*" on page 135, before making an investment in this Issue. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the debt securities or investor's decision to purchase such securities. This Prospectus has not been and will not be approved by any regulatory authority in India, including the RBI, the Securities and Exchange Board of India ("**SEBI**"), the RoC or any stock exchange in India.

CREDIT RATING

The NCDs proposed to be issued under the Issue have been rated 'IND BBB-/Stable' (pronounced as IND triple B minus rating with Stable outlook); by India Ratings and Research Private Limited ("**India Ratings**") *vide* its letter dated June 25, 2024. The rating of the NCDs by India Ratings indicate that instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations and carry moderate credit risk. The rating given by India Ratings is valid as on the date of this Prospectus and shall remain valid as on the date of issue, allotment and listing of NCDs on BSE. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions. These ratings are subjected to a periodic review during which it may be affirmed, changed, suspended, withdrawn, or placed on rating watch, based on one or more specific events. The Credit Rating Agencies' website will have the latest information on all its outstanding ratings. For the rating letter and the rating rationale, see "*Annexure II*" of this Prospectus.

COUPON RATE, COUPON PAYMENT FREQUENCY, REDEMPTION RATE, REDEMPTION AMOUNT & ELIGIBLE INVESTORS

For details relating to Coupon Rate, Coupon Payment Frequency, Redemption Date, Redemption Amount and eligible Investors of the NCDs, please see "*Issue Structure*" on page 194.

LISTING

The NCDs offered through this Prospectus are proposed to be listed on the BSE Limited ("**BSE**"). Our Company has obtained 'in-principle' approval for the Issue from BSE *vide* its letter bearing reference number DCS/BM/PI-BOND/11/24-25 and dated July 19, 2024. BSE shall be the Designated Stock Exchange for this Issue.

PUBLIC COMMENTS

The Draft Prospectus dated July 5, 2024 was filed with the BSE, pursuant to the provisions of the SEBI NCS Regulations and was kept open for public comments for a period of seven Working Days (i.e., until 5:00 pm) from the date of filing of the Draft Prospectus with BSE, i.e. up to July 15, 2024. No comments were received on the Draft Prospectus until 5:00 PM of July 15, 2024.

LEAD MANAGER	DEBENTURE TRUSTEE*	REGISTRAR TO THE ISSUE
VIVRO FINANCIAL SERVICES PRIVATE LIMITED Vivro House 11, Shashi Colony, Opposite Suvidha Shopping Center, Paldi, Ahmedabad – 380007, Gujarat, India **Telephone:** +91 7940404242/40/41 **Email**: investors@vivro.net **Website**: www.vivro.net **Contact Person**: Jay Dodiya / Kruti Saraiya	**MITCON CREDENTIA TRUSTEESHIP SERVICES LIMITED** 1402/1403, B-Wing, Dalamal Towers, 14th Floor, Free Press Journal Marg, 211, Nariman Point, Mumbai – 400 021, Maharashtra, India **Telephone**: +91 22 2282 8200 **Email**: contact@mitconcredentia.in **Website**: www.mitconcredentia.in **Contact Person**: Vaishali Urkude	**KFIN TECHNOLOGIES LIMITED** Selenium Tower-B, Plot 31 & 32 Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032, Telangana, India **Telephone:** +91 40 6716 2222 **Fax Number:** +91 40 6716 1563 **Email:** ccil.ncdipo@kfintech.com **Website:** www.kfintech.com **Contact Person:** M Murali Krishna

CREDIT RATING AGENCY	STATUTORY AUDITORS
INDIA RATINGS AND RESEARCH PRIVATE LIMITED Wockhardt Towers, 4th Floor, West Wing, Bandra Kurla Complex, Bandra (E) Mumbai - 400 051 **Tel:** +91 22 – 4000 1700 **Email:** infogrp@indiaratings.co.in **Website:** www.indiaratings.co.in **Contact Person:** Ismail Ahmed	**C.M. JOSEPH & ASSOCIATES** *Chartered Accountants* MRA 5A, Pallath Lane, San Clinic Building, Mount Carmel Church Road, Mamangalam, Palarivattom.P.O., Cochin – 682 025, Kerala, India **Tel:** +91 484 404 7884, 233 8303, 298 9303 **E-mail:** cmjosephfca@gmail.com, cmjfca@gmail.com **Website**: www.cmjassociates.in **Contact Person**: C.M. Joseph

ISSUE PROGRAMME

ISSUE OPENS ON: FRIDAY, JULY 26, 2024	ISSUE CLOSES ON: THURSDAY, AUGUST 8, 2024**

** MITCON Credentia Trusteeship Services Limited, by its letter dated July 5, 2024, has given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications sent to the holders of the Debenture issued pursuant to this Issue. For further details, please refer to "General Information – Debenture Trustee" on page 39.*

***The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time), during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a minimum period of 3 Working Days and a maximum period of 10 Working Days from the date of the issue and subject to not exceeding 30 days from the date of filing of this Prospectus with ROC including any extensions) as may be decided by the Board of Directors of our Company ("**Board**") or the Debenture Committee, subject to approvals in accordance with the SEBI NCS Regulations. In the event of such an early closure of or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in an English national daily newspaper and a regional daily newspaper in the state of Kerala, with wide circulation on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5 p.m. on one Working Day post the Issue Closing Date. For further details please see "General Information" on page 37.*

A copy of this Prospectus and written consents of our Directors, our Chief Executive Officer, our Company Secretary and Compliance Officer, our Chief Financial Officer, our Auditor, the Lead Manager, the Registrar to the Issue, Public Issue Account Bank, Refund Bank, Sponsor Bank, Credit Rating Agency, the legal advisor, the Bankers to our Company, the Debenture Trustee, FSIAPL and the Syndicate Member to act in their respective capacities shall be filed with the RoC, in terms of Section 26 of the Companies Act, 2013 along with the requisite endorsed/certified copies of all requisite documents. For further details, please see "Material Contracts and Documents for Inspection" beginning on page 265.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, all references in this Prospectus to "**Issuer**", "**our Company**", "**the Company**" are to Chemmanur Credits and Investments Limited, a company incorporated under the Companies Act, 1956, registered as non-deposit taking non-banking financial company with the Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934. The Registered Office of the Company is situated at Door No. D1 to D4, 3rd Floor, Avenue Tower, East Fort, Thrissur East, Thrissur - 680005, Kerala, India.

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

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

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

Company Related Terms

Term	Description
AoA/ Articles/ Articles of Association	Articles of Association of our Company, as amended from time to time
Associates	The associates of our Company as mentioned in the section "*History and Certain Other Corporate Matters*" on page 119
Audit Committee	Audit committee of the Board of Directors of our Company, constituted in accordance with applicable laws
Audited Financial Statements	The audited financial statements of our Company for the financial year ended March 31, 2024 comprising of the statement of assets and liabilities and the schedules forming part thereof, the statement of financial results and the schedules forming part thereof, statement of changes in equity, the statement of cash flow for the respective periods, statement of significant accounting policies, and other explanatory statements including notes thereto, issued by Statutory Auditor of the Company
Auditor/ Statutory Auditor	The current statutory auditor of our Company, M/s. C. M. Joseph & Associates, Chartered Accountants for the financial year 2024-2025 holding valid certificate issued by the peer review board of the Institute of Chartered Accountants of India
Board/ Board of Directors	Board of directors of our Company or any duly constituted committee thereof
Corporate Social Responsibility Committee	Corporate social responsibility committee of the Board of Directors of our Company, constituted in accordance with applicable laws
Committee	A committee constituted by the Board, from time to time
Debenture Committee	The committee of the Board of Directors of the Company constituted for the purposes of, *inter alia*, issuance of debentures of the Company. For further details, see "*Our Management*" on page 121
Equity Shares	Equity shares of face value of ₹ 10 each of our Company
KMP/ Key Managerial Personnel	The key managerial personnel of our Company as defined under Section 2 (sa) SEBI NCS Regulations. For details, see "*Our Management*" on page 121
Group Companies	Chemmanur Gold Palace International Limited, Boby Chemmanur (No.1) Chits Private Limited and Boby Bazar Private Limited
JLG	Joint Liability Group
Loan Assets	Assets under financing activities
Memorandum/ MoA/ Memorandum of Association	Memorandum of association of our Company, as amended from time to time
NBFC	Non-banking financial company as defined under Section 45-IA of the RBI Act, 1934
Nomination and Remuneration Committee	Nomination and remuneration committee of the Board of Directors of our Company, constituted in accordance with applicable laws

Term	Description
Networth	As defined in Section 2(57) of the Companies Act, 2013, as follows: "*Networth means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet but does not include reserves created out of revaluation of assets, write back of depreciation and amalgamation.*"
Promoter	Chemmanur Devassykutty Boby
Promoter Group	Includes the individuals and entities covered by the definition under Regulation 2(1) (ff) of the SEBI NCS Regulations
Registered Office	The registered office of our Company is situated at Door No. D1 to D4, 3rd Floor, Avenue Tower, East Fort, Thrissur East, Thrissur - 680005, Kerala, India
Risk Management Committee	The committee of the Board of Directors of the Company constituted for the purposes of *inter alia*, to assist the Board in the execution of its risk management accountabilities. For further details, see "*Our Management*" on page 121
Senior Management Personnel or SMP	Senior Management Personnel of our Company in accordance with definition of Senior Management in Regulation 2 (iia) of the SEBI NCS Regulations, as described in "*Our Management*" on page 121
RoC	Registrar of Companies, Kerala and Lakshadweep
Shareholders	The shareholders of our Company
Special Purpose Audited Financial Statements	The special purpose audited financial statements of our Company for the financial years ended March 31, 2023 comprising of the statement of assets and liabilities and the schedules forming part thereof, the statement of financial results and the schedules forming part thereof, statement of changes in equity, the statement of cash flow for the respective periods, statement of significant accounting policies, and other explanatory statements including notes thereto, issued by Statutory Auditor of the Company. The special purpose audited financial statements of our Company for the financial year ended March 31, 2022 comprising of the statement of assets and liabilities and the schedules forming part thereof, the statement of financial results and the schedules forming part thereof, the statement of cash flow for the respective periods, statement of significant accounting policies, and other explanatory statements including notes thereto, issued by Statutory Auditor of the Company

Issue Related Terms

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

Term	Description
	in terms of this Prospectus
Application Supported by Blocked Amount/ ASBA	The Application (whether physical or electronic) used by an ASBA Applicant to make an Application by authorising the SCSB to block the Application Amount in the specified bank account maintained with such SCSB
ASBA Account	A bank account maintained with an SCSB by an Applicant, as specified in the Application Form submitted by the Applicant for blocking the Application Amount mentioned in the relevant ASBA Form and includes a bank account maintained by a UPI Investor linked to a UPI ID, which is blocked upon acceptance of a UPI Mandate Request made by the UPI Investor using the UPI Mechanism
Base Issue	₹ 4,000 lakh
Basis of Allotment	The basis on which NCDs will be allotted to successful applicants under the Issue and which is described in "*Issue Procedure – Basis of Allotment*" on page 246
Broker Centres	Broker centres notified by the Stock Exchange, where Applicants can submit the Application Forms (including ASBA Forms under UPI in case of UPI Investors) to a Trading Member. The details of such broker centres, along with the names and contact details of the Trading Members are available on the website of the Stock Exchange and updated from time to time
Business Days	All days excluding Saturdays, Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881
CIBIL	TransUnion CIBIL Limited
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account
Collection Centres	Centres at which the Designated Intermediaries shall accept the Application Forms, being the Designated Branch for SCSBs, Specified Locations for the Syndicate, Broker Centres for registered brokers, Designated RTA Locations for CRTAs and Designated CDP Locations for CDPs
Collecting Depository Participants/ CDPs	A depository participant, as defined under the Depositories Act, 1996 and registered under the SEBI Act and who is eligible to procure Applications at the Designated CDP Locations in terms of the SEBI Master Circular
Collecting Registrar and Share Transfer Agents/CRTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of the SEBI Master Circular
Coupon Rate / Interest Rate	The aggregate rate of interest payable in connection with the NCDs in accordance with this Prospectus. For further details, see "*Issue Structure*" on page 194
Credit Rating Agency	For the present Issue, the credit rating agency being, India Ratings and Research Private Limited ("**India Ratings**")
Cut-off Date	Shall mean July 18, 2024
Debenture Trust Deed	The trust deed to be executed by our Company and the Debenture Trustee for creating the security over the NCDs issued under the Issue
Debenture Trustee Agreement	Debenture Trustee Agreement dated July 2, 2024 entered into between our Company and the Debenture Trustee
Debentures/NCDs	Secured redeemable, non-convertible debentures issued pursuant to the Issue
Deemed Date of Allotment	The date of issue of the Allotment Advice, or such date on which the Board or Debenture Committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on the NCDs shall be available to the Investors from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment
Demographic Details	The demographic details of an Applicant such as his address, bank account details, category, PAN, UPI ID, etc. for printing on refund/interest orders or used for refunding through electronic mode as applicable
Depositories Act	The Depositories Act, 1996
Depository(ies)	National Securities Depository Limited and/or Central Depository Services (India) Limited
Designated Branches	Such branches of the SCSBs which shall collect the Application Forms used by the ASBA Applicants and a list of which is available at https://www.sebi.gov.in or at such other web-link as may be prescribed by SEBI from time to time
Designated CDP Locations	Such centres of the Collecting Depository Participants where Applicants can submit the Application Forms. The details of such Designated CDP Locations, along with the names and contact details of the CDPs are available on the website of the Stock Exchange and

Term	Description
	updated from time to time
Designated Date	The date on which the Registrar to the Issue issues instruction to SCSBs for unblocking of funds from the ASBA Accounts to the Public Issue Account in terms of this Prospectus, the Public Issue Account and Sponsor Bank Agreement and following which the Board, shall Allot the NCDs to the successful Applicants
Designated Intermediaries	The Members of the Syndicate, SCSBs, Registered Stock Brokers, Trading Members, RTAs and CDPs who are authorized to collect Application Forms from the Applicants, in relation to the Issue
Designated Stock Exchange/ DSE	BSE Limited
Designated RTA Locations	Such centres of the RTAs where Applicants can submit the Application Forms (including Application Forms by UPI Investors under the UPI Mechanism). The details of such Designated RTA Locations, along with the names and contact details of the RTAs are available on the website of the Stock Exchange and updated from time to time
DP/Depository Participant	A depository participant as defined under the Depositories Act
Direct Online Application	An online interface enabling direct applications through UPI by an app based/web interface, by investors to a public issue of debt securities with an online payment facility
Draft Prospectus	The Draft Prospectus dated July 5, 2024, filed with the Designated Stock Exchange and with SEBI for receiving public comments, in accordance with the provisions of the Companies Act, 2013 and the SEBI NCS Regulations
Existing Secured Creditors	Canara Bank, Dhanlaxmi Bank, State Bank of India, Federal Bank, the debenture holders of the privately placed secured non-convertible debentures and the secured debenture holders of the debentures issued by way of public issue
Fugitive Economic Offender	Fugitive economic offender means an individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
Interest Payment Date/ Coupon Payment Date	As specified in "*Issue Structure*" on page 194
Institutional Portion	Portion of Applications received from Category I of persons eligible to apply for the Issue which includes resident public financial institutions as defined under Section 2(72) of the Companies Act 2013, statutory corporations including state industrial development corporations, scheduled commercial banks, co-operative banks and regional rural banks, and multilateral and bilateral development financial institutions, which are authorised to invest in the NCDs, provident funds of minimum corpus of ₹ 2,500 lakh, pension funds of minimum corpus of ₹ 2,500 lakh, superannuation funds and gratuity fund, which are authorised to invest in the NCDs, resident venture capital funds and/or alternative investment funds registered with SEBI, insurance companies registered with the IRDAI, national investment fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India), insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India, mutual funds registered with SEBI and non-banking financial companies
Issue	Public issue of NCDs by our Company amounting up to ₹ 4,000 lakh, with an option to retain over-subscription up to ₹ 2,000 lakh, aggregating up to ₹ 6,000 lakh, on the terms and in the manner set forth herein
Issue Agreement	The Issue Agreement dated July 5, 2024 entered between the Company and the Lead Manager to the Issue
Issue Closing Date	Thursday, August 8, 2024
Issue Opening Date	Friday, July 26, 2024
Issue Size	Public issue of NCDs by our Company amounting up to ₹ 4,000 lakh, with an option to retain over-subscription up to ₹ 2,000 lakh, aggregating up to ₹ 6,000 lakh
Lead Manager	Vivro Financial Services Private Limited
Listing Agreement	The uniform listing agreement entered into between our Company and the Stock Exchange in connection with the listing of debt securities of our Company
Market Lot	1 (one) NCD
Mobile App(s)	The mobile applications listed on the website of Stock Exchanges as may be updated from time to time, which may be used by RIBs to submit Bids using the UPI Mechanism
Maturity Amount	In respect of NCDs Allotted to NCD Holders, the repayment of the face value of the NCD along with interest that may have accrued as on the redemption date

Term	Description
Maturity Date or Redemption Date	As specified in "*Issue Structure*" on page 194
NCD Holder/Debenture Holder	Any debenture holder who holds the NCDs issued pursuant to this Issue and whose name appears on the beneficial owners list provided by the Depositories
Non-Institutional Portion	Category II of persons eligible to apply for the Issue which includes companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs, educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorised to invest in the NCDs, trust including public/private charitable/religious trusts which are authorised to invest in the NCDs, association of persons, scientific and/or industrial research organisations, which are authorised to invest in the NCDs, partnership firms in the name of the partners, limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009), resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹ 5 lakh
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% (sixty percent) by NRIs including overseas trusts, in which not less than 60% (sixty percent) 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 the FEMA. OCBs are not permitted to invest in the Issue
Offer Document	The Draft Prospectus, this Prospectus, the Abridged Prospectus, the Application Form and supplemental information, if any, read with any notices, corrigenda and addenda thereto
Prospectus	This Prospectus dated July 22, 2024, filed with the RoC in accordance with the SEBI NCS Regulations, containing inter alia the Coupon Rate for the NCDs and certain other information
Public Issue Account	Account(s) opened with the Public Issue Account Bank to receive monies from the ASBA Accounts maintained with the SCSBs (including under the UPI Mechanism) on the Designated Date
Public Issue Account Bank	Banks which are clearing members and registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, with whom the Public Issue Account will be opened
Public Issue Account and Sponsor Bank Agreement	The agreement dated July 20, 2024 entered into amongst our Company, the Registrar to the Issue, the Lead Manager, the Public Issue Account Bank, the Sponsor Bank for collection of the Application Amounts from ASBA Accounts under the UPI Mechanism and the Refund Bank for collection of the Application Amounts from ASBA Accounts and where applicable remitting refunds, if any, to such Applicants, on the terms and conditions thereof.
Record Date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 days prior to the date on which interest is due and payable and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be. In case Record Date falls on a day when Stock Exchange is having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date
Refund Account	Account opened with the Refund Bank from which refunds, if any, of the whole or any part of the Application Amount shall be made
Refund Bank	HDFC Bank Limited
Registrar to the Issue/ Registrar	Kfin Technologies Limited
Registrar Agreement	Agreement dated July 2, 2024 entered into between the Issuer and the Registrar under the terms of which the Registrar has agreed to act as the Registrar to the Issue
Registered Brokers	Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers) Regulation, 1992 and the stock exchange having nationwide terminals, other than the Members of the Syndicate and eligible to procure Applications from Applicants
Register of NCD Holders	The statutory register in connection with any NCDs which are held in physical form on

Term	Description
	account of rematerialisation, containing name and prescribed details of the relevant NCD Holders, which will be prepared and maintained by our Company/Registrar in terms of the applicable provisions of the Companies Act
Retail Investor Portion	Portion of Applications received from Category III of persons eligible to apply for the Issue which includes resident Indian individuals and Hindu undivided families through the Karta aggregating to a value not exceeding and including ₹ 5 lakh
RTAs/ Registrar and Share Transfer Agents	The registrar and share transfer agents registered with SEBI and eligible to procure Application in the Issue at the Designated RTA Locations
SCSBs or Self Certified Syndicate Banks	The banks registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 offering services in relation to ASBA, including blocking of an ASBA Account and a list of which is available on https://www.sebi.gov.in or at such other web-link as may be prescribed by SEBI from time to time. Additionally, the banks registered with SEBI, enabled for UPI Mechanism, list of which is available on https://www.sebi.gov.in or at such other web-link as may be prescribed by SEBI from time to time. A list of the branches of the SCSBs where ASBA Applications submitted to the Lead Manager, Members of the Syndicate or the Trading Member(s) of the Stock Exchange, will be forwarded by such Lead Manager, Members of the Syndicate or the Trading Members of the Stock Exchange is available at https://www.sebi.gov.in or at such other web-link as may be prescribed by SEBI from time to time
Security	The principal amount of the NCDs to be issued in terms of this Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking *pari passu* charge with existing secured creditors, on all movable assets, including book debts and receivables, cash and bank balances, loans and advances both present and future of the Company (excluding (a) reserves created in accordance with law; (b) receivables of the Company, fixed deposits, cash collateral, immovable and movable assets over which exclusive charge is created in favour of State bank of India, Canara Bank, Dhanlaxmi Bank, Federal Bank or any other lender), such that a security cover to the extent of 1 (one) time of the outstanding principal amounts of the NCDs and all interest due and payable thereon is maintained at all times until the redemption of NCDs
Specified Locations	Collection centres where the Members of the Syndicate shall accept Application Forms, a list of which is included in the Application Form
Sponsor Bank	The Banker to the Issue registered with SEBI which is appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the UPI Mandate Requests and/or payment instructions of the UPI Investors into the UPI and carry out any other responsibilities, in terms of the SEBI Master Circular, in this case being, HDFC Bank Limited
Stock Exchange	BSE Limited
Syndicate Agreement	Syndicate Agreement dated July 20, 2024 entered between the Company and Syndicate Member
Syndicate ASBA	Applications through the Designated Intermediaries
Syndicate ASBA Application Locations	Collection centres where the Designated Intermediaries shall accept Application Forms from Applicants, a list of which is available on the website of the SEBI at https://www.sebi.gov.in and at such other websites as may be prescribed by SEBI from time to time
Syndicate Member	Vivro Financial Services Private Limited
Syndicate SCSB Branches	In relation to ASBA Applications submitted to a Member of the Syndicate, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the members of the Syndicate, and a list of which is available on https://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time
Tenor	Please see the section titled "Terms of the Issue" on page 202
Trading Member(s)	Individuals or companies registered with SEBI as "trading member(s)" under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992, and who hold the right to trade in stocks listed on stock exchanges, through which Investors can buy or sell securities listed

Term	Description
	on stock exchanges whose list is available on stock exchanges
Transaction Registration Slip/TRS	The acknowledgement slips or document issued by any of the Members of the Syndicate, the SCSBs, or the Trading Members as the case may be, to an Applicant upon demand as proof of upload of the Application on the application platform of the Stock Exchange
Tripartite Agreement(s)	Agreements as entered into between the Issuer, Registrar and each of the Depositories under the terms of which the Depositories shall act as depositories for the securities issued by our Company
Trustee/ Debenture Trustee	Trustee for the holders of the NCDs, in this case being MITCON Credentia Trusteeship Services Limited
UPI	Unified Payments Interface, is an instant payment system developed by the NPCI. It enables merging several banking features, seamless fund routing and merchant payments into one hood. UPI allows instant transfer of money between any two persons' bank accounts using a payment address which uniquely identifies a person's bank account
UPI ID	ID created on UPI for single-window mobile payment system developed by the NPCI
UPI Investor	An Applicant who applies with a UPI number whose Application Amount for NCDs in the Issue is up to ₹ 5,00,000
UPI Mandate Request	A request (intimating the UPI Investors, by way of a notification on the UPI application and by way of an SMS directing the UPI Investors to such UPI application) to the UPI Investors using the UPI Mechanism initiated by the Sponsor Bank to authorise blocking of funds equivalent to the Application Amount in the relevant ASBA Account through the UPI, and the subsequent debit of funds in case of Allotment
UPI Mechanism	The optional bidding mechanism that may be used by UPI Investors to make Applications in the Issue, in accordance with SEBI Master Circular and any other circulars issued by SEBI or any other governmental authority in relation thereto from time to time
UPI PIN	Password to authenticate UPI transaction
Wilful Defaulter	A person who is categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI and includes an issuer whose director or promoter is categorised as such
Working Days	All days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in Mumbai. Furthermore, for the purpose of post issue period, i.e., period beginning from the Issue Closing Date to listing of the NCDs on the Stock Exchange, Working Day shall mean all trading days of the Stock Exchange, excluding Saturday, Sundays and bank holidays in Thrissur, as per the SEBI NCS Regulations, however, with reference to payment of interest/redemption amount of NCDs, Working Days shall mean those days wherein the money market is functioning in Thrissur

Business/Industry Related Terms

Term	Description
AFCs	Asset Finance Companies
BFIL	Bharat Financial Inclusion Limited
BNPL	Buy-now-pay-later
CAD	Current Account Deficit
CIC	Core Investment Companies
CIC-ND-SI	Systemically Important Core Investment Company
DFI	Development Finance Institutions
DMs	Developed Markets
EMI	Equated Monthly Instalments
Ems	Emerging Markets
ETF	Exchange-Traded Fund
FOMC	Federal Open Market Committee
FSIAPL	Fitch Solutions India Advisory Private Limited
FSIAPL Report	"Gold Loan Industry in India" dated June 27, 2024, prepared and issued by FSIAPL
GDP	Gross Domestic Product
GDS	Gold Deposit Scheme
GFCE	Government Final Consumption Expenditure
GFCF	Gross Fixed Capital Formation

Term	Description
GLP	Gross Loan Portfolio
GMS	Gold Monetisation Scheme
GNI	Gross National Income
GVA	Gross Value Added
HFC	Housing Finance Company
IBE	International Bullion Exchange
ICs	Investment Companies
ICCs	Investment and Credit Companies
IDF – NBFC	Infrastructure Debt Funds – NBFCs
IFCs	Infrastructure Finance Companies
IFSCA	International Financial Services Centres Authority
IMF	International Monetary Fund
Ind AS	Indian Accounting Standards
IGPC	India Gold Policy Centre
IIP	Index of Industrial Production
KYC/KYC Norms	Customer identification procedure for opening of accounts and monitoring transactions of suspicious nature followed by NBFCs for the purpose of reporting it to appropriate authority
LCs	Loan Companies
LTV	Loan to value
Master Directions	RBI's Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, dated October 19, 2023, as amended
MFIs	Micro Finance Institutions
MFIN	Microfinance Institutions Network
MSMEs	Micro, Small and Medium Enterprises
MT	Million Tonnes
NAV	Net Asset Value
NBFC	Non-Banking Financial Company as defined under Section 45-IA of the RBI Act, 1934
NBFC-AA	NBFC-Account Aggregator
NBFC-BL/ NBFC – Base Layer	Non-deposit taking NBFCs below the asset size of ₹ 1,00,000 lakh and (b) NBFCs undertaking the following activities- (i) NBFC-Peer to Peer Lending Platform (NBFC-P2P), (ii) NBFC-Account Aggregator (NBFC-AA), (iii) Non-Operative Financial Holding Company (NOFHC) and (iv) NBFCs not availing public funds and not having any customer interface
NBFC-D	NBFC registered as a deposit accepting NBFC
NBFC-ML/ NBFC – Middle Layer	(a) all deposit taking NBFCs (NBFC-Ds), irrespective of asset size, (b) non-deposit taking NBFCs with asset size of ₹ 1,00,000 lakh and above and (c) NBFCs undertaking the following activities (i) Standalone Primary Dealers (SPDs), (ii) Infrastructure Debt Fund – Non-Banking Financial Companies (IDF-NBFCs), (iii) Core Investment Companies (CICs), (iv) Housing Finance Companies (HFCs) and (v) Infrastructure Finance Companies (NBFC-IFC
NBFC-ND	NBFC registered as a non-deposit accepting NBFC
NBFC-MFIs	Non-banking financial company-microfinance institutions
NBFC-AA	NBFC-Account Aggregator
NBFIs	Non-banking Financial Institutions
NBFC-P2P	NBFC–Peer to Peer Lending Platform
NBFC-TL	NBFC-UL which in the opinion of RBI has substantial increase in the potential systemic risk
NBFC-UL	NBFCs which are specifically identified by the RBI as warranting enhanced regulatory requirement based on a set of parameters and scoring methodology as provided in SBR
NOF	Net Owned Fund
NPCI	National Payments Corporation of India
NPA	Non-Performing Assets
NOFHC	NBFC-Non-Operative Financial Holding Company
OGL	Online Gold Loans
PFCE	Private Final Consumption Expenditure
PMI	Purchasing Managers Index
PPP	Purchasing Power Parity

Term	Description
PSL	Priority Sector Lending
PMJDY	Pradhan Mantri Jan Dhan Yojana
R-GDS	Revamped Gold Deposit Scheme
R-GML	Revamped Gold Metal Loan Scheme
SBR Framework	Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs (as amended)
SFBs	Small finance banks
SME	Small and medium enterprises
SROs	Self-Regulatory Organizations
Tier I Capital	Tier I capital means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund; and perpetual debt instruments issued by a non-deposit taking non-banking financial company in each year to the extent it does not exceed 15% of the aggregate Tier I Capital of such company as on March 31 of the previous accounting year
Tier II Capital	Tier II capital includes the following: (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of fifty five percent; (c) General Provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets; (d) hybrid debt capital instruments; (e) subordinated debt; and (f) perpetual debt instruments issued by a non-deposit taking non-banking financial company which is in excess of what qualifies for Tier I Capital, to the extent the aggregate does not exceed Tier I Capital
TAT	Turnaround Time
WGC	World Gold Council
WEO	World Economic Outlook

Conventional and General Terms or Abbreviations

Term	Description
AGM	Annual General Meeting
Asset Under Management /AUM	AUM represents aggregate value of outstanding loans before adjustment of provisions for NPA in accordance with IndAS or Indian GAAP, as applicable
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CGST Act	Central Goods and Services Tax Act, 2017
Cr.P.C	Code of Criminal Procedure, 1973
Companies Act, 1956	The erstwhile Companies Act, 1956
Companies Act/ Companies Act 2013	The Companies Act, 2013 read with rules framed by the Government of India from time to time
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
DRR	Debenture Redemption Reserve
EGM	Extraordinary General Meeting
EPS	Earnings per share
FDI Policy	The Government policy, rules and the regulations (including the applicable provisions of the FEMA Non-Debt Rules) issued by the Government of India prevailing on that date in relation to foreign investments in our Company’s sector of business as amended from time to time
FEMA	Foreign Exchange Management Act, 1999
FEMA Non-Debt Regulations	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
FEMA Debt Regulations	Foreign Exchange Management (Debt Instrument) Regulations, 2019

Term	Description
FPI	Foreign Portfolio Investors defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
Financial Year/FY/Fiscal	Financial year ending March 31
GDP	Gross Domestic Product
GoI	Government of India
G-Sec	Government Securities
GST	Goods and Services Tax
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
IGST Act	Integrated Goods and Services Tax Act, 2017
Ind AS	The Indian Accounting Standards referred to in the Companies (Indian Accounting Standard) Rules, 2015
Indian GAAP	Generally Accepted Accounting Principles in India
Insurance Act	The Insurance Act, 1938
IT Act	The Income Tax Act, 1961
IT	Information Technology
ISD	International Subscriber Dialling
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic ink character recognition
MIS	Management Information System
MoU	Memorandum of Understanding
NA	Not Applicable
NACH	National Automated Clearing House
NEFT	National Electronic Funds Transfer
NII(s)	Non-Institutional Investor(s)
NIM	Net Interest Margin
NRI	Non-resident Indian
NSDL	National Securities Depository Limited
OCI	Overseas Citizenship of India
PAN	Permanent Account Number
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
RIBs	Retail Individual Bidder(s)
RM	Relationship Manager
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time
SEBI NCS Regulations/ NCS Regulations/ SEBI Regulations	Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended from time to time
SEBI Delisting Regulations	SEBI (Delisting of Equity Shares) Regulations, 2021
SEBI Listing Regulations/ Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Debenture Trustee Master Circular	SEBI Circular SEBI/HO/DDHS-PoD3/P/CIR/2023/46 dated May 16, 2024, as amended form time to time
SEBI Master Circular	SEBI Circular SEBI/HO/DDHS/PoD1/P/CIR/2024/54 dated May 22, 2024, as amended from time to time
SGST Act	State Goods and Services Tax Act, 2017, as enacted by various state governments
STD	Subscriber Trunk Dialling
TDS	Tax Deducted at Source
VOIP	Voice Over Internet Protocol

Term	Description
WDM	Wholesale Debt Market

Notwithstanding anything contained herein, capitalised terms that have been defined in the chapters titled "*Capital Structure*", "*History and Certain Other Corporate Matters*", "*Our Management*", "*Financial Statements*", "*Financial Indebtedness*", "*Issue Procedure*", "*Outstanding Litigations*", "*Key Regulations and Policies*", and "*Summary of Main Provisions of the Articles of Association*" and on pages 44, 119, 121, 134, 136, 224, 155, 183 and 253 respectively will have the meanings ascribed to them in such chapters.

PRESENTATION OF FINANCIAL, INDUSTRY AND OTHER INFORMATION

General Risk

Investment in debt securities involves a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it.

Specific attention of investors is invited to statement of risk factors contained under section "*Risk Factors*" on page 16. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the debt securities or investor's decision to purchase such securities.

Certain Conventions

In this Prospectus, unless the context otherwise indicates or implies references to "you," "offeree," "purchaser," "subscriber," "recipient," "investors" and "potential investor" are to the prospective Investors to this Issue, references to "our Company", the "Company" or the "Issuer" are to Chemmanur Credits and Investments Limited.

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

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

Financial Data

Our Company publishes its financial statements in Rupees.

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

The Company's Special Purpose Audited Financial Statements for the financial years ended March 31, 2023 and March 31, 2022 have been prepared by Statutory Auditor, C.M. Joseph & Associates in accordance with the accounting standards notified under the Companies Act, 2013 and other applicable statutory and / or regulatory requirements.

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

The Audited Financial Statements for the financial year ended March 31, 2024 and Special Purpose Audited Financial Statements for the financial years ended March 31, 2023 and March 31, 2022 as included in this Prospectus, in the chapter titled *"Financial Statements"* on page 134.

Unless stated otherwise, the financial data in this Prospectus is derived from the Audited Financial Statements for the financial year ended March 31, 2024 and Special Purpose Audited Financial Statements for the financial years ended March 31, 2023 and March 31, 2022, of the Company.

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

Currency and units of Presentation

In this Prospectus, all references to 'Rupees'/'Rs.'/'INR'/'₹' are to Indian Rupees, the legal currency of the Republic of India.

Except where stated otherwise in this Prospectus, all figures have been expressed in 'lakh'. All references to 'lakh/lakhs' mean ‘one hundred thousand’ and ‘crore’ means ‘ten million’ and ‘billion/bn./billions’ means ‘one hundred crore’.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Prospectus has been obtained from industry publications and publicly available information. Industry publications and publicly available information generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed, and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information. The extent to which the market and industry data used in this Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. Certain information and statistics in relation to the industry in which we operate, which has been included in this Prospectus has been extracted from an industry report titled “Gold Loan Industry in India” dated June 27, 2024, prepared and issued by FSIAPL (“**FSIAPL Report**”). Please refer to “*Industry Overview*” on page 62 for further details.

Following is the disclaimer of FSIAPL in relation to the FSIAPL Report:

“All information contained in the Report has been obtained by Fitch Solutions India Advisory Private Limited from sources believed by Fitch Solutions India Advisory Private Limited to be accurate and reliable. Although reasonable care has been taken to ensure that the information therein is true, such information is provided ‘as is’ without any warranty of any kind, and in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness of any such information nor does give any guarantee and / or assurance of its credibility of being fit for a particular purpose and object. All information contained therein must be construed solely as statements of opinion and not any recommendation for investment. In no event shall, Fitch Solutions India Advisory Private Limited be liable for any losses incurred in any form whatsoever, by users or any of the party placing reliance and from any use of the Report or its contents thereof.”

Exchange Rates

The exchange rates Rupees (₹) vis-à-vis of USD, as of June 30, 2024, March 31, 2024, March 31, 2023 and March 31, 2022, are provided below:

Currency	June 30, 2024	March 31, 2024	March 31, 2023	March 31, 2022
1 USD	83.51*	83.37*	82.22	75.81

Source: *https://www.fbil.org.in/#/home* and *https://www.rbi.org.in/scripts/ReferenceRateArchive.aspx*
**Represents the reference rate released by the RBI/FBIL on closing of the last working day of the period*

The above exchange rates are for the purpose of information only and may not represent the rates used by the Company for purpose of preparation or presentation of its financial statements. The rates presented are not a guarantee that any person could have on the relevant date converted any amounts at such rates or at all.

FORWARD LOOKING STATEMENTS

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

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

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

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

1. Any volatility in interest rates which could cause our gross spreads to decline and consequently affect our profitability;

2. Changes in the value of Rupee and other currency changes;

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

4. Changes in political conditions in India;

5. The rate of growth of our Loan Assets;

6. The outcome of any legal or regulatory proceedings we are or may become a party to;

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

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

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

10. Emergence of new competitors;

11. Performance of the Indian debt and equity markets;

12. Occurrence of natural calamities, pandemics, or natural disasters affecting the areas in which our Company has operations;

13. The performance of the financial markets in India and globally;

14. Volatility in global bullion prices; and

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

For further discussion of factors that could cause our actual results to differ from our expectations, please refer to the chapters "*Risk Factors*", "*Industry Overview*" and "*Our Business*" on pages 16, 62 and 103, respectively.

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

SECTION II - RISK FACTORS

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

An investment in NCDs involves a certain degree of risk. You should carefully consider all the information contained in this Prospectus, including the risks and uncertainties described below, and the information provided in the sections titled "Our Business" on page 103 and "Financial Statements" on page 134 before making an investment decision. The following are the risks envisaged by the management of the Company relating to the Company, the NCDs and the market in general. Potential investors should carefully consider all the risk factors stated in this Prospectus in relation to the NCDs for evaluating the Company and its business and the NCDs before making any investment decision relating to the NCDs. The Company believes that the factors described below represents the principal risks inherent in investing in the NCDs but does not represent that the statements below regarding the risks of holding the NCDs are exhaustive. The ordering of the risk factors is intended to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another. Potential investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision. The market prices of the NCDs could decline due to such risks and you may lose all or part of your investment including interest thereon.

If any one of the following stated risks actually occurs, the Company's business, financial conditions and results of operations could suffer and, therefore, the value of the Company's NCDs could decline and/or the Company's ability to meet its obligations in respect of the NCDs could be affected. More than one risk factor may have simultaneous affect with regard to the NCDs such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect which may not be predictable. No prediction can be made as to the effect that any combination of risk factors may have on the value of the NCDs and/or the Company's ability to meet its obligations in respect of the NCDs.

These risks and uncertainties are not the only issues that the Company faces. These risk factors are determined on the basis of their materiality. Additional risks and uncertainties not presently known to the Company or that the Company currently believes to be immaterial may also have a material adverse effect on its financial condition or business. Unless specified or quantified in the relevant risk factors, the Company is not in a position to quantify the financial or other implications of any risk mentioned herein below.

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

Internal Risk Factors

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

   As an NBFC, we are subject to periodic inspection by RBI under Section 45N of the RBI Act, 1934 ("**RBI Act**"), pursuant to which the RBI inspects our books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the RBI. Any irregularities found during such investigations by such regulatory authorities could, similarly, expose us to warnings, penalties and restrictions.

   During the course of finalization of inspection, regulatory authorities share their findings and recommendations with us and give us an opportunity to provide justification and clarifications. Further, such regulatory authorities also seek certain clarifications and share their findings in the ordinary course of business. We respond to observations made by such authorities and address them appropriately; however, we cannot assure you that these authorities will not find any deficiencies in future inspections or otherwise/ the authorities will not make similar or other observations in the future. For instance pursuant to recent inspection by RBI on financial position of the Company as on March 31, 2022 RBI observed supervisory concerns, which *inter alia* included matter with regards to (a) Non-executive director being head of Asset Liability Management Committee (ALCO); (b) non-inclusion of heads of risk verticals in Risk Management Committee; (c) issues on Nomination and Remuneration Committee (NRC) and remuneration of managing director (MD); (d) non-inclusion of list of items and value of items to be hypothecated in hypothecation deed of the loans and actual business being different from the one mentioned in loan application in respect to Grameen Loans (GSL-business loans); (e) delay in filing of regulatory returns viz. DNBS 13, DNBS 4A, 4B and DNBS 2 (final) and delayed submission of returns; (f) non-compliance with Para 56(e) of Master Direction- Know Your Customer (KYC) Direction, 2016, whereby KYC records (including historical data) not uploaded by the Company to CKYCR Registry maintained with CERSAI; (g) Non-maintenance of board approved grievance redressal policy in the Company and appointment of senior manager cadre as principal nodal officer instead of an officer of GM or equivalent rank; (h) non-submission of information to National E-Governance Services Limited ("**NeSL**", Information utility) for secured assets; (i) acting as collection agent for one of the group companies, with no disclaimer in the cash receipt given to the customers about the liability of the Company.

The Company has taken various steps to comply with RBI observations and have submitted compliance status along with documentary evidence in respect of the pending observations *inter alia* including: (i) reconstitution of ALCO and ALCO being headed by CEO of the Company; (ii) reconstitution of RMC with heads of risk verticals forming part of the committee; (iii) adoption of a board approved policy on remuneration payable to the managing director; (iv) disclaimer on no liability of the Company in the cash receipt given to the customers while acting as collection agent for its group company; (v) modification of hypothecation deed by incorporating clear description about its value; (vi) engagement of new service provider to process uploading of KYC data live in CKYCR portal on daily basis; (vii) registration with NeSL to upload loan data in the portal with NeSL support. The Company is in process of closing non-compliance with Para 56(e) of Master Direction- Know Your Customer (KYC) Direction, 2016, whereby KYC records (including historical data) are being uploaded by the Company to CKYCR Registry maintained with CERSAI, through external service provider.

2. ***We are subject to certain legal proceedings and any adverse decision in such proceedings may have a material adverse effect on our business and results of operations.***

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

Our Company, our Promoter, our Directors and our Group Companies are party to legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts, tribunals and statutory, regulatory and other judicial authorities in India, and, if determined against us, could adversely affect our business, results of operations and financial condition. We can give no assurance that these legal proceedings will be decided in our favour or that no further liability may arise from these claims in the future.

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

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

Name	Criminal Proceedings	Tax Proceedings	Statutory or Regulatory Proceedings	Disciplinary actions by the SEBI or Stock Exchanges	Material Civil Litigations	Aggregate amount involved (₹ in lakh)
Company						
By the Company	24	Nil	Nil	Nil	Nil	66.44
Against the Company	Nil	1	Nil	Nil	Nil	9.32
Directors						
By the Directors	2	Nil	Nil	Nil	2	23.25
Against the Directors	1	Nil	Nil	Nil	1	0.08
Promoters						
By the Promoters	Nil	Nil	Nil	Nil	Nil	Nil

Name	Criminal Proceedings	Tax Proceedings	Statutory or Regulatory Proceedings	Disciplinary actions by the SEBI or Stock Exchanges	Material Civil Litigations	Aggregate amount involved (₹ in lakh)
Against the Promoters	Nil	Nil	Nil	Nil	Nil	Nil
Group Companies						
By the Group Companies	601	Nil	Nil	Nil	Nil	151.46
Against the Group Companies	0	1	1	1	1	124.89
Subsidiaries						
By the Subsidiaries	Not Applicable					
Against the Subsidiaries						

For, further details of the legal proceedings that we are subject to, please refer to the chapter titled "*Outstanding Litigations*" on page 155.

3. ***We do not own the trademark i.e. we have been authorised to use it by our Promoter, Chemmanur Devassykutty Boby vide NOC dated March 1, 2022. Termination or withdrawal or unfavourable terms of this authorisation to use or any negative impact on the 'Chemmanur' brand may adversely affect our business, reputation, goodwill, financial condition and results of operations.***

The trademark is in the process of registration with the Registrar of Trademarks in India in the name of our Promoter i.e. Chemmanur Devassykutty Boby. Further, our Promoter, Chemmanur Devassykutty Boby has applied for registration of Trademark to the Trademark Authority vide application dated April 03, 2022 and the status of registration is still 'objected'. We cannot assure you that we will continue to have uninterrupted use of this trademark. Further, termination or use of this trademark without authorization may adversely affect our business, reputation, goodwill, financial condition and results of operations.

Further, some of the other companies, wherein our Promoter is interested, also use this trademark. Any of the actions of our Promoter or companies in which they hold interest, may negatively affect our brand, reputation, business and financial condition, because this logo/ trademark of our Promoter, as appearing on the cover page of this Prospectus, has not been registered, therefore, we cannot assure you that misuse of the same by any third party will not be detrimental to our business.

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

Our liquidity and on-going profitability are largely dependent upon our timely access to and the costs associated in, raising financial resources at low costs. Our funding requirements historically have been met from a combination of borrowings such as term loans, working capital limits from banks / financial institutions, debenture issuances on public and private placement basis and subordinated debts. Thus, our business depends and will continue to depend on our ability to access diversified low-cost funding sources.

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

The RBI vide the Master Directions issued certain guidelines with respect to private placement of non-convertible debentures (maturity more than one year) by NBFCs. These guidelines include (i) restrictions on the minimum subscription amount for a single investor at ₹ 20,000; (ii) the issuance of private placement of non-convertible debentures shall be in two separate categories, those with a maximum subscription of less than ₹ 1 crore and those with a minimum subscription of ₹ 1 crore per investor; (iii) the restriction of number of investors in an issue to 200 investors for every financial year for a maximum subscription of less than ₹ 1 crore which shall be fully secured; (iv) there is no limit on the number of subscribers in respect of issuances with a minimum subscription of ₹ 1 crore and above while the option to create security in favour of subscribers will be with the issuers and such unsecured debentures shall not be treated as public deposits; (v) restriction on NBFCs for issuing debentures only for deployment of funds on its own balance sheet and not to facilitate resource requests of group entities/parent company/associates; and (vi) prohibition on providing loan against its own debentures. This has resulted in limiting our Company's ability to raise fresh debentures on private placement basis.

A significant portion of our debt matures each year. Out of the total amount of our outstanding loans, non-convertible debentures (excluding interest thereon) and other borrowings, ₹ 46,277.85 lakh, issued by our Company as of June 30, 2024. Loans, non-convertible debentures and other borrowings amounting to ₹ 16,013.39 lakh will mature during the next 12 months. In order to retire these instruments, we either will need to refinance this debt, which could be difficult in the event of volatility in the credit markets or raise equity capital or generate sufficient cash to retire the debt.

Changes in economic and financial conditions or continuing lack of liquidity in the market could make it difficult for us to access funds at competitive rates. As an NBFC, we also face certain restrictions on our ability to raise money from international markets, which may further constrain our ability to raise funds at attractive rates.

Any disruption in our primary funding sources at competitive costs could have a material adverse effect on our liquidity and financial condition.

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

Our results of operations are substantially dependent upon the level of our net interest margins. Interest Income is the largest component of our total income, and constituted 92.01%, 89.01% and 92.66% of our total income for the Fiscals 2024, 2023 and 2022, respectively. Interest rates are sensitive to many factors beyond our control, including the RBI's monetary policies, domestic and international economic and political conditions and other factors.

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

Our policy is to attempt to balance the proportion of the interest earning assets (which bear fixed interest rates), with interest bearing liabilities. A significant portion of our liabilities, such as our non-convertible debentures and subordinated debts carry fixed rates of interest and the remaining are linked to the respective banks' benchmark prime lending rate/base rate/marginal cost of lending. As of March 31, 2024, 85.38% and as of March 31, 2023, 88.75% of our borrowings were at fixed rates of interest. Moreover, we do not hedge our exposure to interest rate changes. We cannot assure you that we can adequately manage our interest rate risk in the future or can effectively balance the proportion of our fixed rate loan assets and liabilities. Further, changes in interest rates could affect the interest rates charged on interest earning assets and the interest rates paid on interest bearing liabilities in different ways. Thus, our results of operations could be affected by changes in interest rates and the timing of any re-pricing of our liabilities compared with the re-pricing of our assets.

Any mismatch between the yield on our assets and the cost of our funds due to market action/factors could have an impact on our profitability.

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

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

There is increased competition from other lenders in the gold loan industry, including commercial banks and other

NBFCs, who also have access to funding from customers' in the form of savings and current deposits. We rely on higher cost loans and debentures for our funding requirements, which could reduce our margins. Our ability to compete effectively will depend on our ability to raise low cost funding. If we are unable to compete effectively with other participants in the gold loan industry, our business, financial condition and results of operations may be adversely affected.

In our microfinance business, we face competition from other microfinance NBFCs, commercial banks, small finance banks and local money lenders. Level of competition depends on the number of microfinance institutions that operate in such area. Further banks enjoy economies of scale and low cost of borrowing due to the schemes such as Pradhan Mantri Jan-Dhan Yojana by having an extensive customer and depositor base, larger branch networks, and accordingly, we may not be able to compete with them.

7. We may not be able to realise the full value of our pledged gold jewellery in case of a default, which exposes us to a potential loss.

We may not be able to realise the full value of our pledged gold, due to, defects in the quality of gold or sharp downward movement in the price of gold which could result in fall in collateral value. In the event of any decrease in the price of gold, customers may not repay their loans and the value of collateral gold jewellery securing the loans may have decreased significantly, resulting in losses which we may not be able to support. Although, we have in place an extensive internal policy on determining the quality of gold prior to disbursement of the gold loan, we cannot assure that methods followed by us are full proof and the impurity levels in the gold can be accurately assessed. The impact on our financial position and results of operations of a decrease in gold values cannot be reasonably estimated because the market and competitive response to changes in gold values is not pre-determinable.

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

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

8. There have been certain inaccuracies and non-compliances with respect to certain provisions of the Companies Act, which have been accounted in our secretarial audit report. Consequently, we may be subject to regulatory actions and penalties which adversely affect our business.

In the past, there have been non-compliances with certain provisions of the Companies Act, 2013. For instance, our secretarial audit report dated August 31, 2022, for the financial year 2022 has reported the utilization of the proceeds of the issue of non-convertible debt securities prior to the date of allotment and certain delays in making regulatory filings. While we attempt to comply with all regulatory provisions applicable to us, in the event we are not able to comply with any of the regulatory provisions, this may subject us to regulatory actions and/ or fines or penalties which may adversely affect our business, financial condition and reputation. We cannot assure the waiver of such penalties or regulatory actions or fines, if imposed due to such non-compliances.

9. **There has been a penalty imposed by SEBI against one our Group Companies. Our Company, Directors, Promoters, Group Companies could be subjected penalties and adjudication by SEBI**

Our Company, Directors, Promoters and Group Companies could be subjected to penalties and adjudication by SEBI for failure to furnish information, return, redress investor's grievances, etc under the SEBI Act. For instance one of our Group Companies, Chemmanur Gold Palace International Limited allotted participating preference shares in violation of SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013 ("**NCRPS Regulations**") and provisions of Section 67 of the Companies Act, 1956 by exceeding the number of persons to whom the participating preference shares were offered, thereby, SEBI vide order dated April 30, 2021 imposed a penalty of ₹ 25 lakh under Section 15HB of SEBI Act for violation of Regulations 4(2)(a), 4(2) (b), 4(2) (c), 4 (5), 5, 6, 8, 9 and 16 of NCRPS Regulations on Chemmanur Gold Palace International Limited. Though the aforesaid penalty of 25 lakh has been paid to SEBI by Chemmanur Gold Palace International Limited, however, we cannot assure you that our Company, Group Companies, Directors will not be subjected to such penalties and adjudication in future under SEBI Act or other regulatory proceedings.

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

RBI vide the Master Directions has stipulated all NBFCs to maintain an LTV ratio not exceeding 75% for loans granted against the collateral of gold jewellery and further prohibits lending against bullion/primary gold and gold coins. This notification will limit our ability to provide loan on the collateral of gold jewellery and thereby putting us at a disadvantage vis-à-vis unregulated money lenders offering similar products. The weighted average of the LTV ratio of the AUM stood at 63.98 %, 66.50% and 69.28% for the Fiscals 2024, 2023 and 2022, respectively. Further, RBI in the Master Directions, has mandated NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50% or more of their financial assets) to maintain a minimum Tier I Capital of 12%. Such restrictions imposed by RBI may erode our margins, impact our growth and business prospects. The Tier I Capital of our Company for Fiscal 2024, 2023 and 2022 stood at 14.43%, 17.94% and 23.23%.

RBI in the Master Directions has further tightened the norms for lending against the security of gold ornaments by pegging the maximum lendable value to preceding 30 day's average of the closing price of 22 carat gold as per the rate as quoted by the India Bullion and Jewellers Association Limited. Any such future restrictions by RBI could have a negative impact on our business and results of operation.

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

Our growth strategy includes growing our AUM, expanding network of branches and expanding the range of products and services. We cannot assure you that we will be able to execute our growth strategy successfully, or that we will be able to expand further our AUM. Furthermore, there may not be sufficient demand for our services, or they may not generate sufficient revenues relative to the costs associated with offering such services. Even if we were able to introduce new services successfully, there can be no assurance that we will be able to achieve our intended return on such investments. If we grow our AUM too rapidly or fail to make proper assessments of credit risks associated with borrowers, a higher percentage of our loans may become non-performing, which would have a negative impact on the quality of our assets and our financial condition.

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

12. ***Our statutory auditors have highlighted certain matters of emphasis to their audit reports relating to our audited financial statements, which may affect our future financial results***.

Our Company confirms that there were no modifications i.e., unmodified opinion given by C.M. Joseph & Associates on Audited Financial Statements for the financial year ended March 31, 2024 and the Special Purpose Audited Financial Statements for the financial years ended March 31, 2023 and March 31, 2022. Further, our Company also confirms that there were no modifications i.e., unmodified opinions were given by M/s. V K S Narayan & Co in their audit reports for Fiscals 2023 and 2022. Except that there were certain Emphasis of Matter ("**EOM**") on (a) transition to Ind AS in the final quarter of the financial year ended March 31, 2023 and unaudited results published for the nine months ended December 31, 2022 in Indian GAAP notified under the Companies (Accounts) Rules, as amended for Fiscal 2023; EOM on (a) implementation of matters relating to prudential norms and asset classification; and (b) outbreak of Covid-19 pandemic and consequential lock down restrictions for the Fiscal 2022.

However, the said EOM did not lead to any modification/qualification. The auditors for the relevant years have included certain emphasis of matters in their respective reports on the audited financial statements issued for the Fiscals 2024, 2023 and 2022. For details, please see "*Outstanding Litigations - Summary of reservations, qualifications, emphasis of matter or adverse remarks of auditors during the last three Fiscals immediately preceding the year of issue of this Prospectus and of their impact on the financial statements and financial position* *of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or emphasis of matter or adverse remarks".*

There can be no assurance that our statutory auditors will not include further matters of emphasis or other similar comments in the audit reports to our audited financial statements in the future, or that such remarks or matters of emphasis will not affect our financial results in future financial years. Investors should consider the matters of emphasis and remark in evaluating our financial condition, results of operations and cash flows. Any such matter of emphasis or remark in the auditors' report on our financial statements in the future may also adversely affect the trading price of the NCDs.

13. ***We may face asset-liability mismatches, which could affect our liquidity and consequently affect our operations and financial performance adversely.***

We may also face potential liquidity risks due to mismatches in the maturity of our assets and liabilities. Such mismatches, where the financial terms of an institution's assets and liabilities do not match, are a key financial parameter for us. As is typical for a company in the business of lending, a portion of our funding requirements is met through short and long-term funding sources such as bank loans, non-convertible debentures, etc. We may be unable to obtain additional credit facilities or renew our existing credit facilities for matching the tenure of our liabilities in a timely and cost-effective manner or at all, may lead to mismatches between our assets and liabilities leading to an increase in liquidity risk, which in turn may adversely affect our operations and financial performance.

The following table describes the standalone ALM of our Company as on May 31, 2024:

(₹ in lakh, except percentages)

Particulars	Up to 7 days	8 days to 14 days	15 days to 30/31 days (One month)	Over one month and up to 2 months	Over two months and up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 3 years	Over 3 years and up to 5 years	Over 5 years	Total
A. OUTFLOWS											
Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,000.00	6,000.00
Reserves & Surplus	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,902.80	2,902.80
Bonds & Notes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Borrowings	140.80	42.65	207.39	2,578.41	329.74	2,393.60	10,057.05	14,523.50	12,645.11	2,844.08	45,762.33
Current Liabilities & Provisions	1,085.95	30.03	194.88	151.96	240.81	774.47	1,898.19	6,473.56	3,648.10	2,499.97	16,997.92
Statutory Dues	25.66	5.34	12.98	0.00	0.00	0.00	0.00	0.00	0.00	0.00	43.98
Unclaimed Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Outflows	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Outflows On Account of Off Balance Sheet (OBS) Exposure	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL OUTFLOWS	1,252.41	78.02	415.25	2,730.37	570.55	3,168.07	11,955.24	20,997.06	16,293.21	14,246.85	71,707.03
Cumulative Outflows	1,252.41	1,330.43	1,745.68	4,476.05	5,046.60	8,214.67	20,169.91	41,166.97	57,460.18	71,707.03	71,707.03
B. INFLOWS											
Cash (In 1 to 30/31 day time-	454.43	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	454.43

Particulars	Up to 7 days	8 days to 14 days	15 days to 30/31 days (One month)	Over one month and up to 2 months	Over two months and up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 3 years	Over 3 years and up to 5 years	Over 5 years	Total
bucket)											
Remittance in Transit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Balances With Banks	463.39	0.00	0.00	0.00	0.00	0.00	0.00	1,350.00	0.00	0.00	1,813.39
Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Advances (Performing)	2,240.25	817.07	2,294.77	6,641.67	7,722.26	29,674.46	4,933.04	1,246.80	0.00	0.00	55,570.32
Gross Non-Performing Loans (GNPA)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	486.63	0.00	486.63
Inflows From Assets On Lease	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fixed Assets (Excluding Assets On Lease)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,166.43	3,166.43
Other Assets :	0.00	0.00	42.72	0.00	0.00	13.76	15.74	0.00	15.54	760.97	848.73
Security Finance Transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inflows on Account of Off Balance Sheet (OBS) Exposure	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL INFLOWS	3,158.07	817.07	2,337.49	6,641.67	7,722.26	29,688.22	4,948.78	2,596.80	502.17	3,927.40	62,339.93
C. Mismatch (B - A)	1,905.66	739.05	1,922.24	3,911.30	7,151.71	26,520.15	(7,006.46)	(18,400.26)	(15,791.04)	(10,319.45)	(9,367.10)
D. Cumulative Mismatch	5,208.22	6,159.37	8,426.90	12,172.91	20,264.66	44,401.64	34,461.14	13,216.28	(2,262.03)	(10,968.41)	(10,968.41)
E. Mismatch as % of Total Outflows	1,905.66	2,644.71	4,566.95	8,478.25	15,629.96	42,150.11	35,143.65	16,743.39	952.35	(9,367.10)	(9,367.10)
F. Cumulative Mismatch as % of Cumulative Total Outflows	152.16%	947.26%	462.91%	143.25%	1253.48%	837.11%	(58.61)%	(87.63)%	(96.92)%	(72.43)%	(13.06)%

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

As of June 30, 2024, we had an outstanding debt (including interest on bank borrowings and excluding interest on debentures) of ₹ 46,277.85 lakh. We may incur additional indebtedness in the future. Many of our financing agreements include various restrictive conditions and covenants restricting certain corporate actions, and our Company is required to take the prior approval of the lender before carrying out such activities. For instance, our Company, *inter alia*, is required to obtain the prior written consent in the following instances:

- To declare/pay any dividend to the shareholders/stake holders
- For extending any guarantee for the credit facilities extended to the group/allied concerns

- To repay monies brought in by the promoters / directors/principal shareholders and friends and relatives by way of deposits / loans / advances
- Effect any change in the unit's capital structure.
- Implement any scheme of expansion / modernization / diversification / renovation or acquire any fixed assets during any accounting year, except such schemes which have already been approved by banks.
- Formulate any scheme of amalgamation or reconstruction.
- Invest by way of share capital or lend or advance funds to or place deposits with any other concern, including sister / associate / family / subsidiary / group concerns. However, normal trade credit or security deposits in the normal course of business or advances to employees can be excluded.
- Enter into borrowing arrangements either secured or unsecured with any other bank, financial institution, company or person.
- Undertake guarantee obligations on behalf of any other company, firm, director or person.
- Declare dividends for any year except out of profits relating to that year after making all due and necessary provisions and provided further that no default had occurred in any repayment obligations.
- Effect any drastic change in their management setup.
- Effect any change in the remuneration payable to the Directors / partners, etc. either in the form of siting fees or otherwise.
- Pay guarantee commission to the guarantors whose guarantees have been stipulated / furnished for the credit limits sanctioned by the banks.
- Create any further charge, lien or encumbrance over the assets and properties of the unit/ guarantors to be charged / charged to the bank in favour of any other bank, financial institution, firm or person.
- Sell, assign, mortgage or otherwise dispose off any the fixed assets charged to the bank.
- Undertake any trading activity other than the sale of produce arising out of its own manufacturing / trading operations.
- Open any account with any other bank. If already opened, the details thereof is to be given immediately and confirmation to this effect given to the bank.
- Effect any change in promoter directors or in the core management team
- Undertake any expansion/ modernization/ diversification programme/new line of business or manufacture other than incurring routine capital expenditure.
- Revalue the fixed assets
- Change the accounting policies in regard to stock valuation, depreciation of fixed assets, payment of dividends etc.
- Declare dividend or distribute profits if any instalments of principal and/or interest remains unpaid in respect of the aforesaid loan and/or in arrear for a period of three months or more.
- Enter into any hire purchase or lease arrangement during the currency of the loan.

Our indebtedness could have several important consequences, including our cash flows being used towards repayment of our existing debt, which will reduce the availability of our cash flow to fund our working capital, capital expenditures and other general corporate requirements. Moreover, our ability to obtain additional financing or renewal of existing facilities, in the future at reasonable terms may be restricted or our cost of borrowings may increase due to sudden adverse market conditions, including decreased availability of credit or fluctuations in interest rates, particularly because a significant proportion of our financing arrangement are in the form of borrowings from banks. There could be a material adverse effect on our business, financial condition and results of operations if we are unable to service our indebtedness or otherwise comply with financial and other covenants specified in the financing agreements and we may be more vulnerable to economic downturns, which may limit our ability to withstand competitive pressures and may reduce our flexibility in responding to changing business, regulatory and economic conditions.

15. ***Our branch network is concentrated in southern India and any disruption or downturn in the economy of the region would adversely affect our operations.***

As of June 30, 2024, 100% of our branches i.e., 270 branches are located in the states of Kerala, Tamil Nadu, Karnataka, Maharashtra and Andhra Pradesh. For details, please refer to "*Our Business*" on page 103. As a result, we are exposed to risks including any change in policies relating to these states, any localised social unrest, any natural disaster and any event or development which could make business in such states less economically beneficial. Further, any disruption, disturbance or breakdown in these states could adversely affect the result of our business and operations. Our concentration in these southern states of India exposes us to adverse economic or political circumstances that may arise in that region as compared to other NBFCs and commercial banks that may have diversified national presence and may have an adverse effect on our business, market share and results of operations.

16. ***Our bank funding is concentrated amongst a few lenders and impairment of our relationship with any, or all, of such lenders or our inability to secure additional loans and renewal of existing facilities on favourable terms from such lenders in the future, may have a material adverse effect on our business, results of operations and financial condition.***

As on June 30, 2024, we have been sanctioned cash credit facilities/ working capital demand loan facilities of ₹ 2,500 lakh from State Bank of India, ₹ 2,000 lakh from Federal Bank and ₹ 500 lakh from Dhanlaxmi Bank. Further, we have been sanctioned term loans of ₹ 1,000 lakh from Canara Bank and ₹ 2,500 lakh from State Bank of India. We may have difficulty in obtaining funding on acceptable terms from these or other lenders and other sources which we have not accessed so far. Any impairment of our relationship with any, or all, of our lenders or our inability to secure additional loans and renewal of existing facilities on favourable terms from such lenders in future may have a material adverse effect on our business, results of operations and financial condition.

17. ***Our Company has high debt equity ratio and any further increase in borrowings may have a material adverse effect on our business, financial condition and results of operations.***

Our Company has raised funds from a combination of borrowings such as working capital and term loans from banks and issuance of secured redeemable non-convertible debentures on public and private placement basis and subordinated debts. We are subject to the RBI's guidelines on financial regulation of NBFCs, including capital adequacy, exposure and other prudential norms. As on March 31, 2024 our debt-equity ratio stood at 6.21.

While this strategic choice has facilitated our ability to undertake various initiatives improving the top lines and bottom lines, it also introduces certain financial considerations. We will continue to monitor and evaluate our capital structure to ensure we maintain a healthy balance between debt and equity financing. For further information, refer section '*Our Business - Debt Equity Ratio of the Company'* on page 106.

18. ***Our gold loans are of tenors not exceeding 180 days, and a failure to disburse new loans may result in a reduction of AUM and a corresponding decline in interest income.***

The gold loans we offer are short term loans and are due within one year of disbursement typically ranging from 90 days to 180 days. The relatively short-term nature of our loans means that we are not assured of long-term interest income streams compared to businesses that offer loans with longer terms. In addition, our existing customers may not obtain new loans from us upon maturity of their existing loans, particularly if competition increases. The short-term nature of our loan products and the potential instability of our interest income could materially and adversely affect our results of operations and financial position.

19. ***Inaccurate appraisal of gold by our personnel may adversely affect our business and financial condition.***

Accurate appraisal of pledged gold is a significant factor in the successful operation of our business and such appraisal requires a skilled and reliable workforce. Assessing gold jewellery quickly is a specialised skill that requires assessing jewellery for gold content and quality manually without damaging the jewellery. Our Company provides training for our personnel for assessing jewellery for gold content and quality. However, in spite of rigorous training there is no guarantee that the gold ornaments are appraised accurately. Inaccurate appraisal of gold content, by our workforce may result in the gold ornament being overvalued and pledged for a loan that is higher in value than the actual value of gold content, which could adversely affect our reputation and business. We also run the risk of spurious gold being incorrectly assessed and approved for disbursement. Further, we are subject to the risk of inaccurate or fraudulent estimation of the value of pledged gold by our gold appraisers. Any such inaccuracies or fraud in relation to our appraisal of gold may adversely affect our reputation, business and financial condition.

20. ***We depend on customers supplied information when evaluating customer credit worthiness.***

In deciding whether to extend credit or enter into other transactions with customers and counter parties, we rely on information furnished to us by or on behalf of our customers, including the financial information from which we create our credit assessments. We may also rely on customer representations as to the accuracy and completeness of customers supplied information. Any relevant changes in this information may not be made available to us. The information that we have gathered may not be sufficient to create a complete customer risk profile. Because we rely on such customer supplied information, some or all of the customers' risk profiles may be wilfully or inadvertently wrong or misleading, which may lead us to give loans to sub-prime customers that may adversely affect our financial condition and results of operations.

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

We may not be successful in our efforts to improve collections and/or enforce the security interest on the gold collateral on existing as well as future non-performing assets. Moreover, as our loan portfolio increases, we may experience greater defaults in principal and/or interest repayments. Thus, if we are not able to control our level of non-performing assets, the overall quality of our loan portfolio may deteriorate, and our results of operations may be adversely affected. Our gross NPAs for financial year ended as on March 31, 2024, March 31, 2023, and March 31, 2022, were ₹ 361.84 lakh, ₹ 249.09 lakh and ₹ 383.85 lakh, respectively.

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

22. ***The implementation of our KYC norms as well as our measures to prevent money laundering may not be completely effective, which could adversely affect our reputation and in turn have an adverse impact on our business and results of operations.***

Our implementation of anti-money laundering measures required by the RBI, including KYC policies and the adoption of anti-money laundering and compliance procedures in all our branches, may not be completely effective. There can be no assurance that certain of our customers will not indulge in money laundering activities advertently misusing our business channels. If we were identified to be associated with money laundering operations, our reputation may be adversely affected, which in turn could have an adverse impact on our business and results of operations.

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

Individual borrowers typically are less financially resilient than larger corporate borrowers, and as a result, they are typically more adversely affected by declining economic conditions. In addition, a significant majority of our customer base belongs to various income groups. Furthermore, unlike many developed economies, a nationwide credit bureau has only recently become operational in India, so there is less financial information available about individuals, our focus customer segment of the various income groups. It is therefore difficult to carry out precise credit risk analysis on our customers. While we follow certain procedures to evaluate the credit profile of our customers before we sanction business and personal loans and we generally rely on the quality of the pledged gold for gold loans rather than on a stringent analysis of the credit profile of our customers. Although we believe that our risk management controls are sufficient, we cannot be certain that they will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. Failure to maintain sufficient credit assessment policies, particularly for individual borrowers, could adversely affect our loan portfolio, which could in turn have an adverse effect on our financial condition and results of operations.

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

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

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

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

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

As of March 31, 2024, we held cash balance of ₹ 949.18 lakh and gold jewellery of 1.04 tonnes. We are exposed to the risk of fraud and other misconduct by employees and customers since we handle high volumes of cash and gold jewellery in a dispersed network of branches. While we carefully recruit all of our employees and screen all our employees who are responsible for disbursement of gold loans and custody of gold, there could be instances of fraud with respect to gold loans and cash related misappropriation by our employees. We are required to report cases of internal fraud to the RBI, which may require to take appropriate actions from our end. We have also filed police complaints alleging fraud and misappropriation of gold by our employees in the past. We cannot guarantee you that such acts of fraud will not be committed in the future, and any such occurrence of fraud would adversely affect our reputation, business and results of operations.

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

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

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

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

28. ***Our insurance may not be adequate to protect us against all potential losses to which we may be subjected to and if we were to incur a significant liability for which we were not fully insured, it could adversely affect our business, results of operations and financial conditions.***

We maintain insurance cover for our gold stock and cash with our branches, and cash in transit, against theft, loss or damage by fire as well as against natural calamities including earthquake and floods. While we exercise due care in taking out adequate cover, given the nature of fluctuating gold prices, the amount of our insurance coverage may be less than the replacement cost of all covered property and may not be sufficient to cover all financial losses that we may suffer should a risk materialise. There are many events that could significantly affect our operations, or expose us to third party liabilities, for which we may not be adequately insured. If we were to incur a significant liability for which we were not fully insured, it could adversely affect our business, results of operations and financial condition.

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

While the gold loans markets in the south Indian states of Kerala, Tamil Nadu and Karnataka remains and is expected to remain our primary strategic focus, we also evaluate attractive growth opportunities in other regions in India. We may not be able to leverage our experience in the states that we are present in to expand our operations in other regions, should we decide to further expand our operations. We have recently opened 5 (five) and 42 (forty two) branches in the states of Maharashtra and Andhra Pradesh, respectively. Factors such as competition, culture, regulatory regimes, business practices and customs, customer attitude, sentimental attachments towards gold jewellery, behaviour and preferences in these cities where we may plan to expand our operations may differ from those in south Indian states of Kerala, Tamil Nadu and Karnataka and our experience in these states of Kerala, Tamil Nadu, and Karnataka may not provide us with benefits in other geographies. In addition, as we enter new markets and geographical areas, we are likely to compete not only with other large banks and financial institutions in the gold loan business, but also the local unorganised or semi-organised lenders, who are more familiar with local conditions, business practices and customs, have stronger relationships with customers and may have a more established brand name within local communities.

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

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

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

Despite our internal controls, policies and procedures, certain matters such as fraud and embezzlement cannot be eliminated entirely given the cash nature of our business. If we fail to maintain and continue to enhance our internal controls, policies and systems, we may be unable to prevent fraud, security breaches or system failures.

Our business is increasingly dependent on our ability to process, on a daily basis, a large number of transactions. Our financial, accounting or other data processing systems may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, including a disruption of electrical or communications services. If any of these systems do not operate properly or are disabled, or if there are other shortcomings or failures in our internal processes or systems, financial loss, disruption of our business, regulatory intervention or damage to our reputation may result. In addition, our ability to conduct business may be adversely affected by a disruption in the infrastructure that supports our businesses and the localities in which we are located. Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security. Constant connectivity between our branches across India and our Registered Office is key to the functioning of our business. Each of our branches accesses the corporate data centre through the Internet, and all data is stored centrally in the corporate data centre. Our disaster recovery system is fully operational, and we continue to engage in technical exercises to test and improve our disaster plan.

31. ***A decline in our Company's capital ratio or capital adequacy requirement could restrict our future business growth.***

As a NBFC-BL, our Company is required to maintain a leverage ratio-requirement of not more than 7 times on an ongoing basis. In addition, we are regulated by the RBI, and are subject to certain capital to risk weighted adequacy ratio (CRAR). The minimum capital requirement or capital to risk weighted adequacy ratio (CRAR) required to be maintained by us, as well as the respective capital to risk weighted adequacy ratio (CRAR) of us for the financial year ended as on March 31, 2024, March 31, 2023 and March 31, 2022 are as follows:

Category	Minimum capital requirement/ adequacy ratio Tier I*	Tier I Capital to risk weighted adequacy ratio		
		March 31, 2024	March 31, 2023	March 31, 2022
NBFC -BL	12%	14.43%	17.94%	23.23%

** Being a gold loan NBFC, we have to maintain Tier I Capital of 12%. For further details, see "Our Business" on page 103.*

If we continue to grow our loan assets and asset base, we will be required to raise additional capital in order to continue to meet applicable capital to risk weighted adequacy ratio (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.

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

The cost and availability of capital is also dependent on our short term and long-term credit ratings. CRISIL Ratings Limited vide their rating rationale letter dated December 7, 2023 reaffirmed the rating of our long term bank loans of ₹ 2,500 lakh as 'CRISIL BBB-/Stable', and the rating of our non-convertible debentures of ₹ 20,000 lakh was reaffirmed as 'CRISIL BBB-/Stable'. Further, India Ratings *vide* their rating letter dated June 25, 2024 affirmed the rating of our bank loans of ₹ 5,000 lakh as 'IND BBB-/Stable', and the rating of our non-convertible debentures of ₹ 10,000 lakh was affirmed as 'IND BBB-/Stable'. Ratings reflect a rating agency's opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. Any downgrade of our credit ratings would increase borrowing costs and constrain our access to debt and bank lending markets and, as a result, would adversely affect our business. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions being added to any new or replacement of financing arrangements. For details regarding ratings received by our Company, please refer to "*Our Business - Credit Rating"* on page 117 and "*Annexure II*" on page 270.

33. ***We are subjected to supervision and regulation by the RBI as a NBFC- BL, and changes in RBI's regulations governing us could adversely affect our business.***

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

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

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

RBI guidelines prescribe the provisioning required in respect of our outstanding loan portfolio. These provisioning requirements may require us to reserve lower amounts than the provisioning requirements applicable to financial institutions and banks in other countries. The provisioning requirements may also require the exercise of subjective judgments of management. The RBI vide the Master Directions provides for the regulatory framework governing NBFCs pertaining to provisioning for standard assets. The requirement is to make a provision for standard assets at 0.25% of the outstanding.

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

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

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

As of March 31, 2024, March 31, 2023 and March 31, 2022, our microfinance AUM was ₹ 5,373.12 lakh, ₹ 5,820.77 lakh and ₹ 3,063.61 lakh, respectively, representing 10.91%, 14.27% and 8.63%, respectively, of our aggregate AUM as of such date. Our microfinance customers typically belong to low income households and are diverse in nature, which include customers involved in income generating business activities, with limited sources of income, savings and credit records, and are therefore unable to provide us with any collateral or security for their loans. Such customers are at times unable to or may not provide us with accurate information about themselves which is required by us in connection with loans.

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

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

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

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

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

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

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

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

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

38. ***Our Promoter and Directors are interested in our Company in addition to their remuneration and reimbursement of expenses payable by the Company.***

Our Promoter and Directors are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding and debenture holding in our Company. We cannot assure you that our Promoter and the Directors will exercise their rights as shareholders to the benefit and best interest of our Company. Our Promoter and the Directors may take actions with respect to our business which may conflict with the best interests of our Company or that of minority shareholders. For details of Interest of our Directors, please refer to section titled "*Our Management*" on page 121.

39. ***Attrition rate in our business is quite high and in order to be successful, we must attract, retain and motivate key employees, and failure to do so could adversely affect our business. Failure to hire key executives or employees could have a significant impact on our operations.***

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

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

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

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

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

For details regarding our related party transactions entered into by us during the previous three Fiscals, please refer to chapters titled "*Related Party Transactions*" on page 133 and "*Financial Statements*" beginning on page 134.

42. ***We are required to comply with the requirements of certain labour laws which may impose additional costs on us.***

Our branches are required to be registered under the relevant shops and establishments laws and verifications under Standards of Weights and Measures Act, 1976 of the states in which they are located. The shops and establishment laws regulate various employment conditions, including working hours, holidays, leave and overtime compensation. If we fail to obtain or retain any of these approvals, exemptions or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. If we fail to comply, or a regulator claims we have not complied, with any conditions, our certificate of registration may be suspended or cancelled, and we may not be able to carry on such activities.

In addition, our employees are required to be registered under the provisions of certain labour laws such as the Employees' State Insurance Act, 1948, the Kerala Shops and Commercial Establishments Act, 1960, the Kerala Labour Welfare Fund Act, 1975, and the Employees Provident Fund and Miscellaneous Provisions Act, 1952. Our employees are eligible for Payment of Gratuity Act, 1972. We are also required to maintain certain records under the provisions of these laws, which add to our costs. If we are subject to penalties under these labour laws or if we do not obtain the requisite approvals, our business, financial condition and results of operations may be adversely affected.

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

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

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

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

As on June 30, 2024, we had 270 branches in 5 states. All the branches of our Company are on lease basis. If any of the owners of these premises does not renew an agreement under which we occupy the premises, attempts to evict us or seeks to renew an agreement on terms and conditions non-acceptable to us, we may suffer a disruption in our operations or increased costs, or both, which may adversely affect our business and results of operations.

Further, some of our lease deeds for our properties may not be registered and further some of our lease deeds may not be adequately stamped and consequently, may not be accepted as evidence in a court of law and we may be required to pay penalties for inadequate stamp duty. Further, we may not be able to assess or identify all risks and liabilities associated with any properties, such as faulty or disputed title, unregistered encumbrances or adverse possession rights, improperly executed, unregistered or insufficiently stamped instruments, or other defects that we may not be aware of.

45. ***The success and growth of our business depends upon our ability to transform our products and services to suit the needs of our customers. We are expanding and have forayed into business finance and microfinance in the recent past and may in the future continue to expand our services in new geographies. Our failure to mitigate specific regulatory, credit, and other risks associated with new geographies could have an adverse effect on our business and results of operations.***

We are exploring and will continue to explore our business initiatives, including those in which we have limited or no experience, as well as the business models that may be untested. For example, our business loans including loans to professionals and small and mid-size entrepreneurs were launched in financial year 2015 and as a result we have limited operating history for these products and services. We have limited financial data that can be used to evaluate our businesses, and such data may not be indicative of future performance.

These offerings may present new and difficult technology, operational, and other challenges, and if we experience service disruptions, failures, credit risk or other issues, our business may be materially and adversely affected. Developing in new areas require significant investments of time and resources, and may present new and difficult technological, operational and compliance challenges. Our businesses may not recoup our investments in a timely manner or at all. If any of this were to occur, it could damage our reputation, and limit our growth, business and prospects. Additionally, the market may not be receptive to our offerings or there may be other established players whose established presence in the business would inhibit our growth.

Success of our products or business in the lending and financial services industry also depends on our ability to constantly monitor and promptly react to legislative and regulatory changes that affect our business. Any change to the existing legal or regulatory framework may require us to allocate additional resources to our business, which may increase our regulatory compliance costs and direct management attention, and consequently affect our business, financial condition, results of operations and cash flows.

RISKS PERTAINING TO THIS ISSUE

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

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

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

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

Further, in case of NCDs, although our Company will create appropriate security in favour of the Debenture Trustee for the Debenture Holders to the Issue for the NCDs on the assets adequate to ensure 100.00% security cover on the outstanding amounts of the NCDs and interest thereon, the realisable value of the secured assets may be lower than the outstanding principal and/or interest accrued thereon in connection with the NCDs. A failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose you to a potential loss.

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

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

49. ***The Issuer, being a NBFC is not required to maintain a debenture redemption reserve ("DRR")***

Pursuant to a Ministry of Corporate Affairs notification dated August 16, 2019 amending Section 71 of the Companies Act, 2013 and Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014, a NBFC is not required to maintain DRR for debentures issued through a public issue. Hence, investors shall not have the benefit of reserve funds to cover the re-payment of the principal and interest on the NCDs.

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

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

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

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

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

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

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

We intend to use the proceeds of the Issue, after meeting the expenditures of and related to the Issue, for the purpose of onward lending and for repayment of interest and principal of existing loans and also for general corporate purposes. For further details, see "*Objects of the Issue*" at page 49. The fund requirement and deployment are based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue. Further, as per the provisions of the SEBI NCS Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for the Issue.

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

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

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

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

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

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

While facts and other statistics in this Prospectus relating to India, the Indian economy as well as the gold loan industry have been based on various publications and reports from agencies that we believe are reliable, we cannot guarantee the quality or reliability of such materials, particularly since there is limited publicly available information specific to the Gold Loan industry. While we have taken reasonable care in the reproduction of such information, industry facts and other statistics, the same have not been prepared or independently verified by us or any of our respective affiliates or advisors and, therefore we make no representation as to their accuracy or completeness. These facts and other statistics include the facts and statistics included in the chapter titled "*Industry Overview*" beginning on page 62. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

External Risk Factors

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION III – INTRODUCTION

GENERAL INFORMATION

Our Company was incorporated in Kerala on December 16, 2008 as a public limited company under the provisions of the Companies Act, 1956 as Chemmanur Credits and Investments Limited and received the certificate of commencement of business from the RoC on November 10, 2010. For further details about our Company, see "*History and Certain Other Corporate Matters*" on page 119.

Registration

The registration number and corporate identity number of our Company are as follows:

- **Company Registration Number with RoC**: 023560
- **Corporate Identification Number issued by the RoC**: U65923KL2008PLC023560
- **LEI**: 335800PLYX4Y5WD74K05
- **Permanent Account Number**: AADCC5470E

Our Company has obtained a certificate of registration dated June 10, 2010 bearing registration no. N 16-00185 issued by the Reserve Bank of India under Section 45 IA of the Reserve Bank of India Act, 1934, to commence/carry on the business of non-banking financial institution without accepting public deposits subject to the conditions mentioned in the certificate of registration.

Registrar of Companies

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

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

Registered Office

Door No. D1 to D4, 3rd Floor,
Avenue Tower, East Fort, Thrissur East,
Thrissur - 680005
Kerala, India
Tel: 0487-7121200/2424010
Email: mail@chemmanurcredits.com
Website: www.chemmanurcredits.com

For further details regarding changes to our Registered Office, see "*History and Certain Other Corporate Matters*" on page 119.

Board of Directors

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

Name	Designation	DIN	Address
Chemmanur Devassykutty Boby	Chairman & Managing Director	00046095	Chemmanur House, Avenue Road, VTC, Thrissur – 680 005, Kerala India.
Lijo Moothedan	Non-Executive Director	00877403	Moothedan House, Villa No. 47B/ 48, Hilite Spingdale Velliparamba, Kuttikkattoor, Kozhikode – 673008, Kerala. India.
Smitha Boby	Non-Executive Director	00046059	270/AB/17, 45/46A, Hilite Springdale Villa, VTC: Kuttikatoor, P.O.: Velliparamba, Kozhikode – 673 008, Kerala, India.
Antony Sebastian C.	Independent Director	10083087	Choorakkal House, Thavoos Lane, Mission Quarters, Thrissur, 680001 Kerala India.

Name	Designation	DIN	Address
Edathole Habeebul Rahiman	Independent Director	06973269	Sanam, Naduvattam Beypore Kozhikode – 673 015, Kerala, India.
Sibin Philipose	Additional Director	09777666	25/390, Pulluvana Veedu, Chittur Road, Kunnathurmedu,Palakkad,678013,Kerala,India

For further details of Directors of our Company, please see "*Our Management*" on page 121.

Chief Executive Officer

T K Thomas
Door No. D1 to D4, 3rd Floor,
Avenue Tower, East Fort, Thrissur East,
Thrissur - 680005
Kerala, India
E-mail: thomas.tk@chemmanurcredits.com
Tel: +91 0487 7121200

Chief Financial Officer

Pramod M
Door No. D1 to D4, 3rd Floor,
Avenue Tower, East Fort,
Thrissur East, Thrissur - 680005,
Kerala, India**Email**: pramod@chemmanurcredits.com
Tel: +91 0487 7121200

Company Secretary and Compliance Officer

Anju Thomas
Door No. D1 to D4, 3rd Floor, Avenue Tower,
East Fort, Thrissur East,
Thrissur, 680005
Kerala, India
E-mail: cs@chemmanurcredits.com
Tel: +91 0487 7121200

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-Issue or post Issue related issues such as non-receipt of Allotment Advice, demat credit of allotted NCDs.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name of the Applicant, Application Form number, Applicant's DP ID, Client ID, PAN, address of Applicant, number of NCDs applied for, ASBA Account number in which the amount equivalent to the Application Amount was blocked or the UPI ID (for UPI Investors who make the payment of Application Amount through the UPI Mechanism), date of Application Form and the name and address of the relevant Designated Intermediary where the Application was submitted.

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

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

All grievances arising out of Applications for the NCDs made through the Online Stock Exchange Mechanism (app based/web interface platform) of the Stock Exchange, or through Trading Members, may be addressed directly to the Stock Exchange, with a copy to the Registrar to the Issue.

Lead Manager to the Issue

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

Debenture Trustee

MITCON Credentia Trusteeship Services Limited
1402/1403, B-Wing, Dalamal Towers, 14th Floor,
Free Press Journal Marg,
211, Nariman Point, Mumbai – 400 021
Telephone: +91 22 2282 8200
Facsimile: +91 (22) 22024553
Email: contact@mitconcredentia.in
Investor Grievance mail: investorgrievances@mitconcredentia.in
Website: www.mitconcredentia.in
Contact Person: Vaishali Urkude
SEBI Registration Number: IND000000596

MITCON Credentia Trusteeship Services Limited has by its letter dated July 5, 2024 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications to be sent to the holders of the NCDs issued pursuant to this Issue.

All the rights and remedies of the NCD Holders under this Issue shall vest in and shall be exercised by the appointed Debenture Trustee for this Issue without having it referred to the NCD Holders. All investors under this Issue are deemed to have irrevocably given their authority and consent to the Debenture Trustee so appointed by our Company for this Issue to act as their trustee and for doing such acts and signing such documents to carry out their duty in such capacity. Any payment by our Company to the NCD Holders/Debenture Trustee, as the case may be, shall, from the time of making such payment, completely and irrevocably discharge our Company *pro tanto* from any liability to the NCD Holders. For details on the terms of the agreed form of the Debenture Trust Deed see, "*Issue Related Information*" on page 194.

Registrar to the Issue

KFin Technologies Limited
Selenium Tower-B, Plot 31 & 32 Gachibowli
Financial District,
Nanakramguda Serilingampally,
Hyderabad – 500 032, Telangana, India
Telephone: +91 40 6716 2222
Facsimile: +91 40 6716 1563
Email: ccil.ncdipo@kfintech.com
Website: www.kfintech.com
Contact Person: M Murali Krishna
Investor Grievance id: einward.ris@kfintech.com
Compliance Officer: Anshul Kumar Jain
SEBI Registration Number: INR000000221

Credit Rating Agency

India Ratings and Research Private Limited
Wockhardt Towers, 4th Floor, West Wing, Bandra Kurla Complex,
Bandra (E) Mumbai-400 051
Telephone: +91 22-40001700
Facsimile: +91 22-40001701
Email: infogrp@indiaratings.co.in
Website: www.indiaratings.co.in
Contact Person: Ismail Ahmed
SEBI Registration No: IN/CRA/002/1999

Legal Advisor to the Issue

Khaitan & Co
One World Centre
10th & 13th Floors, Tower 1C
841 Senapati Bapat Marg
Mumbai – 400 013
Maharashtra, India
Telephone: + 91 22 6636 5000
Website: www.khaitanco.com

Statutory Auditors
C.M. Joseph & Associates
Chartered Accountants,
MRA 5A, Pallath Lane, San Clinic Building,
Mount Carmel Church Road, Mamangalam,
Palarivattom.P.O, Cochin –682025
E-mail: cmjosephfca@gmail.com / cmjfca@gmail.com
Website: www.cmjassociates.in
Telephone: +91 484 4047884, 2338303, 2989303
Cell: +91 9847045338
Firm Registration No.: 006408S
Contact Person: C.M. JOSEPH, Partner

Banker to our Company

Canara Bank
Palace Road
Thrissur – 680 020, Kerala, India
Telephone: +91 487 2331130
Email: cbl4550@canarabank.com
Website: www.canarabank.com
Contact Person: Chief Manager

State Bank of India
SME Branch, State Bank Bhavan
Kovilakathumpadam, Thiruvambady PO
Thrissur – 680 022, Kerala, India
Telephone: +91 487 2221005
Email: sbi.07479@sbi.co.in
Website: www.sbi.co.in
Contact Person: Siji S, Relationship Manager (SME)

Bankers to the Issue

Public Issue Account Bank/Sponsor Bank/Refund Bank

HDFC Bank Limited
Lodha - I Think Techno Campus, O-3 Level,
Next to Kanjurmarg Railway Station,
Kanjurmarg (East), Mumbai - 400042
Tel: +91 22 30752929 / 2928 / 2914
Fax: +91 22 25799801
Email: siddharth.jadhav@hdfcbank.com, sachin.gawade@hdfcbank.com, eric.bacha@hdfcbank.com, tushar.gavankar@hdfcbank.com, pravin.teli2@hdfcbank.com
Contact Person: Eric Bacha, Siddharth Jadhav, Sachin Gawde, Tushar Gavankar, Pravin Teli
Website: www.hdfcbank.com
SEBI Registration No.: INBI00000063

Syndicate Member
Vivro Financial Services Private Limited
607/608 Marathon Icon
Opp. Peninsula Corporate Park
Off. Ganpatrao Kadam Marg
Veer Santaji Lane, Lower Parel
Mumbai- 400 013,
Maharashtra, India
Contact Person: Tushar Ashar
Telephone: +91 22 6666 8040/41/42
Facsimile: +91 22 6666 8047
Email: tushar.ashar@vivro.net
Website: https://www.vivro.net/
SEBI Registration Number: INM000010122

Designated Intermediaries

Self-Certified Syndicate Banks

The banks which are registered with SEBI under Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, as amended, and offer services in relation to ASBA, including blocking of an ASBA Account, a list of which is available on http://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time.

A list of the Designated Branches of the SCSBs, with which an Applicant, not applying through the Syndicate, may submit the Application Forms, is available at http://www.sebi.gov.in, or at such other website as may be prescribed by SEBI from time to time.

Syndicate SCSB Branches

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

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

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

RTAs / CDPs

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

Broker Centres/ Designated CDP Locations/ Designated RTA Locations

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

Arrangers/Guarantor to the Issue

There are no arrangers/guarantor to the Issue.

Minimum Subscription

In terms of the SEBI NCS Regulations, for an issuer undertaking a public issue of debt securities, the minimum subscription for public issue of debt securities shall be 75% of the Base Issue. If our Company does not receive the minimum subscription of 75% of the Base Issue i.e. ₹ 3,000.00 lakh within the prescribed timelines under Companies Act and any rules thereto, the entire subscription amount blocked shall be unblocked in the respective ASBA Accounts of each Applicant, within eight Working Days from the date of closure of the Issue, provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within eight Working Days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Credit Rating and Rationale

Our Company has received rating of 'IND BBB-/Stable' (pronounced as IND triple B minus rating with Stable outlook) by India Ratings *vide* its letter dated June 25, 2024 for the NCDs proposed to be issued pursuant to this Issue. The rating of the NCDs by India Ratings indicates that the instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations and carry a moderate degree of risk. The rating given by India Ratings is valid as on the date of this Prospectus and shall remain valid on date of the issue and allotment of NCDs and the listing of the NCDs on BSE. The rating provided by India Ratings may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. The rating is not a recommendation to buy, sell or hold securities. For the rating letter, rating rationale, and press release, see "*Annexure II*" on page 270.

Consents

Consents in writing of Directors of our Company, Company Secretary and Compliance Officer, Chief Financial Officer, Chief Executive Officer, Statutory Auditors, legal advisor to the Issue, Lead Manager, the Registrar to the Issue, Credit Rating Agency, Public Issue Account Bank, Sponsor Bank, Refund Bank, Syndicate Member, the Debenture Trustee, FSIAPL, and the lenders to our Company to act in their respective capacities, have been obtained and will be filed along with a copy of this Prospectus with the RoC as required under Section 26 of the Companies Act, 2013. Further such consents shall not be withdrawn up to the time of delivery of this Prospectus with the RoC.

Underwriting

This Issue is not underwritten.

Utilisation of Issue proceeds

"*Objects of the Issue*" on page 49.

Issue Programme

ISSUE OPENS ON	Friday, July 26, 2024
ISSUE CLOSES ON	Thursday, August 08, 2024#
PAY IN DATE	Application Date. The entire Application Amount is payable on Application
DEEMED DATE OF ALLOTMENT	The date of issue of the Allotment Advice, or such date on which the Board or Debenture Committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on the NCDs shall be available to the Investors from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment

#The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time), during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a minimum period of 3 Working Days and a maximum period of 10 Working Days from the date of the issue and subject to not exceeding 30 days from the date of filing of this Prospectus with ROC including any extensions) as may be decided by the Board of Directors of our Company ("Board") or the Debenture Committee, subject to relevant approvals, in accordance with the SEBI NCS Regulations. In the event of such an early closure of or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in an English national daily newspaper and a regional daily newspaper in the state of Kerala, with wide circulation on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5 p.m. on one Working Day post the Issue Closing Date. Further please note that Application (including Application under the UPI Mechanism) shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Issue Period as mentioned above by the (a) by the Designated Intermediaries at the Collection Centres, or (b) by the SCSBs directly at the Designated Branches of the SCSBs as mentioned on the Application Form, except that on the Issue Closing Date when Applications shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and shall be uploaded until 5.00 p.m. (IST) or such extended time as permitted by Stock Exchange. Additionally, an Investor may also submit the Application Form through the app or web interface of the Stock Exchange. It is clarified that the Applications not uploaded in the Stock Exchange platform would be rejected.

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

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

CAPITAL STRUCTURE

1. Details of share capital

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

Share Capital	(in ₹)
AUTHORISED SHARE CAPITAL	
8,00,00,000 Equity Shares of ₹ 10 each	80,00,00,000
2,00,000 Preference Shares of ₹ 1,000 each	20,00,00,000
Total Authorised Share Capital	100,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	
6,00,00,000 Equity Shares of ₹ 10 each fully paid up	60,00,00,000
Securities Premium Account	Nil

Note: There will be no change in the capital structure and securities premium account due to the issue and allotment of the NCDs.

2. Details of change in authorised share capital of our Company in the preceding three financial years and current year as on June 30, 2024:

There have been no changes in the authorised share capital of our Company since last three financial years and current year as on June 30, 2024.

3. Changes in the Equity Share capital of our Company in the preceding three financial years and current year as on June 30, 2024:

Date of Allotment	No of Equity Shares	Face value (₹)	Issue Price (₹)	Consideration (Cash, other cash, etc)	Nature for Allotment	Cumulative			Remarks
						No. of equity shares	Equity Share Capital (₹ in lakh)	Equity Share Premium (₹ in lakh)	
Nil									

4. Issue of Equity Shares for consideration other than cash for the preceding three financial years and current financial year.

Our Company has not issued any Equity Shares for consideration other than cash.

5. Shareholding pattern of our Company on June 30, 2024:

Category	Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	No. of Locked in shares		No. of Shares pledged or otherwise encumbered		No. of equity shares held in dematerialised form
								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 eg: Equity Shares	Class eg: y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
(A)	Promoter & Promoter Group																	
	Promoter	1	5,16,17,800	Nil	Nil	5,16,17,800	86.03	5,16,17,800		5,16,17,800	86.03	Nil	86.03	Nil	Nil	Nil	Nil	5,16,17,800
	Promoter Group	2	90,000	Nil	Nil	90,000	0.15	90,000		90,000	0.15	Nil	0.15	Nil	Nil	Nil	Nil	90,000
	Total Promoter & Promoter Group	**3**	**5,17,07,800**	**Nil**	**Nil**	**5,17,07,800**	**86.18**	**5,17,07,800**		**5,17,07,800**	**86.18**	**Nil**	**86.18**	**Nil**	**Nil**	**Nil**	**Nil**	**5,17,07,800**

Category	Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	No. of Locked in shares		No. of Shares pledged or otherwise encumbered		No. of equity shares held in dematerialised form
								No of Voting Rights			Total as a % of (A+B+C)							
								Class eg: Equity Shares	Class eg: y	Total				No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
(B)	Public	88	82,92,200	Nil	Nil	82,92,200	13.82	82,92,200		82,92,200	13.82	Nil	13.82	Nil	Nil	Nil	Nil	1,98,200
(C)	Non Promoter - Non Public											Nil					0	0
(C1)	Shares Underlying DRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil		Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(C2)	Shares Held By Employee Trust	Nil	Nil	Nil	Nil	Nil	Nil	Nil		Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total	**91**	**6,00,00,000**	**Nil**	**Nil**	**6,00,00,000**	**100.00**	**6,00,00,000**		**6,00,00,000**	**100.00**	**Nil**	**100.00**	**Nil**				**5,19,06,000**

6. **List of top 10 holders of Equity Shares of our Company as on June 30, 2024:**

Sr. No.	Name of the Shareholder	Total number of Equity Shares	Number of Equity Shares held in dematerialized form	% of total number of Equity Shares
1.	Chemmanur Devassykutty Boby	5,16,17,800	5,16,17,800	86.03
2.	Chemmanur Gold Palace International LTD	70,00,000	0	11.67
3.	Jayabharathi .K	90,000	0	0.15
4.	Smitha Boby	55,000	55,000	0.09
5.	Jose Chakkappan	55,000	0	0.09
6.	Ramakrishnan Akkal	50,000	0	0.08
7.	Seshambal N S	40,000	0	0.07
8.	Jisso C Baby	35,000	35,000	0.06
9.	Lijo Moothedan	35,000	35,000	0.06
10.	Deena Lijo	30,000	30,000	0.05

7. **List of top 10 holders of non-convertible securities as on June 30, 2024 in terms of value (on cumulative basis):**

S. No.	Name of holder of non-convertible securities	Category of holder	Face Value of non-convertible securities (₹)	Face Value of holding Amount (₹ in lakh)	Holding as a % of total outstanding non-convertible securities of the issuer
1.	Homi Farrok Kaka	Individual	1,000	200.00	1.02%
2.	Perviz Farrok Kaka	Individual	1,000	125.00	0.64%
3.	Rajeswari Amma Sarada	Individual	1,000	71.00	0.36%
4.	Jacob Koshy	Individual	1,000	67.00	0.34%
5.	Chitra K S	Individual	1,000	60.00	0.31%
6.	Jothi Bhasuranga Panicker	Individual	1,000	60.00	0.31%
7.	Geetanjali Ravi K S	Individual	1,000	50.00	0.26%
8.	Sanjana Kurgod Shettar	Individual	1,000	50.00	0.26%
9.	I U B Reddy	Individual	1,000	45.00	0.23%
10.	Jeyaraman Kodeeswari	Individual	1,000	45.00	0.23%

8. **List of top 10 holders of commercial paper as on June 30, 2024 in terms of value (on cumulative basis):**

As on June 30, 2024 our Company has not issued any commercial papers.

9. **List of top 10 holders of sub-ordinated debt as on June 30, 2024 in terms of value (on cumulative basis):**

S. No.	Name of holder	Category of holder	Face value of holding (₹ in lakh)	Holding as a % of total subordinated debt outstanding of the issuer
1.	Ramaa Iyer K	Individual	228.00	1.15%
2.	Boby C D	Individual	201.40	1.01%
3.	Sashikala V C	Individual	156.00	0.78%
4.	Kala S	Individual	61.75	0.31%
5.	Saroja . S	Individual	61.20	0.31%
6.	Siyaf M V	Individual	58.90	0.30%
7.	Santhosh Kumar S	Individual	55.50	0.28%
8.	Devendra H G	Individual	53.00	0.27%
9.	Nayanika Yaldhow	Individual	52.90	0.27%
10.	John Abraham	Individual	51.00	0.26%
	Rajeswary Amma	Individual	51.00	0.26%

10. **Statement of the aggregate number of securities of our Company purchased or sold by our Promoter, Promoter Group, our Directors and the directors of our Promoter and/or their relatives within six months immediately preceding the date of filing of this Prospectus**.

Except for the details as set out in the table below, no securities of our Company have been purchased or sold by our Promoter, promoter group, our Directors, directors of our Promoter and/or their relatives within six months immediately preceding the date of filing of this Prospectus.

Sr. No.	Name of the Transferor	Name of the Transferee	Date of purchase/ transfer	Whether purchase/ transfer	Number of Equity Shares
1.	Antony T R	Chemmanur Devassykutty Boby	January 12, 2024	Transfer	10,000
2.	VP Balagopalan	Chemmanur Devassykutty Boby	February 15, 2024	Transfer	10,000
3.	Mohanan E K	Chemmanur Devassykutty Boby	April 08, 2024	Transfer	10,000
4.	Jameela Abbas & Mubarak U A	Chemmanur Devassykutty Boby	April 10, 2024	Transfer	10,000
5.	Reghunathan Pillai M	Chemmanur Devassykutty Boby	May 29, 2024	Transfer	10,000
6.	Jayakumar M	Chemmanur Devassykutty Boby	July 09, 2024	Transfer	20,000

11. **Shareholding of Directors in our Company**

The shareholding of the Directors in our Company as on June 30, 2024 is mentioned below:

Sr. No.	Name of Director	Number of Equity Shares
1.	Chemmanur Devassykutty Boby	5,16,17,800
2.	Lijo Moothedan	35,000
3.	Smitha Boby	55,000
4.	Edathole Habeebul Rahiman	0
5.	Antony Sebastian Choorakkal	0
6.	Sibin Philipose	0

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

13. Our Company has not made any reorganization/reconstructionin the last one year prior to the date of this Prospectus.

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

15. As on June 30, 2024, 5,19,06,000 Equity Shares of our Company having face value of ₹ 10 each are in dematerialised form.

16. As on the date of this Prospectus, the Company does not have any employee stock option schemes.

17. There has been no change in promoter holding in our Company during the last financial year beyond 26% (as prescribed by RBI).

OBJECTS OF THE ISSUE

Our Company proposes to utilise the funds which are being raised through the Issue, after deducting the Issue related expenses to the extent payable by our Company ("**Net Proceeds**"), estimated to be approximately ₹ 5,861.15 lakh, towards funding the following objects (collectively, referred to herein as the "**Objects**"):

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

2. General corporate purposes.

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

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

(₹ in lakh)

No.	Description	Amount*
1.	Gross proceeds of the Issue	Up to 6,000
2.	(less) Issue related expenses	138.85
3.	Net Proceeds	5,861.15

**Assuming the issue is fully subscribed and our Company retains oversubscription up to ₹ 2,000 lakh.*

Requirement of funds and Utilisation of Net Proceeds

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

No.	Objects of the Issue	Percentage of amount proposed to be financed from Net Proceeds
1.	For the purpose of onward lending, financing and for repayment/ prepayment of principal and interest of borrowings of the Company.	At least 75%
2.	General corporate purposes*	Maximum of up to 25%
Total		**100%**

**The Net Proceeds will be first utilized towards the Objects mentioned above. The balance is proposed to be utilized for general corporate purposes, subject to such utilization not exceeding 25% of the gross proceeds, in compliance with the SEBI NCS Regulations*.

For further details of our Company's outstanding indebtedness, see "*Financial Indebtedness*" on page 136.

Funding plan

Not applicable

Summary of the project appraisal report

Not applicable

Schedule of implementation of the project

Not applicable

Interests of Directors/Promoter

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

Interim Use of Proceeds

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

Monitoring of Utilization of Funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI NCS Regulations. Our Board shall monitor the utilization of the proceeds of the Issue. For the relevant financial years commencing from financial year 2024-2025, our Company will disclose in our financial statements, the utilisation of the Net Proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue. Our Company shall utilise the proceeds of the Issue only upon the execution of the documents for creation of security and receipt of final listing and trading approval from the Stock Exchange.

Variation in terms of contract or objects in this Prospectus

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

Issue related expenses

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

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

Particulars	Estimates expenses (₹ in lakh)*	As percentage of Issue proceeds (in %)*	As percentage of total expenses of the Issue (in %)
Lead managers fees	22.50	0.38	16.20
Underwriting commission	0.00	0.00	0.00
Brokerage, selling commission and upload fees	15.60	0.26	11.24
Fee Payable to the registrar to the issue	1.04	0.02	0.75
Others			
Fees payable to the legal advisors	20.00	0.33	14.40
Advertising and marketing expenses	59.08	0.98	42.55
Fees payable to the regulators including stock exchange.	10.04	0.17	7.23
Expenses incurred on printing and distribution of issue stationary	0.88	0.01	0.63
Any other fees, commission or payments under whatever nomenclature.	9.71	0.16	7.00
Grand Total	**138.85**	**2.31**	**100.00**

*Assuming the issue is fully subscribed and our Company retains oversubscription up to ₹ 2,000 lakh.

Note: 1) Issue related expenses disclosed above are exclusive of GST as applicable on such expenses. Our Company shall claim input tax credit for the expenses.

2) In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards general corporate purposes.

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

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

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

Other Confirmation

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

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

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

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

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

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

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

Utilisation of Issue Proceeds

a. All monies received pursuant to the issue of NCDs to public shall be transferred to a separate bank account other than the bank account referred to in Section 40 (3) of the Companies Act, 2013 and the SEBI NCS Regulations, and our Company will comply with the conditions as stated therein, and these monies will be transferred to Company's bank account after receipt of listing and trading approvals;

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

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

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

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

STATEMENT OF POSSIBLE TAX BENEFITS
INDEPENDENT AUDITORS' CERTIFICATE ON STATEMENT OF POSSIBLE TAX BENEFITS

To,
Chemmanur Credits and Investments Limited
Third Floor, Avenue Tower, East Fort,
Thrissur- 680005,
Kerala, India

And

Vivro Financial Services Private Limited
Vivro House 11, Shashi Colony,
Opposite Suvidha Shopping Center,
Paldi, Ahmedabad – 380007, Gujarat, India

("**Lead Manager**" or "**LM**")

Sub: Proposed Public Offering of Secured Redeemable Non-Convertible Debenture of face value of ₹1,000 each ("NCDs") amounting up to ₹ 4,000 lakhs ("Base Issue"), with an option to retain over-subscription up to ₹ 2,000 lakhs, aggregating up to ₹ 6,000 lakhs ("Issue") of Chemmanur Credits and Investments Limited ("Company" or "Issuer")

We, M/s. C.M. Joseph & Associates, Chartered Accountants, hereby confirm that the accompanying statement of possible tax benefits available to the debenture holder(s) states the possible tax benefits available to the debenture holders of the Company under the Income-tax Act, 1961 (the "**IT Act**"), as amended by the Finance Act, 2024, i.e. applicable for the Financial Year 2024-25 relevant to the assessment year 2025-26 respectively, presently in force in India (hereinafter referred to as the "Indian Income Tax Regulations") for the purpose of inclusion in the Offer document, in connection with the Issue, has been prepared by the management of the Company, which we have initiated for identification purposes. We are informed that such debentures raised in the Issue will be listed on BSE Limited ("**Stock Exchange**") and the Statement has been prepared by the Company's management on such basis.

We have performed the following procedures:

i. Read the statement of tax benefits as given in **Annexure I**, and

ii. Evaluated with reference to the provisions of the IT Act to confirm that statements made are correct in all material respect.

We confirm that the Statement as set out in **Annexure I** materially covers all the provisions of the Indian Income Tax Regulations with respect to debenture holders of the Company. Several of these benefits are dependent on the debenture holders fulfilling the conditions prescribed under the relevant tax laws.

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

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

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

We hereby consent to inclusion of this report and the accompanying Statement in the relevant Offer document and/or any other document in relation to the Issue to be filed by the Company with the Stock Exchange, the Securities and Exchange Board of India, and the Registrar of Companies, and any other regulatory authority in relation to the Issue and such other documents as may be prepared in connection with the Issue. Further we consent the inclusion of our name as "Expert" as defined under section 2 (38) Companies Act, 2013 to the extent to which it relates to the Statement of Possible Tax Benefits.

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

For C.M. Joseph & Associates
Chartered Accountants
Firm Registration No: 006408S
Peer Review No: 015223
UDIN: 24202800BKBKVX7100

C.M. Joseph
Partner
Membership No: 202800
Date : 22.07.2024
Place : Ernakulam

Annexure I

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

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

IMPLICATIONS UNDER THE IT ACT

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

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

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

2. Income Tax is deductible at source at the rate of 10% on interest on debentures held by resident Indians as per the provisions of Section 193 of the IT Act (in case where interest is paid to Individual or HUF, no TDS will be deducted where interest paid is less than ₹ 5,000 and interest is paid by way of account payee cheque).

   Further, Tax will be deducted at source at reduced rate, or no tax will be deducted at source in the following cases:

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

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

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

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

Sr No.	Class of Investors	Relevant Section which grants TDS exemption	Documents to be taken on record from Investors
1	Resident Individual or resident HUF	Claiming non-deduction or lower deduction of tax	Form No.15G with PAN / Form No.15H with PAN / Certificate issued u/s 197(1) has to be filed with the Company.

Sr No.	Class of Investors	Relevant Section which grants TDS exemption	Documents to be taken on record from Investors
		at source under section 193 of the IT Act,	However, in case of NCD Holders claiming non-deduction or lower deduction of tax at source, as the case may be, the NCD Holder should furnish either (a) a declaration (in duplicate) in the prescribed form i.e. (i) Form 15H which can be given by individuals who are of the age of 60 years or more (ii) Form 15G which can be given by all applicants (other than companies, and firms), or (iii) a certificate, from the Assessing Officer which can be obtained by all applicants (including companies and firms) by making an application in the prescribed form i.e. Form No.13.
2	Life insurance Corporation of India	Clause vi of Proviso to Section 193	Copy of Registration certificate
3	a. General Insurance Corporation of India, b. 4 companies formed under section 16(1) of General Insurance Business Act, 1972 and c. any company in which GIC and aforesaid 4 companies has full beneficial interest (100% shareholding)	Clause vii of Proviso to Section 193	a. Copy of Registration certificate b. Copy of Registration certificate c. Copy of shareholding pattern
4	Any Insurer	Clause viii of Proviso to Section 193	Copy of Registration certificate issued by IRDA
5	Mutual Funds	Section 196(iv) read with Section 10(23D)	Copy of Registration certificate issued by SEBI / RBI and notification issued by Central Government
6	Government, RBI and corporation established under Central / State Act whose income is exempt from tax	Section 196(i),(ii) and (iii)	In case of Corporation, Declaration that their income is exempt from tax with applicable provisions
7	Recognized Provident Funds, Recognized Gratuity Funds, Approved Superannuation Funds, Employees' State Insurance Fund etc.	Section 10(25) and 10(25A) and CBDT Circular - 18/2017	Copy of Registration and Recognition certificate issued by relevant statutory authorities and income-tax authorities and Declaration from the funds that there income is exempt u/s 10(25) and 10(25A)
8	New Pension System Trust	Section 10(44) read with Section 196(iii) and CBDT Circular - 18/2017	Relevant Registration certificate issued to NPS Trust under section Indian Trusts Act, 1882
9	Other entities like Local authority, Regimental Funds, IRDA etc.	Section 10(20) etc. read with CBDT Circular - 18/2017	Declaration that they fall within the relevant income-tax section and eligible for income-tax exemption on their income
10	Alternative Investment Funds (Category I and II)	Section 197A(1F)	Copy of Registration certificate issued by SEBI

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

1. Long Term Capital Gain

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

Long Term Capital Gain will be chargeable to tax under Section 112 of the IT Act at the rate of 20% (plus applicable surcharge and education cess). However, in the case of listed debentures, as per first proviso to section 112(1) of the IT Act, tax payable is only 10% (plus applicable surcharge and education cess). No indexation benefit is available for debentures. Hence, the tax payable on long term capital gains on transfer of NCD will be 10% (plus applicable surcharge and education cess) and the capital gains have to be computed without indexation.

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

2. Short Term Capital Gains

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

3. Capital Loss on transfer of Debentures.

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

4. Exemption available for Individuals and HUF for Long Term Capital gains U/s 54F of the IT Act.

As per the provisions of Section 54F of the IT Act, any long-term capital gains on transfer of a long term capital asset arising to a Debenture Holder who is an individual or Hindu Undivided Family, is exempt from tax if the entire net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house in India, or for construction of residential house in India within three years from the date of transfer subject to conditions. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis. This exemption is available, subject to the conditions stated therein.

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

As per provisions of section 54EE of the IT Act, capital gain on the transfer of a long-term capital asset, arising to a debenture holder is exempt from tax, if the assessee / debenture holder invested the whole or any part of capital gains in the long-term specified asset at any time within a period of six months. If the cost of the long-term specified asset is less than the capital gain arising from the transfer of the original asset, then such gains would be chargeable to tax on a proportionate basis. This exemption is available, subject to the condition that the investment in the long-term specified asset by an assessee during any financial year does not exceed fifty lakh rupees: If the long term specified asset in which the investment has been made is transferred within a period of three years from the date of its acquisition, the amount of capital gains tax claimed earlier would became chargeable to tax as capital gains in the year in which such long term specified asset is transferred. Specified Asset means a unit or units, issued before the 1st day of April, 2019, of such fund as may be notified by the Central Government in this behalf.

C. **In respect of Business Income**

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

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

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

II. TO THE NON-RESIDENT DEBENTURE HOLDER.

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

a) As per Section 115E of the IT Act, interest income from debentures acquired or purchased with or subscribed to in convertible foreign exchange will be taxable at 20%, whereas long term capital gains on transfer of such Debentures will be taxable at 10% of such capital gains without indexation of cost of acquisition. Short-term capital gains will be taxable at the normal rates of tax in accordance with and subject to the provisions contained therein.

b) As per Section 115G of the IT Act, it shall not be necessary for a non-resident Indian to file a return of income under Section 139(1) of the IT Act, if his total income consists only of investment income as defined under Section 115C and/or long term capital gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII- B of the IT Act in accordance with and subject to the provisions contained therein.

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

d) In accordance with and subject to the provisions of Section 115-I of the IT Act, a Non-Resident Indian may opt not to be governed by the provisions of Chapter XII – A of the IT Act.

e) Long Term capital gains on transfer of listed debentures would be subject to tax at the rate of 10% computed without indexation.

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

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

h) Under Section 195 of the IT Act, the applicable rate of tax deduction at source is 20% on investment income and 10% on any long-term capital gains as per Section 115E, and 30% for Short Term Capital Gains if the payee debenture Holder is a Non-Resident Indian.

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

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

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

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

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

m) As per the provisions of Section 54F of the IT Act, any long-term capital gains on transfer of a long term capital asset arising to a Debenture Holder who is an individual or Hindu Undivided Family, is exempt from tax if the entire net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house in India, or for construction of residential house in India within three years from the date of transfer subject to conditions. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis. This exemption is available, subject to the conditions stated therein

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

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

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

3. Interest on NCD may be eligible for concessional tax rate of 5% (plus applicable surcharge and health and education

cess) for interest referred under Section 194LD.

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

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

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

7. In accordance with and subject to the provisions of Section 196D(2) of the IT Act, no deduction of tax at source is applicable in respect of capital gains arising on the transfer of debentures by FIIs referred to in section 115AD.
8. The CBDT has issued a Notification No. 9 dated 22 January 2014 which provides that Foreign Portfolio Investors (FPI) registered under SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be treated as FII for the purpose of Section 115AD of the IT Act.

IV. TO MUTUAL FUNDS

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

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

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

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

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

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

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

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

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

1. SEC. 139A (5A):

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

2. **SEC. 206AA**:

a) Section 206AA of the IT Act requires every person entitled to receive any sum, on which tax is deductible under

Chapter XVIIB ('deductee') to furnish his PAN to the deductor, failing which tax shall be deducted at the higher of the following rates:

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

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

c) Where a wrong PAN is provided, it will be regarded as non-furnishing of PAN and Para (a) above will apply.
d) As per Rule 37BC, the higher rate under section 206AA shall not apply to a non resident, not being a company, or to a foreign company, in respect of payment of interest, if the non-resident deductee furnishes the prescribed details inter alia TRC and Tax Identification Number (TIN).

3. SEC. 206AB

Further, the Finance Act, 2021 inserted new section for punitive withholding tax rate for non-filers of return of income with effect from 1 July 2021 as per which payments made to the specified persons will be subject to TDS at higher of twice the applicable rate or 5% in respect of all TDS/TCS provisions except for specific exclusions.

NOTES FORMING PART OF STATEMENT OF TAX BENEFITS

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

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

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

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

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

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

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

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

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

SECTION IV - ABOUT OUR COMPANY

INDUSTRY OVERVIEW

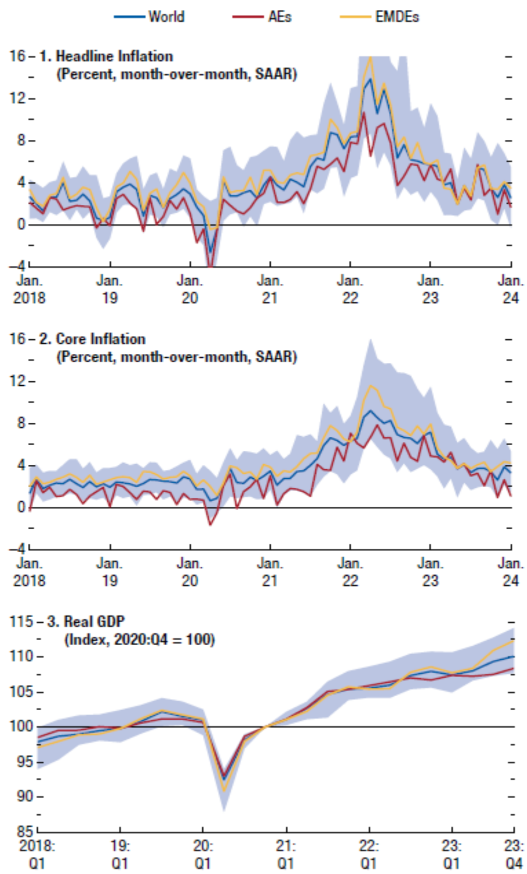
The Information under this section has been derived from the industry report titled "Gold Loan Industry in India" dated June 27, 2024, prepared and issued by FSIAPL in an "as is where is basis" and the information in this section has not been independently verified by the Company, the Lead Manager, our Legal Counsel or any of their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources they believe to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information. Figures used in this section are presented as in the original sources and have not been adjusted, restated or rounded off for presentation in this Prospectus.

1. **Overview of Global Economy**

The global economic recovery from the COVID-19 pandemic, Russia's invasion of Ukraine, and the cost-of-living crisis is proving surprisingly resilient. Inflation is falling faster than expected from its 2022 peak, with a smaller-than-expected toll on employment and activity, reflecting favorable supply-side developments and tightening by central banks, which has kept inflation expectations anchored. At the same time, high interest rates aimed at fighting inflation and a withdrawal of fiscal support amid high debt are expected to weigh on growth in 2024.

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

Despite the global downturn in inflation during 2022–23, the economy has demonstrated unexpected resilience. Employment and income levels have maintained a consistent trajectory, bolstered by beneficial trends in both demand and supply that have underpinned the stability of key global economies. This is in the face of higher interest rates imposed by central banks with the intention of re-establishing price stability. As inflation begins to align with targeted benchmarks and central banks shift to more accommodating monetary policies, there is an anticipation of a constriction in fiscal policies. This shift, aimed at reducing high levels of government debt through elevated taxes and decreased public expenditure, is likely to impose a drag on economic growth. Furthermore, the rate of economic growth is anticipated to be modest compared to historical norms. This tempered outlook is attributed to various factors, including the enduring impact of the COVID-19 pandemic, the ongoing military conflict initiated by Russia in Ukraine, a stagnation in productivity growth, and a rise in geoeconomic divisions.

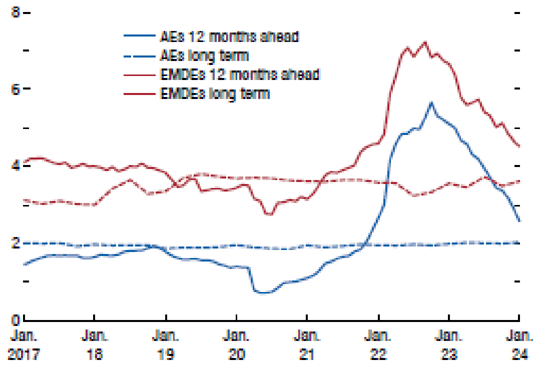


Source: IMF World Economic Outlook, Apr

Inflation (and expectations) in decline

Since 2022, the decrease in overall inflation rates can be attributed to the diminishing impact of initial price disturbances, particularly in the energy sector, along with a reduction in core inflation. This downward trend in energy costs can be linked to a boost in the worldwide supply of energy and the influence of stringent monetary policies. The concerted efforts by central banks in key developed nations to implement tighter monetary policies throughout 2022–23 likely played a significant role in driving down energy prices by reducing global energy consumption (as in the analysis of Auclert and others 2023).

Core inflation has seen a decrease due to the diminishing impact of previous price shocks on headline inflation and a relaxation in labor market tensions. The pass-through effects encompass the influence of prior price changes, especially in energy costs and supply adjustments across different sectors, which then affect costs and pricing in other industries via supply chain components and wage negotiations. Short-term inflation expectations, which play a crucial role in shaping wage and price strategies, have receded towards target figures in both advanced and emerging market and developing economies. However, indicators of inflation expectations based on financial markets have started to show an uptick in the US recently.



Source: IMF World Economic Outlook, Apr

Interest rates restrictive, but set to fall

In response to escalating inflation, key central banks have hiked policy interest rates to levels considered to be constraining economic activity. Consequently, the cost of mortgages has surged, and credit has become widely less accessible, leading to challenges for companies attempting to refinance their debts, an uptick in corporate insolvencies, and dampened commercial and residential investment across various economies. The commercial real estate market, particularly the office sector, is experiencing pronounced stress in certain economies. This is characterized by an increase in loan defaults and a decline in investment and property values, which are outcomes of the dual impact of rising borrowing expenses and the trend towards remote working that has been amplified since the onset of the pandemic.

Nevertheless, fears of a global economic slump triggered by steep increases in policy rates have not become a reality, and this can be attributed to multiple factors. One key reason is that certain central banks, such as the European Central Bank and the Federal Reserve, elevated their nominal interest rates only after there was an uptick in inflation expectations. This led to relatively lower real interest rates that initially bolstered economic activity.

Elevated debt burdens

The debt-to-GDP ratios, which saw a significant rise during the pandemic, remain high, and substantial budget deficits are continuing to add to the debt loads in many economies. The proportion of government revenue that goes toward debt interest payments has risen, limiting the funds available for critical investments that could enhance economic growth. In low-income countries, the share of revenue spent on interest payments is projected to reach an average of 14.3% in 2024, which is roughly twice what it was 15 years earlier. In an effort to create more fiscal flexibility and reduce the upward trajectory of debt, it is anticipated that fiscal policies will become more stringent in 2024 and the years that follow. This is likely to involve increased taxes and reduced government expenditure in numerous advanced and emerging market and developing economies. Such a shift is expected to have a dampening effect on economic activity in the short term.

The outlook: steady growth and disinflation

Current forecasts indicate that the global economy is expected to maintain a growth rate in 2024–25 that is on par with that of 2023, while both global headline and core inflation are projected to decrease steadily. Since the January 2024 World Economic Outlook (WEO) Update, there has been little alteration in the global growth outlook, although there have been some adjustments for key economies. This includes an improved forecast for the United States, which is balanced by slight downward revisions for several other economies. Nonetheless, the projection for global growth is still higher than what was presented in the October 2023 WEO. The inflation outlook remains largely consistent with that of the October 2023 WEO, with a downward adjustment for advanced economies being counterbalanced by an upward adjustment for emerging market and developing economies. Looking at the medium-term, the growth prospects for global output and trade are anticipated to be the weakest in decades, and the rate at which middle- and lower-income countries are catching up to higher living standards is expected to slow down.

The baseline projections for the global economy are based on various assumptions regarding global commodity prices, interest rates, and fiscal policies.

- **Commodity price projections**: Fuel commodity prices are expected to decrease by an average of 9.7% in 2024, with a predicted reduction in oil prices of around 2.5%. These declines are attributed to ample excess capacity and robust supply growth from non-OPEC+ countries (which includes the Organization of the Petroleum Exporting Countries and some non-members such as Russia). Prices for coal and natural gas are forecasted to continue their descent from previous highs, with a projected drop of 25.1% for coal and 32.6% for natural gas in 2024. This is due to the natural gas market approaching equilibrium as a result of new supplies entering the market, subdued demand, and substantial storage levels. The outlook for nonfuel commodity prices is expected to remain relatively unchanged in 2024, although base metal prices are anticipated to decrease by 1.8%, influenced by reduced industrial activity in Europe and China. Food commodity prices are also forecasted to fall by 2.2% in 2024. This is a slight downward revision from the January 2024 WEO Update forecasts, mainly due to the expectation of plentiful global wheat and maize supplies.

- **Monetary policy projections**: As inflation is anticipated to keep trending downwards toward their respective targets and long-term inflation expectations are seen to stay stable, the policy interest rates set by central banks in major advanced economies are widely expected to begin decreasing in the latter half of 2024. Among the key central banks, by the end of the fourth quarter of 2024, the Federal Reserve's policy rate is projected to drop from its current rate of around 5.4% to 4.6%. Similarly, the Bank of England's policy rate is expected to be lowered from approximately 5.3% to 4.8%, and the European Central Bank is anticipated to bring down its short-term rate from about 4.0% to 3.3%. In contrast, Japan's policy rates are expected to increase gradually, as there is growing confidence that inflation will consistently reach its target over the medium term, despite Japan's past experiences with deflation.

- **Fiscal policy projections**: It is anticipated that governments in advanced economies will implement more stringent fiscal policies in 2024, with a continuation of this tightening, albeit at a reduced pace, in 2025–26. Within the group of major advanced economies, the United States is expected to see its structural fiscal balance as a proportion of GDP increase by 1.9 percentage points in 2024, while the euro area is projected to experience a 0.8 percentage point rise in the same year. For emerging market and developing economies, the fiscal outlook for 2024 is predicted to be, on average, relatively neutral, with a modest fiscal contraction of about 0.2 percentage point forecasted for 2025.

Growth outlook: Stable but slow

It is anticipated that the global economy, which expanded by 3.2% in 2023, will maintain this growth rate into 2024 and 2025. The growth forecast for 2024 has been slightly adjusted upwards by 0.1 percentage point since the January 2024 WEO Update, and it marks a 0.3 percentage point increase from the October 2023 WEO predictions. However, these growth rates for 2024 and 2025 remain below the 3.8% annual average witnessed from 2000 to 2019. This slower pace is attributed to tight monetary policies, the phasing out of fiscal stimulus, and subdued productivity growth. While advanced economies are projected to experience a modest uptick in growth, largely due to the euro area rebounding from its 2023 slowdown, emerging, and developing economies are expected to maintain consistent growth levels during 2024 and 2025, with variations occurring on a regional basis.

Growth forecast for advanced economies

Growth in advanced economies is expected to increase from 1.6% in 2023 to 1.7% in 2024, and further to 1.8% in 2025. Compared with the January 2024 WEO Update, the projection for 2024 has been raised by 0.2 percentage points, while the forecast for 2025 remains unchanged. The upward adjustment for 2024 is primarily due to an improved growth estimate for the United States. In 2025, a positive revision in the US growth forecast is anticipated to counterbalance a similar negative revision in the euro area.

- Growth in the United States is anticipated to rise to 2.7% in 2024 but then decelerate to 1.9% in 2025. This slowdown is attributed to the gradual implementation of fiscal restraint measures and a cooling in the labor market, which are likely to dampen overall demand. The growth forecast for 2024 has been increased by 0.6 percentage points since the January 2024 WEO Update. This upward revision is mainly due to statistical carryover effects following a better-than-anticipated performance in the fourth quarter of 2023, and it is expected that some of this stronger growth dynamic will continue into 2024.

- The growth projection for the euro area anticipates a rebound from the modest rate of 0.4% in 2023, which was largely due to the region's significant exposure to the conflict in Ukraine. The forecast predicts an increase to 0.8% in 2024 and 1.5% in 2025. This recovery is expected to be fueled by a resurgence in household consumption as the impact of the energy price shock diminishes, and declining inflation helps to bolster real income growth. However, the growth outlook for Germany has been revised downwards by 0.3 percentage points for both 2024 and 2025, reflecting a continued downturn in consumer confidence. Nevertheless, this negative adjustment is largely balanced by positive revisions for several smaller euro area countries, including Belgium and Portugal.

- In the United Kingdom, growth is forecasted to improve from a modest 0.1% in 2023 to 0.5% in 2024, as the delayed adverse impact of elevated energy prices begins to recede. This upward trajectory is expected to continue, with growth reaching 1.5% in 2025, supported by a decline in inflation that is anticipated to lead to more accommodative financial conditions and a recovery in real incomes. Meanwhile, Japan's economic output is expected to experience a deceleration, decreasing from an estimated 1.9% in 2023 to 0.9% in 2024, and then slightly picking up to 1% in 2025. This slowdown is attributed to the dissipation of temporary factors that had previously spurred growth in 2023, such as a spike in tourism.

Growth Forecast for Emerging Market and Developing Economies

In emerging market and developing economies, growth rates are projected to hold steady at 4.2% for both 2024 and 2025. This consistency reflects a balance between a slowdown in emerging and developing Asia and heightened growth in regions such as the Middle East, Central Asia, and sub-Saharan Africa. Low-income developing countries are forecasted to see a gradual increase in their growth rates, from 4.0% in 2023 to 4.7% in 2024, and further to 5.2% in 2025, as some of the immediate growth constraints begin to relax.

- Growth in emerging and developing Asia is expected to decrease from an estimated 5.6% in 2023 to 5.2% in 2024 and then to 4.9% in 2025. This represents a minor upward revision from the January 2024 WEO Update. China's growth is projected to decelerate from 5.2% in 2023 to 4.6% in 2024 and 4.1% in 2025, with the waning of short-term boosts such as post-pandemic consumption recovery and fiscal stimulus, along with continued challenges in the real estate sector. In contrast, India is expected to maintain strong growth at 6.8% in 2024 and 6.5% in 2025, bolstered by robust domestic demand and a growing working-age population.

- Emerging and developing Europe is forecasted to grow at 3.2% in 2023 and 3.1% in 2024, with a slight decrease to 2.8% in 2025. This outlook includes an upward revision of 0.5 percentage points for 2023 and 0.3 percentage points for both 2024 and 2025 since January. Russia's growth is expected to decline from 3.2% in 2024 to 1.8% in 2025 as the impact of high investment and strong private consumption, supported by wage increases in a constrained labor market, begins to diminish. In Türkiye, growth projections stand at 3.1% for 2024 and 3.2% for 2025, with an anticipated economic boost in the latter half of 2024 following the cessation of monetary tightening and a resurgence in consumption.

- For Latin America and the Caribbean, growth is anticipated to fall from an estimated 2.3% in 2023 to 2.0% in 2024, followed by a rise to 2.5% in 2025, marking a slight upward adjustment of 0.1 percentage points for 2024 since January. Brazil's growth is expected to slow to 2.2% in 2024 due to fiscal consolidation, lingering effects of a stringent monetary policy, and a reduced contribution from the agricultural sector. Mexico's growth is forecasted at 2.4% in 2024, driven by fiscal expansion, but it is projected to drop to 1.4% in 2025 as the government looks to tighten fiscal policies. The Mexican forecast has been revised downward due to weaker-than-expected performance at the end of 2023 and the beginning of 2024, particularly in the manufacturing sector.

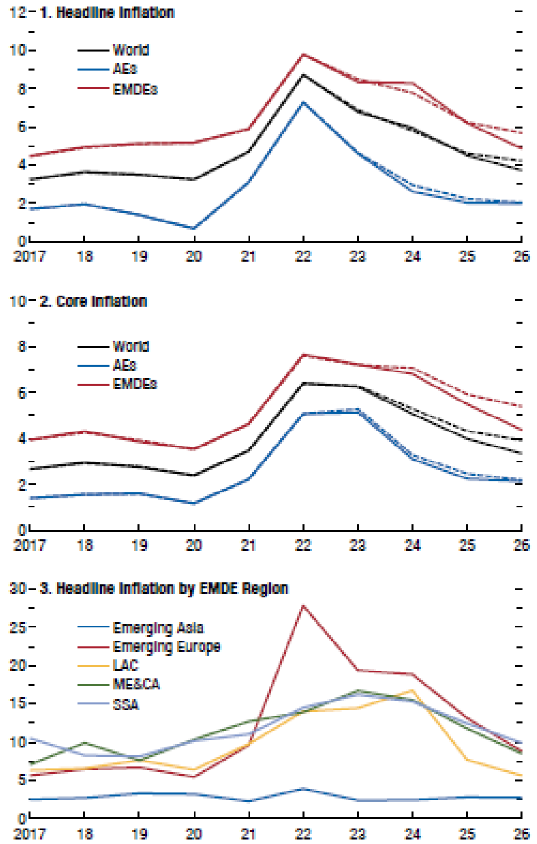
Overview of the World Economic Outlook Projections (% change)

Name of the Country/ Economy	Actuals	Projections	
	2023	2024	2025
World Output	**3.2**	**3.2**	**3.2**
Advanced Economies	**1.6**	**1.7**	**1.8**
United States	2.5	2.7	1.9
Euro Area	0.4	0.8	1.5
Japan	1.9	0.9	1.0
United Kingdom	0.1	0.5	1.5
Canada	1.1	1.2	2.3
Other Advanced Economies	1.8	2.0	2.4
Emerging Market and Developing Economies	**4.3**	**4.2**	**4.2**
Emerging and Developing Asia	5.6	5.2	4.9
China	5.2	4.6	4.1
India	7.8	6.8	6.5
Emerging and Developing Europe	3.2	3.1	2.8
Russia	3.6	3.2	1.8
Latin America and the Caribbean	2.3	2	2.5
Brazil	2.9	2.2	2.1
Mexico	3.2	2.4	1.4
Middle East and Central Asia	2	2.8	4.2
Saudi Arabia	–0.8	2.6	6.0
Sub-Saharan Africa	3.4	3.8	4.0
Nigeria	2.9	3.3	3.0
South Africa	0.6	0.9	1.2
World Trade Volume (goods and services)	**0.3**	**3.0**	**3.3**
Imports			
Advanced Economies	1.0	2.0	2.8
Emerging Market and Developing Economies	2.0	4.9	4.1
Exports			
Advanced Economies	0.9	2.5	2.9
Emerging Market and Developing Economies	0.1	3.7	3.9
Commodity Prices			
Oil	–16.4	–2.5	–6.3
Non-fuel	–5.7	0.1	–0.4
World Consumer Prices	**6.8**	**5.9**	**4.5**
Advanced Economies	4.6	2.6	2.0
Emerging Market and Developing Economies	8.3	8.3	6.2

Source *- IMF World Economic Outlook, Apr 2024*

Inflation Outlook: Declining at Different Speeds

The anticipated average global inflation is set to decline, moving from 6.8% in 2023 to 5.9% in 2024, then further decreasing to 4.5% by 2025. Advanced economies are expected to experience a sharper drop in inflation, with a 2.0 percentage point reduction in 2024. In contrast, the decline in inflation for emerging market and developing economies is predicted to occur in 2025. Advanced economies are predicted to reach inflation rates closer to their pre-pandemic levels (2017–19) faster, with a forecasted average inflation of 2.0% in 2025, which is approximately one year ahead of the timeline for emerging market and developing economies. These economies are expected to realign with their pre-pandemic inflation average of around 5.0%. There is also an anticipated wide range of inflation outcomes among emerging market and developing economies, with the projections for the five different regions varying significantly. Inflation is expected to be as low as 2.4% in emerging and developing Asia, a reflection of the tempered inflation rates in countries like China and Thailand, whereas emerging and developing Europe may see inflation soar to 18.8%, largely due to the high inflation rates in Türkiye.



Source: IMF World Economic Outlook, Apr

The forecast for global inflation in 2024 has been adjusted slightly higher by 0.1 percentage point from the projections made in January 2024. This adjustment is due to stable inflation projections for advanced economies, where anticipated declines in the euro area, Japan, and the United Kingdom are offset by a rise in the United States. Additionally, there is an upward revision of 0.2 percentage point for emerging market and developing economies. This is primarily driven by higher inflation expectations in Iran and several other low-income nations.

The projected decrease in global inflation for 2024 is largely due to a widespread reduction in core inflation worldwide. This trend is a departure from what was observed in 2023, where the slight reduction in global core inflation on an annual average was overshadowed by a more significant drop in headline inflation, largely due to decreased prices for fuel and food. In 2024, however, core inflation is poised to drop by 1.2 percentage points, a more substantial decline compared to the modest contraction of 0.2 percentage point seen in 2023.

For economies operating under an inflation targeting framework, the median projection shows that headline inflation will exceed the target, or the midpoint of the target range, by 0.5 percentage point on a quarter-over-quarter basis by the third quarter of 2024. In advanced economies, the median discrepancy between the actual inflation rate and the target is forecasted to be narrower, at just 0.3 percentage point by the third quarter of 2024. This suggests that advanced economies are on track for a swifter convergence to their inflation targets compared to emerging market and developing economies. By the second quarter of 2025, most economies are anticipated to achieve inflation levels that are within 0.25 percentage points of their respective targets or the midpoints of their target ranges. Similar to the pattern in headline inflation, the reduction in core inflation is expected to occur more rapidly in advanced economies. The factors contributing to the downturn in core inflation vary from one country to another but are generally linked to the ongoing impact of restrictive monetary policies, a consequent easing in labor market conditions, and the diminishing effects of previous decreases in relative prices, especially those related to energy.

2. Overview of Indian Economy

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

The Monthly Economic Review of April 2024 released by the Department of Economic Affairs, Ministry of Finance states that the Indian economy closed FY24 strongly with its growth surpassing market expectations, despite strong external headwinds. Early indications suggest a continuation of the economic momentum during the first quarter of FY25. The emerging robust trends in important high frequency indicators of growth like the GST collections, e-way bills, electronic toll collections, sale of vehicles, purchasing managers' indices and the value and number of digital transactions attest to the growing strength of the economy. Industrial operations are accelerating, as evidenced by the enhancement in the use of industrial capacity and the increase in metrics such as the Index of Industrial Production and the Manufacturing Purchasing Managers' Index (PMI). At the same time, there is a noticeable uptick in fixed investment driven by the government's emphasis on capital expenditure, which in turn is encouraging private investment. Additionally, anticipatory surveys from the Reserve Bank suggest a rise in consumer confidence and a more positive view of the industrial sector. Trends in the job market are providing confidence. The urban unemployment rate saw a year-over-year decrease for the quarter that concluded in March 2024, while both the labor force participation rate and the ratio of workers to the overall population have shown signs of improvement. The increase in formal employment is evident from the escalating net additions to the payroll as reported by the Employee Provident Fund Organization. In addition to advancements in growth and employment, other key economic indicators are also showing signs of progress. Retail inflation reached 4.83% in April 2024, marking the lowest rate in the previous 11 months. Internationally, despite global economic headwinds, India maintains a comfortable level of foreign exchange reserves, and the Indian rupee has remained notably stable against the US dollar in recent times. On the fiscal side, the strong capital expenditure trends of the general government from April to February in the fiscal year 2024, along with the fiscal consolidation strategies outlined in the budget for fiscal year 2025, have alleviated concerns regarding the sustainability of the country's debt. Therefore, the fundamental aspects of India's macroeconomic stability, which encompass growth, price stability, and fiscal prudence, are showing positive trends that support and strengthen each other. Persistent geopolitical strife and fluctuations in the prices of global commodities, particularly oil products, pose significant challenges on multiple fronts. However, it is anticipated that the macroeconomic safeguards that have been carefully developed and reinforced throughout the post-Covid economic recovery period will enable the Indian economy to steer through these difficulties with relative ease.

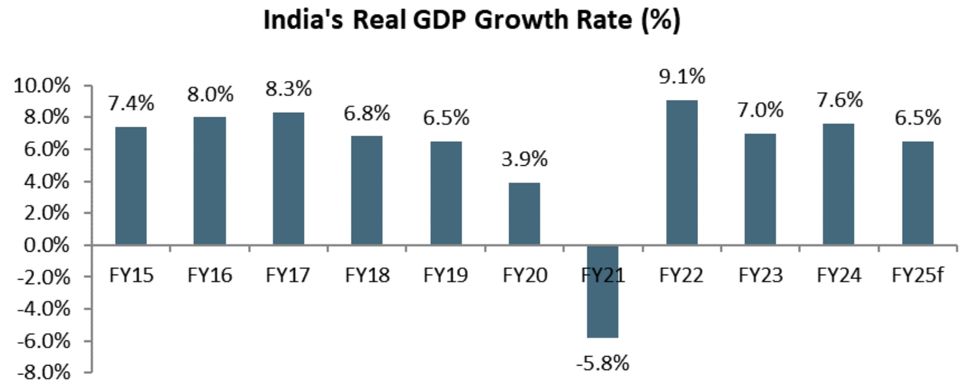
Gross Domestic Product (GDP)

According to the Second Advance Estimates (SAE) of National Income, 2023-24 released by the National Statistical Office (NSO) on 29th February 2024, Real GDP or GDP at Constant (2011-12) prices in the year 2023-24 is estimated to attain a level of INR172.90trn, as against the First Revised Estimates of GDP for the year 2022-23 of INR160.71trn.

Components of GDP

Sr. No.	Domestic Product	Amount in INR Trillion			% change over previous	
		2021-22	2022-23	2023-24	2022-23	2023-24
1	GVA at Basic Prices	138.8	148.0	158.3	6.7%	6.9%
2	Net Taxes on Products	11.5	12.7	14.6	10.6%	15.5%
3	Gross Domestic Product	150.2	160.7	172.9	7.0%	7.6%
4	Net Domestic Product	130.7	139.9	150.6	7.0%	7.7%
	Expenditure Components					
5	Private Final Consumption Expenditure	87.3	93.2	96.1	6.8%	3.0%
6	Government Final Consumption Expenditure	14.8	16.1	16.6	9.0%	3.0%
7	Gross Fixed Capital Formatio	50.1	53.5	58.9	6.6%	10.2%
8	Changes in Stocks	1.6	1.8	1.9	14.5%	5.0%
9	Valuables	2.8	2.3	2.6	-19.1%	13.8%
10	Exports	33.9	38.5	39.1	13.4%	1.5%
11	Imports	35.4	39.2	43.5	10.6%	10.9%
12	Discrepancies	-5.0	-5.5	1.2	11.2%	-121.0%
13	**GDP**	**150.2**	**160.7**	**172.9**	**7.0%**	**7.6%**

Source: National Statistical Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI)
Note: 2021-22 data is 2nd Revised Estimate, 2022-23 is 1st Revised Estimate and 2023-24 is Second Advance Estimate of National Income



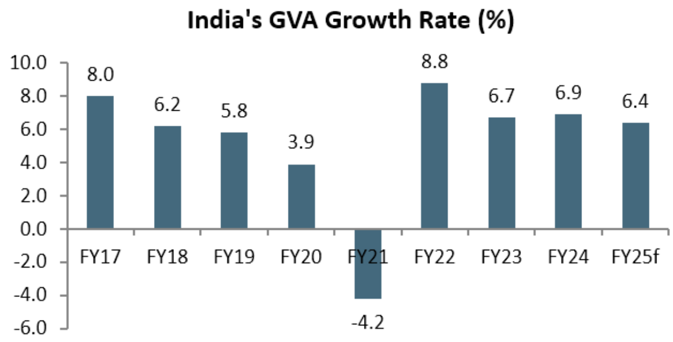
**f=forecasted*

Source: NSO, RBI, FSIAPL

The growth rate of Real GDP during FY24 is estimated at 7.6% as compared to growth rate of 7.0% in FY23. India grew above 8% for three consecutive quarters in FY24 (8.2% in Q1FY24, 8.1% in Q2FY24 and 8.4% in Q3FY24), reaffirming her position as a standout performer amidst sluggish global growth trends. Driven by the Government's thrust on capex which has continued to crowd in private investment, Gross Fixed Capital Formation (GFCF) at constant prices registered a growth of 10.2% in FY24. Government Final Consumption Expenditure (GFCE) grew by 3.0% in FY24 as against growth of 9.0% in FY23. Private Final Consumption Expenditure (PFCE) grew by 3.0% in FY24 as against growth of 6.8% in FY23.

Gross Value Added (GVA)

According to the Second Advance Estimates (SAE) of National Income, 2023-24 released by the National Statistical Office (NSO) on 29th February 2024, Aggregate supply – measured by gross value added (GVA) at basic prices by economic activity (at 2011-12 Prices) – expanded by 6.9% in 2023-24, as compared with a growth of 6.7% a year ago. GVA growth was driven by a construction and Manufacturing sector which grew by 10.7% and 8.5% respectively in 2023-24. Manufacturing sector grew by a surge in investment, improved investor confidence and strong domestic demand conditions. Similarly, a robust increase in cement and steel production portends well for a sustained rise in construction activity. Aided by government interventions and increased demand for residential properties in tier-2 and tier-3 cities, the construction sector is capturing new markets. The strong thrust to infrastructure investment through initiatives like GatiShakti and National Infrastructure pipeline have also raised the demand for construction. Agriculture and allied sector growth moderated steeply at 0.7% in 2023-24.



Source: NSO, RBI, FSIAPL

Components of GVA

Sr. No.	Industry	Amount in INR Trillion			% change over previous year	
		2021-22	2022-23	2023-24	2022-23	2023-24
1	Agriculture, Livestock, Forestry and Fishing	21.7	22.7	22.9	4.7%	0.7%
2	Mining & Quarrying	3.1	3.2	3.4	1.9%	8.1%
3	Manufacturing	25.6	25.0	27.2	-2.2%	8.5%
4	Electricity, Gas, Water Supply and other utilities	3.2	3.5	3.7	9.4%	7.5%
5	Construction	11.9	13.1	14.5	9.4%	10.7%
6	Trade, Hotels, Transport, Communication services	24.8	27.8	29.6	12.0%	6.5%
7	Financial, Real Estate & Professional Services	31.2	34.1	36.8	9.1%	8.2%
8	Public Administration, Defence &Other services	17.2	18.8	20.2	8.9%	7.7%
GVA at Basic Prices		**138.8**	**148.0**	**158.3**	**6.7%**	**6.9%**

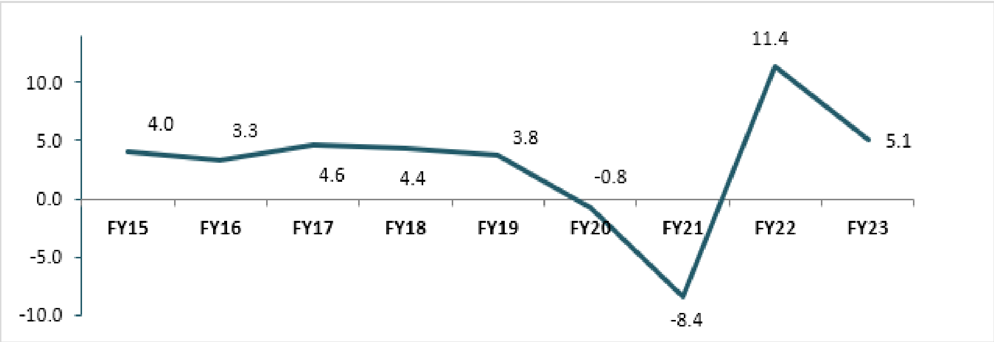
Source: National Statistical Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI)

Note: 2021-22 data is 2nd Revised Estimate, 2022-23 is 1st Revised Estimate and 2023-24 is Second Advance Estimate of National Income

The sector wise data of the (GVA) at basic prices by economic activity (at 2011-12 Prices) reveals the subdued performance of the agricultural sector. It has been estimated to grow at a mere 0.7% in 2023-24, down from 4.7% in 2022-23. Value added by the sector, in fact, fell by 0.8% in the third quarter of this year. The industrial sector (mining, manufacturing, electricity, gas and water supply, and construction) has picked up pace, growing at more than 8% this year. The healthy performance of the sector is on the back of a pick-up in manufacturing and a sustained performance in construction. The services sector, though, has seen a mild deceleration when compared to last year.

Industrial Growth trends

The Index of Industrial Production (IIP) is a composite indicator that measures the short-term changes in the volume of production of a basket of industrial products during a given period with respect to that in a chosen base period. Industrial output measured by the index of industrial production (IIP) expanded by 5.1% during FY23 as compared to 11.4% last year. Manufacturing sector, which accounts for three-fourths of the industrial sector largely shaped the industrial sector recovery.
Yearly IIP Growth rate (%)



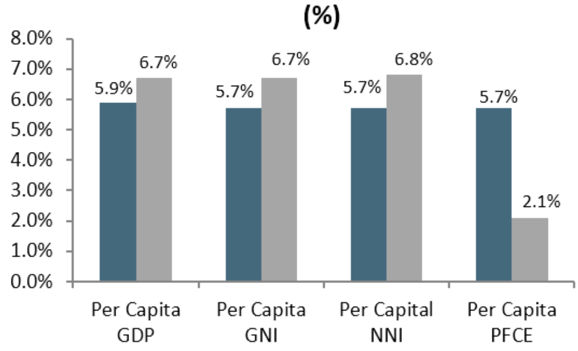
Source: MOSPI, FSIAPL

According to the data released by the Ministry of Statistics and Programme Implementation (MoSPI), India's Industrial Production (IIP) growth decelerated to 4.9% in March 2024, down from 5.7% in February 2024. The IIP had previously peaked at an 11.9% increase in October 2023, but this momentum lessened to 2.5% in November 2023, followed by 4.2% in December 2023, and further to 4.1% in January 2024. For March 2024, compared to the same month the previous year, the expansion rates of the Mining, Manufacturing, and Electricity sectors stood at 1.2%, 5.2%, and 8.6%, respectively. Within the Manufacturing sector, the leading three industries contributing to the IIP growth for March 2024 were "Manufacture of basic metals" at a 7.7% increase, "Manufacture of pharmaceuticals, medicinal chemical and botanical products" at a 16.7% rise, and "Manufacture of other transport equipment" which surged by 25.4%. The cumulative growth rate from April to March for the fiscal year 2023-24, compared to the same period in the previous year, is recorded at 5.8%. When breaking this down by sector, Mining, Manufacturing, and Electricity have shown cumulative growth rates of 7.5%, 5.5%, and 7.1%, respectively, for the April to March period of 2023-24, when matched against the equivalent period of the prior year.

Per Capita GDP, Income and Final Consumption

According to the Second Advance Estimates (SAE) of National Income, 2023-24 released by the National Statistical Office (NSO) on 29th February 2024, India's per capita GDP at Constant (2011-12) Prices grew by 5.9% to INR116,216 in 2022-23, while it increased by 6.7% to INR123,945 in 2023-24. Per Capita Gross National Income (GNI) at Constant (2011-12) Prices increased by 5.7% in 2022-23; whereas it increased by 6.7% to INR122,110 in 2023-24. The per capita private final consumption expenditure (PFCE) at Constant (2011-12) Prices, that represents consumer spending, grew by 5.7% in 2022-23; while it increased by 2.1% to INR68,857 in 2022-23.

Growth in Per Capita GDP, Income and Final Consumption (%)



Source: NSO,MOSPI, FSIAPL

Note: 2022-23 is 1st Revised Estimate and 2023-24 is Second Advance Estimate of National Income

Second Advance Estimates (SAE) of National Income 2023-24 (Amount in INR)

Particulars	2021-22 (2nd RE)	2022-23 (1st RE)	2023-24 (SAE)	Change in 2022-23 (%)	Change in 2023-24 (%)
Per Capita GDP (INR)	109,762	116,216	123,945	5.9%	6.7%
Per Capita GNI (INR)	108,345	114,478	122,110	5.7%	6.7%
Per Capital NNI (INR)	94,054	99,404	106,134	5.7%	6.8%
Per Capita PFCE (INR)	63,807	67,423	68,857	5.7%	2.1%

Source: NSO, MOSPI

Note: 2021-22 data is 2nd Revised Estimate, 2022-23 is 1st Revised Estimate and 2023-24 is Second Advance Estimate of National Income

Indian Economic Outlook FY25

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

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

Source: Union Budget, NSO, RBI, FSIAPL
Note: f - forecast, FY24 GVA and GDP are as per First Advanced Estimates by NSO

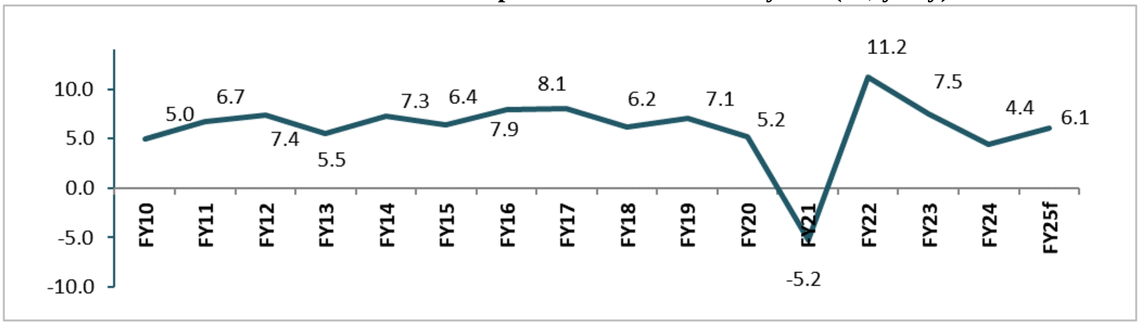
FSIAPL estimates GDP growth to come in at 6.5% in FY25. Despite the base effect, the sequential GDP growth indicates that the economic recovery is on track due to the sustained government capex, healthy corporate performance, deleveraged corporates/banking sector balance sheet, continued softness in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

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

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

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

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



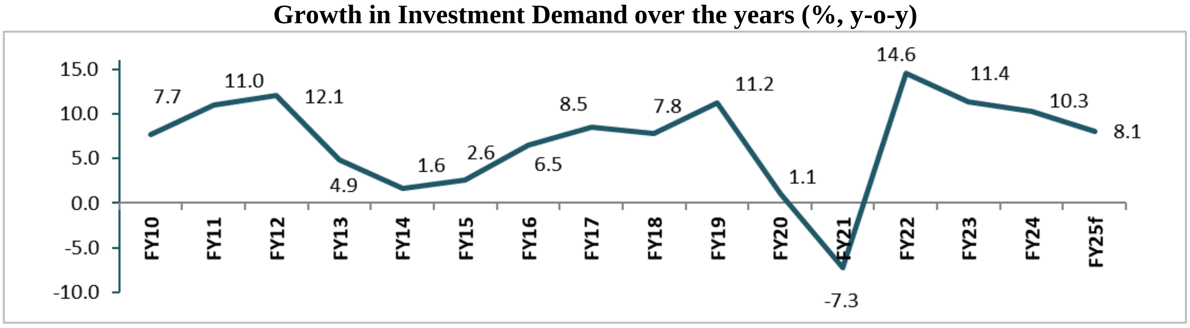
Source: NSO, FSIAPL

Investment Demand - No Let Up in Government Capex: FSIAPL expects GFCF to grow 8.1% y-o-y in FY25 (FY24: 10.3%), due to the sustained government capex. After PFCE, GFCF is the second-largest component of GDP from the demand side. In FY24 (Budget Estimate), the Union and State governments (aggregate) have budgeted capex growth at 35.0% and 18.5% y-o-y, respectively (FY23: 16.3%, 12.9%). The combined capital outlay of union and 25 states grew at a robust 67.5% y-o-y to INR1.25trn till December 2023.

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

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

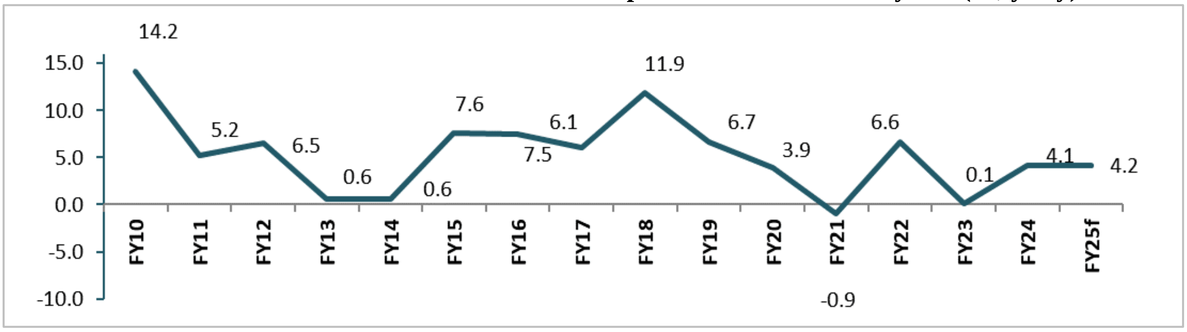
Growth in Investment Demand over the years (%, y-o-y)



Source: NSO, FSIAPL

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

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



Source: NSO, FSIAPL

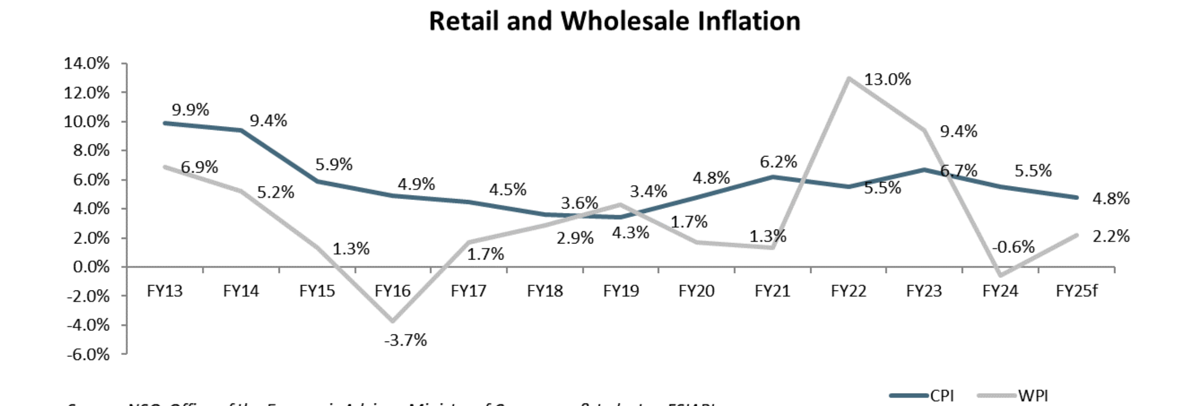
Reorientation of Global Trade Along Regional/Political Lines Poses New Risk to Exports: Global trade in goods and services grew at just 0.2% y-o-y in 2023, This is the slowest expansion outside global recessions in the past 50 years. Although World Bank expects global trade to grow 2.3% y-o-y in 2024, considerable headwinds continue to prevail. Purchasing Managers Index (PMI) for new export orders in December 2023 at 48.3 is still in the contractionary zone. FSIAPL expects goods and services exports to grow 5.8% y-o-y and imports to grow 8.8% y-o-y in FY25 as against 1.4% and 13.2%, respectively, in FY24. Inflation in advanced economies, though has moderated, is still high and is eroding household purchasing power. Also, a tighter monetary policy leading to higher cost of borrowings is constraining economic activity and demand across the globe, adversely impacting global trade. Moreover, as post-pandemic consumption in advanced economies is shifting back towards services, international merchandise trade is getting affected. Although global supply chains have largely recovered to pre-pandemic levels, the recent increase in the use of restrictive trade policies combined with subsidies and industrial policies aimed at localising production, has accelerated the reshoring of activities in the US and European Union. Continuation of this trend may pose new risks for India's exports.

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

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

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

Inflation Moderating but RBI's Fight Not Over Yet: FSIAPL expects the average retail (CPI) and wholesale inflation (WPI) to come in at 4.8% and 2.2%, respectively, in FY25. Retail and wholesale inflation averaged 5.4% and negative 0.9%, respectively, during 10MFY24. One of the key reasons for elevated retail inflation has been elevated food inflation. The push to retail inflation coming from fruits and vegetables prices is seasonal and generally gets corrected within a short span of time with the arrival of fresh/new vegetables crop. However, sustained high inflation in some other food items such as cereals and pulses are more structural in nature and is linked to the productivity and cost-plus minimum support prices announced by the government. While cereals witnessed double-digit inflation at retail level during September 2022 to November 2023, pulses inflation entered into double digits since June 2023 (January 2024: 19.5%).



Source: NSO, Office of the Economic Advisor, Ministry of Commerce & Industry, FSIAPL
f: forecast

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

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

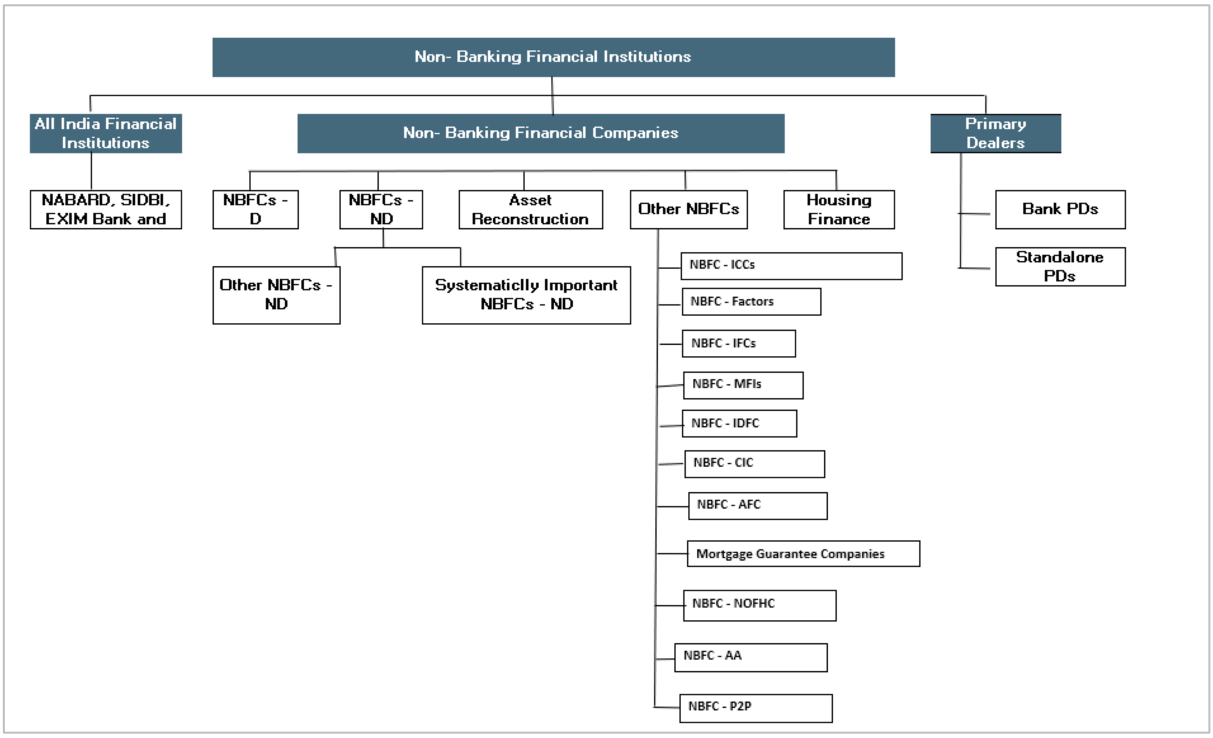
Interest Rate to Soften: FSIAPL expects the 10-year G-sec yield to settle at 6.9%-7.0% by end-March 2024 (January 2024: 7.18%). This can be attributed to the lower fiscal deficit leading to lower government borrowing, decline in inflation and increased capital flows due to inclusion of G-sec into JP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

3. **Overview of the NBFC Market in India**

Introduction

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

Structure of NBFIs under the Reserve Bank Regulation



Source: Reserve Bank of India

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

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

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

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

- Investment and Credit Company: The main business of these companies is lending and investment.

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

Scale Based Classification of NBFCs

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

- NBFCs in the lowest layer shall be known as NBFCs-Base Layer (NBFCs-BL)
- NBFCs in middle layer shall be known as NBFCs-Middle Layer (NBFCs-ML)
- NBFCs in upper layer shall be known as NBFCs-Upper Layer (NBFCs-UL)
- The Top Layer is ideally expected to be empty and will be known as NBFCs-Top Layer (NBFCs-TL)

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

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

Upper Layer - The Upper Layer shall comprise of those NBFCs which are specifically identified by the Reserve Bank as warranting enhanced regulatory requirement based on a set of parameters and scoring methodology. The top ten eligible NBFCs in terms of their asset size shall always reside in the upper layer, irrespective of any other factor. In September 2023, RBI announced the list of NBFCs in the upper layer under scale-based regulation for NBFCs for the year FY24. LIC Housing Finance Limited, Bajaj Finance Limited, Shriram Finance Limited, Tata Sons Private Limited, L & T

Finance Limited, Piramal Capital & Housing Finance Limited, Cholamandalam Investment and Finance Company Limited, Indiabulls Housing Finance Limited, Mahindra & Mahindra Financial Services Limited, Tata Capital Financial Services Limited, PNB Housing Finance Limited, HDB Financial Services Limited, Aditya Birla Finance Limited, Muthoot Finance Limited, Bajaj Housing Finance Ltd are the NBFCs in the upper layer under scale-based regulation for NBFCs for the year FY24. In terms of the framework, once an NBFC is classified as NBFC-Upper Layer, it shall be subject to enhanced regulatory requirement, at least for a period of five years from its classification in the layer, even in case it does not meet the parametric criteria in the subsequent year/s.

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

Categorization of NBFCs carrying out specific activity

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

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

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

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

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

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

Criteria for deciding NBFC-Middle Layer status

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

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

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

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

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

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

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

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

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

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

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

4) **Ceiling on Initial Public Offer (IPO) funding**: A limit of INR 100 lakh per borrower has been set for financing subscription to IPOs (earlier NBFCs had no ceiling on an IPO funding). Ceiling on an IPO funding has been made applicable from 1st April 2022.

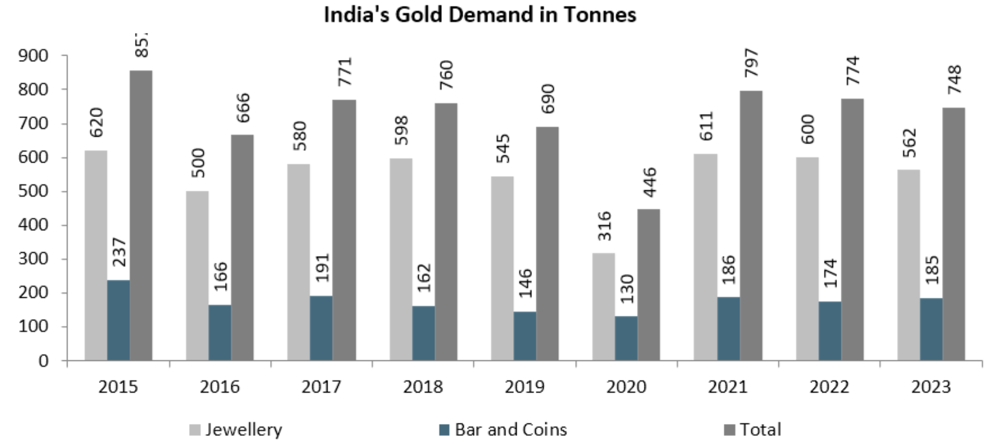
4. Evolution of Gold Loan Market in India

Introduction

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

Gold Demand in India (2013-2023)

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

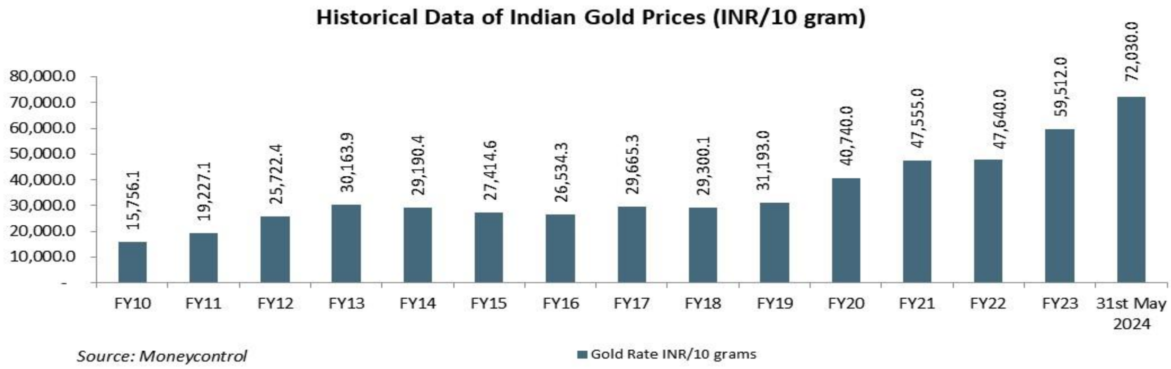


Source: World Gold Council

As per World Gold Council (WGC), Indian gold demand fell ~3.0-3.5% in 2023 from the prior year to 748 tonnes, the lowest since 2020, as prices rallying to a record high curtailed jewellery demand. Switzerland, the United Arab Emirates, Peru, and Ghana are leading gold suppliers to India. Demand for gold jewellery in 2023 dropped by 6% to 562 tonnes compared with 2022. Even though consumer interest remained high, it lagged trade sentiment. October's price correction during Navratri stimulated a robust consumer response, boosting Diwali sales in November. However, demand declined in December as gold prices resumed an upward trend, resulting in a 9% drop in October - December 2023 jewellery demand. 2023 also saw a rebound in investment in Gold bars and coins, which grew by 7% year-on-year to 185 tonnes. Demand in the October-December period of 2023 touched 67 tonnes, 64% above the five-year quarterly average. The correction in gold prices led to a robust investment response in last six months of 2023, supported by increased interest from physically backed gold ETF investors, setting the total holdings in Indian-listed products at a record 42 tonnes by the end of the year. Net gold imports in 2023 were 20% higher than the previous year at 780.7 tonnes, primarily due to substantial inventory building by traders. As per WGC, India's gold demand has been stuck between 700 and 800 metric tons in the past five years, but it is expected to break out of this range and rise to between 800 and 900 tons in 2024.

Gold Price Movement in India

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



Source: Moneycontrol

However, from FY17 to FY19, gold prices started to surge to the pre-FY13 levels, further increasing to INR40,740 per 10gram in FY20 and INR 47,555 per 10gram in FY21. Gold prices crossed INR 61,000 per 10gram in April 2023. It is currently at INR72,030 per 10 grams as of 31st May 2024.

Gold prices in India continued to sparkle throughout FY24, propelled by escalating geopolitical tensions globally. Gold exhibited significant volatility, primarily influenced by decelerating growth in advanced economies and the monetary tightening policies pursued by global central banks in response to elevated inflation levels. The gold price rally may continue in FY25 as the US Fed is expected to declare three interest rate cuts in 2024. So, there would be three US Fed rate cuts in the first nine months or say first three quarters of FY25. Geopolitical tension, ease in the US inflation, and US dollar rates are expected to fuel gold rate further in FY25.

As April 2024 commenced, there was a noticeable rise in the cost of gold, perpetuating its long-standing appeal and worth. The increase is the result of various elements that have come together to boost the desire for gold substantially. Heightening unrest in the Middle East has fuelled concerns over geopolitical uncertainty, leading investors to turn to gold, which is commonly viewed as a secure asset. At the same time, there is an increasing expectation that the United States may lower interest rates, which generally enhances the appeal of non-interest-bearing assets such as gold over those that earn interest.

Gold Loan Market in India

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

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

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

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

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

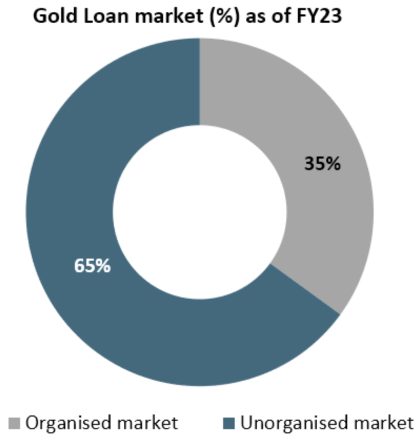
To stabilize the proliferation and books of gold loan NBFCs, RBI intervened and released certain guidelines:

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

The COVID-19 pandemic and the subsequent nationwide lockdown resulted in a significant amount of job losses, leaving people to burn out their savings for a living. People heavily relied on borrowings through banks and other sources to fulfil their financing needs amid the pandemic. Consumers used their gold holdings as collateral to obtain their financing needs rather than outright selling. These higher borrowings lifted demand for gold loans during the pandemic both through NBFCs and banks. Gold loans will benefit not just from the demand side but supply-side dynamics too as many banks and non-banking institutions target this product segment on account of its acceptable risk profile. Borrowers had benefited from higher loan value for the same collateral while lenders have benefited from lower LTV ratios on their existing loans and higher demand. Demand during the pandemic has pushed gold loan Asset Under Management (AUM) higher by 20-30% for most of India's leading gold loan NBFCs and banks.

Gold Loan NBFCs in India

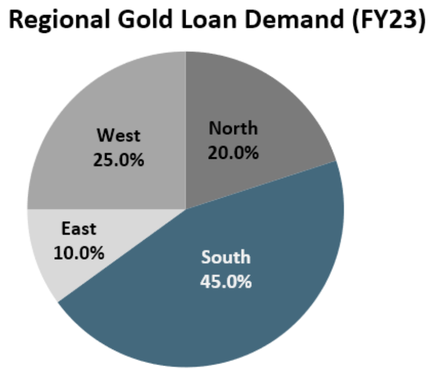
Till the last century, most of the lending was in the unorganized sector through pawnbrokers and money lenders. However, this scenario has changed over the last two decades post India's economic liberalization and financial sector reforms, and the organised sector has become more dominant. Buoyed by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



Souce: FSIAPL

The total gold loan industry AUM stood at approximately INR17,285bn in FY23, out of which approximately 35% accounted for organised market. India's unorganised gold loan market is estimated to be around 65% of the total gold loan market. There are no official estimates available on the size of this market, which is characterised by the presence of numerous pawnbrokers, moneylenders and landlords operating at a local level. However, this market is believed to be almost double the size of organised gold loans market.

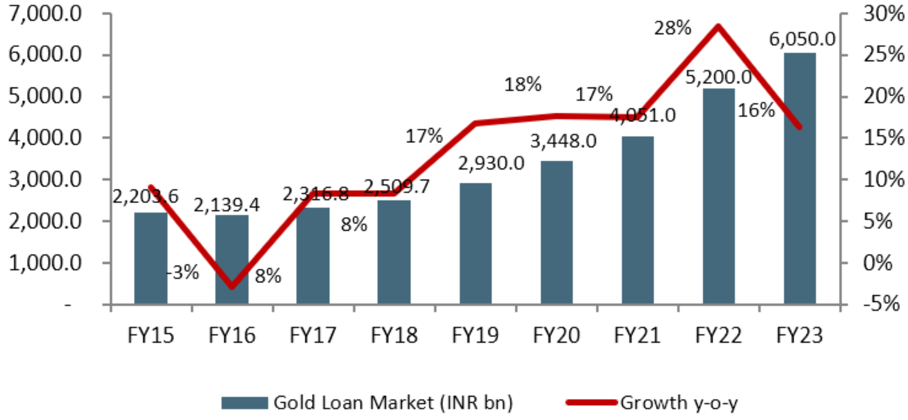
The demand for gold has a regional bias with southern Indian states accounting for around 45.0% of the annual demand. There is potential to expand gold loans market to the Northern and Western regions of India, provided the branch network is expanded and the loans are available with ease and with flexible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



Souce: FSIAPL

Growth in Gold Loans market of Organized Players in the Last 5 Years
As per WGC report, the organized gold loan industry is around 35% and unorganized industry is around 65%. The total gold loan industry AUM stood at INR17,285bn in FY23, out of which approximately 35% valuing INR6,050.0bn accounted for organised market.

Indian Gold loan market size of organised players (INR bn)



Source: FSIAPL

NBFCs were marked by slowdown and weakening competitive positioning during FY12 and FY15 owing to withdrawal of eligibility for NBFCs under priority sector lending, RBI putting a ceiling on LTV ratio that could be given out by NBFCs at 60%, as against 75% for banks and RBI norms for conducting gold loan auctions. Indian Gold loan market of organised players has increased at a CAGR of 12-13% from INR2,203.6bn in FY15 to INR6,050.0bn in FY23 owing to increase in gold prices, good monsoon, and favourable macroeconomic factors. During this period, NBFCs' focused on improving the business per branch, undertook aggressive marketing and diversified into new regions.

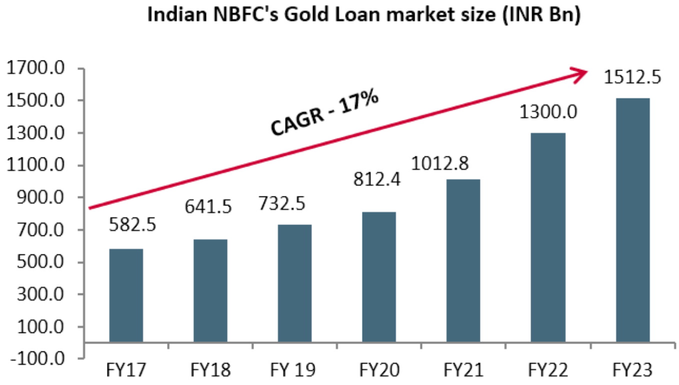
Overview of some operational parameters of organized players is provided below:

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

Source: Industry Sources, FSIAPL

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

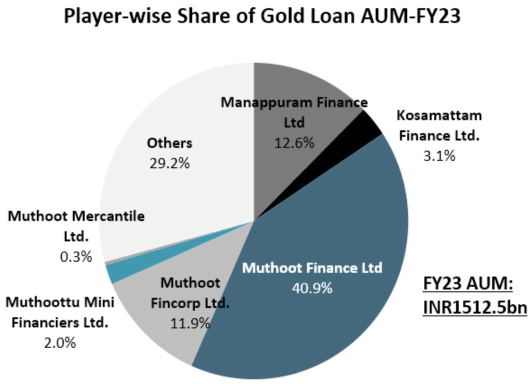
The gold loan AUM of NBFCs grew at a CAGR of 17% between FY17 and FY23. NBFCs witnessed a decline in gold loan AUM between FY12 and FY14, as RBI's regulations curbed the performance as mentioned earlier. However, due to NBFCs flexible loan offerings and quicker disbursement time helped them to grow their gold loan AUM from INR582.5bn in FY17 to INR1512.5bn in FY23.

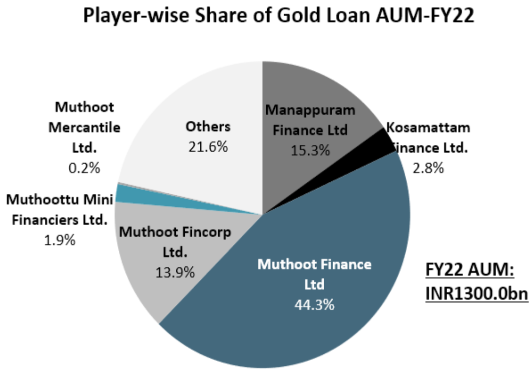


Source: FSIAPL

Gold Loan NBFCs AUM further grew by an impressive 19-20% over the next 5 years from INR641.5bn in FY18 to INR1512.5bn in FY23 due to geographic expansion, rise in gold prices and higher marketing expenditure undertaken by players in order to improve product awareness and build brand identity. NBFCs and banks approach the gold loan market differently, which is reflected in their interest rates, ticket sizes and loan tenures. NBFCs focus more single-mindedly on the gold loans business and have accordingly built their service offerings by investing significantly in manpower, systems, processes, and branch expansion. This has helped them attract and serve more customers.

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





Source: Company Annual Reports, Credit Rating Reports, FSIAPL

Within the Gold Loan NBFCs, Muthoot Finance Ltd., Manappuram Finance Ltd. and Muthoot Fincorp Ltd. are the largest players accounting for 65% of the gold loan portfolio as of FY23. Muthoot Finance Ltd. holds the highest share of 40.9% in the gold loan market among Gold Loan NBFCs in India as of FY23.

Muthoot Finance Ltd. has witnessed growth of 7.6% in Gold AUM from INR575.3bn in FY22 to INR619.0bn in FY23. Meanwhile, Manappuram Finance Ltd. has witnessed a decline of 4.5% in Gold AUM from INR199.0bn in FY22 to INR190.0bn in FY23. Kosamattam Finance Ltd. had growth of 29.7% in Gold AUM from INR36.6bn in FY22 to INR47.5bn in FY23. Muthoottu Mini Financiers Ltd. had a growth of 25.5% in Gold AUM from INR24.3bn in FY22 to INR30.5bn in FY23. Muthoot Mercantile Ltd. has seen a substantial increase of 48.5% in its Gold AUM from INR3.3bn in FY22 to INR4.9bn in FY23.

Muthoot Mercantile Ltd. holds 0.3% share in the gold loan market among Gold Loan NBFCs in India as of FY23.

5. **Key Growth Drivers for Gold Loan**

Gold financing companies form an integral part of the Indian financial system. It plays an important role in nation building and financial inclusion by complementing the banking sector in reaching out credit to the unbanked segments of society, especially to the MSMEs, which form the cradle of entrepreneurship and innovation. NBFCs' ground-level understanding of their customers profile and their credit needs gives them an edge, as does their ability to innovate and customise products as per their clients' needs. This makes them the perfect conduit for delivering credit to lower-income group people and MSMEs. Gold loan as a credit product is not a new phenomenon in the country; it is only in the recent past that Indians have started losing their inhibitions over pledging their family heirlooms to mainstream commercial lenders and leveraging multiple benefits, such as instant credit, flexible schemes, lower interest rates and minimal paperwork without the hassles of rigid credit appraisal. As banks and NBFCs offer gold loans at interest rates much lower than those of informal moneylenders; they have successfully targeted a new segment of customers who would have otherwise not taken a gold loan. The key growth drivers for gold loan are provided below:

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

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

Rising consumerism in rural areas

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

Changing attitudes towards Gold Loan

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

Ease of availability of gold loan

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

Untapped opportunities in the non-south regions

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

Lower default rates

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

Development of online gold loan market

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

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

6. **Regulatory Measures Impacting the Gold Loan Market in India**

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

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

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

Standardization of Value of Gold in Arriving at the Loan to Value Ratio: The gold jewellery accepted as collateral by the NBFC shall be valued by considering the preceding 30 days' average of the closing price of 22 carat gold as per the rate as quoted by the Bombay Bullion Association Ltd. (BBA) or the historical spot gold price data publicly disseminated by a commodity exchange regulated by the Forward Markets Commission. If the purity of the gold is less than 22 carats, the NBFC shall convert the collateral into 22 carat and state the exact grams of the collateral. In other words, jewellery of lower purity of gold shall be valued proportionately. NBFC, while accepting gold as collateral, shall give a certificate to the borrower on their letterhead, of having assayed the gold and state the purity (in terms of carats) and the weight of the gold pledged. NBFCs may have suitable caveats to protect themselves against disputes during redemption, but the certified purity shall be applied both for determining the maximum permissible loan and the reserve price for auction.

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

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

- The auction should be conducted in the same town or taluka in which the branch that has extended the loan is located. NBFCs can however pool gold jewellery from different branches in a district and auction it at any location within the district, subject to meeting the following conditions:
  i. The first auction has failed.
  ii. The NBFC shall ensure that all other requirements of the extant directions regarding auction (prior notice, reserve price, arms-length relationship, disclosures, etc.) are met.

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

- While auctioning the gold the NBFC must declare a reserve price for the pledged ornaments. The reserve price for the pledged ornaments shall not be less than 85% of the previous 30-day average closing price of 22 carat gold as declared by the Bombay Bullion Association Ltd. (BBA), or the historical spot gold price data publicly disseminated by a commodity exchange regulated by the Forward Markets Commission and value of the jewelry of lower purity in terms of carats shall be proportionately reduced.

- It will be mandatory on the part of the NBFCs to provide full details of the value fetched in the auction and the outstanding dues adjusted and any amount over and above the loan outstanding should be payable to the borrower.

- NBFCs must disclose in their annual reports the details of the auctions conducted during the financial year including the number of loan accounts, outstanding amounts, value fetched and whether any of its sister concerns participated in the auction.

Other Instructions:

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

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

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

- The committee recommends that in case of the death of the borrower, a notice may be served to the nominee or legal heir to settle the outstanding and keep the same on record before auctioning the pledged gold. Accountability may be fixed for non-adherence to the due notification process prior to the auction of gold. For facilitating this, the gold loan companies may be required to register nominees while extending loans.
- The committee highlights circumstances leading to the auction of gold, and the requirement of a notice period should mandatorily be a part of gold loan companies' fair practices code and the loan agreement. Regulated entities shall record the acknowledgement receipt of the notice before scheduling an auction of gold.
- A large volume of gold loan accounts belongs to middle and low-income households and rural population. Hence, the committee recommends that the lender should communicate the terms and conditions to the borrowers in local and regional languages. Recording of oral communication, if any, must be preserved.
- The committee suggests that the loan agreement should incorporate the time limit (maximum one month) within which the surplus, if any, from the auction of gold would be refunded to the customers, failing which the company should be required to pay interest, as may be stipulated by the RBI. Surplus from the auction of gold must be credited to the account of the borrower.

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

Loan to Value Ratio (LTV)

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

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

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

i. NBFCs shall maintain a Loan-to-Value (LTV) Ratio not exceeding 75% for loans granted against the collateral of gold jewellery; provided that the value of gold jewellery for the purpose of determining the maximum permissible loan, amount shall be the intrinsic value of the gold content therein and no other cost elements shall be added thereto.

ii. NBFCs shall disclose in their balance sheet the percentage of such loans to their total assets.

iii. NBFCs shall not grant any advance against bullion/ primary gold and gold coins. NBFCs shall not grant any advance for purchase of gold in any form including primary gold, gold bullion, gold jewellery, gold coins, units of Exchange Traded Funds (ETF) and units of gold mutual fund.

Know Your Customer (KYC)

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

For verification purposes, a customer needs to submit the following: government issued identity proof (passport, PAN card, voter's ID or driving license, along with passport size photographs), address proof (either electricity bill, ration card or telephone bill) and signature proof. The NBFCs are now allowed to make use of e-KYC which uses Aadhaar card validation. The move towards e- KYCs is meant to reduce risk of fraud and forgery as well as improve application processing speeds.

Changes in classification of Non-Performing Asset

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

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

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

Provisioning Policy for Systemically Important Non-Deposit taking NBFC

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

Source: RBI Circular

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

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

Source: RBI Circular

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

Impact of GST on purchase of Gold Jewellery

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

Gold Monetisation Scheme (GMS)

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

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

7. **Key Risks in Gold Loans Financing**

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

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

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

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

Auction Risk: Auction is typically conducted either on loan crossing 90 days past due (DPD) or when MTM breaches an internally defined threshold. Once it is established that an auction needs to be conducted, there are operational challenges of moving jewellery to a designated auction centre, risk of losing it in transit and finding buyers when quantity/weight is high.
Safety and Insurance Risk: In any secured loan, the substance of collateral is high from recovery perspective. Safety and protection of collateral becomes more crucial when servicer has custody of it. When security systems of storage and surveillance of gold have weak controls, the collateral is prone to the risk of burglary and fraud which can lead to unwanted losses. Also, financiers store high-value gold in vaults at their branches and make disbursements up to certain value in cash with high daily cash turnover. It is crucial to cover the risk of losing collateral and cash adequately and effectively through insurance.

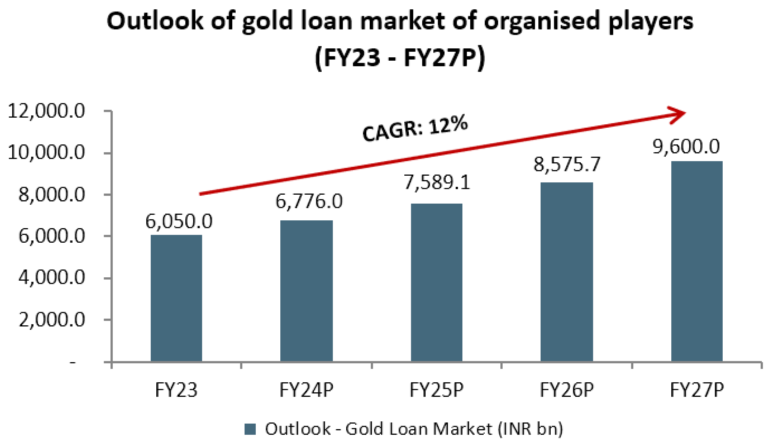
Delinquency: Gold loan is considered as an emergency source of funding typically disbursed in a quick time. Although the product is fully secured, historically it has been noticed that there can be chances of delinquencies in the softer buckets because of the nature, purpose and tenor of loans. Income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

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

8. Outlook of The Gold Loan Market In India

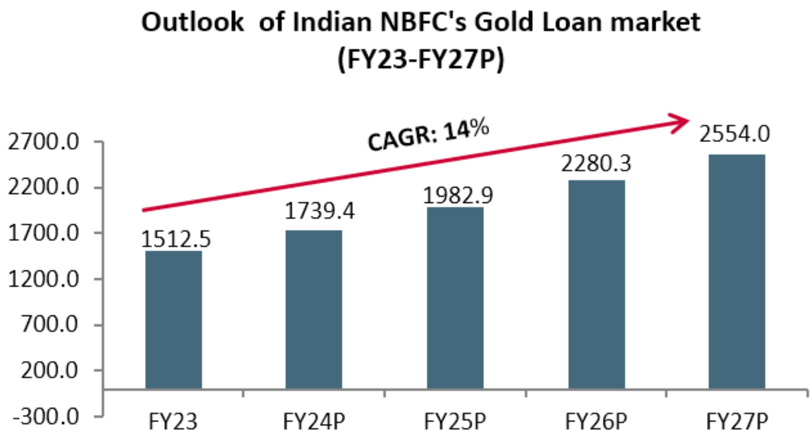
India is one of the largest markets for gold and in our Indian culture gold is considered as auspicious, particularly in Hindu and Jain cultures and gold is worn for important ceremonies and occasions. Gifting gold is a deeply ingrained part of marriage rituals in Indian society where weddings generate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

Demand for gold loans, both through banks and NBFC, has grown in response to the economic impact of the COVID-19 pandemic. The need for quick credit among small businesses will further spur gold loans' growth post the pandemic. With the credit demand expected to rise, the organised gold loan industry is expected to grow over the next few years at a CAGR of 12% from INR6,050.0bn in FY23 to INR9,600bn in FY27P which would be driven by gold loan NBFCs moving into non-southern Indian territories, improving penetration, improving product awareness and building brand identity. Diversification into other regional geographies and untapped markets would be the key for industry AUM to grow. Gold loan industry AUM projection from FY21 to FY27P is provided below:



Source: FSIAPL

Since the COVID-19 outbreak of the pandemic, gold loans have become an easy way of accessing capital and both banks and NBFCs have reported higher disbursements and increasing revenue numbers from their gold loans portfolio. Industry report suggests that MSME companies are turning to gold to raise funds, rebuild their business and manage working capital requirements. Gold loan processing is perceived to be faster and more convenient, compared to personal loans. Organized players are adopting marketing initiatives to raise awareness against heavy interest rates charged by the unorganized players (which are in the range of 25-50%) especially in rural parts. Also, player's ability to leverage technology and improve their online gold disbursements could turn out to be a game changer. Based on these growth drivers, we expect gold loan NBFCs' AUM to grow at 14% CAGR, from INR1,512.5bn in FY23 to INR2,554.0bn in FY27P. Indian NBFC's gold loan AUM projection for the coming 4 years is provided below:



Source: FSIAPL

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

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

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

Source: World Gold Council

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

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

The Indian rupee was at INR 83.46 per US dollar as on 31st May 2024. Amid escalating tensions in Western Asia following Iran's drone and missile assault on Israel in April 2024, the strengthening of the U.S. dollar exerted pressure on currencies from emerging markets around the world. The rise in crude oil prices to nearly a five-month high has exerted some selling pressure on the Indian Rupee, as India is the world's second-biggest oil importer. The escalating geopolitical tensions in the Middle East and Russia-Ukraine might further boost crude oil prices and drag the Indian Rupee lower. However, the robust Indian economic data and optimistic outlook for the Indian economy might limit the Indian Rupee's downside. Also, to curb the weakening of the rupee, the Reserve Bank of India (RBI) stepped into the foreign exchange market, dispersing dollars to banks under state ownership.

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

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

RBI is among the 10th largest holder of gold reserves among central banks globally, according to the latest WGC report with USA and Germany among the top holders ever since uncertainty over the dollar outlook mounted after the US-China trade war concerns in 2018, central banks across the globe started buying gold to diversify their foreign exchange reserves base. RBI also started buying gold after a long gap (after Nov 2009). The surge in foreign inflow and low yield on overseas sovereign bonds may have led to RBI buy gold. As per the World Gold Council's report, central banks globally hold approximately 17% of all gold that has been extracted, with their reserves exceeding 36,699 metric tons (MT) at the end of 2023. The bulk of this accumulation has occurred in the last 14 years, as they turned into net purchasers of gold starting in 2010. As of April 26, 2024, the Reserve Bank of India's foreign exchange reserves included 827.69 tonnes of gold, an increase from 803.6 tonnes at the end of December 2023, based on the most recent figures. The Bank of England safeguards over half of the gold reserves of the RBI in secure storage abroad.

The RBI has transported over 100 tonnes of gold from the United Kingdom to its domestic vaults in May 2024. Plans are in place to potentially repatriate more gold on an annual basis. This marks the first significant addition of the precious metal to the domestic reserves since 1991. Over half of the Reserve Bank of India's gold holdings are securely kept abroad with the Bank of England and the Bank for International Settlements (BIS), with about one third of these reserves maintained within the country. It is anticipated to reduce the storage expenses that the RBI currently incurs at the Bank of England. As per the annual data released by the RBI, the central bank's foreign exchange reserves included 822.10 tonnes of gold as of March 31, 2024, showing an uptick from the 794.63 tonnes recorded at the same point in the previous year.

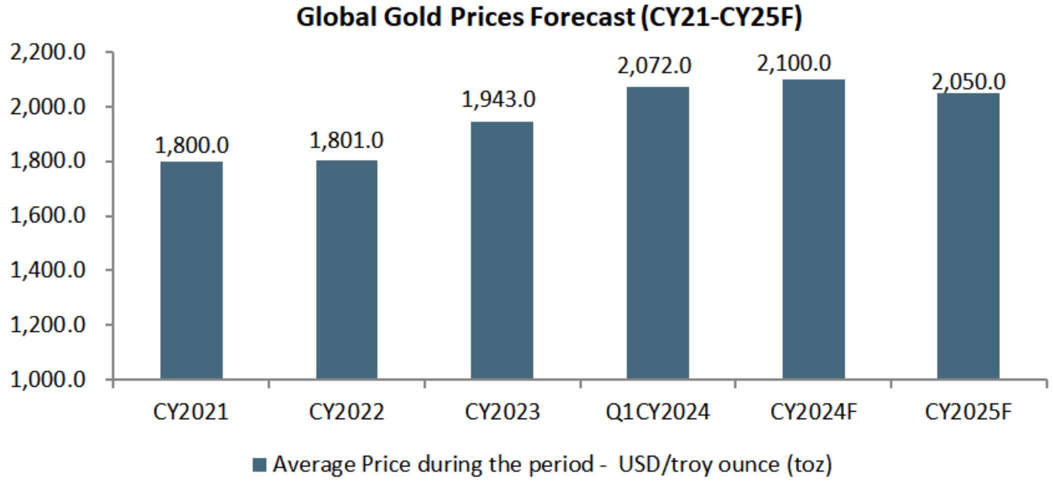
The RBI decision to buy gold is significant because unlike Central banks it does not regularly trade in gold although the law permits it do so. The RBI's decision to buy gold is probably a decision for diversification of assets for deployment keeping in mind the evolving global risks due to rising policy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

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

9. **Key Challenges Faced By The Gold Loan Industry**

Volatility in Gold prices

Volatility in the gold prices has impact on the performance of the gold loan market. Though gold prices were increasing, it is expected to decrease over the long term. As per the Pink Sheet of World Bank Commodities Price Data of 2nd May 2024, quarterly average price of gold was at USD 2,072.0 per toz in Q1CY2024. As per the World Bank Commodity Markets Outlook of April 2024, the global prices of gold are expected to increase from USD1,943.0 per toz in CY2023 to USD2,050.0 per toz in CY2025F. With increase in LTV, the asset portfolio of gold finance companies become more vulnerable if gold price crash suddenly. This is because the safety margin reduces with higher LTV. Banks would be exposed to greater risk due to higher LTV.



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

Note: F - Forecast

Regulatory pressure

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

Security Threats and Risks of Theft

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

Lack of financial literacy among rural customers

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

Young Indians attraction to alternative jewelry

India is the largest consumer of gold in the world. From last few years the young population of India is more inclined towards high-end designer and gem-set jewellery with a preference to platinum and diamonds. This indicates buying patterns are shifting and the demand for plain gold jewellery is declining especially in the urban areas. As per industry reports, India is the world's fourth largest platinum market and customers have the assurance of buy-back similar to gold ornaments. In recent times, diamonds are also gaining equal popularity to gold as an investment option. Further, the Indian Commodity Exchange is offering a Systematic Investment Plan to acquire precious stones for retail buyers. Since, the last seven years, gold and platinum have appreciated by a similar extent. All these are indicators of slightly diminishing popularity of gold amongst the urban youth in urban markets.

Change in Savings Pattern

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

Data Security

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

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

- **Confidentiality** - Ensuring access to sensitive data to authorized users only.
- **Integrity** - Ensuring accuracy and reliability of information by ensuring that there is no modification without authorization.
- **Availability** - Ensuring that uninterrupted data is available to users when it is needed.
- **Authenticity** - For information security it is necessary to ensure that the data, transactions, communications, or documents (electronic or physical) are genuine.

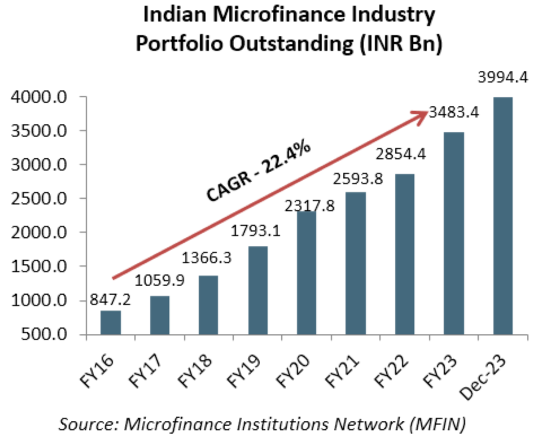
10. **Overview of Micro Finance Industry in India**

Microfinance, which involves providing small loans to financially excluded rural market, is an important player to bridge the credit demand gap among the underserved lower income groups. The journey of financial inclusion in the past two decades has been one of intensive efforts and incremental experimentation. However, the quantum jump came when Pradhan Mantri Jan Dhan Yojana (PMJDY) was launched in 2014, which enabled achievement of the objective of providing bank accounts to adult population in almost every household. The reach of mobile phones and e-KYC has ensured these accounts are accessible to those who have been included in the financial services.

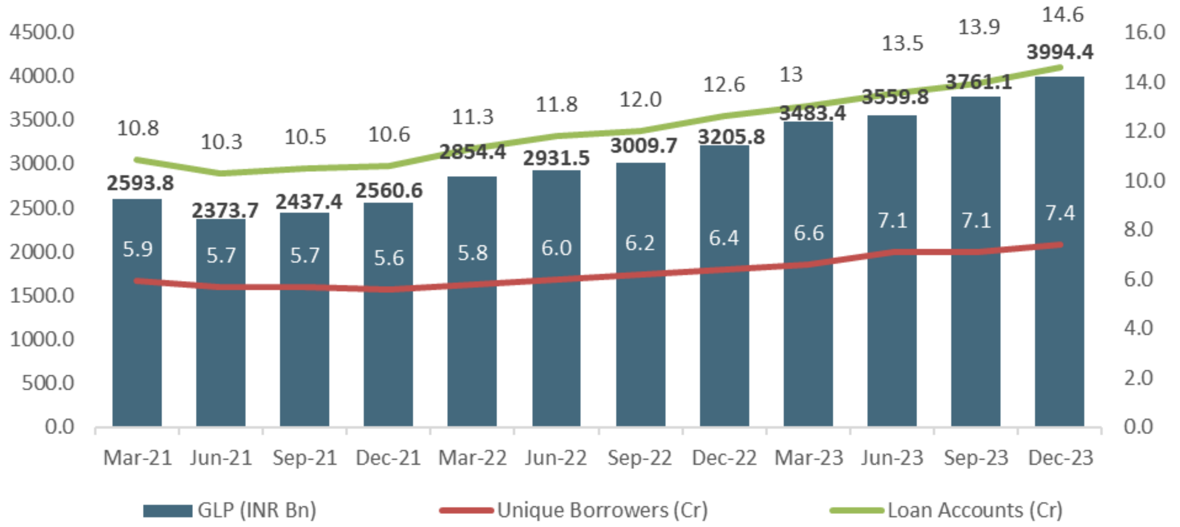
Number of negative events in the past have influenced growth as well as asset quality of the microfinance sector including – the Andhra Pradesh crisis of October 2010, farm loan waivers by several states, demonetisation in November 2016, floods in some states, as well as recent economic slowdown. Despite these setbacks, the industry has evolved over the cycles and demonstrated resilience by adapting to changing dynamics. It is significant to note that the number of institutions providing microfinance as also the quantum of credit made available to the financially excluded clients have increased significantly during the last decade. RBI has been making sustained efforts to increase the penetration of formal financial services in unbanked areas, while continuing with its policy of ensuring adequate flow of credit to productive sectors of the economy and ensuring the availability of banking services to all sections of people in the country.

Market size of Indian Microfinance industry

Micro Finance industry consists of multiple players with diverse organizational structures. Loans in this sector are provided by Banks, Small finance banks (SFBs), Non-banking financial company-microfinance institutions (NBFC-MFIs), other NBFCs and non-profit organizations. According to the Microfinance Institution Network (MFIN), MFIs operates in 27 States and 5 Union Territories of India as on 31st December 2023. The sector served 74mn unique borrowers through 146mn loan accounts as on 31st December 2023. The industry Gross Loan Portfolio (GLP) has grown at a CAGR of 22.4% from INR847.2bn in FY16 to reach INR3483.4bn in FY23 period as depicted in the graph above. The GLP of the Microfinance Industry reached INR3994.4bn as on 31st December 2023.



GLP growth of Microfinance Industry from Q4FY21 to Q3FY24

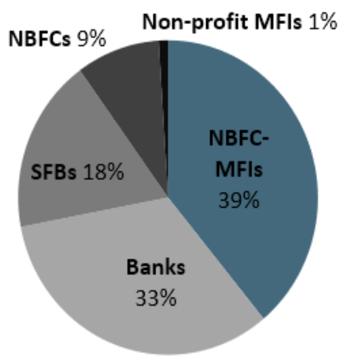


Source: Microfinance Institutions Network (MFIN)

Microfinance loan portfolio stands at INR3,994.4bn as on 31st December 2023, serving 7.4 crore unique borrowers with 14.6 crore loan accounts. GLP as on 31st December 2023, showed an increase of 24.6% y-o-y as compared to INR3,205.8bn as on 31st December 2022. Some other trends of the industry are as follows:

- As on 31st December 2023, NBFC-MFIs hold the largest share of portfolio in micro-credit with total loan outstanding of INR1,562.4bn, which is 39% of total micro-credit universe. Banks are second largest provider of micro-credit with a loan amount outstanding of INR1,337.6bn accounting for 33% to total industry portfolio. SFBs have a total loan amount outstanding of INR704.5bn with a total share of 18%. NBFCs account for another 9% and other MFIs account for 1% of the universe.
- The microfinance active loan accounts increased by 15.9% during the past 12 months to 14.6 crores as on 31st December 2023.
- In terms of regional distribution of portfolio (GLP), East and North-East account for 31% of the total microfinance portfolio, South 31%, West 16%, North 15% and Central contributes 6% as on 31st December 2023.
- The Top 10 states constitute 83.6% in terms of GLP as of 31st December 2023. Bihar has emerged as the largest state in terms of portfolio outstanding followed by Tamil Nadu and Uttar Pradesh. Among Top 10 states, Tamil Nadu has the highest average loan outstanding per unique borrower of INR29,996 followed by Kerala at INR28,979 as of 31st December 2023.

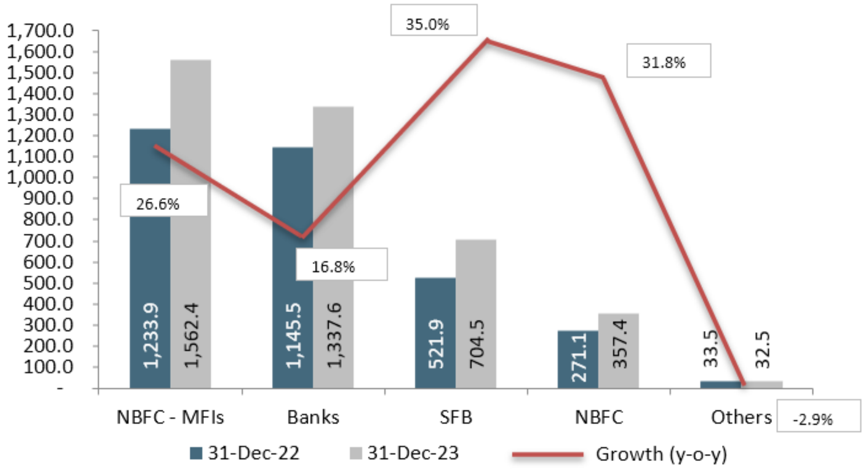
Share of Various Lenders in Micro Finance Loan Portfolio Outstanding (31st December 2023)



Source: Microfinance Institutions Network (MFIN)

The graph below depicts the comparison of portfolio growth of different microfinance lenders as on 31st December 2022 and 31st December 2023.

Portfolio outstanding of the Microfinance Industry (INR Bn)



Source: Microfinance Institutions Network (MFIN)

Over the past years, the GoI and the RBI have recognized the role played by MFIs in furthering government's financial inclusion agenda. As a part of strengthening the MFI, the RBI appointed industry body Micro Finance Institutions Network (MFIN) as well as Sa-Dhan (an association of MFIN) as self-regulatory organizations (SROs) and bringing Credit Bureau for the tiny loan segments. There has been a tremendous improvement in the risk management practices of MFIs which is evident that the sector was able to tide over the effects of demonetization despite being the fact that MFIs transactions with its customers are mainly in cash as they cater to low-income households with majority of them located in rural areas. NBFC-MFIs are increasingly adopting digital transactions and expecting disbursements and repayment to happen cashless. However, their customers are illiterate, and the adoption is low by the customers. Digitalization will happen only with the improvement in digital infrastructure and with a continuous engagement with their customers. This is possible as the MFI feet on the street model has been instrumental in building an extensive reach at the grass-root level thereby enabling MFI to cater to the financial needs of the unbanked clients. RBI has also raised the household income limit for availing micro loans while enhanced the lending limit to INR3.0 lakh per eligible borrower from INR1.25 lakh (for rural areas) and INR2.0 lakh (for urban and semi-urban areas) earlier, creating more opportunity for MFIs to grow.

The NBFC-MFIs adhere to RBI guidelines to fix interest rates. In March 2022, RBI has removed caps on the pricing of small loans given by non-banking financial company-microfinance institutions (NBFC-MFIs), bringing them to the same level as other such lenders, including banks. With this, the underwriting of loans will be done on a risk-based analysis, and a risk premium will be charged based on the borrower.

A significant portion of the Indian population still lacks access to credit from the formal sector and consequently borrows from informal channels like moneylenders or relatives, indicating the scope of micro lending in achieving financial inclusion and overall industry growth. The prospective for Microfinance, particularly in Semi-Urban and Rural geography is quite large in India and with NBFC-MFIs are stepping up to integrate best practices and technology which would help them provide better customer service as well as achieve operational efficiencies and lower costs.

The announcement of the 'Regulatory Framework for Microfinance Loans, 2022' has come at a very opportune time when the industry has seemingly navigated the stressful Covid period well and has started showing signs of normalcy. The new regulation is expected to usher in a new phase of growth in the microfinance sector which is more client centric and responsible and will enable regulated entities to reach out to new unreached areas/excluded households. At the same time, the regulation is applicable to all regulated entities and has created a level playing field, which will encourage healthy competition and challenge regulated entities to innovate and become more efficient, and in the process benefit the clients and contribute further towards achievement of financial inclusion.

11. **Overview Of MSME Loans in India**

The Micro, Small and Medium Enterprises (MSMEs) sector is a major contributor to the socio-economic development of the country. In India, the sector has gained significant importance due to its contribution to GDP of the country and exports. The sector has also contributed immensely with respect to entrepreneurship development especially in semi-urban and rural areas of India.

Credit Growth and Performance of MSME sector in India

The availability of credit to MSMEs sector is on the rise, driven by lending practices that leverage technology and data analytics. This increase in credit is widespread, with noticeable growth among MSMEs located in semi-urban and rural areas. Based on data as of quarter ending Sep 2023, the CIBIL MSME Pulse Report of February 2024 states that commercial credit portfolio grew at 11% year-over-year (Y-O-Y) and credit exposure stood at INR28.2 Tn at end of period Sep 2023.

The momentum of credit expansion persists in India's MSME lending sector

As per CIBIL MSME Pulse Report, February 2024, heightened economic activity has fuelled the need for commercial lending, resulting in a 29% surge in loan demand during the July-September 2023 quarter, relative to the same period in the previous year. Private banks account for 43% of the MSME credit market, with their credit demand expanding by 23% in the July-September 2023 quarter. Meanwhile, NBFCs, which hold a 14% share of the credit demand, experienced the most rapid growth at 39% during this quarter.

The volume of credit provided to MSMEs saw a significant year-over-year increase of 20% in the July-September 2023 quarter compared to the same period last year, which signals growing confidence among lenders. This surge in confidence can be attributed to the ready availability of detailed and current credit data, along with the fast-paced development of digital lending frameworks. The current MSME Pulse report indicates that there has been a 7% annual growth in the value of loans originated for borrowers who took loans of less than INR1 crore (Micro segment). On the other hand, there was a decrease in both the number and value of loans originated in the quarter ending September 2023 for those seeking loans above INR10 crore (Medium segment). Borrowers who are New to Credit (NTC) persist in making up the largest portion of loan origination, accounting for 46% of the volume of MSME loan originations.

MSME Credit Originations Growth (Jul-Sep 2023 YoY)

Borrower Segment	Value	Volume
Micro	7%	28%
Small	3%	7%
Medium	-9%	-8%

Source: CIBIL MSME Pulse Report, February 2024

Swift increase in credit distribution throughout semi-urban and rural geographies
CIBIL MSME Pulse Report, February 2024, during the third quarter of 2023, from July to September, semi-urban and rural regions accounted for 46% of new MSME loan originations. The Micro segment, in particular, saw nearly half of its new loans

(49%) originating from semi-urban and rural locales, while the small segment (loans ranging from INR1 to INR10 crores) saw 39% of its originations from these areas. A notable driver of this geographic expansion is the enhancement of MSME credit profiles. The proportion of MSMEs considered high risk (with Credit Monitoring Report scores of 7-10) declined to 13% in the July-September 2023 quarter, down from 15% in the corresponding period of the previous year. Nonetheless, a significant portion of MSMEs, accounting for 55%, still fall into the medium risk category (CMR 4-6).

Share of Origination Volume – (Jul-Sep 2023 YoY)

Borrower Characteristics	Overall	Micro	Small	Medium
Semi-urban and Rural	46%	49%	39%	34%
Medium risk (CMR 4-6)	55%	61%	41%	20%
New to Credit	46%	61%	5%	1%

Source: CIBIL MSME Pulse Report, February 2024

Maharashtra, Gujarat, Delhi, Tamil Nadu, and Uttar Pradesh lead in loan originations

As reported by the India Brand Equity Foundation (IBEF), as of August 20, 2023, Maharashtra leads the nation with the highest number of Udyam registrations, totalling 32.76 lakh units. It is closely followed by Tamil Nadu, Uttar Pradesh, Gujarat, and Rajasthan. This ranking is echoed in the patterns of loan origination, where larger states such as Maharashtra, Gujarat, Delhi, Tamil Nadu, and Uttar Pradesh contribute to 47.2% of the total loan origination value. Notably, Uttar Pradesh and Tamil Nadu have exhibited a particularly strong growth rate in the quarter ending September 2023.

In the Micro MSME segment, these leading states also represent around 42% of the New to Credit (NTC) loan originations, which plays a significant role in advancing credit inclusion efforts. Within this segment, Maharashtra predominates in the Very Small segment (loans under INR10 Lakhs) and Micro1 segment (loans from INR10 Lakhs to INR50 Lakhs) due to its large share of low-ticket sized loans. Meanwhile, Gujarat holds a substantial share in the Micro2 segment (INR50 Lakhs and INR1 Crore).

There is a sustained y-o-y growth in supply as compared with growth in demand:

MSME Disbursement Amount (in Thousand Cr)

Period	Overall	Micro	Small	Medium
Sep-19	**146**	36	59	51
Dec-19	**150**	38	61	51
Mar-20	**145**	36	58	51
Jun-20	**123**	29	53	41
Sep-20	**185**	41	74	69
Dec-20	**162**	37	65	61
Mar-21	**188**	44	76	69
Jun-21	**107**	20	43	44
Sep-21	**189**	40	77	73
Dec-21	**230**	48	93	90
Mar-22	**247**	54	98	95
Jun-22	**200**	46	82	71
Sep-22	**244**	58	98	88
Dec-22	**251**	62	101	88
Mar-23	**289**	74	118	97
Jun-23	**222**	55	95	73
Sep-23	**243**	62	101	80

Source: CIBIL MSME Pulse Report, February 2024
Note: All MSME fund-based (WC-TL) Originations considered excluding Renewals | Micro Exposure upto INR 1 cr; Small: Exposure between INR 1 cr and INR 10 crs; Medium Exposure between INR 10 crs and INR 50 crs

Robust portfolio growth supported by improved performance

As per CIBIL MSME Pulse Report, February 2024, during the Jul-Sep 2023 quarter, the total new MSME credit originations reached INR243K Crores, with the 'small' enterprise segment (loans ranging from INR 1 Crore to INR 10 Crores) accounting for 42% of this amount. The commercial credit portfolio was valued at INR 28.2 Tn as of the end of Sep 2023, showing a year-on-year expansion of 11% across 8 million MSME accounts. Nonetheless, a segment of this portfolio—roughly 9%, or INR 2.4 Tn—is comprised of legacy accounts that are either over 720 days overdue or have been classified as loss/doubtful. In this MSME Pulse analysis, we will concentrate on accounts that are less than 720 days overdue and are considered Sub-standard, which represent a significant INR 25.7 lakh as of FY23-Q4.

Total Entities and Outstanding Balance

Period	Outstanding Balance Legacy accounts	Outstanding Balance	No. of Entities (Lakhs)
Sep-19	1.6	18.7	52
Mar-20	1.7	19.7	
Sep-20	1.8	20.1	57
Mar-21	1.9	21.4	
Sep-21	2.2	22.0	67
Mar-22	2.4	24.0	
Sep-22	2.5	25.5	73
Mar-23	2.5	27.9	
Sep-23	2.5	28.2	80

Source: CIBIL MSME Pulse Report, February 2024

During Jul-Sep 2023, the total balance-level delinquencies, which include accounts 90 to 720 days past due (DPD) and those marked as "Sub-standard," have seen improvement, with the rate dropping to 2.3%. This is the lowest delinquency rate observed in the past two years. The health of the portfolio has enhanced across all borrowing categories due to the reduction in the rate of delinquencies.

A more detailed breakdown by sub-segment reveals that within the 'micro' segment (up to INR 1 Crore) of MSME, the 'very small' category (loans under INR 10 Lakhs) experiences the highest rate of delinquency at 5.8%. Among all types of lenders, private banks maintain the portfolio with the lowest level of delinquencies at 1.5%, in contrast to Public Sector Banks which have a higher delinquency rate of 3.2%.

Balance-Level Delinquencies

Period	90-720 & Sub-standard
Sep-19	4.2%
Mar-20	3.9%
Sep-20	3.4%
Mar-21	3.7%
Sep-21	4.4%
Mar-22	2.9%
Sep-22	3.0%
Mar-23	2.4%
Sep-23	2.3%

Source: CIBIL MSME Pulse Report, February 2024

Balance-Level Delinquencies: 90-720 DPD and Sub-standard

Period	Micro	Small	Medium
Sep-19	4.3%	3.7%	4.7%
Mar-20	3.8%	3.3%	4.7%
Sep-20	3.1%	3.1%	4.0%
Mar-21	3.9%	3.2%	4.0%
Sep-21	5.4%	3.9%	4.1%
Mar-22	4.0%	2.6%	2.6%
Sep-22	3.8%	2.7%	2.8%
Mar-23	3.1%	2.1%	2.1%
Sep-23	3.1%	2.1%	2.1%

Source: CIBIL MSME Pulse Report, February 2024

Balance-Level Delinquencies: 90-720 DPD and Sub-standard

Period	PSB	Private	NBFC
Sep-19	6.1%	2.3%	3.6%
Mar-20	5.3%	2.0%	5.2%
Sep-20	4.2%	2.0%	5.1%
Mar-21	4.6%	2.3%	5.7%
Sep-21	5.4%	2.7%	6.6%
Mar-22	3.7%	1.6%	5.7%
Sep-22	3.7%	1.8%	5.2%
Mar-23	3.0%	1.4%	4.0%
Sep-23	3.2%	1.5%	2.9%

Source: CIBIL MSME Pulse Report, February 2024

To gain a better understanding of the performance of newly issued loans, an analysis was conducted on early-stage (vintage) delinquency trends, comparing loans of the same age on the books. The rate of early-stage delinquencies for loans of comparable ages has decreased to 4.3%, a figure that is consistent with the pre-COVID levels, signalling an improvement in the overall quality of loans that were initiated in the Jul-Sep 2022 period.

Given the promising outlook for economic growth, as evidenced by robust demand, steady portfolio expansion, and enhanced credit performance, the current period is opportune for lenders to grow their MSME credit portfolios. Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in India's industrial framework. The wide range of occupations encompassed by MSMEs underscores their importance in driving India's economic progress. Attention to each sector within the MSME category is essential, as it holds the promise of sparking social progress through the economic empowerment it can provide.

12. **Overview of Personal Loan Industry in India**

India with a population of over 1.4bn people is one of the largest and most complex credit markets in the world. With increasing incomes and consumption, the demand for personal credit is on the rise. Personal loans have assumed significance in the wake of global pandemics, high inflation and rising living costs. India personal loan market is segmented based on source, tenure, purpose, interest rate, company and region. Based on source, the market can be bifurcated into bank and NBFC. Banks dominate the market since the penetration of banks is far more than any other credit union in the country. Based on purpose, the market can be fragmented into home improvement, wedding, travel and others. The credit landscape in India is ever evolving and has witnessed changing consumer preferences, shift in demand towards smaller ticket loans, ease of access to credit, increased usage of digital platforms and entry of non–traditional lenders in the ecosystem.

Market Size of Personal Loans in India

Credit bureau 'CRIF High Mark' reported in 'How India Lends FY23' report that the overall personal loan market in India grew at a CAGR of 30.5% from INR6.4tn in Jun-21 to INR10.9tn in Jun-23. The number of active personal loans increased at a CAGR of 50.3% from 417.3 lakhs in Jun-21 to 942.7 lakhs in Jun-23. The increasing income gap and expenditure coupled with rising aspirations, especially among the young population are the key factors driving the Indian personal loan market.

Overall Personal Loans in India	Jun-21	Jun-22	Jun-23
Portfolio Outstanding (in INR Tn)	6.4	8.4	10.9
Y-o-Y Growth %		*31.9%*	*29.1%*
Active Loans (in Lakhs)	417.3	638.8	942.7
Y-o-Y Growth %		*53.1%*	*47.6%*
PAR 31-90 days	5.3%	2.1%	1.7%
PAR 91-180 days	1.4%	0.9%	0.9%
PAR 181+ days	3.3%	3.1%	3.5%

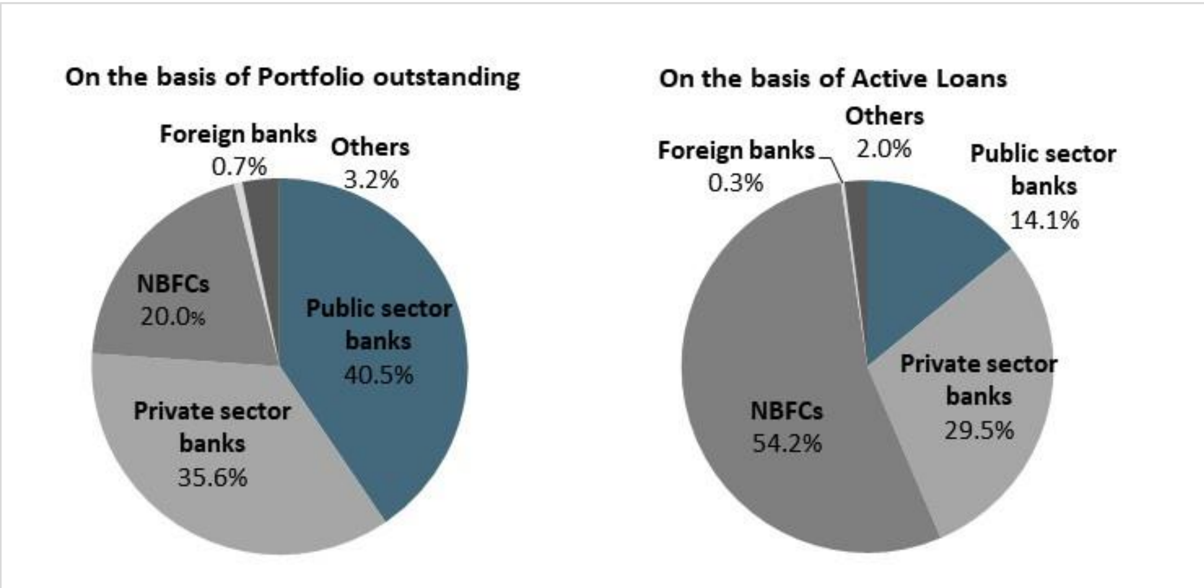
Source: CRIF Highmark report - How India Lends FY23

The above table shows that PAR 31-90 days of Personal loan market decreased from 5.3% in Jun-21 to 1.7% in Jun-23. PAR 91-180 days decreased from 1.4% in Jun-21 to 0.9% in Jun-23. PAR 181+ days decreased from 3.3% in Jun-21 to 3.1% in Jun-22, later it increased to 3.5% in Jun-23.

Market Share of Personal Loans in India

Overall Personal Loans: Public sector banks and private banks dominate overall personal loans market with share of 40.5% and 35.6% respectively (by value) as on Jun-23. NBFCs have been catching up in the game since past few years and have captured 20.0% of the overall personal loans (by value). On the basis of number of active loans, NBFC leads the pack with a 54.2% share of the pie (by volume), followed by private sector banks at 29.5% and public sector banks in 14.1%.

Lender-wise market share of Overall Personal Loans in India (as on Jun-23)

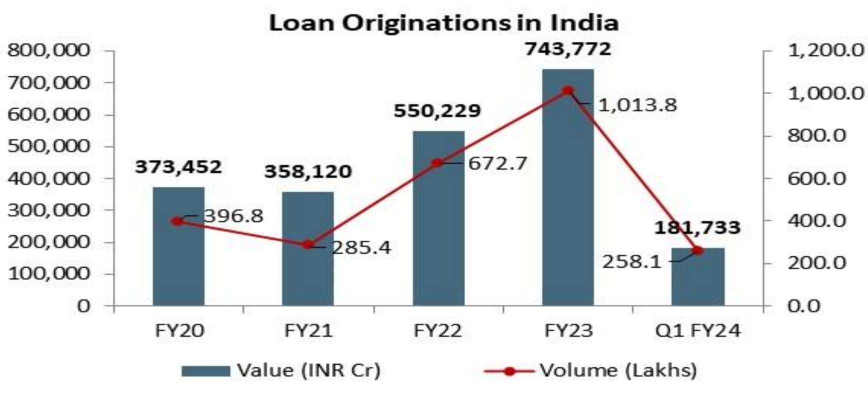


Source: CRIF Highmark report - How India Lends FY23

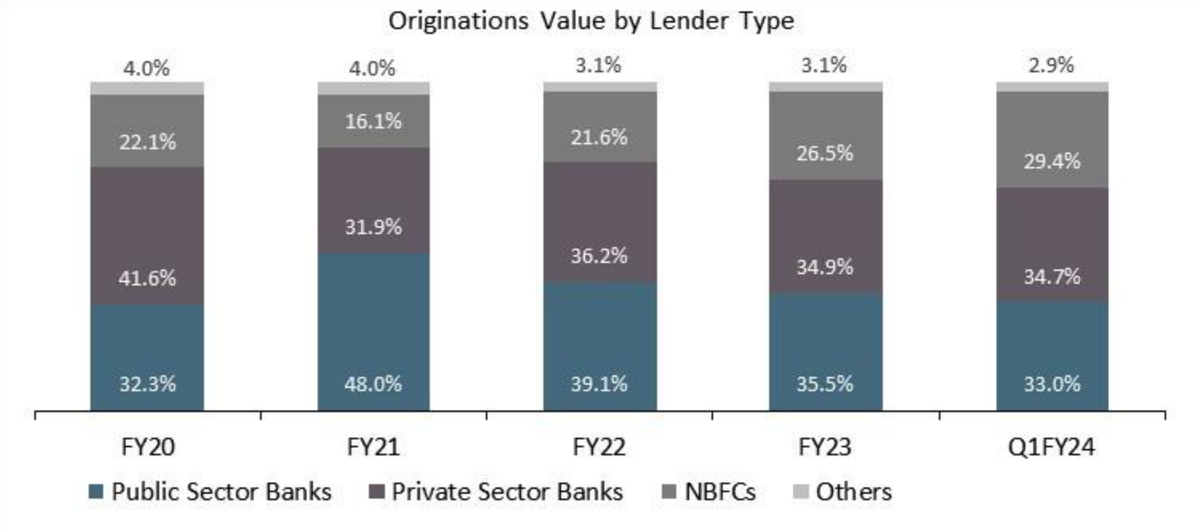
Growth in Originations of Personal Loans

Loan origination is the process by which a borrower applies for a new loan, and a lender processes that application. The personal loan segment has witnessed loan origination of 2.1X growth in originations by value and 2.5X growth in originations by volume from FY20 to FY23 as depicted in the chart below. The total loan origination value stood at INR743,772cr in FY23 with number of loan originations of 1,013.8 lakhs.

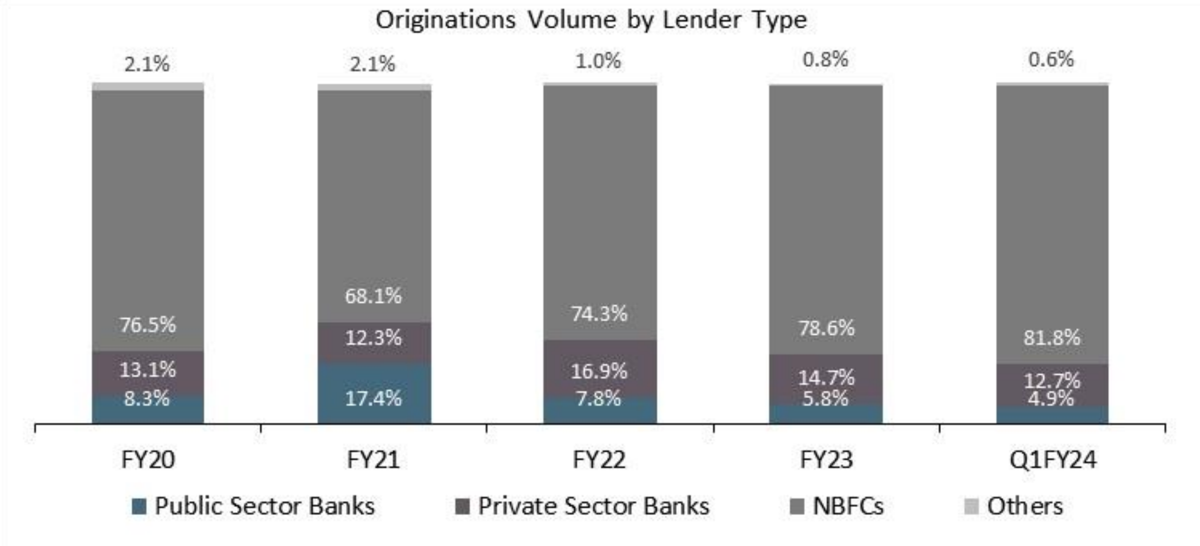
As given in the graph below, originations (by value) is dominated by Public Sector Banks (35.5%) and Private Banks (34.9%) as of FY23. Originations (by volume) is dominated by NBFC (78.6%), followed by Private Banks (14.7%) as of FY23. Originations share (by volume) for Public Sector Banks decreased from 8.3% in FY20 to 5.8% in FY23; originations share (by volume) for NBFCs increased from 76.5% in FY20 to 78.6% in FY23.



Source: CRIF Highmark report - How India Lends FY23



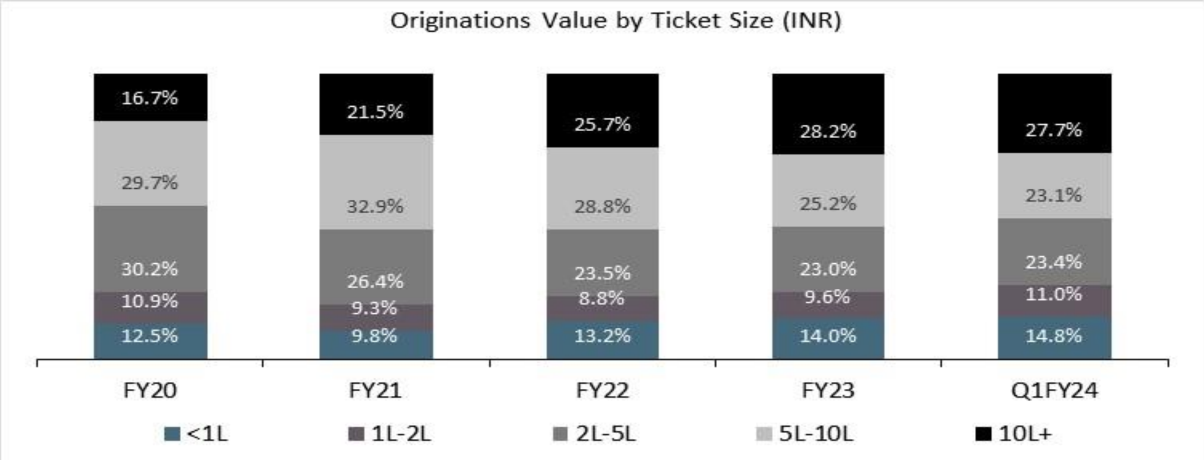
Source: CRIF Highmark report - How India Lends FY23



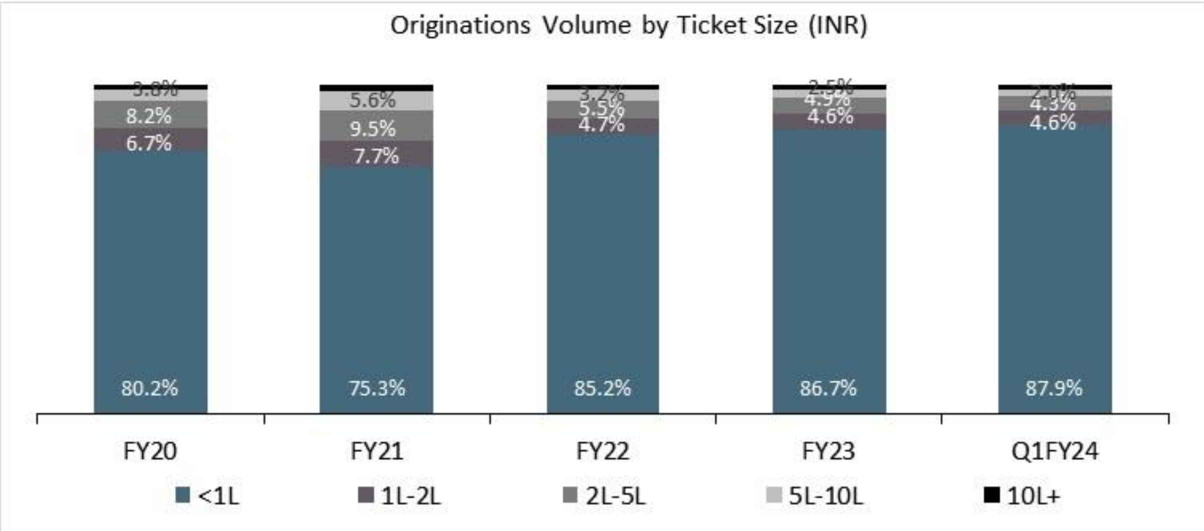
Source: CRIF Highmark report - How India Lends FY23

Average Ticket Size of Personal Loans in India

Average ticket size of personal loans in India is shrinking for Private sector banks and NBFCs. Origination Volumes for <10K grew by 2.8X and for 10K-50K grew by 3.7X from FY20 to FY23. There is 3.4X Growth in Origination Value for 10L+ loans from FY20 to FY23. Average ticket size in FY23 stood at INR18.8 Lakhs.



Source: CRIF Highmark report - How India Lends FY23



Source: CRIF Highmark report - How India Lends FY23

Digitization in Personal loan lending

Digital lending is the issuance of a loan using information technology. Digital lending starts from an online application on the bank's website and ends with an automated loan issuance system. The latter may include several programs with the functions of an application form, document capture, electronic signature, credit analysis, loan administration, and other capabilities.

The pandemic has accelerated digital transformation across financial services and products. High internet penetration coupled with robust technological advancement has provided the required impetus to strong financial inclusion and growth. In 2022, the 'Buy Now Pay Later 'offering, which is revolutionizing access to credit, will see massive adoption, including uptake in the EMI product category. Many banks are using rule-based algorithms for underwriting, enabling credit assessment checks, enabling product offerings and increasing process efficiency. Digital lending in India, being a convenient, simplified and paperless method of availing loans is projected to witness an accelerated adoption across metro and non-metro cities with a precise focus on an underserved population.

The factors crucial to the growth of the digital lending and banking services to personal loan sector will be a better collaboration amongst banks/NBFC's and fintech and digital adoption. The partnership between banks/NBFC's and Fintechs will help scale the ability to provide personal loans starting from as low as INR1000 completely digitally along with the ability to also collect them digitally and seamlessly. The Digital Co-Lending Platform is an agile tech-driven multi-dimensional solution that provides an end-to-end solution for the complex accounting issues which are common under co-lending. Features such as dedicated escrow management and collections mechanism, makes the platform unique and best-in-class, delivering a more efficient loan management cycle. Many banks are targeting to partner with at least NBFCs and to build co-lending loan book through the digital platform in the next two years.

OUR BUSINESS

Some of the information in the following section, especially information with respect to our plans and strategies, contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. This section should be read in conjunction with the sections "Industry Overview", "Forward Looking Statements", "Risk Factors", and "Financial Information" derived from our Audited Financial Statements on pages 62, 14, 16 *and* 134 *respectively.*

Unless otherwise indicated or unless the context otherwise requires, the financial information included herein is derived from our Audited Financial Statements for the financial year ended March 31, 2024 and Special Purpose Audited Financial Statements for financial years ended as on March 31, 2023 and March 31, 2022 prepared in accordance with the requirements of the SEBI NCS Regulations and the Companies Act set forth elsewhere in this Prospectus. Our financial year ends on March 31 of each year and references to a particular financial year are to the twelve months ended March 31 of that year. In this section, any reference to "we", "us" "our" or "our Company" refers to Chemmanur Credits and Investments Limited.

Overview

We are, a non-deposit taking, non-banking financial company (base layer) registered with the RBI bearing registration no. N-16-00185 dated June 10, 2010 under Section 45-IA of the RBI Act primarily engaged in the gold loan sector lending money against the pledge of household gold jewellery **("Gold Loans")** in the state of Kerala, Tamil Nadu, Karnataka Andhra Pradesh and Maharashtra. We also provide Microfinance Loans, business and personal loans, money transfer services and distribution of third party insurance products. We have been engaged in the lending business for more than 13 years and are based in Kerala, India. As of June 30, 2024, we operated through 270 branches located across 5 states namely Kerala, Tamil Nadu, Karnataka, Maharashtra and Andhra Pradesh managed through our registered office located at Thrissur, Kerala and we employ 1404 persons in our business operations.

We are a part of Boby Chemmanur Group which is engaged in diverse range of businesses and based in Kerala, India. The group has retail gold jewellery showrooms in USA and Middle East apart from those in India. The Boby Chemmanur Group has received BIS certification for purity of gold. Our Promoter is Chemmanur Devassykutty Boby popularly known as Boby Chemmanur, the Chairman and Managing Director of our Company. Currently, we offer various Gold Loan schemes to suit the individual needs of our customers. Currently we offer Gold Loans for tenure ranging up to 180 days. The schemes differ in relation to interest rate chargeable, amount advanced per gram of gold, tenure, amount of loan.

For the three months ended June 30, 2024, and financial year ended on March 31, 2024, March 31, 2023 and March 31, 2022, our Company held 1.02 tonnes, 1.04 tonnes, 0.86 tonnes and 0.87 tonnes of gold jewellery respectively, as security for all Gold Loans.

Under our microfinance loan segment ("**Microfinance Loans**"), we provide unsecured loans to group of women customers (minimum of 5 persons) for their business and personal needs. Under the Joint Liability Group ("**JLG**") model, loans are provided to individual customers, however group guarantees the repayment of loans given to individual members of the group. Through this model, our customers, who typically do not have collateral to take up loans, are able to gain access to credit.

We also offer business loans – named as Gramin Shakthi Loan **("Business Loans")** to our customers for their business needs. These are secured business loans where target customers are engaged in small scale business, however, currently dependent on informal sources of funding. This loan type shall enable customers to increase the scale of their business. Gramin Shakthi Loans help the individuals to mitigate the difficulty in meeting business funding requirements or to raise working capital funds.

Key Operational and Financial Parameters based on the Audited Financial Statements

(a) The table below sets out the key operational and financial parameters of our Company for the financial years ended March 31, 2024 and March 31, 2023, based on audited Ind AS financial statements:

(₹ in lakh)

Particulars	March 31, 2024	Fiscal 2023
BALANCE SHEET		
Assets		
Property, Plant and Equipment	2,558.69	1,771.81
Financial Assets	53,931.60	42,713.40
Non-financial Assets excluding property, plant and equipment	7,014.19	5,456.90
Total Assets	**63,504.48**	**49,942.11**

Particulars	March 31, 2024	Fiscal 2023
Liabilities		
Financial Liabilities		
-Derivative financial instruments	-	-
-Trade Payables	-	-
-Debt Securities	19,072.35	10,247.75
-Borrowings (other than Debt Securities)	12,856.65	8,676.34
-Subordinated liabilities	18,371.30	17,589.30
-Other financial liabilities	3,996.29	4,385.33
Non-Financial Liabilities		
-Current tax liabilities (net)	-	-
-Provisions	205.42	171.58
-Deferred tax liabilities (net)	-	-
-Other non-financial liabilities	99.68	130.42
Equity (Equity Share Capital and Other Equity)	**8,902.79**	**8,741.39**
Total Liabilities and Equity	**63,504.48**	**49,942.11**
PROFIT AND LOSS		
Revenue from operations	10,572.84	8,313.37
Other Income	41.65	7.28
Total Income	**10,614.49**	**8,320.65**
Total Expense	**10,442.26**	**8,240.47**
Profit after tax for the year	172.23	80.18
Other Comprehensive income	(10.83)	9.40
Total Comprehensive Income	**161.40**	**89.58**
Earnings per equity share (Basic)	0.29	0.13
Earnings per equity share (Diluted)	0.29	0.13
Cash Flow		
Net cash from / used in(-) operating activities	(10,372.81)	(4,369.98)
Net cash from / used in(-) investing activities	(1,101.14)	(565.96)
Net cash from / used in (-)financing activities	12,196.30	5,172.67
Net increase/decrease(-) in cash and cash equivalents	722.35	236.73
Cash and cash equivalents as per Cash Flow Statement	1,517.80	795.45
Additional Information		
Net worth	8,135.23	8,262.15
Cash and cash equivalents	1,517.80	795.45
Loans	49,058.38	40,634.42
Loans (Principal Amount)	49,266.41	40,800.91
Total Debts to Total Assets	0.79	0.73
Interest Income	9,766.86	7,406.46
Interest Expense	4,826.20	3,891.90
Impairment on Financial Instruments	41.54	81.60
Bad Debts to Loans	-	-
% Stage 3 Loans on Loans (Principal Amount)	0.97%	0.64%
% Net Stage 3 Loans on Loans (Principal Amount)	0.59%	0.25%
Tier I Capital Adequacy Ratio (%)	14.43%	17.94%
Tier II Capital Adequacy Ratio (%)	7.41%	9.18%

Notes:

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

ii. *Net Worth = Total Equity - Unamortised expenses of Public issues, term loans - Prepaid Expenses -Deferred Tax Assets*

(b) The table below sets out the key operational and financial parameters of our Company for the financial year ended March 31, 2022 based on audited Indian GAAP financial statements:

(₹ in lakh)

Particulars	**Fiscal 2022**
BALANCE SHEET	
Assets	
Property, Plant and Equipment	1,378.43
Financial Assets	36,991.90
Non-financial Assets excluding property, plant and equipment	924.48
Total Assets	**39,294.81**
Liabilities	
Financial Liabilities	
-Derivative financial instruments	-
-Trade Payables	-
-Debt Securities	5,021.58
-Borrowings (other than Debt Securities)	3,925.16
-Subordinated liabilities	17,277.70
-Other financial liabilities	3,295.47
Non-Financial Liabilities	.
-Current tax liabilities (net)	-
-Provisions	330.67
-Deferred tax liabilities (net)	-
-Other non-financial liabilities	639.59
Equity (Equity Share Capital and Other Equity)	**8,804.64**
Total Liabilities and Equity	**39,294.81**
PROFIT AND LOSS	
Revenue from operations	7,188.74
Other Income	143.91
Total Income	**7,332.65**
Total Expense	**6,901.63**
Profit after tax for the year	431.02
Other Comprehensive income	N.A.
Total Comprehensive Income	N.A.
Earnings per equity share (Basic)	0.72
Earnings per equity share (Diluted)	0.72
Cash Flow	
Net cash from / used in(-) operating activities	4,094.35
Net cash from / used in(-) investing activities	(241.78)
Net cash from / used in (-)financing activities	(3,746.53)
Net increase/decrease(-) in cash and cash equivalents	106.04
Cash and cash equivalents as per Cash Flow Statement	558.72
Additional Information	
Net worth	8,748.94
Cash and cash equivalents	558.72
Loans	35,508.29

Particulars	Fiscal 2022
Loans (Principal Amount)	35,508.29
Total Debts to Total Assets	0.67
Interest Income	6,794.80
Interest Expense	3,199.06
Impairment on Financial Instruments	-
Bad Debts to Loans	-
% Stage 3 Loans on Loans (Principal Amount) (Note 2)	N.A.
% Net Stage 3 Loans on Loans (Principal Amount) (Note 2)	N.A.
Tier I Capital Adequacy Ratio (%)	23.23%
Tier II Capital Adequacy Ratio (%)	11.85%

Notes:

i. *Items such as Financial Assets, Non-financial Assets, Other financial liabilities, Non-Financial Liabilities, Other non-financial liabilities, Other Comprehensive income, Total Comprehensive Income, Impairment on Financial Instruments were not to be disclosed as per the Financial statements prepared under IGAAP so the items are disclosed as "NA" ("Not Applicable")*

ii. *Stage 3 Loans were not disclosed in the Audited Financial Statements for the Financial year ended on March 31, 2022 as it was not required to be disclosed under IGAAP. The NPA position as on March 31, 2022 is as under.*

Particulars	Fiscal 2022
Gross NPA (%)	1.08%
Net NPA (%)	0.86%

Debt Equity Ratio of the Company as on March 31, 2024:

(₹ in lakh)

Particulars	As on March 31, 2024	
	Pre- Issue	**Post- Issue#**
Debt		
Debt Securities	19,116.41	25,116.41
Borrowings (other than Debt Securities)	12,856.65	12,856.65
Subordinated liabilities	18,449.95	18,449.95
Total Debts	**50,423.01**	**56,423.01**
Equity (Shareholder's funds)		
Equity Share Capital	6,000.00	6,000.00
Other Equity		
Special Reserve Fund	880.67	880.67
Securities Premium	-	-
Retained Earnings	1933.71	1933.71
Other Comprehensive Income	-	-
Less: Unamortized expenses of Public Issues, term loans, and other prepaid expenses and deferred tax expenses	689.15	689.15
Total Equity (Total shareholder's funds)	**8,125.23**	**8,125.23**
Debt/Equity (No of Times)	**6.21**	**6.94**

#The debt-equity ratio post the Issue is indicative and is on account of inflow of ₹ 6,000 lakh from the Issue and does not include contingent and off-balance sheet liabilities. The actual debt-equity ratio post the Issue would depend upon the actual position of debt and equity on the date of allotment.

Notes:

1) *Debt securities represent principal outstanding of debt securities such as NCDs issued under public issue and private placement after adjustment of EIR (Effective Interest Rate) and NCDs matured but not paid under private placement.*
2) Borrowings (other than Debt Securities) *represent Term loan From Bank, Loans repayable on demand (Cash credit limit), Lease liabilities, and Subordinated Liabilities (Subordinated Debt) and SD matured but not paid.*
3) *The figures disclosed above are based on Audited Financial Statements of the Company as at for the Financial Year ended March 31, 2024.*
4) *Debt / Equity Ratio= Total Debt (Borrowings) / Net worth*

5) The following *events occurred between April 01, 2024 –July 18,2024:*

(i) The Company from April 01, 2024 till July 18, 2024: have made the repayment of the term loan from Canara bank amounting to ₹ 84.07 lakh

(ii) The Company from April 01, 2024 till July 18, 2024: have made the repayment of the term loan from SBI amounting to ₹232.97 lakh

(iii) The Company from April 01, 2024 till July 18, 2024: have made the repayment of the working capital demand loan from Federal Bank amounting to ₹112.19 lakh

(iv) The Company from April 01, 2024 till July 18, 2024: have redeemed secured listed non-convertible debentures amounting to ₹2,226.22 lakh

(v) The Company from April 01, 2024 till July 18, 2024: has redeemed secured privately placed non-convertible debentures amounting to ₹43.07 lakh out of which ₹1.57 lakh pertains to non-convertible debentures which were earlier matured but remained unclaimed as on March 31, 2024

(vi) The Company from April 01, 2024 till July 18, 2024: has redeemed subordinated debt amounting to ₹553.50 lakh

(vii) The Company from April 01, 2024 till July 18, 2024: has raised funds through issuance of subordinated debt amounting to ₹1,888.70 lakh

(viii) Sanction of additional working capital demand loan from Federal Bank of ₹1,000.00 lakh vide letter of arrangement dated March 25, 2024 and the company has availed ₹1,000.00 lakh as on April 15, 2024

(ix) The Company has availed loan from Director amounting to ₹350.00 lakh and ₹100.00 lakh on July 10, 2024 vide loan agreements dated on July 9, 2024 and July 10,2024 respectively.

Our Strengths

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

Our Company is engaged primarily in Gold Loan business with adequate experience based in South India

We are registered with RBI as non-deposit taking NBFC (base layer) having registration no. N-16-00185 dated June 10, 2010. We have been engaged in the Gold Loans business for over 13 years and we believe that we have been successfully meeting the expectations of our customers. Our Company is one of the growing Gold Loans companies in terms of branch expansion. As on June 30, 2024, we have network of 270 branches spread across 5 states namely Kerala, Tamil Nadu, Karnataka, Maharashtra and Andhra Pradesh. We attribute our growth, in part, to our market penetration, particularly in areas less served by organised lending institutions.

We offer multiple schemes of Gold Loans to our customers. Our credit approval procedures, credit process and Gold Loans product which are designed to meet the requirements of our customers have also aided in attracting new customers and retaining existing customers which leads to increase in business.

Providing high-quality service to our customers

Our loan products are designed to align with our customers financial needs. The branches are set based on the market survey to ensure that branches are located near our customers. We have appointed qualified staff at the branch level who are adequately trained to appraise the collaterals and disburse loans in efficient manner and at regional and head office levels to handle customer support centers. Furthermore, since our Gold Loans are secured by gold jewellery, there are minimal documentary and credit assessment requirements, thereby shortening our turnaround time. We believe our high-quality customer service and quick response time are significant strengths for our business.

Access to a range of funding sources

Our Company predominantly access capital/ funding by means of term loans (including working capital term loans) and cash credit facilities from banks, issuances of redeemable non-convertible debentures on a public and private placement basis. Our Company has also issued subordinated debt which is considered as Tier II Capital of our Company. As of March 31, 2024, the total secured borrowings utilised by our Company aggregated to ₹ 26,081.52 lakh and unsecured borrowings utilised by our Company aggregated to ₹ 18,449.95 lakh, respectively. As on date of this Prospectus, CRISIL Ratings Limited vide their rating rationale letter dated December 7, 2023 reaffirmed the rating of our long term bank loans of ₹ 2,500 lakh as 'CRISIL BBB-/Stable', and the rating of our non-convertible debentures of ₹ 20,000 lakh was reaffirmed as 'CRISIL BBB-/Stable'. Further, India Ratings *vide* their rating letter dated June 25, 2024 affirmed the rating of our bank loans of ₹ 5,000 lakh as 'IND BBB-/Stable', and the rating of our non-convertible debentures of ₹ 10,000 lakh was affirmed as 'IND BBB-/Stable'.

Experienced senior management team and a skilled workforce

The Promoter and Key Managerial Personnel have significant experience and in-depth industry knowledge and expertise. Also, our Company has hired experienced employees, to strengthen the credit appraisal and risk management systems, and to develop and implement credit policies. We believe that the in-depth industry knowledge and loyalty of our senior management team provide us with an added advantage. Our Promoter, Chemmanur Devassykutty Boby is a veteran in gold jewellery business and has led Chemmanur International group to grow into an international jewellery chain traversing different countries such as USA and Middle East. Our Chief Executive Officer, T K Thomas, is with the Company as CEO for the last 12 years and has been in gold loan NBFC sector for the last 17 years. Our Chief Financial Officer, Pramod M, has over 16 years of experience in financial services industry. Further, our Company has been successful in attracting, fostering and retaining the good talent.

Effective internal controls and risk management systems

We believe that we have effective internal controls and risk management systems that allow us to assess and monitor risks across our business lines. Our internal audit is carried out by a team of gold inspectors and internal auditors specially identified for the purpose based on a schedule fixed by the risk management team in our head office. Our Board has constituted various committees, including the Audit Committee, Asset Liability Management Committee and Risk Management Committee, to monitor and manage risks at various levels. For details of Committees, please refer to section titled '*Our Management*' on page 121. We place emphasis on risk management measures to maintain an appropriate balance between risk and return and have taken steps to implement comprehensive policies and procedures to identify, measure, monitor and manage risks. New loan schemes under loan products are launched as approved in meeting of the management team consisting of heads of departments. Such meetings are held as required and approvals are granted taking into account the lending policy approved by the Board. We believe that we have effective procedures for evaluating and managing the market, credit and other relevant risks.

Secured loan book and healthy asset quality

We provide finance which are secured against pledge of household gold jewellery in the case of Gold Loans and hypothecation of business assets in the case of small business loans. Hypothecation of stock of goods and other assets, including assets/ stock of goods acquired with the loan amount are provided as security for our small business loans. We believe this provides us with a cushion against possible defaults by the borrowers. We believe that our effective credit approval mechanisms, credit control processes, audit and risk management processes and our lending policy, audit policy and risk management policy help us maintain the quality of our loan portfolio. Our gross non-performing assets and net non-performing assets as a percentage of our AUM for the year ended on March 31, 2024 stood at 0.73 % and 0.38 %, respectively.

Our Strategies

The business strategies of our Company are designed to capitalize on our competitive strengths and enhance our market position. Key elements of our strategies include:

Expanding our geographical reach

We intend to continue to grow our loan portfolio by expanding our network through the addition of new branches. In order to optimize our expansion, we carefully assess potential markets by analyzing demographic, competitive and regulatory factors, site selection and availability, and growth potential. A good reach to customers is crucial for our business. The customers of our Company are retail customers, small businessmen, vendors, traders, farmers and salaried individuals, who for reasons of convenience, accessibility or necessity, avail Gold Loans by pledging their gold jewellery and ornaments with us rather than by taking loans from banks and other financial institutions. As on June 30, 2024, our Company has 270 branches located across 5 states i.e., Kerala, Tamil Nadu, Karnataka, Maharashtra and Andhra Pradesh. Our strategy for branch expansion includes further strengthening our presence in South Indian states by providing higher accessibility to customers as well as leveraging our expertise and presence in South Indian states. We also seek to expand our business through branch expansion in non-southern states to expand our geographical reach in order to meet the growing demand and enhance our ability to reach out to new customers in these states. We expect to penetrate new markets and expand our customer base in rural and semi-urban markets where a large portion of the population has limited access to credit either because they do not meet the eligibility requirements of banks or financial institutions, or because credit is not available in a timely manner at reasonable rates of interest, or at all.

In-house training capabilities and strengthening recruitment process

Our Company has been targeting to recruit qualified staff at all levels who can be groomed to take up challenges and come out with better performance. We also endeavour to develop learning solutions for preparing our employees to equip them with necessary skills to cater the ever-increasing needs of our customers. The training department is functioning under the Department of Human Resources. The department understands that it has a key role to play in keeping the employees' aspirations and organizational goals aligned. They work on the principle that better knowledge helps employees to serve customers better.

Further growth of our Gold Loan business

Historically, Indians have been one of the largest consumers of gold due to the strong preference for gold jewellery among Indian households and its widespread use as a savings instrument. Indian population views investment in gold as a fallback option in the times of need. As a result, the market for gold loan financing in India offers good potential for further growth. Loans can be required for meeting some sudden medical exigency or for educational purposes or for business by enterprise owners. Gold loans extended by the NBFCs are very handy and flexible, though costlier than loans provided by banks. The Company continuously monitors viability of each branch with respect to per branch asset under management.

Target new customer segments

The market for our Gold Loans was traditionally confined to lower and middle income groups, who viewed Gold Loans as an option of the last resort in case of emergency. We intend to undertake sustained marketing efforts to diminish the stigma attached to pledging gold jewellery in India. We have introduced new product variants to expand our customer base to include various groups of population. We intend to emphasize our Gold Loan products' key advantages of expediency and minimal documentation and alter the image of Gold Loans from an option of the last resort to an option of convenience.

Product diversification

Our Company is planning to enter into business in new Gold Loan products such as "Online Gold Loan" followed by "Door Step Gold Loan". New products will be launched initially in selected locations after evaluating the risks involved and later on extended to more areas based on performance. In addition to these, we shall be coming out with new variants of gold loan products based on continuous study and appraisal of the Gold Loan market and customers' needs.

Strengthen our operating processes and risk management systems

Risk management forms an integral part of our business as we are exposed to various risks relating to the lending business. The objective of our risk management systems is identifying, assessing, monitoring and measuring various elements of risks involved in the business such as including credit risk, interest risk, market risk, liquidity and to implement policies and procedures to mitigate such risks. We plan to continue to adapt our risk management procedures, to take account of trends we have identified. We intend to continue to improve our operating processes and risk management systems that will further enhance our ability to manage all the business risks inherent to our business.

Loan-Book for the financial years ended as on March 31, 2024, March 31, 2023 and March 31, 2022

The product-wise loan book of our Company for the financial years ended as on March 31, 2024, March 31, 2023 and March 31, 2022 is as follows:

Particulars	Total Assets Under Management (₹ in lakh) as of			% of Assets Under Management (%) as of		
	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2024	March 31, 2023	March 31, 2022

Gold Loans	41,242.54	30,190.86	27,625.48	83.71%	74.00%	77.80%
Microfinance Loans	5,373.12	5,820.77	3,063.61	10.91%	14.27%	8.63%
Business Loans	1,751.74	3,818.60	3,871.09	3.56%	9.36%	10.90%
Other Business*	899.01	970.68	948.10	1.82%	2.38%	2.67%
Total	**49,266.41**	**40,800.91**	**35,508.28**	100.00%	**100.00%**	**100.00%**

**Other business includes consumption loans and insta loans (personal loan)*

Our Company's Business

Gold loans

Our core business is disbursement of Gold Loans, which are typically small ticket loans secured by the pledge of gold jewellery. For the financial years ended as on March 31, 2024, March 31, 2023 and March 31, 2022, we had approximately 78,525, 64,461 and 65,068, respectively, Gold Loans accounts, aggregating to ₹ 41,242.54 lakh, ₹ 30,190.86 lakh and ₹ 27,625.48 lakh which comprised 83.71%, 74.00% and 77.80% of our total assets under management respectively.

For the financial years ended as on March 31, 2024, March 31, 2023 and March 31, 2022 income from interest on our Gold Loans constituted 71.78 %, 66.76 % and 78.18% of our total income, respectively. For the financial years ended as on March 31, 2024, March 31, 2023 and March 31, 2022 the average loan amount advanced by us was ₹ 51,587, ₹ 43,868 and ₹ 40,589 per loan transaction. For the financial years ended as on March 31, 2024, March 31, 2023 and March 31, 2022, our Gold Loans portfolio yield (representing interest income on Gold Loans as a percentage of average outstanding of Gold Loans), were 22.55 %, 20.70 % and 20.69 % per annum, respectively.

Loan disbursement process

Initial Evaluation and Loan Origination Process

The principal form of security that we accept is household gold jewellery. While these restrictions narrow the pool of assets that may be provided to us as security, we believe that it provides us with the key advantages. The amount that we finance against the pledged gold jewellery is typically based on a fixed rate per gram of gold content in the jewellery. We lend up to 75% of the value of jewellery (basis the category of gold loan scheme of the 22 carat gold price based on 30 days average price of 22 carat gold declared by India Bullion and Jewellers Association Limited, as per RBI guidelines). We appraise the jewellery collateral solely based on the gold content in the jewellery. Our Gold Loans are well collateralized because the actual value of the gold jewellery is higher than our appraised value of the gold jewellery when the loan is disbursed. As per our internal Gold Loan manual, we do not accept household gold jewellery below 22 carats as security for Gold Loans. Our Company has adopted a board approved consolidated lending policy on April 25, 2024.

Before sanctioning the Gold Loan, the branch officials take precautions and obtain declarations to ensure that the applicant who is pledging the ornaments, is the owner of those ornaments and that the borrower is creditworthy. We conduct field checks to ensure the financial standing and repayment capacity of loan applicants in case the aggregate loans outstanding of the borrower exceeds ₹ 2,00,000 basis which a report is prepared. This is done by way of physical visits to the business/residential place of the customer by the Branch Manager and a branch staff member before processing the loans. The area manager/regional managers further cross verify the particulars of these records. In event of aggregate loan outstanding of the borrower exceeds ₹ 8,00,000, the Area Manager/ Sr. Area Manager shall conduct joint field visits and the field visit reports for borrowers with aggregate loan outstanding above ₹ 12,00,000 are countersigned by the Zonal Manager. We also photograph customers with web-cameras installed in our branches at the time of each pledge. A unique customer number is provided to every customer. The customer's gold is checked for its authenticity by our team of appraisers. Further, a declaration of ownership of the gold jewellery is obtained from the borrower in all cases.

Loan Approval process

The first step in the process is the appraisal and evaluation of the household gold jewellery and ornaments, as security/collateral for the Gold Loans. Employees in our branches are trained for gold appraisal and operate in accordance with guidelines contained in our internal Gold Loan manual regarding their function and responsibilities. The initial appraisal is performed by a trained employee and verified by the Branch Manager/ Branch in charge. This process involves several principal tests, which include the acid and salt test, point scratching test, the weight test, flexibility test, smell test, usability test and sound test. The gross weight of the gold jewellery is determined by weighing the jewellery. The weight of stones and other material that is embedded in the jewellery is also deducted from the gross weight to determine the net weight.

During the appraisal and evaluation, the customer fills the application form in connection with the gold to be provided as security and thereafter recorded by an appraiser after the gold has been appraised and evaluated. The application is then signed by the customer, the appraiser (staff) and also by the branch manager/manager in charge.

Sanction of loan

In order to have an overall control over the sanction of loans to a single borrower and to ensure the need for having an in-depth knowledge of the borrower who avail higher amounts of loans, the sanction powers are delegated to various authorities of our Company as provided below:

Sanctioning level	Maximum LIMIT per borrower (₹)
Branch Manager	8,00,000
Area Manager /Sr. Area Manager Regional Manager	12,00,000
Zonal Manager	20,00,000
By Head Ops / CFO	30,00,000
HO GL Sanction Committee	Specific cases above ₹ 30 lakh up to ₹ 50 lakh to a single borrower duly recommended by BM, AM/ Sr. Area Manager /RM and ZM shall be considered by a committee comprising of any two of the following three officials:- i) CFO ii) Head -Operations iii) Head - Sales by submitting all relevant details well in advance (3 working days). Details required to be submitted: 1. Field verification by AM/ Sr. Area Manager /RM and ZM jointly with their recommendations. 2. CIBIL report of the customer 3. Information on the business of the borrower such as ITR, Annual Return etc. if desired by the committee.
Maximum limit per borrower	₹ 50,00,000/- for a maximum period of 6 months.

<u>Post disbursement process</u>

Custody of gold collateral and Inventory Control

The gold jewellery and ornaments pledged by the customers are kept in plastic bag and sealed. These ornaments are appraised by the appraiser and verified by the branch manager and joint custodian. The packets are kept in cabinets in the strong room. When the packets/covers are kept inside, entry is made in the securities register which is also kept inside the strong room. In few of our branches where sufficient space is not available for building a strong room, the gold ornaments are stored in fire-proof/burglar proof safes. The safes and strong rooms in which the gold jewellery is kept are built as per industry standards and practices. The physical stock of pledge packets is also verified and tallied with the general ledger on a fortnightly basis and at the time of internal audit and gold inspection. Further, no new branches can be opened without storage arrangements having been made thereat.

Collection and Recovery Processes

We believe that our loan recovery procedure is particularly well-suited to our target market for each of our products. The entire collection operation is administered in-house through our branch officials and we do not outsource loan recovery and collection operations. The customers may redeem the loan at any time prior to the full tenure. In the event that a loan is not repaid on time and after providing due notice to the customer, the pledged gold is disposed off in public auction in accordance with the Board approved auction procedure and applicable RBI guidelines. Auction proceeds will be adjusted against the Principal, Interest, postages and auction charges due from the customer. Any surplus arising out of the auction proceeds after adjusting the dues from the customer is refunded to the customer or is appropriated towards any other liability by the borrower. In the event that the recoverable amount is more than the realisable value of the pledged gold, the customer remains liable for the shortfall. Notices are sent to all customers whose ornaments are auctioned, intimating them of amount adjusted towards dues and surplus or deficit after such adjustment.

Our Company has an internal collection process wherein a customer is intimated by means of short messaging service and phone calls in the event of defaults in repayment in a timely manner. When a customer does not repay loan on or before its maturity, even after repeated follow up, we initiate the recovery process and dispose off the pledged gold, by public auction as per Reserve Bank of India guidelines to recover the amount owed to us, including the principal, interest and other charges. Before initiating the recovery process, we inform the customer through registered notices. Gold ornaments pledged with our Company will be disposed by the Company by way of public auction, after the due date. Our Company will give due notice of auction to the customer by way of registered post at least 15 days before the date of auction.

Our Auction Policy

Chemmanur Credits and Investments Limited is an NBFC mainly engaged in lending against the security of gold ornaments. The situation for auction of the gold ornaments pledged arises only when the borrower has not repaid the dues in spite of the various opportunities given to him by our Company. Thus, auction of the pledged gold ornaments is the last measure resorted by our Company to recover the dues from the borrower. It shall be the policy of our Company to avoid the auction of the ornaments pledged by the customer to the maximum possible extent.

Our Company shall follow up with the borrowers for release of the pledged ornaments before putting the same in the auction list by sending registered notice reminding the borrowers. Even after putting the ornaments in the auction list, a last opportunity shall be given to the customer to get the pledged items released by all possible means of settlement.

Our Company normally categorizes those loan accounts in which pledged ornaments are not released within the loan tenure as overdue loans accounts, and the same will be put in the auction list. Ornaments pledged in such accounts will be sold by public auction as per the terms of the policy. Though normally the Company includes only those accounts which are overdue for auction, in a situation where the gold price is on downward trend and the realisation of the loan dues is difficult, our Company can start the auction procedures by giving proper prior notice to the customer even before the accounts are categorised as overdue. However, such steps will be initiated only after a decision to that effect is taken by the Board.

If the loan is not settled by the customer even after receipt of the registered notice sent in respect of the overdue loans, final auction intimation shall be given to the customer by registered post with acknowledgement due giving him another 15 days' time and intimating him of date and place of auction. This intimation shall contain the details of loan such as the loan number, date of loan, net weight of the ornament pledged, principal amount, interest, additional interest and other charges due from the customer, and total amount due. Our Company keeps the post office receipt towards proof of intimation/ notice to the customer.

Pursuant to the circular dated September 16, 2013 issued by RBI, the following additional stipulations have been made in respect to auctioning of gold jewellery:

1. The Company shall obtain registration under respective rules and regulations in force particularly under GST rules. All the terms and conditions prescribed under such rules/regulations shall be complied with.

2. The gold ornaments pledged will be auctioned only through auctioneers approved and appointed by the Board.

The auction shall be announced to the public by issue of advertisement in at least two daily newspapers (one in national and one in vernacular language) and shall be made well in advance before the auction. The auction list shall also be displayed at respective branch office(s).

Microfinance Loans

Our microfinance loans are typically small ticket loans, unsecured and given to Joint Liability Groups of woman customers. Accordingly, we provide loans to groups of women, with each group consisting of minimum five women based on our criteria. Under the JLG model, loans are provided to individual customers, however group guarantees the repayment of loans given to individual members of the group. We provide Microfinance Loans up to a maximum limit of ₹ 60,000 for a maximum period of 24 months.

Our operations are focused on low income households engaged in economic activity and/ or women with limited access to formal financial institutions and our goal is to achieve gender equality in the society by providing the microfinance loan services to women.

For the financial years ended as on March 31, 2024, March 31, 2023 and March 31, 2022, we had approximately 45,376, 49,366 and 23,686, respectively Microfinance Loan accounts, aggregating to ₹ 5,373.12 lakh, ₹ 5,820.77 lakh and ₹ 3,063.61 lakh which comprised 10.91%, 14.27 %, and 8.63 % of our total assets under management respectively.

For the financial years ended as on March 31, 2024, March 31, 2023 and March 31, 2022 income from interest on our Microfinance Loans constituted 11.45%, 8.42 % and 5.39 % of our total income, respectively. For the financial years ended as on March 31, 2024, March 31, 2023 and March 31, 2022 the average loan amount advanced by us was ₹ 19,496, ₹ 15,770 and ₹ 20,457 per loan transaction. For the financial years ended as on March 31, 2024, March 31, 2023 and March 31, 2022, our Microfinance Loans portfolio yield (representing interest income on Microfinance Loans as a percentage of average outstanding of Microfinance Loans), were 24.12%, 22.59 % and 13.85 % per annum, respectively.

Increase in Microfinance Loans

With the changes brought in by RBI in 'Microfinance Lending Framework', we have been authorised to increase lending under Microfinance schemes up to 25% of total assets as against 10%.

Microfinance Loan disbursement process

The Microfinance branches identify locations where loans are required through market survey within vicinity of branch and collect the KYC documents of the prospective loanees. A group guarantee is taken from the members of JLG group and the loan documentation is completed after the required personal verifications. Group training sessions are held wherein all rules and regulations in respect of the microfinance services are provided to each group. A housing survey of the members of each group is also conducted during this process. The loans of members of a particular group are handed over to their group leader. The collection for the loans is made on daily basis.

Business Loans

Apart from Gold Loans, we also provide financial assistance to individuals, who are engaged in small scale businesses, but are currently dependent on informal sources of funding which is known as "Gramin Shakthi Loan" or "GSL".

Gramin Shakthi Loans are provided to mitigate their difficulty in meeting business requirements or to raise working capital funds.

GSL are secured business loans, wherein our Company offer loans up to ₹ 1,50,000 for various fund requirements like working capital needs, expansion of business etc. with weekly instalment or monthly instalment options.

Our business loans typically cover loans provided against the hypothecation of business asset with the loan amount ranging from ₹ 25,000 to ₹ 1,50,000. The tenure of such business loan generally ranges from 50 weeks to 100 weeks. The interest charged is at 25 % per annum at a diminishing rate.

For the financial years ended as on March 31, 2024, March 31, 2023 and March 31, 2022, we had approximately 10,600, 19,127 and 16,539, respectively Business Loan accounts, aggregating to ₹ 1,751.74 lakh, ₹ 3,818.60 lakh and ₹ 3,871.09 lakh which comprised 3.56 %, 9.36 % and 10.90 % of our total loan and advances respectively.

For the financial years ended as on March 31, 2024, March 31, 2023 and March 31, 2022 revenues from our Business Loans constituted 5.87%, 11.72% and 8.10 % of our total income, respectively. For the financial years ended as on March 31, 2024, March 31, 2023 and March 31, 2022 the average loan amount advanced by us was ₹ 37,597, ₹ 34,231 and ₹ 34,320 per loan transaction. For the financial years ended as on March 31, 2024, March 31, 2023 and March 31, 2022, our Business Loans portfolio yield (representing interest income on Business Loans as a percentage of average outstanding of Business Loans), were 24.53%, 24.36% and 16.62% per annum, respectively.

Loan Disbursement Process

Initial Evaluation and Loan Origination Process

Our field officers identify potential borrowers within in the vicinity of our branches based on eligibility criteria such as a) persons engaged in buying and selling of goods/commodities either as retailer/wholesaler, b) self employed persons engaged in service sector and c) regular income with capacity for repayment of loan with interest. The GSLs are secured usually by way of (i) demand promissory notes, and/or (ii) hypothecation of goods/stock/equipment/machinery acquired and/or (iii) personal guarantee of close relatives of the borrower or persons acceptable to our Company.

Loan approval and Collection process

For approval of loan, the staff of our Company has to compulsorily collect self-attested true copies of the bank pass book issued in the name of the borrower, post which the loan application is processed. Managers make visits to the applicant's business location/residence for loan appraisal purpose. Based on set parameters, meetings with customers are conducted through personal visits. Once a proposal is sanctioned, our Company works towards the agreement executions and disbursements are conducted. Repayment of the loan with interest is ensured based on prefixed weekly installments advised to the borrower.

Our Field officers visit borrowers' place of business for collection of weekly installments on specified dates. Installment is collected and receipt is provided to the borrower. Collection details are updated in the system using a designed android application in the presence of the borrower**.**

Other Business

(i) Personal Loan

We also offer two unsecured loan products viz. Consumption loans and Insta loans (personal loans). The Consumption Loans and Insta Loans are provided to eligible customers, who are having regular income with capacity to repay the loan with interest.

(ii) Money Transfer Services

We provide money transfer service as a fee-based business for transfer of money from abroad. Under our money transfer agreements, with agents of Money Transfer companies we make payment of money remitted by persons from abroad to the beneficiaries after checking their identity. The money paid by us on behalf of the agent of the Money Transfer company is refunded to us by the agent on the next working day after payment. We are entitled to receive a commission for the services provided depending on the number of transactions and the amount of money transferred.

With expected increase in branch networks we expect increased volume in Money Transfer services and resultant increase in income in the coming years.

(iii) Insurance and micro-insurance distribution services

We have tied up with insurance providers such as Pramerica Life Insurance Limited and Liberty Health Insurance Limited for distribution of their products. We are acting as master policy holders to cover our customers and their spouses under Micro Finance and Gramin Shakthi loans. The insurance coverage ranges from ₹ 5,000 to ₹ 1,50,000 depending on the loan amount. We have obtained corporate agency license from IRDAI to solicit life insurance, general insurance and health insurance.

We plan to focus more on Insurance business in coming years. With the proposed increase in branch network and geographical coverage we expect a reasonable increase in Insurance business and increase in our income.

Branch Network

Our Company has established a presence in India, with 270 branches located across 5 states, namely Kerala, Tamil Nadu, Karnataka, Maharashtra and Andhra Pradesh as of June 30, 2024. The distribution of branches across India by region as of June 30, 2024, March 31, 2024, March 31, 2023 and March 31, 2022 is as set out in the following table:

State	**As of**			
	June 30, 2024	**March 31, 2024**	**March 31, 2023**	**March 31, 2022**
Kerala	123	122	121	114
Tamil Nadu	59	59	41	23
Karnataka	41	41	33	10
Maharashtra	5	4	0	0
Andhra Pradesh	42	41	0	0
Total	**270**	**267**	**195**	**147**

Marketing, Sales and Customer Care

Our Company undertakes publicity through media, both print and electronic to increase the visibility of our brand. Our media plans consider the visibility and reach of our brand within the desired budget. These advertisements are carried out across various states wherever our Company has presence. This helps individual branches to target the public and thereby generate business from the locality. We advertise more through digital/social media platform rather than print and electronic media. The branches of our Company display the ombudsman scheme available for customers, the names and address of the nodal officer (Grievance Redressal Officer) along with the RBI official in respect of customer grievances for addressing customer complaints. Our grievance redressal mechanisms are further monitored by the 'Stakeholders Relationship Committee' of our Board.

Asset Quality

We maintain our asset quality through the establishment of prudent credit norms, the application of stringent credit evaluation tools, limiting customer exposure, and direct interaction with customers. In addition to our credit evaluation and recovery mechanism, our asset-backed lending model and adequate asset cover has helped maintain low gross and net NPA levels.

NPA Policy

Our Board adopted the policy on income recognition and asset classification dated April 25, 2024 ("**IRAC Policy**"). In terms of the IRAC Policy, all gold loans outstanding beyond the loan validity are disposed of as per our Auction Policy. In order to undertake this, our Company has put in place a gold loan monitoring, follow-up and disposal mechanism. In the case of other loans regular follow up is done in person by field officers and their supervisors to recover overdue/NPA loans.

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

- Standard assets;
- Sub-standard assets;
- Doubtful assets; and
- Loss assets.

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

Asset Classification	Provisioning Policy
Standard Assets	0.25%
Sub-standard Assets	10% of the principal & 100% of interest accrued but not collected
Doubtful Assets	(a) 100% of the principal to the extent to which the advance is not covered by the realisable value of security and 100% of interest accrued but not collected
	(b) In addition to item (a) above, depending upon the period for which asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion shall be made.
Loss Assets	100% write off

For further details, please refer to *"Key Regulations and Policies"* on page 183.

Based on the RBI Master Directions for asset classification, details of the classification of our gross NPAs for significant classes of our assets for the Fiscals 2024, 2023 and 2022 are furnished below:

Details of NPA and provisions thereon of our Company, as of the specified dates are set out in the table below:

(₹ in lakh)

Asset Type	As on March 31		
	2024	**2023**	**2022**
Sub-standard	147.82	57.99	321.69
Doubtful	159.21	136.75	26.10
Loss	54.81	54.35	36.06

Asset Type	As on March 31		
	2024	2023	2022
Gross NPA	361.84	249.09	383.85
Gross NPA% of Assets under management	0.73%	0.61%	1.08%
Less Provisions	174.18	150.19	77.74
Net NPA	187.66	98.9	306.11
Net NPA% of Assets under management	0.38%	0.24%	0.86%

Assets-Liabilities Management Policy

Our Board adopted the asset-liability management policy ("**ALM Policy**") vide board resolution dated April 25, 2024. Through this policy, our Company proposes to lay down broad guidelines in respect of interest rate and liquidity risks management systems in Company, which form part of the Asset-Liability Management (ALM) function. The initial focus of the ALM function would be to enforce the risk management discipline, i.e., managing business after assessing the risks involved. The organizational set up for liquidity risk management under the ALM Policy has been divided between (a) the Board of Directors, (ii) the Risk Management Committee, and (iii) the Asset-Liability Management Committee ("**ALCO**").

Funding Sources

We have expanded our sources of funds in order to reduce our funding costs, protect interest margins and maintain a diverse funding portfolio that will enable us to achieve funding stability and liquidity. Our sources of funding comprise term loan and cash credit from banks, issuances of (i) redeemable non-convertible debentures; (ii) subordinated debt in addition to equity infused by the Promoter.

For details, please refer to sections titled *"Financial Information" and "Financial Indebtedness"* on pages 134 and 136, respectively.

Capital Adequacy and Leverage Ratio

As per the Master Directions, every NBFC-BL including us is subject to the leverage ratio requirements and capital adequacy requirements prescribed by the RBI. Currently, we are required to maintain capital adequacy ratio consisting of Tier I and Tier II capital which shall not be less than 15% of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items. Further, we are required to maintain a minimum Tier I Capital of 12.00% and also the total of Tier II capital, at any point of time, shall not exceed one hundred percent of Tier I capital. We are required to maintain a Leverage ratio of not more than 7 times. Additionally, we are required to transfer up to 20% of our net profit to a reserve fund and make provisions of NPAs. We had Tier I and Tier II capital adequacy ratio of 21.84 %, 27.12% and 35.08% as March 31, 2024, March 31, 2023 and March 31, 2022 respectively. Where Tier I capital adequacy ratio stood at 14.43%, 17.94% and 23.23% as on March 31, 2024, March 31, 2023 and March 31, 2022 respectively, against prescribed limit of 12% for NBFCs engaged in business of gold loans. We had leverage ratio of 6.28 times, 4.79 times and 3.47 times for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022. We have satisfied the minimum capital adequacy ratios prescribed by RBI for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022.

Risk Management

Risk Management Policy approved vide board resolution dated April 25, 2024 represents the standards of risk assessment to be followed by our Company as an NBFC, formulated in line with the RBI guidelines, and with the approval of the Board of Directors. Company's Risk management is a business facilitator by making more informed decisions with balanced risk-reward paradigm. Our Company follows a disciplined risk management process and has been taking business decisions, ensuring growth and a balanced approach on risk reward matrix. The policy lays down a framework for identifying, assessing, and measuring various elements of risk involved in the business and formulation of procedures and systems for mitigating such risks.

i. Credit risk

Credit risk is a risk of loss due to failure of a borrower to meet the contractual obligation of repaying his debt as per the agreed terms is commonly known as risk of default.

ii. Market risk

This is due to external market dynamics, which gives rise to risks like fall in price of security, interest Rate Risk and Funding Risk. Our Company deals with gold loans and has to face the risk of market fluctuations in the price of the gold which is determined by many factors. Our Company shall resort to proper ways to manage such risks.

iii. Operational risk

An operational risk is any eventuality arising out of the act relating to people, technology, infrastructure and external factors, which can give rise to some type of loss in the organisation, is termed as operational risk. Mostly it is internal and unknown. Therefore the persons responsible shall keep continuous watch and shall gather the symptoms / warning signals to manage operational risk.

iv. Liquidity risk

Company may be unable to meet short term financial demands. This usually occurs due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process.

Internal Audit System

A tiered approach is undertaken by our internal audit team in accordance with audit policy approved vide board resolution dated April 25, 2024 to strengthen our risk management process. We have internal audit systems which consist of audit and inspection, for risk assessment and internal controls. The audit system comprises of accounts audit and gold appraisal. In accordance with our audit policy, all of our branches are subject to gold audit every 25 days and internal audit of Microfinance Loans, Business Loans and personal loans is conducted once in every three months.

Credit Rating

CRISIL Ratings Limited vide their rating rationale letter dated December 7, 2023 reaffirmed the rating of our long term bank loans of ₹ 2,500 lakh as 'CRISIL BBB-/Stable', and the rating of our non-convertible debentures of ₹ 20,000 lakh was reaffirmed as 'CRISIL BBB-/Stable'. Further, India Ratings *vide* their rating letter dated June 25, 2024 affirmed the rating of our bank loans of ₹ 5,000 lakh as 'IND BBB-/Stable', and the rating of our non-convertible debentures of ₹ 10,000 lakh was affirmed as 'IND BBB-/Stable'. Any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and debt markets and, as a result, would negatively affect our net interest margin and our business.

Competition

We face competition from banks, NBFCs and other unregulated/unorganised money lenders. Our Board believes that we can achieve economies of scale and increased operating efficiencies by increasing the number of branches under operation and proven operating methods. We believe that the primary elements of competition are the quality of customer service and relationship management, branch location and the ability to lend competitive amounts at competitive rates. In addition, we believe the ability to compete effectively will be based increasingly on strong management, regional market focus, automated management information systems and access to capital.

Insurance Coverage

We maintain insurance coverage on all our assets located at our registered office, on all our movable/immovable assets including gold ornaments kept as security in branch premises owned by us against Burglary and special perils (such as fire and earthquakes). Our insurance policies are generally policies with a one year validity that we renew upon expiry.

Intellectual Property

The trademark/service mark and logo in connection with the "BOCHE, CONQUER THE WORLD WITH LOVE" logo is owned by our Promoter and is pending for registration in various classes including classes which pertain to our Company's business. There can be no assurance that our Promoter would be able to obtain registration of the aforesaid logo and trademarks under each or all of the classes. Once such trademark and/or logo is registered we intend to enter into an agreement with our Promoter for the use of such logo and/or trademark. We have obtained permission from our Promoter in writing to use the logo. For further details, see section titled "*Risk Factors*" on page 16.

Property

Our registered office is at Door No. D1 to D4, 3rd Floor, Avenue Tower, East Fort, Thrissur East, Thrissur - 680005, Kerala, India which is being used by us on a leasehold basis. If these leases are not renewed on a timely basis or at all, we do not think that relocating would materially and adversely affect our operations and profitability.

Human Resource

As on June 30, 2024, we had 1,404 employees engaged in various business operations like sales, marketing, recovery, audit etc. We endeavour to nurture dedicated talent by providing required training. We groom our employees to take up challenges and to provide better customer service.

HISTORY AND CERTAIN OTHER CORPORATE MATTERS

Brief background of our Company

Our Company was incorporated in Kerala on December 16, 2008, as a public limited company under the provisions of the Companies Act, 1956 as Chemmanur Credits and Investments Limited and received the certificate of commencement of business from the RoC on November 10, 2010. Our Company has obtained a certificate of registration dated June 10, 2010, bearing registration no. N16-00185 issued by the Reserve Bank of India under Section 45 IA of the Reserve Bank of India Act, 1934, to commence/carry on the business of non-banking finance without accepting public deposits subject to the conditions mentioned in the certificate of registration.

Our Company is promoted by Chemmanur Devassykutty Boby. The promoter has expanded the family-run business of more than 150 years of retail gold jewellery. Chemmanur Devassykutty Boby, under the Boby Chemmanur group, has branches in USA and Middle East apart from those in India and has interests in various other fields such as finance, chits, super market, real estate, builders and developers, e-commerce, holiday resorts, holiday timeshare/vacation ownership etc. The registered office of our Company is situated at Chemmanur Credits and Investments Limited, Door No. D1 to D4, 3rd Floor, Avenue Tower, East Fort, Thrissur East, Thrissur - 680005, Kerala, India. The liability of the members of our Company is limited. The Corporate Identification Number of our Company is U65923KL2008PLC023560.

Change in Registered Office of our Company

Date	Details of Registered Office
At incorporation	Building No.17/504-F4, Sarara Complex, Mavoor Road, Near New Bust Stand, Puthiyara, P.O. Kozhikode, Kerela – 673 001, India
March 19, 2012	Kozhikode to 4th Floor, West Fort Tower, West Fort Junction, Civil Lane, Thrissur – 680 004
May 25, 2013	Mangalodhayam Building, Round South, Thrissur – 680 001, Kerala, India
April 12, 2024	Door No. D1 to D4, 3rd Floor, Avenue Tower, East Fort, Thrissur East, Thrissur - 680005, Kerala, India

Main Objects of our Company

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

1. To carry on the business of lending or advancing money either upon or without security as a non-banking financial company as per RBI guidelines, to advance money either upon or without security to the weaker sections of society at preferential rate of interest or otherwise, including lending under microfinance schemes, to carry on the business of hire purchase by lending or advancing money upon or without security, and to carry on the business of money lending in accordance with the provisions of Kerala Money lenders Act, 1958, subject to all applicable rules and regulations.

2. To borrow, raise or receive money, including by way of debentures, bonds or otherwise, subject to the laws in force from time to time, but the company shall not carry on the business of banking as defined in the Banking Regulation Act, 1949.

3. To carry on and undertake the business of stock brokers, to undertake depository participant activities, to provide custodial and depository services of assets and securities, to collect dividends, bonuses, interests, income, rights, entitlements accruing on such assets and securities, to do the business of money transfer services, money changers, authorized dealers in foreign exchange or foreign securities, exchange houses etc. either directly or as agents, brokers or otherwise of other companies engaged in these businesses, to do fee based marketing activities for other third party products and services and to act as Business Correspondents and / or Direct Selling Agents of Banks and other Financial Institutions.

4. To act as a corporate agent for soliciting or procuring the business of all types of insurance.

Key Milestones and Major Events

Financial Year	Key Milestones/Major Events
2010	Certificate of registration issued by RBI to act as non-deposit taking NBFC.
2012-13	Opened our 100th branch on August 24, 2012 (on first anniversary of opening of first branch)
2015-16	Expanded operation to Tamil Nadu
2016-17	Certificate of registration as Corporate Agency with IRDAI.
2021-22	Expanded operation to Karnataka

Financial Year	Key Milestones/Major Events
2022-23	Issued secured, non-convertible debentures for the first time. The securities were listed on BSE
2023-24	Expanded operations to Maharashtra

Subsidiaries of our Company

As on the date of this Prospectus our Company does not have any subsidiary.

Holding of our Company

As on the date of this Prospectus our Company does not have any holding company.

Associate of our Company

As on the date of this Prospectus our Company does not have any associate company.

Key terms of Material Agreements

As on the date of this Prospectus our Company has not entered into any material agreements which are not in the ordinary course of business.

OUR MANAGEMENT

Board of Directors

The general superintendence, direction and management of our affairs and business are vested in our Board of Directors. The composition of our Board is governed by the provisions of the Companies Act, 2013, and the rules prescribed thereunder, in compliance with the same, our Company require us to have not less than 3 (three) and not more than 15 (fifteen) Directors.

As on the date of this Prospectus, our Board comprises of 6 (Six) Directors, of which 1 (One) Director is Chairman & Managing Director, 1 (One) Director is an Additional Director, 4 (Four) Directors are Non-Executive Directors including 1(One) women Director and 2 (Two) Independent Directors.

***Details of Board of Directors as on the date of this Prospectus*:**

Name, designation, and DIN	Age (in years)	Address	Date of Appointment	Other directorships
Chemmanur Devassykutty Boby **Designation**: Chairman & Managing Director **DIN**: 00046095	60	Chemmanur House, Avenue Road, VTC, Thrissur - 680005, Kerala India.	Since incorporation	• Nil
Lijo Moothedan **Designation**: Non-Executive Director **DIN**: 00877403	49	Moothedan House, Villa No. 47B/ 48, Hilite Spingdale Velliparamba, Kuttikka Ttoor Kozhikode 673008 Kerala India	Since incorporation	• C.D.B. 24 Karat International Jewellers Private Limited • C.D.B. 24 Karat Gold and Diamonds Private Limited • Chemmanur Gold Palace International Limited • Boby Chemmanur (No. 1) Chits Private Limited • Boby Chemmanur Enterprises Private Limited • Boby Chemmanur Entertainments Private Limited • Boche Bhumi Putra Private Limited
Smitha Boby **Designation**: Non-Executive Director **DIN**: 00046059	53	270/AB/17, 45/46A, Hilite springdale Villa, VTC: Kuttikatoor PO: Velliparamba District Khozikode - 673 008, Kerala, India	September 2, 2022	Nil
Antony Sebastian C. **Designation**: Independent Director **DIN**: 10083087	70	Choorakkal House, Thavoos Lane, Mission Quarters, Thrissur, 680001 Kerala India	March 24, 2023	Nil
Edathole Habeebul Rahiman **Designation**: Independent Director **DIN**: 06973269	69	Naduvattam Beypore Kozhikode 673015 Kerala India	March 24, 2017	Nil

Name, designation, and DIN	Age (in years)	Address	Date of Appointment	Other directorships
Sibin Philipose **Designation**: Additional Director **DIN**: 09777666	39	Pulluvana Veedu, Chittur Road, Kunnathurmedu, Palakkad-678013	December 28, 2023	• Boby Chemmanur Enterprises Private Limited • Boby Chemmanur Entertainments Private Limited • Chemmanur International Info Solutions Private Limited • Chemmanur International Holidays And Resorts Limited • Boche Tours And Travels Private Limited • Brewcraft Hospitality Private Limited • Boche Bhumi Putra Private Limited • Thriprayar Gold And Diamond Private Limited • Boche RX Lens Private Limited • Boche Jungle Wine Private Limited

Brief profile of the Directors of our Company

Chemmanur Devassykutty Boby is the Chairman & Managing Director of the Company. He is a veteran in gold jewellery business and has led Chemmanur International group to grow into an international jewellery chain traversing different countries such as USA and Middle East. He has been involved in multiple charity activities including Boby Fans Association Charitable Trust (founder trustee) and Life Vision Charitable Trust (founder trustee). He has been awarded an Honorary Doctorate by World Records University, Mother Theresa Award and Vijayashree Award, Longest Marathon Run (812 KM) for starting world's largest blood bank by Unique World Records, World Records University, Asia Book of Records, India Book of Records, and Limca Book of Records, Business Excellence Award by Cochin Herald & Indian Chamber of Commerce & Industry, Ambassador of Peace by Universal Peace Federation, among others.

Lijo Moothedan is the Non- Executive Director of the Company. He has over 15 years of experience in jewellery segment and expertise in management and operation of diverse nature of business. He holds a degree of Bachelor of commerce from Calicut University.

Smitha Boby is a Non-Executive Director, who joined the Board of our Company in 2022. She is a matriculate and is the spouse of Chemmanur Devassykutty Boby, Chairman & Managing Director of our Company.

Edathole Habeebul Rahiman is the Independent Director of the Company. He holds the degree of Bachelor of Science – Agriculture from Kerala Agricultural University. He joined the Board of our Company in 2017, as Independent Director. Prior to joining the Company, he was the General Manager of Bank of Baroda.

Antony Sebastian Choorakkal is the Independent Director of the Company. He is a Practicing Chartered Accountant who has been in practice for last 40 years and has experience in statutory audits of companies, banks, firms and other entities, societies etc. He joined the Board of our Company in March 24, 2023, as Independent Director.

Sibin Philipose is an Additional Director of the Company. He joined to the Board of Chemmanur Credits and Investments Limited in Financial Year 2023. He holds the degree of Bachelor in Commerce and Commercial Pilot License with Frozen ATPL.

Relationship between Directors

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

Sr. No.	Name of Director	Designation	Relationship with other Directors
1.	Chemmanur Devassykutty Boby	Chairman & Managing Director	Lijo Moothedan – Brother–in-law.
			Smitha Boby – Wife
2.	Lijo Moothedan	Non-Executive Director	Chemmanur Devassykutty Boby - Brother–in–law.
			Smitha Boby – Sister
3.	Smitha Boby	Non-Executive Director	Chemmanur Devassykutty Boby – Husband
			Lijo Moothedan – Brother
4.	Sibin Philipose	Additional Director	Chemmanur Devassykutty Boby - Father–in–law
			Smitha Boby – Mother–in–law

Remuneration of Directors

Details of remuneration paid for the current year, Fiscals 2024, 2023 and 2022 by our Company:

(₹ in lakh)

Name of Director	For Current Financial Year (till June 30, 2024)	Fiscal 2024	Fiscal 2023	Fiscal 2022
Chemmanur Devassykutty Boby	27.00	108.00	108.00	84.00

***Remuneration paid to the Directors for the current year and Fiscals 2024, 2023 and 2022 by our Subsidiaries and Associates*:**

Not applicable, as our Company does not have any subsidiaries or associate companies as of the date of this Prospectus.

The terms of remuneration of the Chairman & Managing Director are as below:

The following table sets forth terms of remuneration to Chemmanur Devassykutty Boby, Chairman & Managing Director. The shareholders of the Company had fixed remuneration of ₹ 96,00,000 for the FY 2021-22 in the annual AGM dated September 30, 2021, due to inadequate profit during the FY 2021-22, the remuneration paid has been limited to ₹ 84,00,000, which is maximum remuneration as per Section 197 of the Companies Act read with Schedule V of Companies Act, 2013.

The Board in their meeting held on September 2, 2022 and shareholders by their resolution dated September 30, 2022 approved payment of remuneration of ₹ 1,08,00,000 to Chemmanur Devassykutty Boby, Chairman and Managing Director with effect from the FY 2022-23 as per Section 197 of the Companies Act read with Schedule V of Companies Act, 2013.

Particulars	Remuneration
Salary	₹ 1,08,00,000
Bonus	NIL
Perquisites	NIL

Remuneration of Independent Directors

The Independent Directors are paid remuneration by way of sitting fees and reimbursement of other expenses (travelling, boarding and lodging) incurred for attending the Board/Committee meetings. The Non-Executive Directors are not paid any sitting fees.

Our Company pays sitting fees of ₹ 25,000 per meeting to the Independent Directors for attending the meetings of the Board and Committees thereof. The Non-Executive Directors are not paid any sitting fees during the current year and the last three fiscals i.e., Fiscal 2024, 2023 and 2022.

There is no commission paid to any of the Directors during the current year and the last three fiscals i.e. Fiscal 2024, 2023 and 2022.

Confirmations

None of our directors is a promoter or director of another company which is debarred from accessing the securities market or dealing in securities by the SEBI.

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

None of our Directors is a promoter, director or person in control of any company which was delisted within a period of ten years preceding the date of this Prospectus, in accordance with Chapter V of the SEBI (Delisting of Equity Shares) Regulations, 2021.

None of the director of our Company are promoters or whole time directors of another company that is a wilful defaulter.

None of our Directors have been categorised as a wilful defaulter by the RBI, any government/regulatory authority and/or by any bank or financial institution. None of our Directors are in default of payment of interest or repayment of principal amount in respect of debt securities issued to the public, for a period of more than six-months.

None of the Directors of our Company interested in the appointment of or acting as lead managers, credit rating agency(ies), underwriter, registrar, debenture trustee, advertising agency, printers, banker to the Issue or any other such intermediary appointed in connection with the Issue.

Borrowing Powers of the Board:

Pursuant to resolution passed by the shareholders of our Company on September 29, 2014 in accordance with provisions of 180(1)(c) and all other applicable provisions of the Companies Act and Articles of Association, the Board has been authorised to borrow sums of money as they may deem necessary for the purpose of the business of our Company, which together with the monies already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business), may exceed at any time, the aggregate of the paid-up capital of our Company and its free reserves (that is to say, reserves, not set apart for any specific purposes) by a sum not exceeding ₹ 1,00,000 lakh.

Interest of the Directors:

Except Chemmanur Devassykutty Boby, Smitha Boby, Lijo Moothedan and Sibin Philipose no other Directors are interested in the promotion of the Company. Chemmanur Devassykutty Boby, Smitha Boby and Lijo Moothedan were holding 1,96,000 shares 500 shares and 1,000 shares respectively as on the date of subscription of Memorandum of Association. Chemmanur Devassykutty Boby, Smitha Boby and Lijo Moothedan are holding 5,16,17,800 shares 55,000 shares and 35,000 shares respectively as on June 30, 2024. Sibin Philipose is not holding any shares as on June 30, 2024.

All the Directors of our Company, including our Independent Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them. All the Independent Directors of our Company are entitled to sitting fees for attending every meeting of the Board or a committee thereof.

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

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

As of the date of this Prospectus, our Directors have not taken any loan from our Company. Except as disclosed in the Section "*Related Party Transactions*" on page 133 none of our Directors may be deemed to be interested to the extent of consideration received/paid or any loans or advances provided to anybody corporate, including companies, firms, and trusts, in which they are interested as directors, members, partners or trustees.

None of our Directors are interested in their capacity as a member of any firm or company and no sums have been paid or are proposed to be paid to any Director or to such firm of company in which he is interested, by any person, in cash or shares or otherwise, either to induce them to become, or to help them qualify as a director, or otherwise for services rendered by him or by such firm or company, in connection with the promotion or formation of our Company.

No contribution has been made by the directors as part of the Issue or separately.

None of our Directors' relatives have been appointed to an office or place of profit of our Company.

Except as stated in the sections titled "*Related Party Transactions*" on page 133 and to the extent of compensation and commission if any, and their shareholding in our Company, our Directors do not have any other interest in our business.

Our Directors have no interest in any immovable property acquired or proposed to be acquired by our Company in the preceding two years of filing this Prospectus with the RoC nor do they have any interest in any transaction regarding the acquisition of land, construction of buildings and supply of machinery, etc. with respect to our Company. No benefit/interest will accrue to our Promoter/Directors/ Key Managerial Person/ Senior Management Personnel out of the objects of the Issue.

None of our Directors, Promoters or Key Managerial Personnel have any financial or other material interest in the offer.

Debenture holding of Directors:

As on June 30, 2024, none of the Directors of our Company hold any Debentures issued by our Company under private placement.

Details of change in Directors of our Company during last three years preceding the date of this Prospectus and the current financial year:

Name, Designation and DIN	Date of Appointment	Date of Cessation, if applicable	Date of resignation, if applicable	Remarks
Anna Boby **Designation:** Additional Director **DIN:** 08050266	February 19, 2021	NA	May 24, 2021	Resignation
Chemmanur Devassykutty Boby **Designation:** Chairman and Managing Director **DIN:** 00046095	October 1, 2022	NA	NA	Re- appointment as Managing Director
Smitha Boby **Designation:** Non-Executive Director **DIN:** 0046059	September 2, 2022	NA	NA	Appointment
Panamittath Madhavan Nair Rajagopal **Designation**: Independent Director **DIN**: 07177470	March 25, 2015	March 24, 2023	NA	Retirement
Antony Sebastian C. **Designation**: Independent Director	March 24, 2023	NA	NA	Appointment

Name, Designation and DIN	Date of Appointment	Date of Cessation, if applicable	Date of resignation, if applicable	Remarks
DIN: 10083087				
Sibin Philipose. **Designation**: Additional Director **DIN**: 09777666	December 28, 2023	NA	NA	Appointment

Shareholding of Directors, including details of qualification shares held by Directors as on June 30, 2024:

As on June 30, 2024, none of our Directors hold any qualification shares in our company.

Except as mentioned below, none of the Directors of our Company holds shareholding in our Company:

Sr. No.	Name of the Director	No. of Equity Shares	% of total shares of our Company
1.	Chemmanur Devassykutty Boby	5,16,17,800	86.03%
2.	Lijo Moothedan	35,000	0.058%
3	Smitha Boby	55,000	0.09%

***Shareholding of Directors in Subsidiaries and Associate companies, including details of qualification shares held by Directors as on the date of this Prospectus*:**

Not applicable as our Company does not have any subsidiaries or associate companies.

Key Managerial Personnel:

Provided below are the details of the Key Managerial Personnel and Senior Management of our Company, other than our Chairman & Managing Director, as of the date of this Prospectus.

T K Thomas is the Chief Executive Officer of the Company. He is an experienced Banker with more than 4 decades experience in the financial services industry. He has previously worked with Bank of Baroda. Before joining our Company as CEO he worked with a major NBFC as Vice President for five years. He is with the Company as CEO for the last 13 years and has been in Gold Loan NBFC sector for the last 18 years. He holds a Masters' degree in Business Administration (MBA) and he is certified associate of the Indian Institute of Bankers.

Pramod M is the Chief Financial Officer of the Company. He is a Chartered Accountant and holds a degree of Bachelor of commerce from Calicut University. He has an experience of 17 years in the financial services industry with comprehensive experience in the Gold Loan industry. He is with the company for last seven years and has worked in reputed NBFC group such as Manappuram Finance Limited.

Anju Thomas is the Company Secretary/Compliance officer of the Company. She is a Company Secretary from 2015 batch and has 8 years of experience of working with certain well known NBFCs such as Hedge Finance Limited. She is with the Company for almost four and a half years now.

As on the date of this Prospectus, all of the Key Managerial Personnel of our Company are the permanent employees of our Company.

Senior Management Personnel of our Company

In addition to the T K Thomas, Pramod M, Anju Thomas who are also designated as our Company's Key Managerial Personnel, whose details are provided in "Key Managerial Personnel" on this page, the details of the Senior Management Personnel, as on the date of this Prospectus, are set out below:

Brief profile of our Senior Management Personnel

1. Jayakumar K (AGM HR)

2. Suresh S (Head-Operations & Risk Management)
3. Subi G Nair (Head-Sales & Recovery)
4. Ratheesh N T (Head-Credit Division)
5. Aneesh Antony (Sr. Manager-IT

Compensation of our Company's Key Managerial Personnel and Senior Management Personnel

(₹ in lakh)

Name of KMP/SMP	For Current Year (till June 30, 2024)	For Fiscal 2024	For Fiscal 2023	For Fiscal 2022
Jayakumar K	5.12	18.25	17.12	15.60
Suresh S	4.22	14.71	11.35	10.03
Subi G Nair	5.06	17.89	15.11	14.38
Ratheesh N T	3.12	10.90	9.44	8.39
T K Thomas	7.50	30.00	30.00	30.00
Pramod M	5.55	17.84	15.93	15.32
Anju Thomas	2.68	9.18	8.24	8.56
Aneesh Antony	2.17	7.25	6.82	6.19

Interest of Senior Management Personnel

Except as stated below, none of our Senior Management Personnel has been paid any consideration of any nature from our Company:

- 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.

Except as stated below, Senior Management Personnel are not interested in the Company**:**

- To the extent of the shareholding in the Company, if any held by them or their relatives or held by the companies, firms and trusts in which they are interested as director, member, partner, and/or trustee, and to the extent of benefits arising out of such shareholding and/ or the stock options granted to some of our key managerial personnel.
- To the extent of debentures of our Company held by them or to be subscribed by them in this Issue and to the extent of any interest/redemption procees paid/payable to him and other distributions in respect of the said debentures.

Except for the letter of appointment issued to our Senior Management Personnel as an employee of the Company**,** our Company has not entered into any contracts or arrangement with the Senior Management Personnel relating to appointment and remuneration or providing for benefits upon termination of employment.

Relationship with other Senior Management Personnel

None of our Senior Management Personnel are related to each other.

Shareholding of our Company's Senior Management Personnel

As on the date of this Prospectus, none of the SMPs hold shares in our Company.

Corporate Governance

We are in compliance with the requirements in relation to the composition of the Board of Directors and constitution of Committees such as Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders' Relationship Committee and Risk Management Committee as required under the Companies Act, 2013 and other applicable law.

Details of various committees of the Board:

Audit Committee

The Audit Committee was last reconstituted vide a resolution passed by the Board on April 25, 2024. As on the date of this Prospectus, it comprises of:

Name	Designation on Committee	Designation on Board
Edathole Habeebul Rahiman	Chairman	Independent Director
Lijo Moothedan	Member	Non-Executive Director
Antony Sebastian C.	Member	Independent Director
Smitha Boby	Member	Non-Executive Director
Sibin Philipose	Member	Additional Director

The scope of the Audit Committee includes the references made under Section 177 and other applicable provisions of the Companies Act, 2013 besides the other terms that may be referred by the Board of Directors.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was last reconstituted vide a resolution passed by the Board on April 25, 2024. As on the date of this Prospectus, it comprises:

Name	Designation on Committee	Designation on Board
Edathole Habeebul Rahiman	Chairman	Independent Director
Antony Sebastian C.	Member	Independent Director
Lijo Moothedan	Member	Non-Executive Director
Sibin Philipose	Member	Additional Director

The scope of activities of the Nomination and Remuneration Committee is as set out in Section 178 of the Companies Act, 2013.

Corporate Social Responsibility Committee ("CSR Committee")

The CSR Committee was last re-constituted vide a resolution passed by the Board on March 29, 2023. As on the date of this Prospectus, it comprises:

Name	Designation on Committee	Designation on Board
Lijo Moothedan	Chairman	Non-Executive Director
Smitha Boby	Member	Non-Executive Director
Antony Sebastian C.	Member	Independent Director
Edathole Habeebul Rahiman	Member	Independent Director

Stakeholders Relationship Committee

The Stakeholders Relationship Committee was last re-constituted vide a resolution passed by the Board on April 25, 2024. As on the date of this Prospectus, it comprises:

Name	Designation on Committee	Designation on Board
Antony Sebastain C.	Chairman	Independent Director
Edathole Habeebul Rahiman	Member	Independent Director
Chemmanur Devassykutty Boby	Member	Chairman & Managing Director
Lijo Moothedan	Member	Non-Executive Director
Sibin Philipose	Member	Additional Director

Risk Management Committee

The Risk Management Committee was last reconstituted vide a resolution passed by the Board on March 29, 2023. As on the date of this Prospectus, it comprises of:

Name	Designation on Committee	Designation on Board
Edathole Habeebul Rahiman	Chairman	Independent Director
Antony Sebastian C.	Member	Independent Director
Chemmanur Devassykutty Boby	Member	Chairman & Managing Director
Lijo Moothedan	Member	Non-Executive Director
T.K. Thomas	Member	Chief Executive Officer
Suresh S.	Member	Head Operations & Risk Management and Internal Auditor
Pramod M.	Member	Chief Financial Officer
Subi G Nair	Member	Head Sales, Marketing and Recovery

Asset Liability Management Committee

The Asset Liability Management Committee was reconstituted vide a resolution passed by the Board on March 29, 2023. As on the date of this Prospectus, it comprises of:

Name	Designation on Committee	Designation on Board
T.K. Thomas	Chairman	Chief Executive Officer
Lijo Moothedan	Member	Non-Executive Director
Pramod. M	Member	Chief Financial Officer
Suresh S	Member	Head – Operations & Risk Management and Internal Auditor
Subi G Nair	Member	Head- Sales, Marketing & Recovery

Debenture Committee

The Debenture Committee was last reconstituted vide a resolution passed by the Board on March 18, 2021. As on the date of this Prospectus, it comprises of:

Name	Designation on Committee	Designation on Board
Lijo Moothedan	Chairman	Non-Executive Director
T.K.Thomas	Member	Chief Executive Officer
Pramod. M	Member	Chief Financial Officer
Anju Thomas	Member	Company Secretary

OUR PROMOTER

The Promoter of our Company is:

Chemmanur Devassykutty Boby

Profile of the Promoter:

As on June 30, 2024, our Promoter holds 5,16,17,800 Equity Shares equivalent to 86.03% of the Equity Share capital of our Company.

Profile of our Promoter

Chemmanur Devassykutty Boby

PAN: ACFPB6597C

Date of Birth: May 26, 1964

Age: 60

Address: Chemmanur House, Avenue Road, VTC, Thrissur - 680005, Kerala India.

Educational qualifications: Honorary Doctorate Degree from World Record's University

Experience in the business or employment: 14 years

For more details regarding the Promoter, please see "*Our Management*" on page 121.

Other than directorship in our Company, our Promoter holds no directorships as on date of this Prospectus:

Other ventures and Promoter Group

Our Promoter has investments in our Company including the following entities:

Promoter Group Entities:

1. Boby Chemmanur (No.1) Chits Private Limited
2. Boby Chemmanur Airlines Private Limited
3. Boby Housing And Construction Private Limited
4. CD Boby Developers and Builders Private Limited
5. CDB Infrastructure Private Limited
6. BDC Realty And Infra Private Limited
7. DBC Real Estate Developers Private Limited
8. Boby Chemmanur International Developers LLP
9. Bofast Logistics Limited
10. BOCHE Enterprises LLP
11. Melophilez Associates Private Limited
12. Mallooz IT Solutions Private Limited
13. Boche Tours And Travels Private Limited
14. Port Land Hospital Private Limited
15. Boche Bhumi Putra Private Limited
16. Pushyaragam Jewellers (Koyilandy) Private Limited
17. Boby Bazaar Private Limited
18. Phygicart E-Commerce Private Limited
19. Boche Jungle Wine Private Limited
20. Boche RX Lens Private Limited
21. Heloboche Telemarketing Private Limited
22. Boche Uzhichil and Pizhichil Private Limited

23. Patronymic Technologies and Industries Private Limited
24. Boby Chemmanur Enterprises Private Limited

Other Confirmations:

Our Company confirms that the PAN, AADHAR number, driving license number, passport and bank account number of the Promoter and PAN of Directors have been submitted to the Stock Exchange at the time of filing this Prospectus.

Our Promoter and the relatives of the Promoter as per the Companies Act, have not been identified as Wilful Defaulters.

No violation of securities laws has been committed by our Promoter in the past or is currently pending against it except as disclosed in section titled "*Outstanding Litigations*" on page 155.

Our Promoter was not a promoter, director or person in control of any company which was delisted within a period of ten years preceding the date of this Prospectus, in accordance with Chapter V of the SEBI Delisting Regulations.

Our Promoter has not been restrained or debarred or prohibited from accessing the capital markets or restrained or debarred or prohibited from buying, selling, or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority or refused listing of any of the securities issued by it by any stock exchange in India or abroad.

Our Promoter is a not a promoter of another company which is debarred from accessing the securities market or dealing in securities under any order or directions passed for any reasons by SEBI.

Our Promoter is not a fugitive economic offender.

Our Promoter is not a promoter of another company that is a wilful defaulter.

None of the member forming part of our Promoter Group have been restrained or debarred or prohibited from accessing the capital markets or restrained or debarred or prohibited from buying, selling or dealing in securities under any order or directions passed for any reasons by SEBI or any other authority or refused listing of any of the securities issued by any stock exchange in India or abroad.

Common pursuits of our Promoter

Our Promoter is not engaged in businesses similar to ours.

Interest of our Promoter in our Company

Except as stated under the chapter titled "*Financial Information*" beginning on page 134, and to the extent of their shareholding in our Company, our Promoter does not have any other interest in our Company's business.

Our Promoter does not intend to subscribe to this Issue.

Payment of benefit to our Promoter for last three financial years

Other than as disclosed under the *"Related Party Transactions" and "Our Management"*, available at page 133 and 121, respectively and the dividend that declared and paid by our Company, our Company has not made payments of any benefits to the Promoter during last three financial year preceding the date of this Prospectus.

Interest of our Promoter in property, land and construction

Our Promoter does not have any interest in any property acquired by our Company within two years preceding the date of filing of this Prospectus or any property proposed to be acquired by our Company or in any transaction with respect to the acquisition of land, construction of building or supply of machinery.

Change in Promoter's holdings during the preceding financial year beyond the threshold specified by RBI from time to time

Our Promoter's shareholding in our Company has not changed beyond the threshold specified by RBI from time to time during the preceding financial year.

RELATED PARTY TRANSACTIONS

For details of the related party transactions entered during the financial years ended March 31, 2024, 2023 and 2022 see "*Financial Information*" on page 134.

Related party transactions entered during the Fiscal 2024, Fiscal 2023 and Fiscal 2022 with regard to loans made or, guarantees given or securities provided:

(₹ in lakh)

Name of Related Party	Fiscal	Loans Made	Guarantees given	Securities provided
NIL	2022	NIL	NIL	NIL
NIL	2023	NIL	NIL	NIL
NIL	2024	NIL	NIL	NIL

Related party transactions entered during the current financial year for the period up to April 1, 2024 till as on Cut-off Date, with regard to loans made or, guarantees given or securities provided:

(₹ in lakh)

Name of Related Party	Loans Made	Guarantees given	Securities provided
NIL	NIL	NIL	NIL

SECTION V - FINANCIAL INFORMATION
FINANCIAL STATEMENTS

MATERIAL DEVELOPMENTS

Other than as disclosed below and elsewhere in this Prospectus, there have been no material developments since April 1, 2024 till the Cut-off Date and there have arisen no circumstance that materially or adversely affect the operations, or financial condition or profitability of the Company or the value of its assets or its ability to pay its liabilities within the next 12 months.

(i) *The Company from* April 01, 2024 *till* July 18, 2024: *have made the repayment of the term loan from Canara bank amounting to ₹84.07 lakh*

(ii) *The Company from* April 01, 2024 *till* July 18, 2024: *have made the repayment of the term loan from SBI amounting to ₹232.97 lakh*

(iii) *The Company from* April 01, 2024 *till* July 18, 2024: *have made the repayment of the working capital demand loan from Federal Bank amounting to ₹112.19 lakh*

(iv) *The Company from* April 01, 2024 *till* July 18, 2024: *has redeemed secured listed non-convertible debentures amounting to ₹2,226.22 lakh*

(v) *The Company from* April 01, 2024 *till* July 18, 2024: *has redeemed secured privately placed non-convertible debentures amounting to ₹43.07 lakh out of which ₹1.57 lakh pertains to non-convertible debentures which were earlier matured but remained unclaimed as on March 31, 2024*

(vi) *The Company from* April 01, 2024 *till* July 18, 2024*: has redeemed subordinated debt amounting to ₹553.50 lakh*

(vii) *The Company from* April 01, 2024 *till* July 18, 2024*: has raised funds through issuance of subordinated debt amounting to ₹1,888.70 lakh*

(viii) *Sanction of additional working capital demand loan from Federal Bank of ₹1,000.00 lakh vide letter of arrangement dated March 25, 2024 and the company has availed ₹1,000.00 lakh as on April 15, 2024*

(ix) *The Company has availed loan from Director amounting to ₹350.00 lakh and ₹100.00 lakh on July 10, 2024 vide loan agreements dated on July 9, 2024 and July 10,2024 respectively.*

FINANCIAL INDEBTEDNESS

As on June 30, 2024, our Company had outstanding Total Borrowings of ₹ 46,277.85 lakh:

Sr. No.	Nature of Borrowings	Amount Outstanding *(in ₹ lakh)*	%
1.	Secured borrowings	26,389.45	57.02%
2.	Unsecured borrowings	19,888.40	42.98%
Total Borrowings		**46,277.85**	**100.00%**

Set forth below, is a summary of the borrowings by our Company outstanding as on June 30, 2024 together with a brief description of certain significant terms of such financing arrangements.

A. Details of secured borrowings:

Our Company's secured outstanding borrowings as on June 30, 2024 amounts to ₹ 26,389.45 lakhs. The details of the secured borrowings are set out below:

Term Loans and Working Capital Demand Loan from Banks/ Financial Institutions:

Sr. No.	Lender's Name	Date of Sanction	Amount Sanctioned *(₹ in lakh)*	Principal Amount Outstanding as on June 30, 2024* *(₹ in lakh)*	Repayment Date/Schedule	Security and Guarantee	Prepayment Clause in Loan Agreement	Credit Rating, if applicable	Asset Classification
1.	Canara Bank (Term Loan)	March 26, 2021	1,000.00	239.73	Moratorium period: 6 months To be repaid in 36 instalments i.e. 35 instalments of ₹ 28 lakh and last instalment of ₹ 20 lakh after the moratorium period. Interest and other charges to be paid as and when due.	(i)Primary security: Exclusive charge by Hypothecation of loan receivables (standard assets) of specific branches of the company with 25% margin & minimum-security coverage of 1.33 at all the times during the currency of the loan (ii) Collateral security: (a) 28.29 cents (11.45 are) of land in Thazekode village, in the name of Chemmanur Devassykutty Boby (b) Flat no. G2 & G3, Hema Apartments with undivided share on	2% in the event of pre-closure of the loan using funds other than own sources + GST	IND BBB-/Stable	Standard

Sr. No.	Lender's Name	Date of Sanction	Amount Sanctioned *(₹ in lakh)*	Principal Amount Outstanding as on June 30, 2024* *(₹ in lakh)*	Repayment Date/Schedule	Security and Guarantee	Prepayment Clause in Loan Agreement	Credit Rating, if applicable	Asset Classification
						the land, (3.357 cents) in Kasaba village in the name of Chemmanur Devassykutty Boby (c) 15.15 Ares of land and residential building in Kuttikkattoor village in the name of Chemmanur Devassykutty Boby and Smitha Boby. (iii) Personal guarantee by: (a) Chemmanur Devassykutty Boby; (b) Smitha Boby; and (c) Lijo Moothedan			
2.	State Bank of India (Term Loan)	September 08, 2023	2,500.00	2,290.23	47 Monthly installment of ₹ 52,08,333/- each and one (last) monthly installment of ₹ 52,08,349/-, with the first instalment commencing on March 15, 2024 and the last instalment falling due on February 15, 2028	(i) Primary security: Exclusive hypothecation charge on the entire loan receivables of 54 specific branches of the Company (ii) Collateral security: (a) 317.65 Ares of land comprised in Sy No. 147/197/8, 147/197/3, 985/1P, 147/197/7, 983/1#, 984/1#, 986/P and 987/P in Ollukkara Village, Thrissur District in the name of M/s CD Boby Developers and Builders Pvt Ltd; (# Sy No. 983/1 and 984/1 admeasuring 23.73	2% of the outstanding amount	CRISIL BBB-/Stable	Standard

Sr. No.	Lender's Name	Date of Sanction	Amount Sanctioned *(₹ in lakh)*	Principal Amount Outstanding as on June 30, 2024* *(₹ in lakh)*	Repayment Date/Schedule	Security and Guarantee	Prepayment Clause in Loan Agreement	Credit Rating, if applicable	Asset Classification
						Ares extended to M/s Boby Chemmanur Internationals Developers LLP for term loan of ₹1,200 lakh) (b) 5.93 Cents of land comprised in Sy. No. 984/3 in Ollukkara Village, Thrissur District in the name of M/s Boby Housing and Construction Pvt Ltd; (c) 10.23 Ares of land and building admeasuring 278.81 Sq. Mtr thereon comprised in Sy. No. 205/4 of Aranattukara Village, Thrissur District in the name of Shri. C D Boby; (d) 5.56 Ares of land comprised in Sy. No. 983/1 in Ollukkara Village, Thrissur District in the name of M/s CDB Infrastructure Pvt Ltd, (e) Exclusive charge (Lien) over the fixed deposit of ₹750 lakhs held in the name of the Company with SBI (f) DSRA equivalent to 3 months interest and instalments to be built up latest by June 30, 2024, another 01 month DSRA equivalent to 01 month interest and			

Sr. No.	Lender's Name	Date of Sanction	Amount Sanctioned *(₹ in lakh)*	Principal Amount Outstanding as on June 30, 2024* *(₹ in lakh)*	Repayment Date/Schedule	Security and Guarantee	Prepayment Clause in Loan Agreement	Credit Rating, if applicable	Asset Classification
						instalment to be built up latest by September 09, 2024 and remaining DSRA of 1 month interest and instalments to be obtained thereafter. (iii) Personal guarantee by Chemmanur Devassykutty Boby, Lijo Moothedan and Smitha Boby (iv) Corporate guarantee by: (a) CD Boby Developers and Builders Private Limited; (b) Boby Housing & Construction Private Limited; (c) CDB Infrastructure Pvt. Ltd			
3.	Federal Bank (Working Capital Demand Loan)	October 6, 2023	1,000.00	888.85	Moratorium period: 6 months 18 Monthly instalments of ₹ 55.55 lakh each, with the first instalment commencing on May 21, 2024 and the last instalment falling due on October 21, 2025	(i) Primary security: Hypothecation of standard gold loan receivables of selected branches of the Company with 1.4x coverage (ii) Collateral security: a)Exclusive charge (Lien) over the fixed deposit of ₹300 lakhs held in the name of the Company with Federal Bank (iii) Personal guarantee by Chemmanur Devassykutty	3% of the balance outstanding or DP whichever is higher or amount of prepayment in case of limit closed during the tenure of loan either by own fund or by way of take over by other financial institution	IND BBB-/Stable	Standard

Sr. No.	Lender's Name	Date of Sanction	Amount Sanctioned *(₹ in lakh)*	Principal Amount Outstanding as on June 30, 2024* *(₹ in lakh)*	Repayment Date/Schedule	Security and Guarantee	Prepayment Clause in Loan Agreement	Credit Rating, if applicable	Asset Classification
						Boby, Lijo Moothedan and Smitha Boby			
4.	Federal Bank (Working Capital Demand Loan)	March 25, 2024	1,000.00	998.95	Moratorium period: 6 months 18 Monthly instalments of ₹ 55.55 lakh each, with the first instalment commencing on October 30, 2024 and the last instalment falling due on March 30, 2026	i) Primary security: Hypothecation of standard gold loan receivables of selected branches of the Company with 1.4x coverage (ii) Collateral security: a)Exclusive charge (Lien) over the fixed deposit of ₹3,00 lakh held in the name of the Company with Federal Bank (iii) Personal guarantee by Chemmanur Devassykutty Boby, Lijo Moothedan and Smitha Boby	3% of the balance outstanding or DP whichever is higher or amount of prepayment in case of limit closed during the tenure of loan either by own fund or by way of take over by other financial institution	IND BBB-/Stable	Standard
	Total		**5,500.00**	**4,417.76**					

** The above-mentioned amounts are inclusive of the interest component as on that date*
*** The Security and guarantees are applicable for entire facility sanctioned by State Bank of Indian including Fund Based Working Capital(CC) – Book debts*

Terms and conditions of the term loans and Working Capital Demand Loan

1. **Canara Bank**

Re-scheduling	Events of Default	Penalty
Nil	The facility documents executed by the Company stipulates certain events as "*Events of Default*", pursuant to which the Company may be required to immediately repay the entire loan facility availed by it and be subject to additional penalties by the relevant lenders. Such events include, but are not limited to: (a) Any instalment of the principal or interest remaining unpaid and in arrears for a period of one month after the due date whether demanded or not; (b) the borrower committing any breach or default in the performance or observance of any of the terms	The loan documentation executed with respect to the term loans mentioned above set out penalty provisions for compliance with the provisions of the loan documents. Such provisions include, but are not limited to: 1. No-submission of stock statements in time- For limits from 1.00 to 50 Crore: Flat penal interest of 1,000/- per day of delay. 2. Non submission of renewal data including

Re-scheduling	Events of Default	Penalty
	contained herein or in the Borrower(s)'s proposal or any other documents; (c) if any of the representations or the documents furnished by the Borrower(s) in its application are found to be untrue or false or incorrect; (d) upon entering into any arrangement or composition with its creditors or committing any act of insolvency; (e) any execution or other similar process being levied or enforced against the borrower; (f) if an order is made or a resolution passed for the winding up or a petition of winding up is filed or notice of meeting to pass such a resolution is issued; (g) a receiver being appointed for all or any part of the borrower's property; (h) if the borrower ceases to carry on business or threatens not to carry on business; (i) if any circumstances shall occur which in the opinion of the Bank is prejudicial to or imperils or is likely to prejudice or imperil the security or which affects adversely the Borrower(s)'s capacity to repay any amounts under the said facilities; (j) if the Borrower(s) does not submit the required statements or mis-utilises/ diverts the monies or the said assets without the Bank's prior permission / knowledge.	audited balance sheet- a) Non-submission of renewal data 30 days before the due date for renewal of limits - Flat 50,000/- up to the due date of renewal & flat 1,00,000/- per month thereafter till the date of submission. b) Non submission of audited balance sheet within 6 months of the closure of the financial year of the borrowing entity: (i) Delay of one month - NIL (ii) Delay of more than one month - Pricing to go up by 25 basis points till the audited balance sheet is submitted. For listed companies, the above penal provision would be applicable, if the audited financials are not filed with the stock exchange as per SEBI requirements/listing agreement. 3. Non submission/delayed submission of FFRs on due date- For BBB+ and worse rated borrowers - Flat penalty (penal interest) of 5000/- for each day of delay beyond due date for submission. 4. Non-renewal of insurance policy(ies) in a timely manner or inadequate insurance cover- Flat penalty (penal interest) of Rs 200/- for each day of delay beyond due date. 5. Diversion of funds (mandatory negative covenant)- 2.00 % p.a. on the entire outstanding (over and above the aggregate penal interest of 3% p.a.) till such time the position is rectified. 6. Pre-payment charges: Prepayment penalty of 2% of the limit in case the e-DFS account is taken over by other banks/FIs within the span of 2 years from the date of its on boarding will be applicable.

2. State Bank of India

Re-scheduling	Events of Default	Penalty
Nil	The facility documents executed by the Company stipulates charging of Enhanced rate of interest as under cumulatively subject to a maximum of 5% will be charged for the period of delay in respect of: Irregularity in Cash Credit/ Overdraft Account/ Term Loan Account | Rate of Penal Interest	The loan documentation executed with State Bank of India with respect to the term loan mentioned above set out penalty provisions for compliance with the provisions of the loan documents. Such provisions include, but are not limited to: 1. Non-submission of Stock Statements on time (Stock Statement not submitted within 20 days of the succeeding month to be treated as non-submission except where period is extended/ specified by the sanctioning authority or in the

<table>
<tr><th>Re-scheduling</th><th>Events of Default</th><th>Penalty</th></tr>
<tr><td></td><td><table><tr><td>a) Irregularity up to 60 Days</td><td>2% per annum on the irregular portion for the period of irregularity</td></tr><tr><td>b) Continuous irregular for a period beyond 60 days</td><td>5% per annum on the outstanding for the period of irregularity</td></tr></table></td><td>scheme) - 0.05 % on the Sanctioned Limit for the period of default/ delay.

2. Non-submission of renewal data including Audited Balance Sheet (Non-submission of Renewal Data 30 days before the due date for renewal of limits) - 0.05 % on the Sanctioned Limit for the period of default/ delay.

3. Non completion of perfection of security within the stipulated timelines (including extended timelines permitted by the competent authority) (Penalty to be levied from the next day of the expiry of the stipulated/ extended time period for perfection of security till the security is perfected) - 0.25 % on the Sanctioned Limit for the period of default/ delay.

4. Non-renewal / Expired ECR (Exemption: Autonomous body promoted by Central Government / Profit making Central PSUs (Maharatna/ Navratna/ Miniratna)/ SPVs promoted by profit making central PSUs (Maharatna/ Navratna/ Miniratna)/ PSUs guaranteed by Central Government/ State Government Institutions/ State PSUs guaranteed by State Government) - 0.20 % on the Sanctioned Limit for the period of default/ delay.

5. Non-renewal of insurance policy in a timely manner or inadequate insurance cover - 0.05 % on the Sanctioned Limit for the period of default/ delay

6. Non-submission/ delayed submission of FFRs on due date (For AA & better rated borrowers: Nil for delay upto 30 days, if delay is beyond 30 days, penal interest will be levied as stipulated) - 0.02 % on the Sanctioned Limit for the period of default/ delay.

7. Pre-payment charges - 2.00 % of the pre-paid amount. Pre-payment penalty of 1% will be applicable on account of “Loan prepaid out of higher cash accruals from the project/ equity infusion by promoters”(20% concession permitted)

8. Commitment charges –</td></tr>
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<table>
<tr><th>Re-scheduling</th><th>Events of Default</th><th>Penalty</th></tr>
<tr><td></td><td></td><td>i) If the average utilization is more than 60% - No charges

ii) If the average utilization is between 50-60% - 0.15% p.a. to be recovered on entire unutilized portion on a quarterly basis.

iii) If the average utilization is less than 50% - 0.40% p.a. on entire unutilized portion on a quarterly basis. (20% concession permitted)

9. Diversion of Funds - 2% per annum on the outstanding amount, till such time the position is rectified in case of Diversion of Funds.</td></tr>
</table>

3. Federal Bank (Working Capital Demand Loan)

<table>
<tr><th>Re-Scheduling</th><th>Events of Default</th><th>Penalty</th></tr>
<tr><td>Nil</td><td>The loan documentation executed with Federal Bank with respect to the loan mentioned the below penal interest/ Additional Penal Interest.

Penal interest 4% for exceeding/overdrawing/arrears in the account, non-submission of receivables statement/audited financial statements, violation of terms and conditions of sanction order. The overdue/penal interest on loans and advances is capped at a maximum of 4% p.a excluding SMA penal charges.

<table>
<tr><td>Default Category</td><td>Penal Interest</td><td>Additional Penal Interest</td></tr>
<tr><td>SMA 0

(Principal or interest payment overdue for not more than 30 days and/or account</td><td>4% per annum on the overdue portion</td><td>Nil</td></tr>
</table>
</td><td>The loan documentation executed with Federal Bank o with respect to the term loan mentioned above set out the following penalty provisions.

1) Commitment charges 50% of processing fee if not availed.

2) Prepayment penalty of 3% of the balance outstanding or DP whichever is higher or amount of prepayment in case of limit closed during the tenure of loan either by own funds or by way of takeover by other financial institutions.

3) Penal interest @ 4% is charged for non-submission of receivables statement/audited financial statements, violation of terms and conditions of sanction order.</td></tr>
</table>

Re-Scheduling	Events of Default			Penalty
	showing signs of incipient stress like 3 or more cheque returns etc.)			
	SMA 1 (instalment or interest overdue between 31-60 days)	4% per annum on the overdue portion	0.5% per annum on the balance outstanding less overdue portion	
	SMA 2 (instalment or interest overdue above 60 days till classification as NPA)	4% per annum on the overdue portion	1% per annum on the balance outstanding less overdue portion	
	NPA (Instalment or interest overdue above 90 Days)	4% per annum on the overdue portion		

Cash Credit / Overdraft against Fixed Deposit ("ODFD") facility availed by our Company:

Sr. No.	Lender Name	Date of Sanction/ Renewal	Amount Sanctioned *(₹ in lakh)*	Principal Amount Outstanding as on June 30, 2024# *(₹ in lakh)*	Repayment Date / Schedule	Security and Guarantee	Credit Rating, if applicable	Asset Classification
1.	State Bank of India	September 08, 2023	2,500.00	1,940.62	Repayable on demand	(i) Primary security: Exclusive hypothecation charge on the entire loan receivables of 54 specific branches of the Company (ii) Collateral security: (a) 317.65 Ares of land comprised in Sy No. 147/197/8, 147/197/3, 985/1P, 147/197/7, 983/1#, 984/1#, 986/P and 987/P in Ollukkara Village, Thrissur District in the name of M/s CD Boby Developers and Builders Pvt Ltd; (# Sy No. 983/1 and 984/1 admeasuring 23.73 Ares extended to M/s Boby Chemmanur Internationals Developers LLP for term loan of ₹1,200 lakh) (b) 5.93 Cents of land comprised in Sy. No. 984/3	BBB- Stable from CRISIL	Standard

Sr. No.	Lender Name	Date of Sanction/ Renewal	Amount Sanctioned *(₹ in lakh)*	Principal Amount Outstanding as on June 30, 2024# *(₹ in lakh)*	Repayment Date / Schedule	Security and Guarantee	Credit Rating, if applicable	Asset Classification
						in Ollukkara Village, Thrissur District in the name of M/s Boby Housing and Construction Pvt Ltd; (c) 10.23 Ares of land and building admeasuring 278.81 Sq. Mtr thereon comprised in Sy. No. 205/4 of Aranattukara Village, Thrissur District in the name of Shri. C D Boby; (d) 5.56 Ares of land comprised in Sy. No. 983/1 in Ollukkara Village, Thrissur District in the name of M/s CDB Infrastructure Pvt Ltd, (e) Exclusive charge (Lien) over the fixed deposit of ₹750 lakh held in the name of the Company with SBI , (f) DSRA equivalent to 01 month interest and instalments to be built up by June 06, 2024, another 01 month DSRA equivalent to 01 month's interest and instalments to be built up latest by September 9, 2024 and remaining DSRA of 01 month's interest and instalments to be obtained thereafter. (iii) Personal guarantee by Chemmanur Devassykutty Boby, Lijo Moothedan and Smitha Boby (iv) Corporate guarantee by: (a) CD Boby Developers and Builders Private Limited; (b) Boby Housing & Construction Private Limited; (c) CDB Infrastructure Pvt. Ltd.		
2.	Dhanlaxmi Bank	September 30, 2023 (Date of renewal)	500.00	504.34	Repayable on demand	(i) Primary security: Exclusive charge on entire loan receivables of 5 branches of the company (mentioned below) with 25% margin & minimum-security coverage of 1.33 at all the times during the currency of the loan (DP to be computed on receivables that are not overdue for 180 days and above) **Branch** | **Non – NPA as on June 30, 2024**	IND BBB-/Stable	Standard

Sr. No.	Lender Name	Date of Sanction/ Renewal	Amount Sanctioned *(₹ in lakh)*	Principal Amount Outstanding as on June 30, 2024[#] *(₹ in lakh)*	Repayment Date / Schedule	Security and Guarantee	Credit Rating, if applicable	Asset Classification
						<table><tr><th></th><th>(₹ in lakh)</th></tr><tr><td>Kulathupuzha</td><td>232.54</td></tr><tr><td>Sasthamkotta</td><td>180.38</td></tr><tr><td>Vizhinjam</td><td>143.66</td></tr><tr><td>Vytila</td><td>50.50</td></tr><tr><td>Vazhuthacadu</td><td>108.09</td></tr><tr><td>**Total**</td><td>**715.17**</td></tr></table> (ii) Collateral security: (a) 2.5399 hectares (627.5 cents) of land in Ollukkara village, Thrissur District in the name of M/s DBC Real Estate Developers Pvt. Ltd.; (b) 11.2 cents of residential plot with 750 Sqft residential building in Ollukara village, Thrissur District in the name of M/s BDC Realty and Infra (P) Ltd. (iii) Personal guarantee by: i) Chemmanur Devassykutty Boby; ii) Lijo Moothedan; iii) Smitha Boby. (iv) Corporate guarantee by: (a) DBC Real Estate Developers Private Limited; and (b) BDC Realty and Infra Private Limited		
	Total		**3,000.00**	**2,444.96**				

 # The above-mentioned amounts are inclusive of the interest component as on that date.

Terms and conditions of cash credit facilities

Re-scheduling	Prepayment	Penalty	Default
Nil	Prepayment of loans before the expiry of the stipulated payment date shall carry a prepayment penalty of two (2) % premium per annum for the unexpired term of the loan or 1% absolute over the amount of the loan, whichever is lower.	The loan documentation executed with respect to the term loans mentioned above set out penalty provisions for compliance with the provisions of the loan documents. Such provisions include, but are not limited to:	The facility documents executed by the Company stipulates certain events as "*Events of Default*", pursuant to which the Company may be required to immediately repay the entire loan facility availed by it and be subject to additional penalties by the relevant lenders. Such events include, but are not limited to: (a) Any instalment of the principal or

Re-scheduling	Prepayment	Penalty	Default
		Penalty of 2% over and above the rate of interest quoted for the delay period in case of any delay/ non-submission of financials/ stock statements/ financial follow up report.	interest remaining unpaid and in arrears for a period of one month after the due date whether demanded or not; (b) the borrower committing any breach or default in the performance or observance of any of the terms contained herein or in the Borrower(s)'s proposal or any other documents; (c) if any of the representations or the documents furnished by the Borrower(s) in its application are found to be untrue or false or incorrect; (d) upon entering into any arrangement or composition with its creditors or committing any act of insolvency; (e) any execution or other similar process being levied or enforced against the borrower; (f) if an order is made or a resolution passed for the winding up or a petition of winding up is filed or notice of meeting to pass such a resolution is issued; (g) a receiver being appointed for all or any part of the borrower's property; (h) if the borrower ceases to carry on business or threatens not to carry on business; (i) if any circumstances shall occur which in the opinion of the Bank is prejudicial to or imperils or is likely to prejudice or imperil the security or which affects adversely the Borrower(s)’s capacity to repay any amounts under the said facilities; and (j) if the Borrower(s) does not submit the required statements or misutilises/ diverts the monies or the said assets without the Bank's prior permission / knowledge.

External Commercial Borrowings

As on June 30, 2024 we do not have any outstanding borrowing by way of External Commercial Borrowings.

Secured Redeemable Non-Convertible Debentures

i. **Private Placement of secured unlisted redeemable non-convertible debentures as on June 30, 2024**

Our Company has issued on private placement basis, secured, unlisted, redeemable, non-convertible debentures under various series of which ₹ 224.40 lakh is outstanding as on June 30, 2024, the details of which are set forth below**:**

Sr. No.	Series	ISIN	Amount outstanding as on June 30, 2024 (₹ in lakh)	Date of Allotment	Final Maturity date of the Series	Coupon (p.a.) in %	Tenure in Years	Credit Rating and Outlook	Security
1	21-22 DEMAT-XII	INE051307804	10.00	August 7, 2021	August 7, 2024	12.87	3	NA	first pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast1.1 times the outstanding amount.
2	21-22 DEMAT-XI	INE051307796	67.00	August 7, 2021	August 7, 2024	11.50	3	NA	first pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast1.1 times the outstanding amount.
3	21-22 DEMAT-XVII	INE051307747	5.00	October 8, 2021	October 8, 2024	10.00	3	NA	first pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast1.1 times the outstanding amount.
4	21-22 DEMAT - XXII	INE051307853	14.00	November 12, 2021	November 12, 2024	11.03	3	NA	first pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast1.1 times the outstanding amount.
5	21-22 DEMAT-XXI	INE051307846	15.00	November 12, 2021	November 12, 2024	10.00	3	NA	first pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast1.1 times the outstanding amount.
6	21-22 Demat XXVI	INE051307895	11.00	March 31, 2022	March 31, 2025	10.00	3	NA	first pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast1.1 times the outstanding amount.
7	22-23 Demat IV	INE051307937	7.20	May 20, 2022	May 20, 2025	10.00	3	NA	first pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast1.1 times the outstanding amount.
8	22-23 Demat VII	INE051307952	11.00	June 30, 2022	June 30, 2025	10.00	3	NA	first pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast1.1 times the outstanding amount.
9	22-23 Demat X	INE051307AF9	39.20	September 26, 2022	September 26, 2025	10.50	3	NA	first pari passu charge on loan receivables and other unencumbered assets of the company, maintaining

Sr. No.	Series	ISIN	Amount outstanding as on June 30, 2024 (₹ in lakh)	Date of Allotment	Final Maturity date of the Series	Coupon (p.a.) in %	Tenure in Years	Credit Rating and Outlook	Security
									atleast1.1 times the outstanding amount.
10	22-23 Demat IX	INE051307AH5	45.00	September 26, 2022	September 26, 2024	10.25	2	NA	first pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast1.1 times the outstanding amount.
	Total		224.40						

The below table provide details of secured unlisted redeemable non-convertible debentures issued on private placement basis which have matured but were unclaimed as on June 30, 2024.

Sl. No	Series	ISIN	Amount outstanding as on June 30, 2024 (₹ in lakh)	Date of Allotment	Final Maturity date of the Series	Coupon (p.a) in %	Tenure in Years	Credit Rating and Outlook	Security
1	NCD 2012/05	N.A	3.36	July 2, 2012	June 30, 2022	12-14.87	10	NA	Amount parked in separate Bank account
2	NCD 2012/06	N.A	0.14	September 20, 2012	September 18, 2022	11.88-14.87	10	NA	Amount parked in separate Bank account
3	NCD 2012/07	N.A	9.02	December 15, 2012	December 13, 2022	9.3-14.87	10	NA	Amount parked in separate Bank account
4	NCD 2012/08	N.A	0.61	January 15, 2013	January 13, 2023	9.3-14.87	10	NA	Amount parked in separate Bank account
5	NCD 2015/XII	N.A	10.00	March 31, 2015	March 31, 2021	10.75	6	NA	Amount parked in separate Bank account
6	NCD2015 /XIIIA	N.A	10.00	July 31, 2015	July 31, 2021	12.50	6	NA	Amount parked in separate Bank account
7	NCD2015 /XIIIE	N.A	2.00	March 31, 2016	March 31, 2022	11.00	6	NA	Amount parked in separate Bank account
8	NCD 2013/10	N.A	0.51	June 20, 2013	June 18, 2023	9.3-14.87	10	NA	Amount parked in separate Bank account
9	NCD 2012/09	N.A	8.06	June 20, 2013	June 18, 2023	9.3-14.87	10	NA	Amount parked in separate Bank account
Total			43.70						

Penalty Clause

Nil

Event of Default

The occurrence of any of the following events shall constitute an event of default by the company in relation to the secured debentures, and on occurrence of such default the security becomes enforceable:

a) When the company makes two consecutive defaults in the payment of any interest which ought to have been paid in accordance with the terms of the issue.

b) When the company without the consent of debenture holders ceases to carry on its business or gives notice of its intention to do so.

c) When an order has been made by the tribunal or special resolution has been passed by the members of the company for winding up of the company.

d) When any breach of the terms of this Prospectus inviting the subscription of debentures or of the covenants of this deed is committed.

e) When the company creates or attempts to create any charge on the mortgaged assets or any part thereof without the prior approval of the trustee's / debenture holders.

f) When in the opinion of the trustees the security of debenture holders is in jeopardy.

ii. Secured Redeemable non-convertible debentures (public issue):

Our Company has issued by way of public issue, secured, unlisted, redeemable, non-convertible debentures under various series of which ₹ 19,258.63 lakh is outstanding as on June 30, 2024, the details of which are set forth below:

Sr.No.	ISIN	Period of maturity	Date of allotment	Maturity Date	Tenure	Coupon	Security	Credit Rating	No of NCDs	Amount outstanding as on June 30, 2024 (₹ in lakh)
1	INE051307978	Monthly	January 12, 2023	July 11, 2024	18 Months	10.50%	Refer Note below	CRISIL BBB-/Stable	2,22,622	2,226.22
2	INE051307994	Monthly	January 12, 2023	January 10, 2025	24 Months	10.75%		CRISIL BBB-/Stable	1,32,774	1,327.74
3	INE051307AA0	Monthly	January 12, 2023	January 9, 2026	36 Months	11.00%		CRISIL BBB-/Stable	1,06,179	1,061.79
4	INE051307AB8	Monthly	January 12, 2023	January 11, 2028	60 Months	11.50%		CRISIL BBB-/Stable	1,69,469	1,694.69
5	INE051307AC6	Cumulative	January 12, 2023	January 10, 2025	24 Months	10.75%		CRISIL BBB-/Stable	62,998	629.98
6	INE051307AD4	Cumulative	January 12, 2023	January 9, 2026	36 Months	11.00%		CRISIL BBB-/Stable	31,959	319.59
7	INE051307AE2	Cumulative	January 12, 2023	March 9, 2028	74 Months	11.90%		CRISIL BBB-/Stable	1,16,349	1,163.49
8	INE051307AP8	Monthly	November 3, 2023	November 2, 2024	12 Months	9.50%		CRISIL BBB-/Stable	48,411	484.11
9	INE051307AO1	Monthly	November 3, 2023	May 3, 2025	18 Months	10.50%		CRISIL BBB-/Stable	1,35,971	1,359.71

Sr.No.	ISIN	Period of maturity	Date of allotment	Maturity Date	Tenure	Coupon	Security	Credit Rating	No of NCDs	Amount outstanding as on June 30, 2024 (₹ in lakh)
10	INE051307AN3	Monthly	November 3, 2023	November 1, 2025	24 Months	10.75%		CRISIL BBB-/Stable	50,409	504.09
11	INE051307AJ1	Monthly	November 3, 2023	November 2, 2026	36 Months	11.00%		CRISIL BBB-/Stable	83,442	834.42
12	INE051307AM5	Monthly	November 3, 2023	November 2, 2028	60 Months	11.50%		CRISIL BBB-/Stable	1,06,312	1,063.12
13	INE051307AL7	Cumulative	November 3, 2023	November 2, 2024	12 Months	9.50%		CRISIL BBB-/Stable	53,461	534.61
14	INE051307AI3	Cumulative	November 3, 2023	November 1, 2025	24 Months	10.75%		CRISIL BBB-/Stable	63,203	632.03
15	INE051307AK9	Cumulative	November 3, 2023	January 3, 2030	74 Months	11.90%		CRISIL BBB-/Stable	60,902	609.02
16	INE051307AX2	Monthly	March 11, 2024	March 11, 2025	12 Months	9.50%		IND BBB-/Stable	40,298	402.98
17	INE051307AW4	Monthly	March 11, 2024	September 10, 2025	18 Months	10.50%		IND BBB-/Stable	1,02,522	1,025.22
18	INE051307AV6	Monthly	March 11, 2024	March 10, 2026	24 Months	10.75%		IND BBB-/Stable	40,175	401.75
19	INE051307AU8	Monthly	March 11, 2024	March 10, 2027	36 Months	11.00%		IND BBB-/Stable	47,542	475.42
20	INE051307AT0	Monthly	March 11, 2024	March 10, 2029	60 Months	11.50%		IND BBB-/Stable	87,857	878.57
21	INE051307AS2	Cumulative	March 11, 2024	March 11, 2025	12 Months	9.50%		IND BBB-/Stable	49,790	497.9
22	INE051307AR4	Cumulative	March 11, 2024	March 10, 2026	24 Months	10.75%		IND BBB-/Stable	43,087	430.87
23	INE051307AQ6	Cumulative	March 11, 2024	March 11, 2030	72 Months	12.25%		IND BBB-/Stable	70,131	701.31
Total									**19,25,863**	**19,258.63**

***Note**: **Security**- First ranking pari passu charge with existing secured creditors, on all movable assets, including book debts and receivables, cash and bank balances, loans and advances both present and future of the Company (excluding (a) reserves created in accordance with law; (b) receivables of the Company, fixed deposits, cash collateral, immovable and movable assets over which exclusive charge is created in favour of State Bank of India, Canara Bank, Dhanlaxmi Bank, Federal Bank or any other lender), such that a security cover to the extent of 1 (one) time of the outstanding principal amounts of the NCDs and all interest due and payable thereon is maintained at all times until the redemption of NCDs.*

Collateralised borrowing and lending obligation

As on June 30, 2024 our Company has no outstanding collateralised borrowing and lending obligations.

B. Corporate Guarantee

Our Company has not issued any corporate guarantee as on June 30, 2024.

C. Details of unsecured borrowings:

1. Commercial Papers

Our Company has not issued any commercial papers as on June 30, 2024.

2. Inter-Corporate Deposits

There is no outstanding amount borrowed by way of inter-corporate deposits as on June 30, 2024.

3. Inter-Corporate Loans

Our Company has not borrowed any amount by way of demand loans under the same management as on June 30, 2024.

4. Loan from Directors and Relatives of Directors:

Our Company has not raised any loan from directors and relatives of directors as on June 30, 2024.

5. Subordinated Debts

₹ 19,888.40 lakh is cumulatively outstanding as on June 30, 2024, the details of which are set forth below:

Sr. No.	Subordinated Debts Name/ Series	ISIN	Amount outstanding (₹ in lakh)	Date of SD (Range)	Final Maturity(Range)	Coupon Rate (Range) in %(p.a.)	Tenure	Credit rating
1	5 Years Monthly	NA	13,475.70	February 15, 2017 to June 27, 2024	February 15, 2022 to June 27, 2029	10.00 to 12.50	5 Years	NIL
2	5 Years Cumulative	NA	2.05	February 11, 2013 to September 24, 2013	February 11, 2018 to September 24, 2018	20.00	5 Years	NIL
3	5.5 Years Cumulative	NA	642.10	April 26, 2024 to June 20, 2024	October 26, 2029 to December 20, 2029	18.18	5.5 Years	NIL
4	5.6 Years Cumulative	NA	55.50	February 25, 2020 to August 04, 2021	October 02, 2025 to April 04, 2027	17.86	5.6 Years	NIL
5	6 Years Cumulative	NA	2,796.05	October 20, 2016 to May 18, 2024	October 20, 2022 to May 18, 2030	16.67	6 Years	NIL
6	6.5 Years Cumulative	NA	1,240.30	April 18, 2018 to June 12, 2023	October 18, 2024 to December 12, 2029	15.38	6.5Years	NIL
7	7 Years Cumulative	NA	697.90	August 16, 2021 to March 13, 2024	August 16, 2028 to March 13, 2031	14.29	7 Years	NIL
8	70 Months Cumulative	NA	925.35	May 29, 2023 to September 26, 2023	March 29, 2029 to July 26, 2029	17.14	70 Months	NIL
9	74 Months Cumulative	NA	53.45	November 03, 2023 to November 06, 2023	January 03, 2030 to January 06, 2030	16.22	74 Months	NIL
	Total		**19,888.40**					

** Inclusive of Sub-ordinated debt matured but unclaimed amounting to ₹ 67.65 lakh*

Penalty Clause- Nil

Event of Default- Nil

6. Details of Unsecured Term Loans

Our Company has not availed any unsecured term loan facilities as on June 30, 2024.

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

As on the date of this Prospectus, there has been no rescheduling, default and/or delay in payment of principal or interest on any existing term loan, debt security(ies) or any other financial indebtedness including corporate guarantee issued by the Issuer in the past three years.

E. The amount of corporate guarantee or letter of comfort issued by the issuer along with name of the counterparty (like name of the subsidiary, joint venture entity, group company, etc.) on behalf of whom it has been issued, contingent liability including debt service reserve account guarantees/ any put option etc. (Details of any outstanding borrowings taken/ debt securities issued where taken/ issued (a) for consideration other than cash, whether in whole or in part, (b) at a premium or discount, or (c) in pursuance of an option as on June 30, 2024.

Our Company has no amount of corporate guarantee or letter of comfort, contingent liability including debt service reserve account guarantees/ any put option etc. and has nil outstanding borrowings taken / debt securities issued where taken/issued (a) for consideration other than cash, whether in whole or in part, (b) at a premium or discount, or (c) in pursuance of an option as on June 30, 2024.

F. Details of bank fund-based facilities /rest of borrowings (if any, including hybrid debt instruments such as foreign currency convertible bonds or optionally convertible debentures/ preference shares) from financial institutions or financial creditors as on June 30, 2024

Other than disclosed, our Company does not have any bank fund-based facilities /rest of borrowings (if any, including hybrid debt instruments such as foreign currency convertible bonds or optionally convertible debentures/ preference shares) from financial institutions or financial creditors as on June 30, 2024.

Restrictive covenants under the financing arrangements:

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

1. To declare/pay any dividend to the shareholders/stake holders

2. For extending any guarantee for the credit facilities extended to the group/allied concerns

3. To repay monies brought in by the promoters / directors/principal shareholders and friends and relatives by way of deposits / loans / advances

4. Effect any change in the unit’s capital structure.

5. Implement any scheme of expansion / modernization / diversification / renovation or acquire any fixed assets during any accounting year, except such schemes which have already been approved by banks.

6. Formulate any scheme of amalgamation or reconstruction.

7. Invest by way of share capital or lend or advance funds to or place deposits with any other concern, including sister / associate / family / subsidiary / group concerns. However, normal trade credit or security deposits in the normal course of business or advances to employees can be excluded.

8. Enter into borrowing arrangements either secured or unsecured with any other bank, financial institution, company or person.

9. Undertake guarantee obligations on behalf of any other company, firm, director or person.

10. Declare dividends for any year except out of profits relating to that year after making all due and necessary provisions and provided further that no default had occurred in any repayment obligations.

11. Effect any drastic change in their management setup.

12. Effect any change in the remuneration payable to the Directors / partners, etc. either in the form of siting fees or otherwise.

13. Pay guarantee commission to the guarantors whose guarantees have been stipulated / furnished for the credit limits sanctioned by the banks.

14. Create any further charge, lien or encumbrance over the assets and properties of the unit/ guarantors to be charged / charged to the bank in favour of any other bank, financial institution, firm or person.

15. Sell, assign, mortgage or otherwise dispose off any the fixed assets charged to the bank.

16. Undertake any trading activity other than the sale of produce arising out of its own manufacturing / trading operations.

17. Open any account with any other bank. If already opened, the details thereof is to be given immediately and confirmation to this effect given to the bank.

18. Effect any change in promoter directors or in the core management team

19. Undertake any expansion/ modernization/ diversification programme/new line of business or manufacture other than incurring routine capital expenditure.

20. Revalue the fixed assets

21. Change the accounting policies in regard to stock valuation, depreciation of fixed assets, payment of dividends etc.

22. Declare dividend or distribute profits if any instalments of principal and/or interest remains unpaid in respect of the aforesaid loan and/or in arrear for a period of three months or more.

23. Enter into any hire purchase or lease arrangement during the currency of the loan.

24. Receive, release, or compound any of the book debts /receivables and assets, except in the ordinary course of business, and not do anything whereby the recovery thereof may be delayed, impeded, prejudiced, prevented or become time-barred.

SECTION VI - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS

Except as stated in this section, there are no outstanding: (i) criminal proceedings; (ii) actions by statutory/regulatory authorities; (iii) claims for any indirect and direct tax liability; and (iv) other litigations which are identified as material in terms of the Materiality Threshold (as defined hereinafter below), each involving our Company, Directors or Promoter.

*Our debenture committee pursuant to its meeting dated June 8, 2024, read with board resolution dated May 30, 2024, have adopted a threshold for the identification of material litigations ("**Materiality Threshold**"). As per the Materiality Threshold, other than for the purposes of (i) to (iii) above, all outstanding litigation, wherein:*

(a) the quantified monetary amount of claim by or against the relevant person in any such pending litigation proceeding is or is in excess of 5% of our Company's average profit after tax as per our last three year audited financial statements, i.e., for Fiscal 2024, Fiscal 2023, Fiscal 2022, 5% of our Company's average profit after tax amounts to ₹ 11 lakh; or

(b) the outcome of such litigation proceeding may have a material adverse effect on the business, operations, prospects or reputation of the Company,

has been considered as 'material litigation', and accordingly has been disclosed in this Prospectus.

Further, there are no proceedings involving our Group Companies, which may have a material adverse effect on the position of our Company.

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, Directors, Promoter, or Group Companies shall, unless otherwise decided by our Board of Directors, not be considered as litigation until such time that our Company or Directors or Promoter or Group Companies, as the case may be, is impleaded as a defendant in litigation proceedings before any judicial forum.

Further, except as stated in this section, there are no: (i) litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against our Promoter during the last three years immediately preceding the year of the issue of this Prospectus and any direction issued by such Ministry or Department or statutory authority; (ii) pending litigation involving our Company, our Promoter, our Directors, Group Companies, or any other person, whose outcome could have material adverse effect on the position of our Company; (iii) pending proceedings initiated against our Company for economic offences; (iv) default and non-payment of statutory dues, etc; (v) inquiries, inspections or investigations initiated or conducted against our Company under the Companies Act or any previous companies law in the three years immediately preceding the year of this Prospectus; (vi) prosecutions filed (whether pending or completed), fines imposed or compounding of offences done in the three years immediately preceding the year of this Prospectus; (vii) material frauds committed against our Company in the last three years and current financial year; and (viii) disciplinary action taken by SEBI or stock exchange against the Promoter.

Further from time to time, we have been and shall continue to be involved in legal proceedings filed by and/or against us, arising in the ordinary course of our business. We believe that the number of proceedings in which we are/were involved is not unusual for a company of our size doing business in India.

Unless stated to the contrary, the information provided below is as of the date of this Prospectus.

All terms defined in a particular litigation disclosure below are for that particular litigation only.

1. Material litigations and regulatory actions involving our Company

As on the date of this Prospectus, following are material litigations in our Company:

(i) Civil Litigation

(a) By our Company

Except as disclosed below there are no civil cases filed by our Company:

Nil

(b) Against our Company

Except as disclosed below there are no civil cases against our Company:

Nil

(ii) Criminal Cases

(a) By our Company

Except as disclosed below there are no criminal cases filed by our Company:

1. The complainant, C.T Jomon, the Area Manager of the Company, Edappal branch, filed a criminal complaint and registered a First Information Report bearing no. 107/2018 (**"FIR"**) dated May 15, 2018, against Ajesh, Mukesh and Neethu under Section 408, 411, 418, 420 and 120 read with Section 34 of Indian Penal Code, 1860 (**"IPC"**). Subsequently, a charge sheet has been filed by the police authorities on May 23, 2019, and pursuant to which a criminal case was filed in Judicial First Class Magistrate, Ponnani against Ajesh and Mukesh (**"Accused"**). The Accused cheated the Company and committed fraud and financial misappropriation by pledging with the Company gold ornaments that was already pledged with another NBFC with the help of the Company's employees for an amount of ₹ 14,40,599 (Indian Rupees Fourteen Lakh Forty Thousand Five Hundred Ninety Nine). The case is currently pending for hearing.

2. The complainant, Sunish Unnikrishnan, the branch Manager of the Company, Chelakkara branch, filed a case, reference no. CC 291/2019 and registered an First Information Report bearing no. 450/2018 ("**FIR**") dated July 30, 2018, under Section 406 and 420 read with Section 34 of Indian Penal Code, 1860 ("**IPC**") pursuant to which a criminal petition / complaint ("**Petition**") was filed in Judicial First Class Magistrate-1, Palakkad against Jayashree, Chandu, Sharafudheen Abbas Geetha Suresh, Krishnakumar and Ratheesh ("**Accused**"). The Accused cheated the Company for an amount of ₹ 8,00,000 (Indian Rupees Eight Lakh) by promising to procure a loan against gold ornaments pledged with another party, by claiming that the said pledge would be released, and ornaments brought to the Company and, then disappearing with the cash collected for the purpose. The case is currently pending for hearing.

3. A criminal complaint bearing number CC.483/2021 was filed by our Company's branch manager at Cherpulassery branch against customers, Rajitha and Sajith ("**Accused**"), before Judicial FirstClass Magistrate Court, Ottapalam. The Accused have pledged gold coated ornaments, pretending it as pure gold ornaments, and cheated the Company by availing a loan of ₹ 3,14,155 (Indian Rupees Three Lakh Fourteen Thousand One Hundred and Fifty Five) from our Cherpulassery branch. The case is currently pending before the aforesaid magistrate. The matter is currently pending for hearing.

4. A complaint bearing number 14/B1/2022/K was filed by our Company's branch manager on October 6, 2022, against a gold loan customer, Ismail ("**Accused**"), before the Kerala Police, Kannur Town Police Station. The Accused had pledged stolen gold with the Company pretending it as his own ornaments, declared himself as the original owner, and cheated the Company for an amount of ₹ 1,99,999 (Indian Rupees One Lakh Ninety Nine Thousand Nine Hundred and Ninety Nine). The case is currently pending for police action and charge sheet.

5. An FIR bearing number 46/2023 dated March 11, 2023, was filed by our Company against Lokesh and Shireesh Subaraya Hegde for pledging spurious gold ornaments for ₹ 12,25,000 (Indian Rupees Twelve Lakh Twenty Five Thousand) with Nandini Lay Out Branch. The matter is currently under investigation.

6. A private complaint was filed bearing PCR No. 167/2023, by our Company against Srinivas and Others ("Accused") who were involved and aided in cheating the Company by pledging stolen gold ornaments of loan value of ₹ 1,40,100, resulting in their seizure by the police. The complaint requests the Judicial Magistrate of First Class Magadi, Bangalore to take cognizance of the same. The complaint has been dismissed by the court for non-prosecution.

7. A complaint was filed by our company *vide* Application number 15293020-2023-5-00070 against Kulathupuzha branch staffs, Arun M, Anju Chandran Pillai and Jubi Mol, for misappropriating the Company's cash and pledged ornaments. Subsequently an FIR bearing No. 941/2023 was filed by the Police authorities and matter is under investigation. Amount involved ₹ 8,26,118 (Indian Rupees Eight Lakh Twenty Six Thousand One Hundred and Eighteen).

8. An FIR bearing number 79/2023 was filed at Wadakkanchery Police Station by the Company against Hareesh for pledging spurious gold ornaments and thereby, cheating the Company for an amount of ₹ 92,000 (Indian Rupees Ninety Two Thousand) from the Wadakkanchery branch. The matter is currently under police investigation.

9. An FIR bearing number 2/2024, dated January 2, 2024 was filed at Vazhakulam Police Station by the Company through its Asst.Manager against Jishnu for pledging spurious gold ornaments and thereby cheating the Company involving an amount of ₹ 4,28,200 (Indian Rupees Four Lakh Twenty Eight Thousand Two Hundred) at the Vazhakulam branch. The matter is currently pending police investigation.

10. An FIR bearing number FIR.50/2024 was filed by the Police of Anekal Police Station, Bengaluru, Karnataka, based on the complaint filed by the Company against theft and break open of lock at Anekal branch. The matter is currently under Police investigation.

11. An FIR bearing number FIR.251/2024 was filed by the Police of Kozhikode Town Police Station, on the complaint filed by the Company against Mr. Nisar and Mrs. Safura for pledging spurious gold ornaments and for cheating an amount of ₹ 3,43,700.

12. An FIR bearing number FIR.405/2024 was filed by the Police of Alathur Police Station, on the Complaint filed by the Company against Mrs. Manjusha for pledging stolen ornaments as claiming her own one.

(b) Against our Company

Except as disclosed below there are no criminal cases against our Company:

Nil

(iii) Cases filed by the Company under Section 138 of the Negotiable Instruments Act, 1881

The Company has filed various complaints and notices under Section 138 of the Negotiable Instruments Act, 1881 for recovering amounts due from various entities on account of dishonouring of cheques issued by such entities. As of the date of this Prospectus, there are 12 such complaints pending before Judicial First Class Magistrate Court, Thrissur and Judicial First Class Magistrate Court-3, Muvattupuzha. The total amount involved in such cases is approximately ₹ 7.74 lakh.

(iv) Tax Proceedings involving our Company

Except as disclosed below there are no tax proceedings against our Company:

A single show cause notice addressing around 37 entities across the country, including ours, bearing number 137/2022-23 was received from the Goods and Service Tax authority (Directorate General of Goods and Service Tax Intelligence, Ghaziabad Regional Unit) to show cause why penalty should not be imposed upon the company in terms of section 122 (1) (ii) of the CGST Act, 2017 read SGST Act, 2017, and or under section 20 of the IGST Act, 2017, for issuance of invoices or bills passing on of total ITC of GST amounting ₹ 9,32,408 (Indian Rupees Nine Lakh Thirty Two Thousand Four Hundred and Eight)without concomitant supply of goods/services in violation of the provisions of the CGST Act 2017 read SGST Act, 2017, and or under section 20 of the IGST Act, 2017. The Company has replied to the notice vide letter dated July 10, 2023, stating that the notice levied tax on availing of input tax by one of our service recipient, namely M/s. Lambent Marketing Pvt Limited on invoices issued by us and not remitting tax and that our company has paid the tax collected from the party in time. The case is currently pending for hearing with GST Authority.

(v) Legal action taken by statutory or regulatory authorities against our Company

There are no legal actions taken by statutory or regulatory authorities and pending against our Company.

2. Material litigations involving our Subsidiary Company as on the date of this Prospectus

Not applicable as our Company does not have any Subsidiaries.

3. Material litigations involving our Directors as on the date of this Prospectus

As on the date of this Prospectus, following are material litigations involving our Directors:

(i) Civil Litigations

(a) By our Directors

Except as disclosed below there are no civil cases filed by our Directors:

1. Chemmanur Devassykutty Boby ("**Petitioner**") filed a writ petition number 19861/2020 (G) dated September 23, 2020, before the High Court of Kerala against the State of Kerala, Jewellery workers welfare Board and Assistant Labour officer of Palakkad District ("**Respondent**") under Article 226 of the Constitution of India ("**Constitution**") challenging the notice dated August 26, 2020, wherein jewellery workers cess was imposed on all jewellery showrooms at the rate of 0.1% on total sales. The Petitioner has submitted that the said notice is illegal and unconstitutional and violative of the Kerala Jewellery Workers Welfare Fund (Amendment) Act, 2019 and have prayed for stay. The Kerala High Court vide its order dated September 24, 2020, admitted the petition, and stayed the proceedings under the above said notice issued by the Assistant Labour Officer, Palakkad. The case is presently pending before the High Court of Kerala for hearing**.**

2. A consumer case bearing number CC No 43/2022 was filed by Chemmanur Devassykutty Boby against Destination Health for not providing gym equipment at Palazhi villa on time, claiming an amount of ₹ 11,25,000 (Indian Rupees Eleven Lakh Twenty Five Thousand). The matter is currently pending for hearing.

(b) Against our Directors

Except as disclosed below there are no civil cases against our Directors:

A consumer case bearing number CC100/2020 claiming an amount of ₹ 8,000 (Indian Rupees Eight Thousand) was filed by complainant Mrs Girija Kunjappan against the Directors and the Company, alleging deficiency of service from the part of company. The complaint claimed post-maturity interest of six subordinate debts at a rate of 13.5% for the period starting from maturity till the date of her surrender of SDs. The matter is currently pending before the Consumer Disputes Redressal Forum, Ernakulam.

(ii) Criminal Litigations

(a) By our Directors

Except as disclosed below there are no criminal cases filed by our Directors:

1. A First Information Report (FIR) was filed against A K Linesh, (ex-employee), Hareesh and Roopesh ("**Accused Persons**") based on a complaint filed by Chemmanur Devassykutty Boby under sections 419, 420, 468 and 47 read with 34 of CRPC. The Accused Persons had forged false documents and cheated the complainant causing a loss of ₹ 12,00,000 (Indian Rupees Twelve Lakh). Based on the FIR two cases were registered before - Judicial First Class Magistrate VI, MARAD (Calicut), as CC No 92/2010 against Linesh, Hareesh and Roopesh and CC No 93/2010 against A.K Lineesh. The cases is presently stayed by High Court of Kerala.
2. Smitha Boby has filed a criminal complaint dated May 21, 2020, before the Baluseri Police Station and a First Information Report (FIR) has been filed by the police authorities on October 27, 2020. Based on that a criminal case as CC 437/2021 was registered before the Judicial First Class Magistrate Perambra against Killiyamburath Bhaskaran ("**Accused Person**") for cutting down trees from Unnikulam land. The case has been transferred to Judicial First Class Magistrate 1, Tamarassery as CC 484/2022. The case is currently pending.

(b) Against our Directors

Except as disclosed below there are no criminal cases against our Directors:

Station House Officer of Meppadi Police Station had filed a First Information Report (FIR), numbered as 235/2024, dated May 8, 2024 against CD Boby alleging making unlawful gains from lucky draws associated with the tea products sale of M/s. Boche Bhumiputra Private Limited and thereby decreasing the sales of Kerala Government Lottery. 'Investigation going on, CD Boby had applied for Anticipatory Bail and was allowed by District and Sessions Court, Kalpetta, Wayanad.

(iii) Cases filed by the Directors under Section 138 of the Negotiable Instruments Act, 1881

Nil

(iv) Tax Proceedings involving our Directors

There are no tax proceedings against our Directors:

(v) Legal action taken by statutory or regulatory authorities against our Directors

There are no legal actions taken by statutory or regulatory authorities and pending against our Directors.

4. Material litigation or legal or regulatory actions involving our Promoter as of the date of this Prospectus

Except as covered in section 3 *(Material litigations involving our Directors as on the date of this Prospectus)* of this *Outstanding Litigations* Chapter on page 157 above, there no material litigation involving Promoter of the Company (being Chemmanur Devassykutty Boby).

5. Litigations involving group companies

As on the date of this Prospectus, following are litigations involving group companies:

(i) Material Civil Litigation

(a) By group companies

There are no material civil proceedings by our group companies.

(b) Against group companies

Except as disclosed below there are no material civil proceedings against our group companies:

Aiswarya Lakshmi had filed a civil suit OS 23/19 at Munsiff Court Irinjalakuda against Chemmanur Gold Palace International Limited claiming ₹ 5,00,000 (Indian Rupees Five Lakh) and praying for injunction and damages. The matter is currently pending for hearing.

(ii) Criminal Cases

(a) By the group companies

Except as disclosed below there are no criminal proceedings by our group companies:

1. Chemmanur Gold Palace International Limited had filed a criminal complaint 293/2021 dated August 14, 2021, before the Judicial Magistrate Court, Ooty against Ganapathy, an ex-employee for cheating and misappropriation. The case is pending before the Court.

2. Chemmanur Gold Palace International Limited ("**CGIPL**") had filed a defamation petition, CC No. 55/2017 dated November 3, 2016, before the Metropolitan Magistrate Court, Egmore, Chennai against Joy Kaitharam.Further, Joy Kaitharam had filed a transfer petition T.P.(Crl.) No. 000082 - / 2021 dated January 21, 2021, before the Supreme Court of India, to transfer the above mentioned criminal case for defamation to Chief Judicial Magistrate, Thrissur. The transfer application matter is disposed and the defamation petition is pending before the Metropolitan Magistrate Court, Chennai.

(b) Against the group companies

Nil

(iii) Cases filed by our group companies under Section 138 of the Negotiable Instruments Act, 1881

The group companies have filed various complaints and notices under Section 138 of the Negotiable Instruments Act, 1881 for recovering amounts due from various parties on account of dishonouring of cheques issued by such parties. As of the date of this Prospectus, there are 599 such complaints pending across various jurisdictions. The total amount involved in such cases is approximately ₹ 151.46 lakh.

(iv) Tax Proceedings involving the group companies

An excise duty matter no. SVLDRS-01 Declaration No. LD1501200003409 dated January 15, 2020, amounting to ₹ 4,95,490 (Indian Rupees Four Lakh Ninety Five Thousand Four Hundred and Ninety) is pending against CGPIL before the Central Board of Indirect Taxes and Customs. CGPIL had opted for Sabka Vishwas (Legacy Dispute Resolution) Scheme and initiated payment via challan on June 29, 2020. But due to technical issues in the portal of Tax Authorities the payment has been failed and hence the CGPIL couldn't remit the tax on the due date of June 30, 2020, and resulted in issue of a show cause notice dated March 30, 2021, with an outstanding duty liability of ₹ 39,84,965 (Indian Rupees Thirty Nine Lakh Eighty Four Thousand Nine Hundred and Sixty Five) by the Central Excise authorities. Against the Show Cause Notice, CGPIL filed a Writ Petition as WP(C) 30356/2021 (T) dated December 22, 2021, before the Honourable High Court of Kerala. High Court of Kerala passed an interim order on January 12, 2022, that the proceedings under the above Show Cause Notice shall be kept in abeyance and this was extended further by subsequent orders. The matter is still pending.

(v) Other Regulatory proceedings involving group companies

Boby Chemmanur No.1 Chits Private Limited has matter pending in with the Registrar of Chits, Thiruvananthapuram on compounding fee of ₹ 55,04,000 (Indian Rupees Fifty Five Lakh Four Thousand) with respect to twenty-three chits, for not filing minutes, chitty balance sheet and balance sheet of the company within the stipulated time with Assistant Registrar of Chits, Thrissur. The company has approached Inspector General of Registration, Thiruvananthapuram for downward revision in compounding fee and the matter is still being pursued by Inspector General of Registration, Thiruvananthapuram. The Office of the Inspector General of Registration replied that they are not entitled to make a decision on the request as a similar application seeking reduction of Compounding fee has already been submitted by the Company before the Ministry of Taxation. In addition to that, Boby Chemmanur No.1 Chits Private Limited have filed a Writ Petition before High Court of Kerala no. as WP(C)10847/2024, against The State of Kerala and others for compounding the offences.

6. *Litigation or legal action pending or taken by any ministry or government department or statutory authority against our Promoter during the last three years immediately preceding the year of the issue of this Prospectus and any direction issued by any such ministry or department or statutory authority upon conclusion of such litigation or legal action*

There are no litigation or legal action pending or taken by any ministry or government department or statutory authority against our Promoter during the last three years immediately preceding the year of the issue of this Prospectus and any direction issued by any such ministry or department or statutory authority upon conclusion of such litigation or legal action.

7. **Inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies' law in the last three years immediately preceding the year of issue of this Prospectus against our Company (whether pending or not); fines imposed or compounding of offences done by our Company in the last three years immediately preceding the year of this Prospectus**

   There are no inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies' law in the last three years immediately preceding the year of issue of this Prospectus against our Company (whether pending or not); fines imposed or compounding of offences done by our Company in the last three years immediately preceding the year of this Prospectus.

8. ***Details of acts of material frauds committed against our Company in current financial year and last three Fiscals, if any and if so, the action that was taken by our Company***

   The list of material frauds against the Company in the current financial year and last three Fiscals are as follows:

Sr. No	Financial Year/ Period	Branch	Date Of Detection / Date of Reporting To RBI	Gross Amount (₹ Lakh)	Modus Operandi & Action Taken	Recovery (₹ Lakh)	Amount Written Off (₹ Lakh)	Provision (₹ Lakh)	Action taken by the Company
1.	Current Financial Year as on Cut-off Date	Various Branches	Various dates	12.69	Pledged low purity ornaments	12.59	-	-	Follow up for recovery continued
2.	2023-2024	Various Branches	Various dates	40.13	Pledged low purity ornaments.	39.64	-	-	Follow up for recovery continued
		Vazhakulam	January 02, 2024	4.28	Pledged low purity ornaments	-	-	4.28	Complaint filed with police authorities
3.	2022-2023	Kulathupuzha	January 14, 2023	15.76	Misappropriation of cash by Branch staff	8.22	-	7.54	Complaint filed with police authorities.
		Various Branches	Various dates	39.39	Pledged low purity ornaments. Company recovered part of the amount from customers and follow-up are being made	26.22	-	13.17	Complaint filed with police authorities.
4.	2021-2022	Kondotty	March 31, 2022	5.00	Misappropriation of Cash by Branch Manager	3.04	-	1.96	Complaint Filed and Stamped Undertaking Obtained
		Various Branches	Various dates	15.11	Pledged low purity ornaments. Company recovered the amount	15.11	-	-	Recovery

Sr. No	Financial Year/ Period	Branch	Date Of Detection / Date of Reporting To RBI	Gross Amount (₹ Lakh)	Modus Operandi & Action Taken	Recovery (₹ Lakh)	Amount Written Off (₹ Lakh)	Provision (₹ Lakh)	Action taken by the Company
					from customers				

9. ***Summary of reservations, qualifications, emphasis of matter or adverse remarks of auditors for the last three Fiscals immediately preceding the year of issue of this Prospectus and of their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or emphasis of matter or adverse remarks***

Our statutory auditors have highlighted certain matters of emphasis to their audit opinion relating to our Audited Financial Statements for the last three financial years, as mentioned below:

Financial Year	Basis of Financial Statements	Summary of Qualifications or reservations or emphasis of matter or adverse remarks or other observations by auditors in the audit report / CARO	Impact on the financial statements and financial position of the Company	Corrective steps taken and proposed to be taken by the Company
2023-2024	Standalone	(A) Pending Litigations (i) Income Tax demand for the A.Y. 2017-18 There was an Income Tax appeal filed by the company with the Commissioner of Income Tax (Appeals) for the AY 2017-18 against the order under sec 143(3) of the Income Tax act 1961, issued by the Assistant Commissioner of Income-Tax, Circle-1(1), Thrissur, making a tax addition by disallowing expenditure. The total tax impact on the above order was ₹ 137.57 Lakh. Against this demand Company paid 10% of total demand amounting to ₹ 13.76 Lakhs. The Appeal has been disposed in favour of the Company vide order No. ITBA/NFAC/S/250/2023-24/1055330358(1) dated 22/08/2023.	As there is no additional tax liability, contingent liability provided has been reversed.	-
2022-2023	Standalone	**(A) Emphasis of Matter**		
		We draw attention to note 57 of the financial statements regarding the transition to Ind AS in the final quarter of the financial year ended March 31, 2023 and the unaudited results published for the nine months ended December 31, 2022 in Accounting Standards (IGAAP) notified under The Companies (Accounts) Rules, 2014 (as amended). Our opinion is not qualified with regard to this matter. **Note 57 of the Financial Statement for the year ended on March 31, 2023:** The company listed its non-convertible debentures on January 12, 2023. The financial statements of the Company for the year ended March 31, 2023 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101, First-Time Adoption of Indian Accounting Standards, with April 1, 2021 as the transition date from previous GAAP.	The financial statements for the financial year ended on March 31, 2023 is prepared in accordance with Ind AS and the impact has been already reflected in audited financial statements for the year.	The company has changed its accounting in line with Ind AS

Financial Year	Basis of Financial Statements	Summary of Qualifications or reservations or emphasis of matter or adverse remarks or other observations by auditors in the audit report / CARO	Impact on the financial statements and financial position of the Company	Corrective steps taken and proposed to be taken by the Company
		However, since the transition to Ind AS was done in last quarter of FY 2022-23, the unaudited results of 9 months ended December 31, 2022 and the comparative quarters was presented in accordance with Accounting Standards (IGAAP) notified under The Companies (Accounts) Rules, 2014 (as amended).Since the Ind AS adjustments were given effect in the final quarter of financial year 2022-23, the published unaudited results of the quarter/ nine months ending December 31, 2022 are not comparable with the audited results published for the year ended March 31, 202		
		(B) Pending Litigations		Pending at various stage of appeal
		(i) Income Tax demand for the A.Y. 2012-13		
		Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2012-2013. Appeal is filed by the company against the order under sec 143(3) of the Income Tax act 1961, issued by the income tax officer, ward1(2), Thrissur making an addition by disallowing various expenditures. The addition did not increase the tax liability of the Company but it has reduced the carry forward losses to the subsequent years. The total amount of addition is ₹ 95.87 lakhs.	No impact on financial position of the Company.	
		(ii) Income Tax demand for the A.Y. 2017-18		
		Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2017-18. Appeal is filed by the company against the order under sec 143(3) of the Income Tax act 1961, issued by the Assistant Commissioner of Income-Tax, Circle-1(1), Thrissur making an addition by disallowing expenditure. The total tax impact on the addition is ₹ 137.57 Lakhs. Against this demand Company paid 10% of total demand amounting to ₹ 13.76 Lakhs and stay granted for the balance 90% of the demand till the disposal of the appeal by the commissioner of income tax (Appeals) .	Contingent liability of ₹ 137.57 lakhs is disclosed for the AY 2017-18.	
2021-2022	Standalone	**(A) Emphasis of Matter**		
		(i) We draw attention to following note regarding outbreak of the COVID-19 pandemic and the consequential impact on business, which, as per the assessment of the management, has not significantly impacted the operations and financial position of the Company. Our opinion is not qualified in respect of this matter. Note: The Company has considered the possible effects that may result from COVID-19 on the carrying amounts of financials assets,	No impact on the financial Statements	As per explanation provided, there is no significant impact on the operations and financial position of the company.

Financial Year	Basis of Financial Statements	Summary of Qualifications or reservations or emphasis of matter or adverse remarks or other observations by auditors in the audit report / CARO	Impact on the financial statements and financial position of the Company	Corrective steps taken and proposed to be taken by the Company
		receivables, advances, property plant and equipment, Intangibles etc. as well as liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal and external information such as current contract terms, financial strength of partners, loan profile, future volume estimates from the business etc. Having reviewed the underlying data and based on current estimates the Company expects the carrying amount of these assets will be recovered and there is no significant impact on liabilities accrued. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.		
		(ii) We draw attention to following note regarding the implementation of matters relating to Prudential norms and asset classification clarified by RBI vide Circular 'RBI/2021-22/125 DO R/STR/REC.68/21.04.048/2021-22 dated November 12, 2021, on 'Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications''. Our opinion is not qualified in respect of this matter. Note: Pursuant to RBI circular RBI/2021-22/125 DO R/STR/REC.68/21.04.048/2021-22 dated November 12, 2021, on 'Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications', the Company is in the process of implementing the process of asset classification for flagging borrower accounts as overdue as part of the day-end processes for the due date. The impact on provisioning on account of the change in asset classification process on loans other than Gold loans could not be ascertained on account of the inherent complexity. The company is in the process of making the necessary changes in the IT systems and software to comply with the said circular. RBI has vide circular no DOR.STR.REC.85/21.04.048/2021-22 dated February 15, 2022 granted time till September 30, 2022 to put in place necessary system to implement the provisions set forth in paragraph 10 the above cited circular,	As RBI has given time up to September 30, there is no impact in the FS for the year ended on March 31, 2022	Now the system is in place.

Financial Year	Basis of Financial Statements	Summary of Qualifications or reservations or emphasis of matter or adverse remarks or other observations by auditors in the audit report / CARO	Impact on the financial statements and financial position of the Company	Corrective steps taken and proposed to be taken by the Company
		REC.68/21.04.048/2021-22, dated November 12, 2022.		
		(B) Pending Litigations		Pending at various stage of appeal
		Claims against the Company not acknowledged as debts.		
		(i) Income Tax demand for the A.Y. 2012-13		
		Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2012-2013. Appeal is filed by the company against the order under sec 143(3) of the Income Tax Act 1961, issued by the income tax officer, ward1(2), Thrissur making an addition by disallowing various expenditures. The addition did not increase the tax liability of the company but it has reduced the carry forward losses to the subsequent years. The total amount of addition is ₹ 95.87 lakh.	No impact on financial position of the Company.	
		(ii) Income Tax demand for the A.Y. 2013-14		
		Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2013-2014. Appeal is filed by the company against the order under sec 143(3) of the Income Tax Act 1961, issued by the Assistant Commissioner of Income-Tax, Circle-1(1), Thrissur making an addition by disallowing expenditure. The addition did not increase the tax liability of the company but it has reduced the carry forward losses to the subsequent years. The total amount of addition is ₹ 98.59 lakh.	No impact on financial position of the Company.	
		(iii) Income Tax demand for the A.Y. 2014-15		
		Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2014-2015. Appeal is filed by the company against the order under sec 143(3) of the Income Tax Act 1961, issued by the Assistant Commissioner of Income-Tax, Circle-1(1), Thrissur making an addition by disallowing expenditure. The addition did not increase the tax liability of the company but it has reduced the carry forward losses to the subsequent years. The total amount of addition is ₹ 126.55 lakh.	No impact on financial position of the Company.	
		(iv) Income Tax demand for the A.Y. 2017-18		
		Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2017-18. Appeal is filed by the company against the order under sec 143(3) of the Income Tax Act 1961, issued by the Assistant Commissioner of Income-Tax, Circle-1(1), Thrissur making an addition by disallowing expenditure. The total tax impact on the addition is ₹ 137.57 lakh. Against this	Contingent liability of ₹ 137.57 lakhs is disclosed for the AY 2017-18.	

Financial Year	Basis of Financial Statements	Summary of Qualifications or reservations or emphasis of matter or adverse remarks or other observations by auditors in the audit report / CARO	Impact on the financial statements and financial position of the Company	Corrective steps taken and proposed to be taken by the Company
		demand company paid 10% of total demand amounting to ₹ 13.76 lakh and stay granted for the balance 90% of the demand till the disposal of the appeal by the commissioner of income tax (Appeals)		

10. ***Summary of other observations of the auditors during the last three Fiscals immediately preceding the year of issue of this Prospectus and of their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said observation***:

    There are no other observations of the auditors during the last three Fiscals immediately preceding the year of issue of this Prospectus and of their impact on the financial statements and financial position of our Company.

11. ***Details of disciplinary action taken by SEBI or Stock Exchanges against the Promoter/Group companies in the last five financial years, including outstanding action:***

Entity	Person	Competent Authority	Regulatory Charges	Regulatory Action(s) / Date Of Order
Chemmanur Gold Palace International Limited (“**CGPIL**”)		SEBI	CGPIL raised funds through issuance of 6% participating preference shares (“**PPS**”) by way of private placement aggregating to ₹ 28,828 lakh from 5,323 investors violating sections 56, 60, 64 67 and 73 of the Companies Act, 1956(parallel, section 25, 26, 28, 33(1), 40 and 42 of the Companies Act, 2013 read with section 465 of the Companies Act, 2013. Raised such funds without making application for listing of securities nor obtained in-principle approval for listing of securities, did not obtain credit rating nor appointed merchant banker, did not disclose requirement in offer document nor filed draft offer document with stock exchanges, did not advertise for public issues nor disclose in abridged prospectus & application forms and did not apply for listing of securities post issuance violating regulations 4(2)(a) to 4(2)(c), 4(5), 5, 6, 8, 9 and 16 of SEBI (Issue And Listing Of NCRPS) Regulations, 2013. Pursuant to the order, CGIPL had remitted the penalty amount within specified time limit.	Imposed penalty ₹ 25,00,000 (Indian Rupees Twenty Five Lakh) April 30, 2021

12. ***Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues; debentures and interests thereon; deposits and interests thereon; and loan from any bank or financial institutions and interest thereon:***

    Nil

OTHER REGULATORY AND STATUTORY DISCLOSURES

Issuer's Absolute Responsibility

"The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to the Issuer and the issue which is material in the context of the issue, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect."

Authority for the Issue

At the meeting of the Board of Directors of our Company held on May 30, 2024, approved the public issue of Secured, Redeemable, Non-Convertible Debenture for an amount amounting up to ₹ 30,000 lakh in three tranches and accordingly, the Debenture Committee vide resolution dated June 8, 2024 approved the public issue of Secured, Redeemable, Non-Convertible Debenture for an amount aggregating up to ₹ 4,000 lakh, with an option to retain oversubscription up to ₹ 2,000 lakh aggregating up to ₹ 6,000 lakh. Further, the present borrowing is within the borrowing limits under Section 180(1)(c) of the Companies Act, 2013, duly approved by the shareholders' vide their resolution passed at their annual general meeting held on September 29, 2014.

Prohibition by SEBI

Our Company, persons in control of our Company, Directors of our Company and/or our Promoter have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. Further, no member of our promoter group has been prohibited or debarred by SEBI from accessing the securities market or dealing in securities due to fraud.

Our Company confirms that there are no fines or penalties levied by SEBI or the Stock Exchanges pending to be paid by the Company as on the date of this Prospectus.

No regulatory action is pending against the Issuer or its Promoter or directors before the SEBI or the Reserve Bank of India.

Categorisation as a Wilful Defaulter

Our Company, our Directors and/or our Promoter have not been categorised as a Wilful Defaulter nor are they in default of payment of interest or repayment of principal amount in respect of debt securities issued to the public, for a period of more than six months.

Declaration as a Fugitive Economic Offender

None of our Directors have been declared as a Fugitive Economic Offender.

Other confirmations

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

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

The consents/ permissions and no objection certificates required for creation of further *pari passu* charge in favour of the Debenture Trustee on the assets from the Existing Secured Creditors, wherever required, have been obtained.

Further, it is confirmed that our Company is in compliance with applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and any other guidelines so specified by SEBI;

Disclaimer statement from our Company, our Directors and the Lead Manager

Our Company, our Directors and the Lead Manager accepts no responsibility for statements made other than in this Prospectus or in the advertisements or any other material issued by or at our Company's instance in connection with the Issue of the NCDs and anyone placing reliance on any other source of information including our Company's website, or any website of any affiliate of our Company would be doing so at their own risk. The Lead Manager accepts no responsibility, save to the limited extent as provided in the Issue Agreement.
None among our Company or the Lead Manager or any Member of the Syndicate is liable for any failure in uploading the Application due to faults in any software/ hardware system or otherwise; the blocking of Application Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Investors who make an Application in the Issue will be required to confirm and will be deemed to have represented to our Company, the Lead Manager and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the NCDs and will not issue, sell, pledge, or transfer the NCDs to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the NCDs. Our Company, the Lead Manager and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the NCDs being offered in the Issue.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE DRAFT PROSPECTUSPROSPECTUS TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE PROSPECTUS. THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE PROSPECTUS, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JULY 22, 2024 WHICH READS AS FOLLOWS:

1. **WE CONFIRM THAT NEITHER THE ISSUER NOR ITS PROMOTERS OR DIRECTORS HAVE BEEN PROHIBITED FROM ACCESSING THE CAPITAL MARKET UNDER ANY ORDER OR DIRECTION PASSED BY THE BOARD. WE ALSO CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**

2. **WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUE OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE NCDS OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.**

3. **WE CONFIRM THAT THE PROSPECTUS CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021.**

4. **WE ALSO CONFIRM THAT ALL RELEVANT PROVISIONS OF THE COMPANIES ACT, 1956, COMPANIES ACT, 2013, SECURITIES CONTRACTS (REGULATION) ACT, 1956, SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND THE RULES, REGULATIONS, GUIDELINES, CIRCULARS ISSUED THEREUNDER ARE COMPLIED WITH.**

5. **WE CONFIRM THAT NO COMMENTS/COMPLAINTS WERE RECEIVED ON THE DRAFT PROSPECTUS HOSTED ON THE WEBSITE OF THE DESIGNATED STOCK EXCHANGE.**

Disclaimer Clause of BSE

BSE LIMITED ("THE EXCHANGE") HAS GIVEN, VIDE ITS APPROVAL LETTER DATED JULY 19, 2024 PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS DRAFT OFFER DOCUMENT/OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER:

a) **WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR**
b) **WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR**
c) **TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY.**

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS DRAFT OFFER DOCUMENT/OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.

Disclaimer Clause of RBI

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED JUNE 10, 2010, BEARING REGISTRATION NO. N-1600185 UNDER SECTION 45 IA OF THE RESERVE BANK OF INDIA ACT, 1934. HOWEVER, RBI DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO THE FINANCIAL SOUNDNESS OF THE COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE COMPANY AND FOR REPAYMENT OF DEPOSITS/DISCHARGE OF LIABILITY BY THE COMPANY.

DISCLAIMER CLAUSE OF FSIAPL

ALL INFORMATION CONTAINED IN THE REPORT HAS BEEN OBTAINED BY FITCH SOLUTIONS INDIA ADVISORY PRIVATE LIMITED FROM SOURCES BELIEVED BY FITCH SOLUTIONS INDIA ADVISORY PRIVATE LIMITED TO BE ACCURATE AND RELIABLE. ALTHOUGH REASONABLE CARE HAS BEEN TAKEN TO ENSURE THAT THE INFORMATION THEREIN IS TRUE, SUCH INFORMATION IS PROVIDED 'AS IS' WITHOUT ANY WARRANTY OF ANY KIND, AND IN PARTICULAR, MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS OF ANY SUCH INFORMATION NOR DOES GIVE ANY GUARANTEE AND / OR ASSURANCE OF ITS CREDIBILITY OF BEING FIT FOR A PARTICULAR PURPOSE AND OBJECT. ALL INFORMATION CONTAINED THEREIN MUST BE CONSTRUED SOLELY AS STATEMENTS OF OPINION AND NOT ANY RECOMMENDATION FOR INVESTMENT. IN NO EVENT SHALL, FITCH SOLUTIONS INDIA ADVISORY PRIVATE LIMITED BE LIABLE FOR ANY LOSSES INCURRED IN ANY FORM WHATSOEVER, BY USERS OR ANY OF THE PARTY PLACING RELIANCE AND FROM ANY USE OF THE REPORT OR ITS CONTENTS THEREOF.

DISCLAIMER CLAUSE OF INDIA RATINGS

USERS OF IRRPL RATINGS SHOULD UNDERSTAND THAT NEITHER AN ENHANCED FACTUAL INVESTIGATION NOR ANY THIRD-PARTY VERIFICATION CAN ENSURE THAT ALL OF THE INFORMATION INDIA RATINGS RELIES ON IN CONNECTION WITH A RATING WILL BE ACCURATE AND COMPLETE. ULTIMATELY, THE ISSUER AND ITS ADVISERS ARE RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION THEY PROVIDE TO INDIA RATINGS AND TO THE MARKET IN OFFERING DOCUMENTS AND OTHER REPORTS. IN ISSUING ITS RATINGS INDIA RATINGS MUST RELY ON THE WORK OF EXPERTS, INCLUDING INDEPENDENT AUDITORS WITH RESPECT TO FINANCIAL STATEMENTS AND ATTORNEYS WITH RESPECT TO LEGAL AND TAX MATTERS. FURTHER, RATINGS ARE INHERENTLY FORWARD-LOOKING AND EMBODY ASSUMPTIONS AND PREDICTIONS ABOUT FUTURE EVENTS THAT BY THEIR NATURE CANNOT BE VERIFIED AS FACTS. AS A RESULT, DESPITE ANY VERIFICATION OF CURRENT FACTS, RATINGS CAN BE AFFECTED BY FUTURE EVENTS OR CONDITIONS THAT WERE NOT ANTICIPATED AT THE TIME A RATING WAS ISSUED OR AFFIRMED.

RATINGS ARE NOT A RECOMMENDATION OR SUGGESTION, DIRECTLY OR INDIRECTLY, TO YOU OR ANY OTHER PERSON, TO BUY, SELL, MAKE OR HOLD ANY INVESTMENT, LOAN OR SECURITY OR TO UNDERTAKE ANY INVESTMENT STRATEGY WITH RESPECT TO ANY INVESTMENT, LOAN OR SECURITY OR ANY ISSUER. RATINGS DO NOT COMMENT ON THE ADEQUACY OF MARKET PRICE, THE SUITABILITY OF ANY INVESTMENT, LOAN OR SECURITY FOR A PARTICULAR INVESTOR (INCLUDING WITHOUT LIMITATION, ANY ACCOUNTING AND/OR REGULATORY TREATMENT), OR THE TAX-EXEMPT NATURE OR TAXABILITY OF PAYMENTS MADE IN RESPECT OF ANY INVESTMENT, LOAN OR SECURITY. THE RATING AGENCY SHALL NEITHER CONSTRUED TO BE NOR ACTING UNDER THE CAPACITY OR NATURE OF AN 'EXPERT' AS DEFINED UNDER SECTION 2(38) OF THE COMPANIES ACT, 2013. INDIA RATINGS IS NOT YOUR ADVISOR, NOR IS INDIA RATINGS PROVIDING TO YOU OR ANY OTHER PARTY ANY FINANCIAL ADVICE, OR ANY LEGAL, AUDITING, ACCOUNTING, APPRAISAL, VALUATION OR ACTUARIAL SERVICES. A RATING SHOULD NOT BE VIEWED AS A REPLACEMENT FOR SUCH ADVICE OR SERVICES. INVESTORS MAY FIND INDIA RATINGS TO BE IMPORTANT INFORMATION, AND INDIA RATINGS NOTES THAT YOU ARE RESPONSIBLE FOR COMMUNICATING THE CONTENTS OF THIS LETTER, AND ANY CHANGES WITH RESPECT TO THE RATING, TO INVESTORS.

Track record of past public issues handled by the Lead Manager

The track record of past issues handled by the Lead Manager, as required by SEBI Master Circular, are available at the following website:

Name of Lead Manager	Website
Vivro Financial Services Private Limited	http://www.vivro.net/offerdocuments

Listing

An application will be made to BSE for permission to deal in and for an official quotation of our NCDs.

If permissions to deal in and for an official quotation of our NCDs are not granted by the Stock Exchange, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of this Prospectus.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange mentioned above are taken within 6 Working Days from the date of closure of the issue.

Consents

Consents in writing of Directors of our Company, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditors, legal advisor to the Issue, Lead Manager, the Registrar to the Issue, Credit Rating Agency, the Debenture Trustee, FSIAPL, the Public Issue Account Bank, Sponsor Bank, Refund Bank, Syndicate Member, and the lenders to our Company to act in their respective capacities, have been obtained and will be filed along with a copy of this Prospectus with the RoC as required under Section 26 of the Companies Act, 2013. Further such consents have not been withdrawn up to the time of delivery of this Prospectus with the Stock Exchange.

Expert Opinion

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

Our Company has received written consent from the Statutory Auditor, namely C.M. Joseph & Associates, Chartered Accountants, to include its name as required under section 26(1)(a)(v) of the Companies Act, 2013 in this Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act, 2013 to the extent and in its capacity as a statutory auditor, in respect of the (a) Audited Financial Statements for the financial year ended March 31, 2024; and (b) Special Purpose Audited Financial Statements for the financial years ended March 31, 2023 and March 2022;, included in this Prospectus. The consent of the Statutory Auditors has not been withdrawn as on the date of this Prospectus.

Common form of Transfer

We undertake that there shall be a common form of transfer for the NCDs held in dematerialised form and they shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant Depositary Participants of the transferor or transferee and any other applicable laws and rules notified in respect thereof.

Filing of the Draft Prospectus

A copy of the Draft Prospectus has been filed with the Designated Stock Exchange in terms of Regulation 27 of the SEBI NCS Regulations for dissemination on its website(s) prior to the opening of the Issue. The Draft Prospectus is displayed on the website of the Company and the Lead Manager. The Draft Prospectus has also been submitted with SEBI for record purpose.

Filing of this Prospectus

This Prospectus shall be filed with the RoC in accordance with Section 26 of the Companies Act, 2013.

Disclosure in accordance with the SEBI Debenture Trustee Master Circular

Appointment of Debenture Trustee

The Company has appointed the Debenture Trustee in accordance with the terms of the Debenture Trustee Agreement.

Terms and Conditions of Debenture Trustee Agreement

Fees charged by Debenture Trustee

The remuneration of the Debenture Trustee shall include ₹ 60,000 as trustee acceptance fees along with annual fees amounting to 0.0085% of outstanding debentures, as provided under the offer letter No. MCTSL/EL/24-25/067 dated May 13, 2024, as may be amended/modified from time to time.

Terms of carrying out due diligence

As per the SEBI Debenture Trustee Master Circular, as amended and/ or supplemented from time to time, the Debenture Trustee is required to exercise independent due diligence to ensure that the assets of the Issuer company are sufficient to discharge the interest and principal amount with respect to the debt securities of the Issuer at all times. Accordingly, the Debenture Trustee shall exercise due diligence as per the following process, for which our company has consented to.

a. The Debenture Trustee, either through itself or its agents /advisors/ consultants, shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the security as stipulated in the offer document /disclosure document / information memorandum / private placement memorandum, has been obtained. For the purpose of carrying out the due diligence as required in terms of the Relevant Laws, the Debenture Trustee, either through itself or its agents /advisors/consultants, shall have the power to examine the books of account of the Company and to have the Company’s assets inspected by its officers and/or external auditors/valuers/consultants/lawyers/technical experts/management consultants appointed by the Debenture Trustee.

b. The Company shall provide all assistance to the Debenture Trustee to enable verification from the Registrar of Companies, Sub-registrar of Assurances (as applicable), CERSAI, depositories, information utility or any other authority, as may be relevant, where the assets and/or encumbrances in relation to the assets of the Company or any third party security provider are registered / disclosed.

c. Further, in the event that existing charge holders have provided conditional consent / permissions to the Company to create further charge on the assets, the Debenture Trustee shall also have the power to verify such conditions by reviewing the relevant transaction documents or any other documents executed between existing charge holders and the Company. The Debenture Trustee shall also have the power to intimate the existing charge holders about proposal of creation of further encumbrance and seeking their comments/ objections, if any.

d. Without prejudice to the aforesaid, the Company shall ensure that it provides and procures all information, representations, confirmations and disclosures as may be required in the sole discretion of the Debenture Trustee to carry out the requisite diligence in connection with the issuance and allotment of the Debentures, in accordance with the relevant laws/ Applicable Law.

The Debenture Trustee shall have the power to independently appoint intermediaries, valuers, chartered accountant firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Debenture Trustee. All costs, charges, fees and expenses that are associated with and incurred in relation to the diligence as well as preparation of the reports/certificates/documentation, including all out of pocket expenses towards legal or inspection costs, travelling and other costs, shall be solely borne by the Company. Process of Due Diligence to be carried out by the Debenture Trustee Due Diligence will be carried out as per SEBI NCS Regulations and circulars issued by SEBI from time to time. This would broadly include the following:

- A Chartered Accountant ("**CA**") appointed by Debenture Trustee will conduct independent due diligence as per scope provided, regarding security offered by the Issuer.
- CA will ascertain, verify, and ensure that the assets offered as security by the Issuer is free from any encumbrances or necessary permission / consent / NOC has been obtained from all existing charge holders.
- CA will conduct independent due diligence on the basis of data / information provided by the Issuer.
- CA will, periodically undertake due diligence as envisaged in SEBI circulars depending on the nature of security.
- On basis of the CA's report / finding Due Diligence certificate will be issued by Debenture Trustee and will be filed with relevant Stock Exchanges.
- Due Diligence conducted is premised on data / information made available to the Debenture Trustee appointed agency and there is no onus of responsibility on Debenture Trustee or its appointed agency for any acts of omission / commission on the part of the Issuer.

While the NCD is secured as per terms of the Offer Document and charge is held in favour of the Debenture Trustee, the extent of recovery would depend upon realization of asset value and the Debenture Trustee in no way guarantees / assures full recovery / partial of either principal or interest.

Other Confirmations

The Debenture Trustee confirms that they have undertaken the necessary due diligence in accordance with Applicable Law, including the SEBI (Debenture Trustees) Regulations, 1993, read with the SEBI Debenture Trustee Master Circular.

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

MITCON CREDENTIA TRUSTEESHIP SERVICES LIMITED HAVE FURNISHED TO STOCK EXCHANGES A DUE DILIGENCE CERTIFICATE DATED JULY 5, 2024, AS PER THE FORMAT SPECIFIED IN ANNEXURE-II-A TO THE SEBI DEBENTURE TRUSTEE MASTER CIRCULAR WHICH READS AS FOLLOWS:-

1. *"We have examined documents pertaining to the said issue and other such relevant documents, reports and certifications.*

2. *On the basis of such examination and of the discussions with the issuer, its directors and other officers, other agencies and on independent verification of the various relevant documents, reports and certifications:*

We confirm that:

a. *The issuer has made adequate provisions for and/or has taken steps to provide for adequate security for the debt securities to be issued and listed.*

b. *The Issuer has obtained the permissions / consents necessary for creating security on the said property(ies).*

c. *The Issuer has made all the relevant disclosures about the security and its continued obligations towards the holders of debt securities.*

d. *Issuer has adequately disclosed all consents/ permissions required for creation of further charge on assets in offer document/ placement memorandum and all disclosures made in the offer document/ placement memorandum with respect to creation of security are in confirmation with the clauses of debenture trustee agreement.*

e. *Issuer has disclosed all covenants proposed to be included in debenture trust deed (including any side letter, accelerated payment clause etc.), offer document/ placement memorandum.*

f. *Issuer has given an undertaking that charge shall be created in favour of debenture trustee as per terms of issue before filing of listing application.*

g. *All disclosures made in the offer document with respect to the debt securities are true, fair and adequate to enable the investors to make a well informed decision as to the investment in the proposed issue.*

We have satisfied ourselves about the ability of the Issuer to service the debt securities."

Our Company undertakes that it shall submit the due diligence certificate from Debenture Trustee to the Stock Exchange as per format specified in Annexure II-A of the SEBI Debenture Trustee Master Circular.

Debenture Redemption Reserve ("DRR")

Pursuant to Regulation 16 of the SEBI NCS Regulations and Section 71(4) of the Companies Act, 2013 states that where debentures are issued by any company, the company shall create a debenture redemption reserve out of the profits of the company available for payment of dividend. As per rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014, as amended by Companies (Share Capital and Debentures) Amendment Rules, 2019, a NBFC is not required to create a DRR in case of public issue of debentures. The rules further mandate that the company which is coming with a Public Issue shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in any one or more prescribed methods.

Accordingly, our Company is not required to create a DRR for the NCDs proposed to be issued through this Issue. Further, our Company shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in any one or more following methods: (a) in deposits with any scheduled bank, free from charge or lien; (b) in unencumbered securities of the Central Government or of any State Government; (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882. The abovementioned amount deposited or invested, must not be utilized for any purpose other than for the repayment of debentures maturing during the year provided that the amount remaining deposited or invested must not at any time fall below 15% of the amount of debentures maturing during year ending on the 31st day of March of that year, in terms of the applicable laws.

Issue related expenses

For details of Issue related expenses, see "*Objects of the Issue*" on page 49.

Reservation

No portion of this Issue has been reserved.

Details regarding the Company and other listed companies which are associate companies as described under the Companies Act, 2013, which made any capital issue during the last three years

There are no other listed companies under the same management / associate companies as described under the Companies Act, 2013, which have made any public capital issuances during the previous three years from the date of this Prospectus.

Public issue of Equity Shares

Our Company has not made any public issue of Equity Shares or rights issuances in the last three years.

Previous Public Issues of Non-Convertible Debenture

Other than Public Issue 1, Public Issue 2 and Public Issue 3 as disclosed below, there has been no previous public issue of non-convertible debentures by the Company.

Dividend

Our Company has no formal dividend policy. The declaration and payment of dividends on our Equity Shares will be recommended by the Board of Directors and approved by our Shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. Our Company has declared following dividends during the current financial year and the last three Fiscals.

(₹ in lakh, except per share data)

Particulars	**From April 1, 2024 till the Cut-off Date**	**For the Financial Year ended**		
		March 31, 2024	**March 31, 2023**	**March 31, 2022**
On Equity Shares				
Fully Paid-up Share Capital (Nos.)	6,00,00,000	6,00,00,000	6,00,00,000	6,00,00,000
Face Value / Paid Up Value (₹)	10	10	10	10
Equity Share Capital	6,000	6,000	6,000	6,000
Dividend on Equity shares (*₹ per equity share)*	-	-	-	-
Dividend	-	-	-	-
Rate of Dividend	-	-	-	-
Dividend Distribution Tax	-	-	-	-

Jurisdiction

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

Impersonation

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

"Any person who:

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

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

Details regarding the lending done by the issuer out of the issue proceeds of debt securities in last three years

A. Lending Policy

Please refer to the paragraph titled "*Our Company's Business- Gold Loans*" under Chapter "*Our Business*" at page 110**.**

B. Utilisation of Issue Proceeds of the previous issue by our Company and Group Companies

Company:

i. **Public issue of equity shares by the Company**

The Company has not undertaken any public issue of equity shares in the last three years prior to the Cut-off Date.

ii. **Previous public issues of non-convertible debentures by the Company**

Except as given below, the Company has not undertaken the public issues of non-convertible debentures till the Cut-off Date.

Public Issue 1

Particulars	
ISIN	INE051307986, INE051307978, INE051307994, INE051307AA0, INE051307AB8, INE051307AC6, INE051307AD4, INE051307AE2
Date of opening	December 14, 2022
Date of closing	January 6, 2023
Issue Proceeds* (₹ in lakh)	9,222.69
Date of allotment	January 12, 2023
Date of refunds/ unblocking of funds	January 16, 2023
Date of listing	January 13, 2023
Utilisation of proceeds	**Purpose** / **Amount utilised (in ₹ lakh)** Onward Lending / 8,567.79 Repayment of Loans / 654.90 Issue Related Expense** / - General Corporate Purpose / - **Total** / 9,222.69

** Original issue size was ₹ 10000 lakh, but allotted amount was ₹ 9,222.69 lakh.*
*** Company has incurred Issue related expenses amounting to ₹ 179.22 lakh from the internal accruals.*

Public Issue 2

Particulars	
ISIN	INE051307AP8, INE051307AO1, INE051307AN3, INE051307AJ1, INE051307AM5, INE051307AL7, INE051307AI3, INE051307AK9
Date of opening	October 16, 2023
Date of closing	October 30, 2023
Issue Proceeds* (₹ in lakh)	6,021.11
Date of allotment	November 3, 2023
Date of refunds/ unblocking of funds	November 7, 2023
Date of listing	November 6, 2023
Utilisation of proceeds	**Purpose** / **Amount utilised (in ₹ lakh)** Onward Lending / 5,965.11 Interest/Repayment of Loans / 56.00 Issue Related Expense** / - General Corporate Purpose / - **Total** / 6,021.11

** Original issue size was ₹ 10000 lakh, but allotted amount was ₹ 6,021.11 lakh.*
*** Company has incurred Issue related expenses amounting to ₹ 147.27 lakh from the internal accruals.*

Public Issue 3

<table>
<tr><th>Particulars</th><th></th></tr>
<tr><td>ISIN</td><td>INE051307AX2 , INE051307AW4 , INE051307AV6, INE051307AU8, INE051307AT0, INE051307AS2, INE051307AR4, INE051307AQ6</td></tr>
<tr><td>Date of opening</td><td>February 20, 2024</td></tr>
<tr><td>Date of closing</td><td>March 4, 2024</td></tr>
<tr><td>Issue Proceeds* (₹ in lakh)</td><td>4,814.02</td></tr>
<tr><td>Date of allotment</td><td>March 11, 2024</td></tr>
<tr><td>Date of refunds/ unblocking of funds</td><td>March 7, 2024</td></tr>
<tr><td>Date of listing</td><td>March 12, 2024</td></tr>
<tr><td>Utilisation of proceeds</td><td><table>
<tr><th>Purpose</th><th>Amount utilised (in ₹ lakh)</th></tr>
<tr><td>Onward Lending</td><td>4,439.02</td></tr>
<tr><td>Interest/Repayment of Loans</td><td>375.00</td></tr>
<tr><td>Issue Related Expense**</td><td>-</td></tr>
<tr><td>General Corporate Purpose</td><td>-</td></tr>
<tr><td>Total</td><td>4,814.02</td></tr>
</table></td></tr>
</table>

** Original issue size was ₹ 10000 lakh, but allotted amount was ₹ 4,814.02 lakh.*
*** Company has incurred Issue related expenses amounting to ₹ 158.41lakh from the internal accruals.*

iii. **Previous private placement of non-convertible debentures by the Company**

The issue proceeds of the previous issues of non-convertible debentures issued on private placement basis made on or after April 1, 2021 till the Cut-off Date have been utilized by the Company; towards the object of the issue, as per the respective offer documents.

iv. **Rights issue by the Company**

The Company has not undertaken any rights issue of equity shares in the last three years prior to the Cut-off Date.

Subsidiary company

Nil

Group Companies-

(a) **Chemmanur Gold Palace International Limited**

i. **Public issue of equity shares by the Chemmanur Gold Palace International Limited**

Chemmanur Gold Palace International Limited has not undertaken any equity public issue in the last three years prior to the Cut-off Date.

ii. **Previous public issues of non-convertible debentures by Chemmanur Gold Palace International Limited**

Chemmanur Gold Palace International Limited has not undertaken the public issue of non-convertible debentures in the last three years prior to the Cut-off Date.

iii. **Previous private placement of non-convertible debentures by Chemmanur Gold Palace International Limited in the last three years**

Chemmanur Gold Palace International Limited has not undertaken any private placement of non-convertible debentures in the last three years prior to the Cut-off Date.

iv. **Rights issue by the Chemmanur Gold Palace International Limited**

Chemmanur Gold Palace International Limited has not undertaken any rights issue of equity shares in the last three years prior to the Cut-off Date.

(b) **Boby Chemmanur (No.1) Chits Private Limited**

i. **Public issue of equity shares by the Boby Chemmanur (No.1) Chits Private Limited**

Boby Chemmanur (No.1) Chits Private Limited has not undertaken any equity public issue in the last three years prior to the Cut-off Date.

ii. **Previous public issues of non-convertible debentures by Chemmanur Gold Palace International Limited**

Boby Chemmanur (No.1) Chits Private Limited has not undertaken the public issue of non-convertible debentures in the last three years prior to the Cut-off Date.

iii. **Previous private placement of non-convertible debentures by Chemmanur Gold Palace International Limited in the last three years**

Boby Chemmanur (No.1) Chits Private Limited has not undertaken any private placement of non-convertible debentures in the last three years prior to the Cut-off Date.

iv. **Rights issue by Boby Chemmanur (No.1) Chits Private Limited**

Boby Chemmanur (No.1) Chits Private Limited has not undertaken any rights issue of equity shares in the last three years prior to the Cut-off Date.

(c) **Boby Bazar Private Limited**

i. **Public issue of equity shares by the Boby Bazar Private Limited**

Boby Bazar Private Limited has not undertaken any equity public issue in the last three years prior to the Cut-off Date.

ii. **Previous public issues of non-convertible debentures by Boby Bazar Private Limited**

Boby Bazar Private Limited has not undertaken the public issue of non-convertible debentures in the last three years prior to the Cut-off Date.

iii. **Previous private placement of non-convertible debentures by Boby Bazar Private Limited in the last three years**

Boby Bazar Private Limited has not undertaken any private placement of non-convertible debentures in the last three years prior to the Cut-off Date.

iv. **Rights issue by Boby Bazar Private Limited**

Boby Bazar Private Limited has not undertaken any rights issue of equity shares in the last three years prior to the Cut-off Date.

C. Loans given by the Company

The Company has not provided any loans/advances to associates, entities/persons relating to Board, senior management or Promoter out of the proceeds of previous private placements of debentures.

D. Type of loans

Classification of loans/advances given

E. The detailed breakup of the types of loans given by the Company as on March 31, 2024 is as follows:

(₹ in lakh)

Sr. No.	Type of Loans	Amount	Percentage of AUM
1	Secured:		
	i) Gold Loan	41,242.54	83.70%
	ii) Gramin Shakthi Loan (GSL)	1,751.74	3.56%
2	Unsecured		
	i) Micro Finance Loan	5,373.12	10.91%
	ii) Consumption Loans	200.11	0.41%
	iii) Insta Loans	698.90	1.42%
Total assets under management (AUM)		**49,266.41**	**100.00%**

Denomination of loans outstanding by LTV as on March 31, 2024*

Sr. No.	LTV	Percentage of AUM
1.	Up to 40%	1.29%
2.	40%-50%	2.56%
3.	50%-60%	10.46%
4.	60%-70%	80.31%
5.	70%-80%	1.31%
6.	80%-90%	-
7.	More than 90%	4.07%
	Total	**100.00%**

**LTV at the time of origination*

Sectoral Exposure as on March 31, 2024

Sr. No.	Segment wise break up of AUM	Percentage of AUM
1.	**Retail**	
(a)	Mortgages (home loans and loans against property)	-
(b)	Gold Loans	83.70%
(c)	Vehicle Finance	-
(d)	MFI	10.91%
(e)	MSME	-
(f)	Capital market funding (loans against shares, margin funding)	-
(g)	Others:	-
	(i) Gramin Shakthi Loan(GSL)	3.56%
	(ii) Consumption Loan	0.41%
	(iii) Insta Loan	1.42%
2.	**Wholesale**	-
(a)	Infrastructure	-
(b)	Real Estate (including builder loans)	-
(c)	Promoter funding	-
(d)	Any other sector (as applicable)	-
(e)	Others	-
	Total	**100.00%**

F. Denomination of the loans outstanding by ticket size as on March 31, 2024*

Sr. No.	Ticket size**	Percentage of AUM
1.	Up to 2 lakh	91.59%
2.	2 lakh to 5 lakh	5.60%
3.	5 lakh to 10 lakh	2.40%

Sr. No.	Ticket size**	Percentage of AUM
4.	10 lakh to 25 lakh	0.41%
5.	25 lakh to 50 lakh	-
6.	50 lakh to 1 crore	-
7.	1 crore to 5 crore	-
8.	5 crore to 25 crore	-
9.	25 crore to 100 crore	-
10.	Above 100 core	-
	Total	**100.00%**

** Ticket size at the time of origination*

***The details provided are as per borrower and not as per loan account.*

G. Geographical classification of the borrowers as on March 31, 2024

Sr. No.	Top 5 states*	Percentage of AUM
1.	Kerala	59.11%
2.	Tamil Nadu	17.81%
3.	Karnataka	14.67%
4.	Andhra Pradesh	7.88%
5.	Maharashtra	0.53%
	Total	**100.00%**

H. Details of loans overdue and classified as non-performing in accordance with the RBI's guidelines as on March 31, 2024

(₹ in lakh)

Particulars	Amount
Movement of gross NPA	
Opening gross NPA	249.09
- Additions during the year	161.69
- Reductions during the year	48.94
Closing balance of gross NPA	361.84
Movement of net NPA	
Opening net NPA	98.90
- Additions during the year	133.20
- Reductions during the year	44.44
Closing balance of net NPA	187.66
Movement of provisions for NPA	
Opening balance	150.19
- Provisions made during the year	50.64
- Write-off / write-back of excess provisions	26.66
Closing balance	**174.18**

I. Segment-wise gross NPA as on March 31, 2024

Sr. No.	Segment wise break up of gross NPA	Gross NPA (%)*
1.	**Retail**	
(a)	Mortgages (home loans and loans against property)	-
(b)	Gold Loans	0.16%
(c)	Vehicle Finance	-
(d)	MFI	2.12%
(e)	M & SME	-
(f)	Capital market funding (loans against shares, margin funding)	-
(g)	Others:	
	(i) Gramin Shakthi Loan(GSL)	8.96%

Sr. No.	Segment wise break up of gross NPA	Gross NPA (%)*
	(ii) Consumption Loan	10.24%
	(iii) Insta loan	0.43%
2.	**Wholesale**	
(a)	Infrastructure	-
(b)	Real Estate (including builder loans)	-
(c)	Promoter funding	-
(d)	Any other sector (as applicable)	-
(e)	Others	-
Total Gross NPA to Total Advances		**0.73%**

** Gross NPA (%) means percentage of NPAs to total advances in that sector*

J. Residual Maturity Profile of Assets and Liabilities as on March 31, 2024

(₹ in lakh)

	Up to 30/31 days	More than 1 month to 2 months	More than 2 months to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years	Total
Deposit	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Advances	8,669.76	4,342.76	8,625.04	28,222.90	2,209.48	1,317.84	0.00	0.00	53,387.78
Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Borrowings	426.39	326.05	335.51	3,385.39	10,118.41	16,893.91	13,402.77	6,012.09	50,900.52
Foreign Currency Assets	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Foreign Current Liabilities	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

K. Details of top 20 borrowers with respect to concentration of advances as on March 31, 2024

(₹ in lakh)

Particulars	Amount
Total advances to twenty largest borrowers	460.22
Percentage of Advances to twenty largest borrowers to Total Advances to the Company	0.93%

L. Details of top 20 borrowers with respect to concentration of exposure as on March 31, 2024

(₹ in lakh)

Particulars	Amount	
	Secured	Unsecured
Total exposure to twenty largest borrowers	455.02	5.20
Percentage of exposure to twenty largest borrowers to Total exposure to the Company	0.92%	0.01%

M. Classification of loans/advances given to Group Companies as on March 31, 2024:

	Name of Borrower	Amount of Advance/ exposure to such borrower (₹ in lakh) (A)	Percentage of Exposure (A/ Total AUM)
1.	NIL	NIL	NIL

Revaluation of assets

Our Company has not revalued its assets in the last three financial years.

Mechanism for redressal of investor grievances

Registrar Agreement dated July 2, 2024 between the Registrar to the Issue and our Company provides for settling of investor grievances in a timely manner and for retention of records with the Registrar to the Issue for a period of eight years.

All grievances relating to the Issue may be addressed to the Registrar to the Issue and Compliance Officer giving full details such as name, address of the Applicant, number of NCDs applied for, amount paid on Application and the details of Member of Syndicate or Trading Member of the Stock Exchange where the Application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Application Locations, giving full details such as name, address of Applicant, Application Form number, option applied for, number of NCDs applied for, amount blocked on Application.

Additionally, the Stock Exchange shall be responsible for addressing investor grievances arising from applications submitted online through the app based/ web interface platform of the Stock Exchange or through its Trading Members. Further, in accordance with the Debt UPI Circular, the Designated Intermediaries shall be responsible for addressing any investor grievances arising from the Applications uploaded by them in respect of quantity, price or any other data entry or other errors made by them.

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be three (3) Working Days from the date of receipt of the complaint.

In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Registrar to the Issue

KFin Technologies Limited
Selenium Tower-B, Plot 31 & 32 Gachibowli
Financial District, Nanakramguda
Serilingampally, Hyderabad - 500 032
Telangana, India
Telephone: +91 40 6716 2222
Facsimile: +91 40 6716 1563
Email: ccil.ncdipo@kfintech.com
Website: www.kfintech.com
Contact Person: M Murali Krishna
Investor Grievance id: einward.ris@kfintech.com
Compliance Officer: Anshul Kumar Jain
SEBI Registration Number: INR000000221

Compliance Officer of our Company

Anju Thomas has been appointed as the Compliance Officer of our Company for this Issue. The contact details of Compliance Officer of our Company are as follows:

Name: Anju Thomas
Address: Company Secretary,
Door No. D1 to D4, 3rd Floor, Avenue Tower,
East Fort, Thrissur East,
Thrissur, 680005
Kerala, India
E-mail: cs@chemmanurcredits.com
Telephone: +91 8606398811

Details of Auditor to the Issuer:

Name of Auditor	Address	Auditor Since
C.M. Joseph & Associates Chartered	MRA 5A, Pallath Lane, San Clinic Building,	FY 2023-24

Accountants	Mount Carmel Church Road, Mamangalam, Palarivattom.P.O, Cochin –682025	

Change in Auditors of our Company during the last three years

Name of Auditor	Address	Date of Appointment	Date of cessation, if applicable	Date of resignation, if applicable
Cheeran Varghese & Co, Chartered Accountants	CHEERANS, Mundupalam 1st Cross, Thrissur-680001	September 30, 2019	September 30, 2021	NA
V K S Narayan and Co, Chartered Accountants	32/88, Thiruvambady, Shornur Road, Thrissur-680022	September 30, 2021	NA	August 30, 2023
C.M. Joseph & Associates, Chartered Accountants	MRA 5A, Pallath Lane, San Clinic Building, Mount Carmel Church Road, Mamangalam, Palarivattom.P.O, Cochin –682025	September 04, 2023	Nil	Nil

ALM statement

The following table describes the ALM of our Company as on March 31, 2024:

	Up to 30/ 31 days	More than 1 month to 2 months	More than 2 months to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years	Total
Deposit	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Capital and Reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,902.80	8,902.80
Sub Debts	203.15	139.65	147.10	561.55	2,341.90	7,106.45	6,543.70	1,406.45	18,449.95
NCD	44.06	20.00	21.50	2,348.22	3,922.32	7,102.29	4,799.87	1,310.33	19,568.59
Cash credit from banks	0.00	0.00	0.00	0.00	2,741.30	0.00	0.00	0.00	2,741.30
Borrowings/Term Loan	179.18	166.40	166.91	475.62	1,112.89	2,685.17	2,059.20	3,295.31	10,140.68
Other Liability	1,531.02	357.43	408.54	700.53	2,053.57	6,730.36	3,187.38	2,717.07	17,685.90
Total	1,957.41	683.48	744.05	4,085.92	12,171.98	23,624.27	16,590.15	17,631.96	77,489.22
Foreign Currency Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fixed assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,847.32	2,847.32
Advances	8,669.76	4,342.76	8,625.04	28,222.90	2,209.48	1,317.84	0.00	0.00	53,387.78
Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash and Bank	1,517.80	0.00	0.00	0.00	0.00	600.00	750.00	0.00	2,867.80
Other Asset	196.75	86.73	210.76	0.00	22.00	461.57	361.84	6,078.26	7,417.91
Total	10384.31	4429.49	8835.8	28222.9	2231.48	2379.41	1111.84	8925.58	66,520.81

	Up to 30/ 31 days	More than 1 month to 2 months	More than 2 months to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years	Total
Foreign Currency Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

KEY REGULATIONS AND POLICIES

The regulations summarized below are not exhaustive and are only intended to provide general information to Investors and are neither designed nor intended to be a substitute for any professional legal advice. Taxation statutes such as the IT Act, GST laws (including CGST, SGST and IGST) and applicable local sales tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Provisions, Act, 1952, and other miscellaneous regulations such as the Trade Marks Act, 1999 and applicable Shops and Establishments statutes apply to us as they do to any other Indian company and therefore have not been detailed below.

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of the Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

The major regulations governing our Company are detailed below:

On October 19, 2023 RBI issued Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023 ("**Master Directions**"). A revised regulatory framework for NBFCs whereby NBFCs have been categorised into following four layers based on their size, activity, and perceived riskiness by the RBI:

i) NBFC- Base Layer ("**NBFC-BL**");
ii) NBFC- Middle Layer ("**NBFC-ML**");
iii) NBFC- Upper layer ("**NBFC-UL**"); and
iv) NBFC- Top Layer ("**NBFC-TL**")

The NBFC- BL comprise of (a) non-deposit taking NBFCs below the asset size of ₹ 1,00,000 lakh and (b) NBFCs undertaking the following activities- (i) NBFC-Peer to Peer Lending Platform (NBFC-P2P), (ii) NBFC-Account Aggregator (NBFC-AA), (iii) Non-Operative Financial Holding Company (NOFHC) and (iv) NBFCs not availing public funds and not having any customer interface.

The NBFC- ML consist of (a) all deposit taking NBFCs ("**NBFC-Ds**"), irrespective of asset size, (b) non-deposit taking NBFCs with asset size of ₹ 1,00,000 lakh and above and (c) NBFCs undertaking the following activities (i) Standalone Primary Dealers (SPDs), (ii) Infrastructure Debt Fund - Non-Banking Financial Companies (IDF-NBFCs), (iii) Core Investment Companies (CICs), (iv) Housing Finance Companies (HFCs) and (v) Infrastructure Finance Companies (NBFC-IFCs).

The NBFC-UL comprise of those NBFCs which are specifically identified by RBI as warranting enhanced regulatory requirement based on a set of parameters and scoring methodology as provided in appendix to SBR Framework. The top ten eligible NBFCs in terms of their asset size shall always reside in the upper layer, irrespective of any other factor.

The NBFC-TL will ideally remain empty. This layer can get populated if RBI is of the opinion that there is a substantial increase in the potential systemic risk from specific NBFC-UL. Such NBFCs shall move to the NBFC-TL.

Therefore, NBFCs with asset size of over ₹ 1,00,000 lakh have been considered risky and will fall under middle layer ("**NBFC-ML"**). The Master Directions provide that from October 01, 2022 references to NBFC-ND shall mean NBFC-BL and all references to NBFC-D and NBFC-ND-SI shall mean NBFC-ML or NBFC-UL, as the case may be. SBR Framework clarified that existing NBFC-ND-SIs having asset size of ₹ 50,000 lakh and above but below ₹ 1,00,000 lakh (except those necessarily featuring in NBFC-Middle Layer) will be known as NBFC-BL.

Regulations governing NBFCs

As per the RBI Act, a financial institution has been defined as a company which includes a non-banking institution carrying on as its business or part of its business the financing activities, whether by way of making loans or advances or otherwise, of any activity, other than its own and it is engaged in the activities of loans and advances, acquisition of shares/stock/bonds/debentures/securities issued by the Government of India or other local authorities or other marketable securities of like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of carrying out any agricultural or industrial activities or the sale/purchase/construction of immovable property.

As per prescribed law any company that carries on the business of a non-banking financial institution as its ‘principal business’ is to be treated as an NBFC. The term ‘principal business’ has not been defined in any statute; however, RBI has clarified through a press release (*Ref. No. 1998-99/1269*) issued in 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide a company’s principal business. The company will be treated as an NBFC if its financial assets are more than 50 per cent of its total assets (netted off by intangible assets) and income from financial assets should be more than 50 per cent of the gross income. Both these tests are required to be satisfied in order to determine the principal business of a company.

Every NBFC is required to submit to the RBI a certificate, from its statutory auditor within one month from the date of finalisation of the balance sheet and in any case, not later than December 30 of that year, stating that it is engaged in the business of non-banking financial institution requiring it to hold a certificate of registration.

NBFCs are primarily governed by the RBI Act, the Master Direction, Peer to Peer Lending Platform (Reserve Bank) Directions, 2017, Master Direction- Non-Banking Financial Company - Account Aggregator (Reserve Bank) Directions, 2016, and the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016. In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

Although by definition, NBFCs are permitted to operate in similar sphere of activities as banks, there are a few important and key differences. The most important distinctions are:

- An NBFC cannot accept deposits repayable on demand – in other words, NBFCs can only accept fixed term deposits. Thus, NBFCs are not permitted to issue negotiable instruments, such as cheques which are payable on demand; and

- NBFCs are not allowed to deal in foreign exchange, even if they specifically apply to the RBI for approval in this regard, unless they have received an Authorised Dealer Category II licence from the RBI.

As on date of filing of this Prospectus the Company falls under the category of NBFC-BL, as its assets size is below ₹ 1,00,000 lakh, as per the last audited balance sheet. The Master Directions provide that NBFC-BL shall be subject to regulations as currently applicable to NBFC-ND, except for the regulatory changes under SBR Framework applicable on NBFC-BL.

NBFC-BL

All NBFC-BL shall maintain a leverage ratio of 7 and shall maintain a minimum Capital to Risk-Weighted Assets Ratio of 15 per cent.

Rating of NBFCs

Pursuant to the Master Directions, all applicable NBFCs are required to furnish information about downgrading / upgrading of assigned rating of any financial product issued by them, within fifteen days of such a change in rating, to the regional office of the RBI under whose jurisdiction their registered office is functioning.

Prudential Norms

The Master Directions amongst other requirements prescribe guidelines on NBFC-BL regarding capital requirement, income recognition, asset classification, provisioning requirements, constitution of audit committee, capital adequacy requirements, concentration of credit/ investment and norms relating to gold loans. Further the concentration of credit/ investment norms shall not apply to non-banking financial company not accessing public funds in India, either directly or indirectly, and not issuing guarantees.

Provisioning Requirements

An NBFC-BL, after taking into account the time lag between an account becoming non-performing, its recognition, the realisation of the security and erosion overtime in the value of the security charged, shall make provisions against sub-standard assets, doubtful assets and loss assets in the manner provided for in the Master Directions.

As per the Master Directions every applicable NBFC shall make provision for standard assets at 0.25 per cent of the outstanding, which shall not be reckoned for arriving at net NPAs. The provision towards standard assets need not be netted from gross advances but shall be shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet.

Capital Adequacy Norms

Under the terms of Master Directions, NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50 per cent or more of their financial assets) shall maintain a minimum Tier l capital of 12 percent.

"Tier I Capital" means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund.

Owned Funds, are defined as paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

Asset Classification

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

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

Further, such class of assets would not be entitled to be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for such upgradation. At present all applicable NBFCs under Master Directions are required to make a general provision for standard assets at 0.25 percent.

Other stipulations on policies

NBFCs-BL are required to frame board approved policies *inter alia* including, (i) a policy for demand and call loan; (ii) liquidity risk management policy; (iii) code of conduct for direct sales agents /direct marketing agents/recovery agents; (iv) fair practice code policy; (v) customer grievance redressal policy; (vi) information technology policy/information system policy; (viii) interest rate model policy; (ix) outsourcing policy; (x) private placement of NCDs policy; (xi) know you customer/ anti-money laundering policy.

The prudential norms also specifically prohibit NBFCs from lending against its own shares.

Net Owned Fund

Section 45-IA of the RBI Act provided that to carry on the business of a NBFC, an entity would have to register as an NBFC with the RBI and would be required to have a minimum net owned fund of ₹ 200 lakh. However, the net owned fund requirement has been incrementally revised by SBR Framework. SBR Framework stipulates that minimum net owned fund requirement of ₹ 500 lakh by March 31, 2025 and ₹ 1,000 lakh by March 31, 2027 by the NBFCs with customer interface or public funds. For this purpose, the Master Directions have defined "net owned fund" to mean:

Net Owned Fund - means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any;

Reserve Fund

In addition to the above, Section 45-IC of the RBI Act requires NBFCs (unless specifically exempted by RBI) to create a reserve fund and transfer therein a sum of not less than 20% of its net profits earned annually before declaration of dividend. Such a fund is to be created by every NBFC irrespective of whether it is a ND NBFC or not. Such sum cannot be appropriated by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation is required to be reported to the RBI within 21 days from the date of such appropriation.

Maintenance of liquid assets

The RBI through notification dated January 31, 1998, as amended has prescribed that every NBFC (unless specifically exempted by RBI) shall invest and continue to invest in unencumbered approved securities valued at a price not exceeding the current market price of such securities an amount which shall, at the close of business on any day be not less than 10% in approved securities and the remaining in unencumbered term deposits in any scheduled commercial bank; the aggregate of which shall not be less than 15% of the public deposit outstanding at the last working day of the second preceding quarter.

NBFCs such as our Company, which do not accept public deposits, are subject to lesser degree of regulation as compared to a NBFC-ML and NBFC-UL and are governed by the Master Directions.

An NBFC-BL is required to inform the RBI of any change in the address, telephone no's, etc. of its registered office, names and addresses of its directors/auditors, names and designations of its principal officers, the specimen signatures of its authorised signatories, within one month from the occurrence of such an event. Further, an NBFC-BL would need to ensure that its registration with the RBI remains current.

Under the terms of Master Directions, NBFCs-BL having an asset base of ₹ 10,000 lakh or more as per their last audited balance sheet are required to comply with the RBI Guidelines on liquidity Risk Management Framework ("**LRM Framework**").

Similarly, all NBFCs having customer interface are required to comply with "Know Your Customer Guidelines - Anti Money Laundering Standards" issued by the RBI, with suitable modifications depending upon the activity undertaken by the NBFC concerned.

NBFCs shall constitute grievance redressal machinery as contained in RBI's circular on Grievance Redressal Mechanism, vide DNBS. CC. PD. No. 320/03.10. 01/2012-13 dated February 18, 2013 which states that at the operational level, all NBFCs shall display the name and contact details of the grievance redressal officer prominently at their branches/ places where business is transacted. The designated officer shall ensure that genuine grievances of customers are redressed promptly without involving any delay. It shall be clearly indicated that NBFCs' grievance redressal machinery shall also deal with the issue relating to services provided by the outsourced agency. Generally, a time limit of 30 (thirty) days may be given to the customers for preferring their complaints/ grievances. The grievance redressal procedure of the NBFC and the time frame fixed for responding to the complaints shall be placed on the NBFC's website.

Lending against security of gold

The RBI pursuant to the Master Directions, as amended from time to time has prescribed that all NBFCs shall maintain a loan to value ratio not exceeding 75% for loans granted against the collateral of gold jewellery. The Value of gold jewellery, for the purpose of determining maximum permissible limit shall be the intrinsic value of the gold content therein and no other cost elements shall be added thereto.

The directions provide for the following requirements to lend against gold:

i. Verification of the Ownership of Gold

    (a) Where the gold jewellery pledged by a borrower at any one time or cumulatively on loan outstanding is more than 20 grams, NBFCs shall keep a record of the verification of the ownership of the jewellery. The ownership verification need not necessarily be through original receipts for the jewellery pledged but a suitable document shall be prepared to explain how the ownership of the jewellery has been determined, particularly in each and every case where the gold jewellery pledged by a borrower at any one time or cumulatively on loan outstanding is more than 20 grams.

    (b) NBFCs shall have an explicit policy in this regard as approved by the Board in their overall loan policy.

ii. Safety and Security measures to be followed

    (a) Non-Banking Financial Companies, which are in the business of lending against collateral of gold jewellery, shall ensure that necessary infrastructure and facilities are put in place, including safe deposit vault and appropriate security measures for operating the vault, in each of its branches where gold jewellery is accepted as collateral. This is required to safeguard the gold jewellery accepted as collateral and to ensure convenience of borrowers.

(b) No new branch/es shall be opened without suitable arrangements for security and for storage of gold jewellery, including safe deposit vault

iii. Opening Branches exceeding one thousand in number

Non-Banking Financial Company which are in the business of lending against collateral of gold jewellery, shall obtain prior approval of RBI to open branches exceeding 1000. However, NBFCs which already have more than 1,000 branches shall approach RBI for prior approval for any further branch expansion. Besides, no new branches shall be allowed to be opened without the facilities for storage of gold jewellery and minimum-security facilities for the pledged gold jewellery.
Further, NBFC's are also required to not grant any advance against bullion / primary gold, gold bullion, gold jewellery, gold coins, units of Exchange Traded Funds (ETF) and units of gold mutual fund. NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50% or more of their financial assets) are required to maintain a minimum Tier I capital of 12.00%.

*Reserve Bank of India (Know Your Customer (KYC)) Master Directions, 2016 dated February 25, 2016, as amended ("**RBI KYC Directions**")*

The RBI KYC Directions are applicable to every entity regulated by the RBI, specifically, scheduled commercial banks, regional rural banks, local area banks, primary (urban) co-operative banks, state and central co-operative banks, all India financial institutions, NBFCs, miscellaneous non-banking companies and residuary non-banking companies, amongst others. In terms of the RBI KYC Directions, every entity regulated thereunder is required to formulate a KYC policy which is duly approved by the board of directors of such entity or a duly constituted committee thereof. The KYC policy formulated in terms of the RBI KYC Directions is required to include four key elements, being customer acceptance policy, risk management, customer identification procedures and monitoring of transactions. It is advised that all NBFC'S adopt the same with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework of anti-money laundering measures is put in place. The RBI KYC Directions provide for a simplified procedure for opening accounts by NBFCs. It also provides for an enhanced and simplified due diligence procedure. It has prescribed detailed instructions in relation to, inter alia, the due diligence of customers, record management, and reporting requirements to Financial Intelligence Unit – India.

The RBI KYC Directions have also issued instructions on sharing of information while ensuring secrecy and confidentiality of information held by Banks and NBFCs. The regulated entities must also adhere to the reporting requirements under Foreign Account Tax Compliance Act and Common Reporting Standards. The RBI KYC Directions also require the regulated entities to ensure compliance with the requirements/obligations under international agreements. The regulated entities must also pay adequate attention to any money-laundering and financing of terrorism threats that may arise from new or developing technologies and ensure that appropriate KYC procedures issued from time to time are duly applied before introducing new products/services/technologies. The RBI KYC Directions were updated on April 20, 2018 to enhance the disclosure requirements under the Prevention of Money-Laundering Act, 2002 and in accordance with the Prevention of Money-Laundering Rules vide Gazette Notification GSR 538 (E) dated June 1, 2017 and the final judgment of the Supreme Court in the case of Justice K.S. Puttaswamy (Retd.) & Another v. Union of India (Writ Petition (Civil) 494/2012). The Directions were updated to accommodate authentication as per the AADHAR (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 and use of an Indian resident's Aadhar number as a document for the purposes of fulfilling KYC requirement. The RBI KYC Directions were further updated on January 9, 2020 with a view to leveraging the digital channels for customer identification process by regulated entities, whereby the RBI has decided to permit video based customer identification process as a consent based alternate method of establishing the customer's identity, for customer onboarding.

Accounting Standards & Accounting policies

NBFCs that are required to implement Indian Accounting Standards ("**Ind AS**") as per the Companies (Indian Accounting Standards) Rules, 2015 ("**Accounting Standard Rules**") shall prepare their financial statements in accordance with Ind AS notified by the Government of India and shall comply with the regulatory guidance specified in the Master Directions. Disclosure requirements for notes to accounts specified in the Master Directions shall continue to apply. Other NBFCs shall comply with the requirements of notified Accounting Standards (AS) insofar as they are not inconsistent with Master Directions. The Ministry of Corporate Affairs ("**MCA**"), in its press release dated January 18, 2016, issued a roadmap for implementation of Ind AS converged with IFRS for non-banking financial companies, scheduled commercial banks, insurers, and insurance companies, which was subsequently confirmed by the RBI through its circular dated February 11, 2016. The Accounting Standard Rules were subsequently amended by MCA press release dated March 30, 2016. The Accounting

Standard Rules stipulates that NBFCs whose equity and/or debt securities are listed or in the process of listing on any stock exchange in India or outside India and having a net worth of less than ₹ 50,000 lakh, shall comply with Ind AS for accounting periods beginning from April 1, 2019 onwards with comparatives for the periods ending on March 31, 2019 or thereafter. Accordingly, Ind AS is applicable to our Company with effect from April 1, 2023.

Implementation of Indian Accounting Standards: RBI Notification

The Reserve bank of India vide notification number RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/ 2019-20 dated March 13, 2020 framed regulatory guidance on Ind AS which will be applicable on Ind AS implementing NBFCs and Asset Reconstruction Companies (ARCs) for preparation of their financial statements from financial year 2019-20 onwards. The said circular is applicable on NBFCs covered by Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015. These guidelines focus on the need to ensure consistency in the application of the accounting standards in specific areas, including asset classification and provisioning, and provide clarifications on regulatory capital in the light of Ind AS implementation. NBFCs whose equity or debt securities are listed or in the process of listing on any stock exchange in India or outside India and having net worth less than rupees five hundred crore shall comply with the Indian Accounting Standards (Ind AS) for accounting periods beginning on or after the 1st April, 2019, with comparatives for the periods ending on 31stMarch, 2019, or thereafter.

Master Circular dated July 1, 2015 on returns to be submitted by NBFCs

The circular lists down detailed instructions in relation to submission of returns, including their periodicity, reporting time, due date, purpose and the requirement of filing such returns by various categories of NBFCs, including an NBFC-BL. RBI, vide notification dated November 26, 2015 titled "Online Returns to be submitted by NBFCs-Revised" changed the periodicity of NDSI returns from monthly to quarterly.

Implementation of Green Initiative of the Government

All NBFCs are required take proactive steps for increasing the use of electronic payment systems, elimination of post-dated cheques and gradual phase-out of cheques in their day to day business transactions which would result in more cost-effective transactions and faster and accurate settlements.

Reporting by Statutory Auditor

The statutory auditor of the NBFC-BL is required to submit to the Board of Directors of the Company along with the statutory audit report, a special report certifying that the Directors have passed the requisite resolution mentioned above, not accepted any public deposits during the year and has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it. In the event of non-compliance, the statutory auditors are required to directly report the same to the RBI.

Master Direction – Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016

In addition to the report made by the auditor under Section 143 of the Companies Act, 2013 on the accounts of an NBFC-BL, the auditor shall make a separate report to the Board of Directors of the company on *inter alia* examination of validity of certificate of registration obtained from the RBI, whether the NBFC is entitled to continue to hold such certificate of registration in terms of its Principal Business Criteria (financial asset / income pattern) as on 31st March of the applicable year, whether the NBFC is meeting the required net owned fund requirement, whether the board of directors has passed a resolution for non-acceptance of public deposits, whether the company has accepted any public deposits during the applicable year, whether the company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it, whether the capital adequacy ratio as disclosed in the return submitted to the Bank in form NBS- 7, has been correctly arrived at and whether such ratio is in compliance with the minimum CRAR prescribed by the Bank, whether the company has furnished to the Bank the annual statement of capital funds, risk assets/exposures and risk asset ratio (NBS-7) within the stipulated period, and whether the non-banking financial company has been correctly classified as NBFC Micro Finance Institutions (MFI).

Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016

All NBFCs are required to put in place a reporting system for filing various returns with the RBI. An NBFC-BL is required to file on a quarterly basis a return on important financial parameters, including components of assets and liabilities, profit and loss account, exposure to sensitive sectors etc., NBS-7 on prudential norms on a quarterly basis, multiple returns on asset-liability management to address concerns regarding inter alia asset liability mismatches and interest rate risk, quarterly report on branch information, and Central Repository of Information on Large Credits ("CRILC") on a quarterly basis as well as all Special Mention Accounts-2 ("SMA-2") status on a weekly basis to facilitate early recognition of financial distress, prompt steps for resolution and fair recovery for lenders.

Master Direction on Information Technology Framework for the NBFC Sector, 2017

All NBFCs-BL may start with developing basic IT systems mainly for maintaining the database. The Company shall have a board approved Information Technology policy/Information system policy. This policy may be designed considering the basic standards stipulated in the Master Directions and must be implemented by applicable NBFCs by September 30, 2018.

Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs, 2017

With a view to put in place necessary safeguards applicable to outsourcing of activities by NBFCs, the RBI has issued directions on managing risks and code of conduct in outsourcing of financial services by NBFCs ("Risk Management Directions"). The Risk Management Directions specify that core management functions like internal auditing, compliance functions, decision making functions such as compliance with KYC norms shall not be outsourced by NBFCs. Further, the Risk Management Directions specify that outsourcing of functions shall not limit its obligations to its customers.

Financing of NBFCs by bank

The RBI has issued guidelines vide a circular dated bearing number DBR.BP.BC.No.5/21.04.172/2015-16 dated July 1, 2015 relating to bank financing of NBFCs predominantly engaged in lending against Gold has directed banks to (i) reduce their regulatory exposure ceiling on a single NBFC, having gold loans to the extent of 50% or more of its total financial assets 10% of banks' capital funds. However, the exposure ceiling may go up by 5%, i.e., up to 15% of banks' capital funds if the additional exposure is on account of funds on-lent by NBFCs to the infrastructure sector and (ii) to have an internal sub-limit on their aggregate exposures to all such NBFCs, having gold loans to the extent of 50% or more of their total financial assets, taken together. The sub-limits should be within the internal limit fixed by the banks for their aggregate exposure to all NBFCs put together.

Norms for excessive interest rates

In addition, the RBI has introduced vide a circular bearing reference number RBI/ 2006-07/ 414 dated May 24, 2007 whereby RBI has requested all NBFCs to put in place appropriate internal principles and procedures in determining interest rates and processing and other charges. In addition to the aforesaid instruction, the RBI has issued a Master Circular on Fair Practices Code dated July 1, 2015 for regulating the rates of interest charged by the NBFCs. These circulars stipulate that the board of each NBFC is required to adopt an interest rate model taking into account the various relevant factors including cost of funds, margin and risk premium. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers are required to be disclosed to the borrowers in the application form and expressly communicated in the sanction letter. Further, this is also required to be made available on the NBFCs website or published in newspapers and is required to be updated in the event of any change therein. Further, the rate of interest would have to be an annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

Supervisory Framework

In order to ensure adherence to the regulatory framework by NBFCs-BL, the RBI has directed such NBFCs to put in place a system for submission of an annual statement of capital funds, and risk asset ratio etc. as at the end of March every year, in a prescribed format. This return is to be submitted electronically within a period of three months from the close of every financial year. Further, a NBFC is required to submit a certificate from its statutory auditor that it is engaged in the business of non-banking financial institution with requirement to hold a certificate of registration under the RBI Act. This certificate is required to be submitted within one month of the date of finalisation of the balance sheet and in any other case not later than December 30 of that particular year. Further, in addition to the auditor's report under Section 143 of the Companies Act, 2013 the auditors are also required to make a separate report to the Board of Directors on certain matters, including correctness of the capital adequacy ratio as disclosed in the return NBS-7 to be filed with the RBI and its compliance with the minimum CRAR, as may be prescribed by the RBI. Where the statement regarding any of the items referred relating to the above, is unfavourable or qualified, or in the opinion of the auditor the company has not complied with the regulations issued by RBI, it shall be the obligation of the auditor to make a report containing the details of such unfavourable or qualified statements and/or about the non-compliance, as the case may be, in respect of the company to the concerned Regional Office of the Department of Non-Banking Supervision of the Bank under whose jurisdiction the registered office of the company is located.

Ombudsman scheme for customers of NBFCs

The RBI in public interest and to make the alternate dispute redress mechanism simpler and more responsive integrated the three Ombudsman schemes – (i) the Banking Ombudsman Scheme, 2006, as amended up to July 01, 2017; (ii) the Ombudsman Scheme for Non-Banking Financial Companies, 2018; and (iii) the Ombudsman Scheme for Digital Transactions, 2019 into the Reserve Bank - Integrated Ombudsman Scheme, 2021 (the "**Scheme**"). Every NBFC shall appoint Principal Nodal Officer in accordance with directions provided under the said Scheme. Further, NBFCs fulfilling the criteria laid down under the circular on 'Appointment of Internal Ombudsman by Non-Banking Financial Companies' dated November 15, 2021 shall appoint the Internal Ombudsman and adhere to the corresponding guidelines.
Any customer aggrieved by an act or omission of a Regulated Entity resulting in deficiency in service may file a complaint under the Scheme personally or through an authorised representative as defined under the Scheme.

Asset Liability Management

The RBI has prescribed the Guidelines for asset liability management ("ALM") system in relation to NBFCs through LRM Framework ("**LRM Framework**"). The LRM Framework provide that the applicable NBFCs should ensure sound and robust liquidity risk management system, the board of directors of the NBFC shall frame a liquidity risk management framework which ensures that it maintains sufficient liquidity, including a cushion of unencumbered, high quality liquid assets to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. The liquidity risk management policy should spell out the entity-level liquidity risk tolerance; funding strategies; prudential limits; system for measuring, assessing and reporting/ reviewing liquidity; framework for stress testing; liquidity planning under alternative scenarios/formal contingent funding plan; nature and frequency of management reporting; periodical review of assumptions used in liquidity projection; etc.

The NBFC shall appoint risk management committee ("**RMC**") consisting of chief executive officer ("**CEO**")/ managing director ("**MD**") and heads of various risk verticals, who shall be responsible for evaluating the overall risks faced by the NBFC including liquidity risk. Further, applicable NBFCs have to constitute asset liability management committee ("**ALCO**") consisting of the NBFC's top management shall be responsible for ensuring adherence to the risk tolerance/limits set by the board of directors as well as implementing the liquidity risk management strategy of the NBFC. The CEO/ MD or the Executive Director (ED) should head the Committee. The role of the ALCO with respect to liquidity risk should include, *inter alia*, decision on desired maturity profile and mix of incremental assets and liabilities, sale of assets as a source of funding, the structure, responsibilities and controls for managing liquidity risk, and overseeing the liquidity positions of all branches. In addition to RMC and ALCO, applicable NBFCs shall constitute asset liability management support group ("**ALM Support Group**"). ALM Support Group consist of the operating staff responsible for analysing, monitoring and reporting the liquidity risk profile to the ALCO. The maturity profile should be used for measuring the future cash flows of NBFCs in different time buckets. Within each time bucket, there could be mismatches depending on cash inflows and outflows. While the mismatches up to one year would be relevant since these provide early warning signals of impending liquidity problems, the main focus shall be on the short-term mismatches, viz., 1-30/ 31 days. The net cumulative negative mismatches in the statement of structural liquidity in the maturity buckets 1-7 days, 8-14 days, and 15-30 days shall not exceed 10 percent, 10 percent and 20 per cent of the cumulative cash outflows in the respective time buckets. NBFCs, however, are expected to monitor their cumulative mismatches (running total) across all other time buckets up to 1 year by establishing internal prudential limits with the approval of the board of directors. NBFCs shall also adopt the above cumulative mismatch limits for their structural liquidity statement for consolidated operations. Other than liquidity risk the applicable NBFC has to currency risk and interest rate risk under the terms of LRM Framework.

Foreign Investment Regulations

Foreign investment in Indian securities is regulated through the Consolidated Foreign Direct Investment ("FDI") Policy and Foreign Exchange Management Act, 1999 ("FEMA"). The government bodies responsible for granting foreign investment approvals are the concerned ministries/ departments of the Government of India and the RBI. The Union Cabinet has approved phasing out the Foreign Investment Promotion Board, as provided in the press release dated May 24, 2017. Accordingly, pursuant to the office memorandum dated June 5, 2017, issued by the Department of Economic Affairs, Ministry of Finance, approval of foreign investment under the FDI policy has been entrusted to concerned ministries/departments. Subsequently, the DIPP issued the Standard Operating Procedure (SOP) for Processing FDI Proposals on June 29, 2017 (the "SOP"). The SOP provides a list of the competent authorities for granting approval for foreign investment for sectors/activities requiring Government approval. For sectors or activities that are currently under automatic route but which required Government approval earlier as per the extant policy during the relevant period, the concerned administrative ministry/department shall act as the competent authority (the "Competent Authority") for the grant of post facto approval of foreign investment. In circumstances where there is a doubt as to which department shall act as the Competent Authority, the

DIPP shall identify the Competent Authority. The DIPP has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendment to FEMA. In case of any conflict FEMA prevails.

The Foreign Exchange Management (Debt Instruments) Regulations, 2019 notified by RBI on October 17, 2019, regulate investment in India by a person resident outside India in listed NCDs.

The Consolidated FDI Policy consolidates the policy framework in place as on August 27, 2017. Further, on January 4, 2018 the RBI released the Master Direction on Foreign Investment in India. Under the approval route, prior approval from the relevant ministry and competent authorities, as per the procedure established under the Standard Operating Procedure for Processing FDI Proposals ("SOP") dated June 29, 2017 or RBI is required. FDI for the items/activities that cannot be brought in under the automatic route may be brought in through the approval route. Approvals are accorded on the recommendation of the FIPB, which is chaired by the Secretary, DIPP, with the Union Finance Secretary, Commerce Secretary and other key Secretaries of the Government of India as its members.

As per the sector specific guidelines of the Government of India, 100 per cent FDI/ Non-Resident Indian ("NRI") investments are allowed under the automatic route in certain NBFC activities subject to compliance with guidelines of the RBI in this regard.

The Recovery of Debts due to Banks and Financial Institutions Act, 1993

The Recovery of Debts due to Banks and Financial Institutions Act, 1993 (the "DRT Act") provides for establishment of the Debts Recovery Tribunals (the "DRTs") for expeditious adjudication and recovery of debts due to banks and public financial institutions or to a consortium of banks and public financial institutions. Under the DRT Act, the procedures for recovery of debt have been simplified and time frames have been fixed for speedy disposal of cases. The DRT Act lays down the rules for establishment of DRTs, procedure for making application to the DRTs, powers of the DRTs and modes of recovery of debts determined by DRTs. These include attachment and sale of movable and immovable property of the defendant, arrest of the defendant and his detention in prison and appointment of receiver for management of the movable or immovable properties of the defendant.

The DRT Act also provides that a bank or public financial institution having a claim to recover its debt, may join an ongoing proceeding filed by some other bank or public financial institution, against its debtor, at any stage of the proceedings before the final order is passed, by making an application to the DRT.

Anti-Money Laundering

The RBI has issued a Master Circular dated July 1, 2015 to ensure that a proper policy framework for the Prevention of Money Laundering Act, 2002 ("PMLA") is put into place. The PMLA seeks to prevent money laundering and provides for confiscation of property derived from or involved in money laundering and for other matters connected therewith or incidental thereto. It extends to all banking companies, financial institutions, including NBFCs and intermediaries. Pursuant to the provisions of PMLA and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record (i) for all cash transactions of value of more than ₹ 10 lakh; (ii) all series of cash transactions integrally connected to each other which have been valued below ₹ 10 lakh where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds ₹ 10 lakh. Further, all NBFCs are required to take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, NBFCs are also required to maintain for at least ten years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

Additionally, NBFCs should ensure that records pertaining to the identification of their customers and their address are obtained while opening the account and during the course of business relationship, and that the same are properly preserved for at least ten years after the business relationship is ended. The identification records and transaction data is to be made available to the competent authorities upon request.

RBI Notification dated December 3, 2015, titled "Anti-Money Laundering (AML)/ Combating of Financing of Terrorism (CFT) – Standards" states that all regulated entities (including NBFCs) are to comply with the updated FATF Public Statement and document 'Improving Global AML/CFT Compliance: on-going process' as on October 23, 2015.

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act")

The SARFAESI Act regulates the securitization and reconstruction of financial assets of banks and financial institutions. The RBI has issued guidelines to banks and financial institutions on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank or a financial institution or an NBFC may sell financial assets to an asset reconstruction company provided the asset is a Non - Performing Asset ("NPA"). Securitisation Companies and Reconstruction Companies ("SCs/RCs") are required to obtain, for the purpose of enforcement of security interest, the consent of secured creditors holding not less than 60 per cent of the amount outstanding to a borrower as against 75 per cent. While taking recourse to the sale of secured assets in terms of Section 13(4) of the SARFAESI Act, a SC/RC may itself acquire the secured assets, either for its own use or for resale, only if the sale is conducted through a public auction.

As per the SARFAESI Amendment Act of 2004, the constitutional validity of which was upheld in a recent Supreme Court ruling, non-performing assets have been defined as an asset or account of a borrower, which has been classified by a bank or financial institution as sub-standard, doubtful or loss asset in accordance with directions or guidelines issued by the RBI. In case the bank or financial institution is regulated by a statutory body/authority, NPAs must be classified by such bank in accordance with guidelines issued by such regulatory authority. The RBI has issued guidelines on classification of assets as NPAs. Further, these assets are to be sold on a "without recourse" basis only.

The SARFAESI Act provides for the acquisition of financial assets by Securitization Company or Reconstruction Company from any bank or financial institution on such terms and conditions as may be agreed upon between them. A securitization company or reconstruction company having regard to the guidelines framed by the RBI may, for the purposes of asset reconstruction, provide for measures such as the proper management of the business of the borrower by change in or takeover of the management of the business of the borrower, the sale or lease of a part or whole of the business of the borrower and certain other measures such as rescheduling of payment of debts payable by the borrower; enforcement of security.

Additionally, under the provisions of the SARFAESI Act, any securitisation company or reconstruction company may act as an agent for any bank or financial institution for the purpose of recovering its dues from the borrower on payment of such fee or charges as may be mutually agreed between the parties.

Various provisions of the SARFAESI Act have been amended by the Enforcement of Security Interest and Recovery of Debt Laws and Miscellaneous Provisions (Amendment) Act, 2016 as also the Insolvency and Bankruptcy Code, 2016 (which amended S.13 of SARFAESI). As per this amendment, the Adjudicating Authority under the Insolvency and Bankruptcy Code, 2016 shall by order declare moratorium for prohibiting inter alia any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property including any action under the SARFAESI Act.

Further, in accordance with Ministry of Finance notification no. S.O. 856(E) dated February 24, 2020, the eligibility limit for enforcement of security interest with respect to secured debt recovery by NBFCs (having assets worth ₹ 10,000 lakh and above) has been reduced from ₹ 100 lakh to ₹ 50 lakh.

Insolvency and Bankruptcy Code, 2016

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

RBI vide its circular dated June 7, 2019, laid down the Prudential Framework for Resolution of Stressed Assets whereby prescribing the regulatory approach for resolution of stressed assets *inter alia* by: (i) early recognition and reporting of default by banks, financial institutions and NBFCs in respect of large borrowers; (ii) Affording complete discretion to lenders with regard to design and implementation of resolution plans, in supersession of earlier resolution schemes (S4A, SDR, 5/25 etc.), subject to the specified timeline and independent credit evaluation; (iii) Laying down a system of disincentives in the form of additional provisioning for delay in implementation of resolution plan or initiation of insolvency proceedings; (iv) Withdrawal of asset classification dispensations on restructuring. Future upgrades to be contingent on a meaningful demonstration of satisfactory performance for a reasonable period; and (v) Requiring the mandatory signing of an inter-creditor agreement (ICA) by all lenders, which will provide for a majority decision making criteria. MCA vide notification dated November 15, 2019, issued the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial

Service Providers and Application to Adjudicating Authority) Rules, 2019 ("FSP Rules") *inter alia* governing the corporate insolvency resolution process and liquidation process of Financial Service Providers (FSPs) under the Bankruptcy Code. The issuance of the FSP Rules has made viable and unified resolution process accessible for the FSPs and their creditors with some procedural differences.

Companies Act, 2013

The Companies Act, 2013 ("Companies Act") has been notified by the Government of India on August 30, 2013 (the "Notification"). Under the Notification, Section 1 of the Companies Act has come into effect and the remaining provisions of the Companies Act have and shall come into force on such dates as the Central Government has notified and shall notify. Section 1 of the Companies Act deals with the commencement and application of the Companies Act and among others sets out the types of companies to which the Companies Act applies. Further the Ministry of Corporate Affairs has by their notifications dated September 12, 2013 and March 26, 2014 notified certain sections of the Companies Act, which have come into force from September 12, 2013 and April 1, 2014.

The Companies Act provides for, among other things, changes to the regulatory framework governing the issue of capital by companies, corporate governance, audit procedures, corporate social responsibility, requirements for independent directors, director's liability, class action suits, and the inclusion of women directors on the boards of companies. The Companies Act is complemented by a set of rules that set out the procedure for compliance with the substantive provisions of the Companies Act. As mentioned above, certain provisions of the Companies Act, 2013 have already come into force and the rest shall follow in due course.

Under the Companies Act every company having net worth of ₹ 50,000 lakh or more, or turnover of ₹ 1,00,000 lakh or more or a net profit of ₹ 500 lakh or more during the immediately preceding financial year shall formulate a corporate social responsibility policy. Further, the board of every such company shall ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years in pursuance of its corporate social responsibility policy.

Shops and Establishments legislations in various states

The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of inter-alia registration, opening and closing hours, daily and weekly working hours, holidays, leave, health, termination of services and safety measures and wages for overtime work.

Labour Laws

India has stringent labour related legislations. The Company is required to comply with certain labour laws, which include the Employees' Provident Funds and Miscellaneous Provisions Act 1952, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, Workmen Compensation Act, 1923, the Payment of Gratuity Act, 1972 and the Payment of Wages Act, 1936, amongst others.

Intellectual Property

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 and trademark protection under the Trademarks Act, 1999. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement.

SECTION VII – ISSUE RELATED INFORMATION

ISSUE STRUCTURE

At the meeting of the Board of Directors of our Company held on May 30, 2024, the Board approved the public issue of Secured, Redeemable, Non-Convertible Debenture for an amount amounting up to ₹ 30,000 lakh in three tranches and Debenture Committee vide resolution dated June 8, 2024 approved the public issue of Secured, Redeemable, Non-Convertible Debenture for an amount aggregating up to ₹ 4,000 lakh, with an option to retain oversubscription up to ₹ 2,000 lakh aggregating up to ₹ 6,000 lakh.

The following are the key terms of the NCDs. This section should be read in conjunction with and is qualified in its entirety by more detailed information in "*Terms of the Issue*" beginning on page 202.

The NCDs being offered as part of the Issue are subject to the provisions of the SEBI NCS Regulations, the Listing Agreement, SEBI Listing Regulations, and the Companies Act, 2013, the RBI Act, the terms of the Draft Prospectus, this Prospectus, the Application Form, the terms and conditions of the Debenture Trustee Agreement and the Debenture Trust Deed, and other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI, RBI, the Government of India, and other statutory/regulatory authorities relating to the offer, issue and listing of NCDs and any other documents that may be executed in connection with the NCDs.

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

Principal Terms and Conditions of the Issue

TERMS AND CONDITIONS IN CONNECTION WITH THE NCDs

Issuer	Chemmanur Credits and Investments Limited
Security Name (Name of the non-convertible securities which includes (Coupon/ dividend, Issuer Name and maturity year) e.g. 8.70% XXX 2015.)	CCILNCDIV For Coupon and Maturity Year, please refer to '*Issue Structure - Specific Terms of NCDs*' on page 199.
Type of instrument (Secured or Unsecured)	Secured, Redeemable, Non-Convertible Debentures
Nature of the Instrument	Secured, Redeemable, Non-Convertible Debentures
Mode of the Issue	Public Issue
Mode of Allotment	In dematerialised form
Mode of Trading	NCDs will be traded in dematerialised form
Minimum Subscription	Minimum subscription is 75% of the Base Issue, i.e., ₹ 3,000 lakh
Option to retain oversubscription (Amount)	Option to retain over-subscription up to ₹ 2,000 lakh
Lead Manager	Vivro Financial Services Private Limited
Debenture Trustee	Mitcon Credentia Trusteeship Services Limited
Issue Size	Public issue of Secured, Redeemable, Non-convertible Debentures of our Company of face value of ₹ 1,000 each amounting up to ₹ 4,000 lakh, with an option to retain over-subscription up to ₹ 2,000 lakh, aggregating up to ₹ 6,000 lakh, on the terms and in the manner set forth herein
Base Issue	₹ 4,000 lakh
Seniority (Senior or Subordinated)	Senior
Stock Exchange proposed for listing of the NCDs	BSE Limited
Listing and timeline for Listing	The NCDs shall be listed within 6 Working Days of Issue Closure
Depositories	NSDL and CDSL
Description regarding security (where applicable) including type of security	The principal amount of the NCDs to be issued in terms of this Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of

(movable/ immovable/ tangible etc.) type of charge (pledge/ hypothecation/ mortgage etc.), date of creation of security/likely date of creation of security, minimum security cover, revaluation, replacement of security, interest of the debenture holder over and above the coupon rate as specified in the Debenture Trust Deed and disclosed in this Prospectus	first ranking pari passu charge with existing secured creditors, on all movable assets, including book debts and receivables, cash and bank balances, loans and advances both present and future of the Company (excluding (a) reserves created in accordance with law; (b) receivables of the Company, fixed deposits, cash collateral, immovable and movable assets over which exclusive charge is created in favour of State bank of India, Canara Bank, Federal Bank, Dhanlaxmi Bank or any other lender), such that a security cover to the extent of 1 (one) time of the outstanding principal amounts of the NCDs and all interest due and payable thereon is maintained at all times until the redemption of NCDs. The securities so created pursuant to the security documents shall be registered with Sub-registrar, Registrar of Companies, Central Registry of Securitization Asset Reconstruction and Security Interest (CERSAI), Depository or any other institution, as applicable, within 30 days of creation of charge. The date of creation of the security for the NCDs shall be on or before making final listing application. Replacement of security – Our Company shall within such period as may be permitted by the Debenture Trustee, furnish to the Debenture Trustee as additional security, if the Debenture Trustee is of the opinion that during the subsistence of these presents, the security for the NCDs has become inadequate on account of the margin requirement as provided in the financial covenants and conditions and the Debenture Trustee has, accordingly, called upon our Company to furnish such additional security. In such case, our Company shall, at its own costs and expenses, furnish to the Debenture Trustee such additional security, in form and manner satisfactory to the Debenture Trustee, as security for the NCDs and upon creation of such additional security, the same shall vest in the Debenture Trustee subject to all the trusts, provisions and covenants contained in these presents. For further details, please refer to the agreed form of the Debenture Trust Deed. Minimum security cover: Please refer to "- Security Cover" below. Interest of the debenture holder over and above the coupon rate as specified in the agreed form of the Debenture Trust Deed and disclosed in this Prospectus.
Security Cover	Our Company shall maintain a minimum 100% security cover or higher on the outstanding balance of the NCDs plus accrued interest thereon.
Eligible Investor (Who can apply)*	**Category I** • Resident public financial institutions as defined in Section 2(72) of the Companies Act 2013, statutory corporations including state industrial development corporations, scheduled commercial banks, co-operative banks and regional rural banks, and multilateral and bilateral development financial institutions which are authorised to invest in the NCDs; • Provident funds of minimum corpus of ₹ 2,500 lakh, pension funds of minimum corpus of ₹ 2,500 lakh, superannuation funds and gratuity funds, which are authorised to invest in the NCDs; • Alternative investment funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012; • Resident venture capital funds registered with SEBI; • Insurance Companies registered with the IRDAI; • National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India); • Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India; • Mutual Funds registered with SEBI; and • Systemically Important NBFC registered with RBI and having a net-worth of more than ₹ 50,000 lakh as per the last audited financial statements

<table>
<tr><td></td><td>Category II
Companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs;
Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorised to invest in the NCDs;
Trust including public/private charitable/religious trusts which are authorised to invest in the NCDs;
Association of persons;
Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;
Partnership firms in the name of the partners;
Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); and
Resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹ 5 lakh.
Category III*
Resident Indian individuals; and
Hindu undivided families through the Karta.
* applications aggregating to a value not more than ₹ 5 lakh</td></tr>
<tr><td>Rating of Instrument</td><td><table><tr><th>Rating Agency</th><th>Instrument</th><th>Rating symbol</th><th>Date of credit rating letter</th><th>Amount rated (in ₹ lakh)</th><th>Rating Definition</th></tr><tr><td>India Ratings and Research Private Limited</td><td>Non-Convertible Debentures</td><td>IND BBB-/Stable</td><td>June 25, 2024</td><td>10,000</td><td>Instrument with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instrument carry moderate credit risk.</td></tr></table></td></tr>
<tr><td>Pay-in date</td><td>Application Date. The entire Application Amount is payable on Application</td></tr>
<tr><td>Application money</td><td>The entire Application Amount is payable on submitting the Application</td></tr>
<tr><td>Mode of payment</td><td>Please see “Issue Procedure” on page 224.</td></tr>
<tr><td>Record Date</td><td>The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be.

In case Record Date falls on a day when Stock Exchange is having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date</td></tr>
<tr><td>All covenants of the Issue (including side letters, accelerated payment clause, etc.)</td><td>Please refer chapter titled “Terms of the Issue- Company’s Covenants” on page 205.</td></tr>
<tr><td>Issue Schedule</td><td>The Issue shall be open from Friday, July 26, 2024 to Thursday, August 08, 2024**</td></tr>
<tr><td>Objects of the Issue</td><td>Please refer to the chapter titled “Objects of the Issue” on page 49.</td></tr>
<tr><td>Put/Call Option</td><td>Not Applicable</td></tr>
</table>

Put date	Not Applicable
Put price	Not Applicable
Call date	Not Applicable
Call price	Not Applicable
Put notification time (Timelines by which the investor need to intimate Issuer before exercising the put)	Not Applicable
Call notification time (Timelines by which the Issuer need to intimate investor before exercising the call)	Not Applicable
Minimum Application and in multiples of thereafter	10 NCDs (₹ 10,000) (across all options of NCDs) and 1 NCD after the minimum application
Face Value	₹ 1,000 (₹/NCD)
Issue Price	₹ 1,000 (₹/NCD)
Details of the utilisation of the proceeds of the Issue	Please refer to the chapter titled "*Objects of the Issue*" on page 49.
Coupon rate and redemption premium	Please refer to the chapter titled "*Terms of the Issue*" on page 202.
Step Up/Step Down Coupon Rate	Not Applicable
Coupon Payment Frequency	Please refer chapter titled "*Terms of the Issue*" on page 202.
Coupon Payment Dates	Please refer chapter titled "*Terms of the Issue*" on page 202.
Coupon types (fixed, floating or other structure)	Please refer chapter titled "*Terms of the Issue*" on page 202.
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc)	Not Applicable
In case the issuer is an NBFC and the objects of the issue entail loan to any entity who is a 'group company'	Not Applicable
Working Days convention	If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day, however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. In case the redemption date (also being the last interest payment date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.
Issue Opening Date	Friday, July 26, 2024
Issue Closing Date	Thursday, August 08, 2024
Date of earliest closing of the issue, if any.	Thursday, August 08, 2024
Issue Timing	The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time), during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a minimum period of 3 working days and a maximum period of 10 working days from the date of opening of the issue and subject to not exceeding thirty 30 days from filing this Prospectus with ROC) including any extensions), as may be decided by the Board of Directors of our Company ("Board") or the Debenture Committee, subject to relevant approvals, in accordance with SEBI NCS Regulations. In the event of such an early closure of or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement

	in an English national daily newspaper and a regional daily newspaper in the state of Kerala with wide circulation on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.
Default Interest Rate	In the event of any default in fulfilment of obligations by our Company under the Debenture Trust Deed, the Default Interest Rate payable to the Applicant shall be at least @ 2% p.a. over the coupon rate for the defaulting period, or such other rate as may be specified by applicable statutory and/or regulatory authority under applicable laws.
Depository	NSDL and CDSL
Deemed Date of Allotment	The date on which the Board or the Debenture Committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on NCDs shall be available to Investors from the Deemed Date of Allotment. The actual allotment of NCDs may take place on a date other than the Deemed Date of Allotment
Day count basis	Actual
Interest on Application Money	Not Applicable
Tenor	Please refer chapter titled "*Terms of the Issue*" on page 202.
Premium/Discount at which security is redeemed and the effective yield as a result of such premium/discount.	Not Applicable
Discount at which security is issued and the effective yield as a result of such discount.	Not Applicable
Redemption Amount	The principal amount of the NCDs along with interest accrued on them, if any, as on the Redemption Date
Redemption Date	Please refer chapter titled "*Terms of the Issue*" on page 202.
Redemption premium/ discount	Not Applicable
Transaction documents	The Draft Prospectus and this Prospectus read with any notices, corrigenda, addenda thereto, the Debenture Trusteeship Agreement, the Debenture Trust Deed and other security documents, if applicable, and various other documents/agreements/undertakings, entered or to be entered by the Company with Lead Manager and/or other intermediaries for the purpose of this Issue including but not limited to the Public Issue Account and Sponsor Bank Agreement, the Agreement with the Registrar and the Agreement with the Lead Manager. Refer to section titled "*Material Contracts and Documents for Inspection*" on page 265.
Affirmative and Negative covenants precedent and subsequent to the Issue	Please refer chapter titled "*Terms of the Issue- Company's Covenants*" on page 205.
Conditions precedent to disbursement	Other than the conditions specified in the SEBI NCS Regulations, there are no conditions precedents to disbursement.
Conditions subsequent to disbursement	Other than the conditions specified in the SEBI NCS Regulations, there are no conditions precedents to disbursement.
Events of default (including manner of voting/ conditions of joining inter-creditor agreement)	Please refer to the chapter titled "*Terms of the Issue – Events of Default and Consequences of Events of Default*" on page 211.
Creation of recovery expense fund	The creation of recovery expense fund will be finalised upon the execution of the Debenture Trust Deed, as applicable in accordance with the applicable provisions of SEBI NCS Regulations, SEBI Debenture Trustee Master Circular and other applicable laws.
Conditions for breach of covenants (as specified in the Debenture Trust Deed)	The conditions for breach of covenants will be finalised upon execution of the Debenture Trust Deed which shall be executed within the period specified under Regulation 18 of SEBI NCS Regulations.

Provisions related to Cross Default Clause	Please refer to the chapter titled "*Terms of the Issue – Events of Default and Consequences of Events of Default*" on page 211.
Roles and responsibilities of the Debenture Trustee	Please refer to the chapter titled "*Terms of the Issue – Debenture Trustees for the NCD Holders*" on page 204.
Risk Factors pertaining to the Issue	Please refer to the chapter titled "Risk Factors" on page 16.
Settlement Mode of Instrument	Please refer to the chapter titled "*Terms of the Issue - Payment on Redemption*" on page 220.
Governing law and jurisdiction	The Issue shall be governed in accordance with the laws of the Republic of India and shall be subject to the exclusive jurisdiction of the courts of Thrissur, Kerala.

Note:

*(a) ** The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time), during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a minimum period of 3 Working Days and a maximum period of 10 Working Days from the date of the issue and subject to not exceeding 30 days from the date of filing of this Prospectus with ROC including any extensions) as may be decided by the Board of Directors of our Company ("**Board**") or the Debenture* Committee, *subject to approvals, in accordance with the SEBI NCS Regulations. In the event of such an early closure of or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in an English national daily newspaper and a regional daily newspaper in the state of Kerala with wide circulation on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.*

(b) In terms of Regulation 7 of the SEBI NCS Regulations, our Company will undertake this Issue of NCDs in dematerialized form. However, in terms of Section 8 (1) of the Depositories Act, the Company, at the request of the Applicants who wish to hold the NCDs post allotment in physical form, will fulfil such request through the process of rematerialisation, if the NCDs were originally issued in dematerialized form.

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

(c) While the NCDs are secured to the extent of hundred per cent of the amount of principal and interest or as per the terms of this Prospectus, in favour of debenture trustee, it is the duty of the debenture trustee to monitor that the security is maintained.

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

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

For further details, please refer to "*Issue Procedure*" on page 224.

Specific terms of NCDs

Tenure	**367 Days**	**18 Months**	**24 Months**	**36 Months**	**60 Months**	**367 Days**	**24 Months**	**60 Months**	**70 Months**
Nature	**Secured**								
Series	**I**	**II**	**III**	**IV**	**V**	**VI**	**VII**	**VIII**	**IX**
Frequency of interest Payment	Monthly	Monthly	Monthly	Monthly	Monthly	Cumulative	Cumulative	Cumulative	Cumulative
Minimum Application	10 NCDs (₹10,000) (across all series of NCDs)								

Tenure	367 Days	18 Months	24 Months	36 Months	60 Months	367 Days	24 Months	60 Months	70 Months
In multiples, of	1 NCD after the minimum application								
Face Value of NCDs (₹/NCD)	₹ 1,000								
Issue Price (₹/NCD)	₹ 1,000								
Mode of Interest Payment/ Redemption	Through various series available								
Coupon rate % Per Annum	9.50%	10.75%	11.00%	11.25%	12.00%	NA	NA	NA	NA
Effective Yield % Per Annum	9.92%	11.30%	11.57%	11.85%	12.68%	9.50%	11.00%	12.25%	12.62%
Redemption Amount of ₹ 1000	1,000	1,000	1,000	1,000	1,000	1,095.52	1,232.00	1,782.10	2,000.28
Coupon Type	Fixed								
Put and Call Option	Not Applicable								
Deemed Date of Allotment	The date of issue of the Allotment Advice, or such date on which the Board or Debenture Committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on the NCDs shall be available to the Investors from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment								

Interest and Payment of Interest

1. Monthly interest payment options

Interest would be paid monthly under Series I, II, III, IV and V at the following rates of interest in connection with the relevant categories of Debenture holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of NCDs:

Category of NCD Holder	Rate of Interest (p.a.) for the following tenures				
	Series I	Series II	Series III	Series IV	Series V
	367 Days	18 Months	24 Months	36 Months	60 Months
All categories (%)	9.50%	10.75%	11.00%	11.25%	12.00%

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

2. Cumulative interest payment options

Series VI, VII , VIII and IX of the NCDs shall be redeemed as below:

Category of NCD Holder	Redemption Amount (per NCD)			
	Series VI	Series VII	Series VIII	Series IX
	367 Days	24 Months	60 Months	70 Months
All categories (₹)	1,095.52	1,232.00	1,782.10	2,000.28

Day count convention

Please refer to Annexure I for details pertaining to the cash flows of the Company in accordance with the SEBI Master Circular.

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

Terms of Payment

The entire face value per NCDs applied for will be blocked in the relevant ASBA Account maintained with the SCSB or under UPI mechanism (only for Retail Individual Investors), as the case may be, in the bank account of the Applicants that is specified in the ASBA Form at the time of the submission of the Application Form. In the event of Allotment of a lesser number of NCDs than applied for, our Company shall unblock the additional amount blocked upon application in the ASBA Account, in accordance with the terms of specified in "*Terms of The Issue – Manner of Payment of Interest / Redemption Amounts*" on page 218.

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

The NCDs have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. In particular, the NCDs have not been and will not be registered under the U.S. Securities Act, 1933, as amended (the "**Securities Act**") or the securities laws of any state of the United States 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 Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Issuer has not registered and does not intend to register under the U.S. Investment Company Act, 1940 in reliance on section 3(c)(7) thereof. This Prospectus may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever, and in particular, may not be forwarded to any U.S. Person or to any U.S. address.

Applications may be made in single or joint names (not exceeding three). Applications should be made by Karta in case the Applicant is an HUF. If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form. Please ensure that such Applications contain the PAN of the HUF and not of the Karta.

In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to this Issue. For further details, please see the chapter titled "*Issue Procedure*" on page 224.

TERMS OF THE ISSUE

Authority for the Issue

At the meeting of the Board of Directors of our Company held on May 30, 2024 approved the public issue of Secured, Redeemable, Non-Convertible Debenture amounting up to ₹ 30,000 lakh in three tranches and Debenture Committee vide resolution dated June 8, 2024 approved the public issue of Secured, Redeemable, Non-Convertible Debenture for an amount aggregating up to ₹ 4,000 lakh, with an option to retain oversubscription up to ₹ 2,000 lakh aggregating up to ₹ 6,000 lakh.

Further, the present borrowing is within the borrowing limits under Section 180(1)(c) of the Companies Act, 2013, duly approved by the Shareholders' *vide* their resolution passed at their AGM held on September 29, 2014.

Principal Terms & Conditions of this Issue

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

Ranking of NCDs

The NCDs

The NCDs being offered through this Issue would constitute direct and secured obligations of the Company and shall rank *pari passu inter se*, and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way of first ranking pari passu charge with existing secured creditors, on all movable assets, including book debts and receivables, cash and bank balances, loans and advances both present and future of the Company (excluding (a) reserves created in accordance with law; (b) receivables of the Company, fixed deposits, cash collateral, immovable and movable assets over which exclusive charge is created in favour of State bank of India, Canara Bank, Dhanlaxmi Bank or any other lender), such that a security cover to the extent of 1 (one) time of the outstanding principal amounts of the NCDs and all interest due and payable thereon is maintained at all times until the redemption of NCDs.

Security

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

The principal amount of the NCDs to be issued in terms of this Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking pari passu charge with existing secured creditors, on all movable assets, including book debts and receivables, cash and bank balances, loans and advances both present and future of the Company (excluding (a) reserves created in accordance with law; (b) receivables of the Company, fixed deposits, cash collateral, immovable and movable assets over which exclusive charge is created in favour of State bank of India, Canara Bank, Dhanlaxmi Bank or any other lender), such that a security cover to the extent of 1 (one) time of the outstanding principal amounts of the NCDs and all interest due and payable thereon is maintained at all times until the redemption of NCDs.

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

Our Company has entered into the Debenture Trusteeship Agreement and in furtherance thereof intends to enter into a deed of agreement with the Debenture Trustee, ("**Debenture Trust Deed**"), the terms of which shall govern the appointment of the Debenture Trustee and the issue of the NCDs.

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

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

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

Further, in the event our Company fails to execute the Debenture Trust Deed within a period as specified under Regulation 18 of SEBI NCS Regulations, our Company shall pay interest of at least 2% p.a. to each Secured NCD Holder, over and above the agreed coupon rate, till the execution of the Debenture Trust Deed.

Debenture Redemption Reserve

Pursuant to Regulation 16 of the SEBI NCS Regulations and Section 71(4) of the Companies Act, 2013 states that where debentures are issued by any company, the company shall create a debenture redemption reserve out of the profits of the company available for payment of dividend. Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014, As amended by Companies (Share Capital and Debentures) Amendment Rules, 2019, a NBFC is not required to create a DRR in case of public issue of debentures. The rules further mandate that the company which is coming with a Public Issue shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures issued through public issue, maturing during the year ending on the 31st day of March of the next year in any one or more prescribed methods.

Accordingly, our Company is not required to create a DRR for the NCDs proposed to be issued through this Issue. Further, our Company shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures issued through public issue, maturing during the year ending on the 31st day of March of the next year in any one or more following methods: (a) in deposits with any scheduled bank, free from charge or lien; (b) in unencumbered securities of the Central Government or of any State Government; (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882. The abovementioned amount deposited or invested, must not be utilized for any purpose other than for the repayment of debentures maturing during the year provided that the amount remaining deposited or invested must not at any time fall below 15% of the amount of debentures maturing during year ending on the 31st day of March of that year, in terms of the applicable laws.

Recovery Expense Fund

Pursuant to the SEBI Debenture Trustee Master Circular, the creation of the recovery expense fund shall be in accordance with the aforementioned circular, as may be amended from time to time. The recovery expense fund may be utilised by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed, for taking appropriate legal action to enforce the security.

Kindly note, any default committed by the Company in terms of the NCDs proposed to be issued shall be reckoned at each respective International Securities Identification Number level assigned to the respective option(s)/series of NCDs issued.

Settlement Guarantee Fund

Our Company will deposit amounts in the settlement guarantee fund, as applicable, in the manner as specified in the SEBI Master Circular. This fund has been created under the SEBI Master Circular to ensure upfront collection of charges from eligible issuers at the time of allotment of debt securities.

Face Value

The face value of each NCD to be issued under this Issue shall be ₹ 1,000.

Debenture Holder not a Shareholder

The Debenture Holders will not be entitled to any of the rights and privileges available to the equity and/or preference shareholders of our Company, except to the extent of the right to receive the annual reports of our Company and such other rights as may be prescribed under the Companies Act, 2013 and the rules prescribed thereunder and the SEBI Listing Regulations.

Rights of NCD Holders

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

1. The NCDs shall not, except as provided under the Companies Act, 2013, our Memorandum of Association and Articles of Association and/or the Debenture Trust Deed, confer upon the NCD Holders thereof any rights or privileges available to our members including the right to receive notices or annual reports of, or to attend and/or vote, at our general meeting. However, if any resolution affecting the rights attached to the NCDs is to be placed before the members, the said resolution will first be placed before the concerned registered NCD Holders for their consideration. The opinion of the Debenture Trustee as to whether such resolution is affecting the right attached to the NCDs is final and binding on NCD Holders. In terms of Section 136 of the Companies Act, 2013, the NCD Holders shall be entitled to a copy of the balance sheet and copy of trust deed on a specific request made to us.

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

3. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, the registered NCD Holder or in case of joint-holders, the one whose name stands first in the register of debenture holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the concerned NCD Holders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the NCD Holders shall be in proportion to the outstanding nominal value of NCDs held by them.

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

5. For the NCDs issued in dematerialized form, the Depositories shall also maintain updated records of holders of the NCDs in dematerialized Form. For NCDs in dematerialized form, all interest and principal sums becoming due and payable in respect of the NCDs will be paid to the person for the time being appearing in the register of beneficial owners of the Depository. In terms of Section 88(3) of the Companies Act, 2013, the register and index of beneficial of NCDs maintained by a Depository for any NCDs in dematerialized form under Section 11 of the Depositories Act shall be deemed to be a Register of NCD Holders for this purpose. The same shall be maintained at the registered office of our Company under Section 94 of the Companies Act, 2013 unless the same has been moved to another location after obtaining the consent of the NCD Holders.

6. Subject to compliance with applicable statutory requirements, the NCDs can be rolled over only with the consent of the holders of at least 75% of the outstanding amount of the NCDs after providing at least 15 days' prior notice for such roll over and in accordance with the SEBI NCS Regulations. Our Company shall redeem the NCDs of all the NCD Holders, who have not given their positive consent to the roll-over.

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

Debenture Trustees for the NCD Holders

We have appointed MITCON Credentia Trusteeship Services Limited to act as the Debenture Trustees for the NCD Holders in terms of Regulation 8 of the SEBI NCS Regulations and Section 71(5) of the Companies Act, 2013 and the rules prescribed thereunder. We and the Debenture Trustee will execute a Debenture Trust Deed, *inter alia,* specifying the powers, authorities and obligations of the Debenture Trustee and us with respect to the NCDs as per the extant SEBI regulations applicable for the proposed Issue. The NCD Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the NCD Holder(s). Any payment made by us to the Debenture Trustee on behalf of the NCD Holder(s) shall discharge us *pro tanto* to the Debenture Holder(s).

The Debenture Trustee will protect the interest of the NCD Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost. It is it the duty of the debenture trustee to monitor the security cover is maintained, however, the recovery of 100% of the amount shall depend on the market scenario prevalent at the time of enforcement of the security.

Our Company shall not create any further encumbrances on the Security except with the prior approval of the Debenture Trustee. In the event of such request by our Company, the Debenture Trustee shall provide its approval for creation of further charges provided that our Company provides a certificate from a chartered accountant stating that after creation of such further charges, the required Security cover is maintained.

At any time before the Security constituted hereunder becomes enforceable, the Debenture Trustee, may, at the request of our Company and without any consent of the NCD Holders, do or concur our Company in doing all or any of the things which our Company might have done in respect of the Security as if no security had been created and particularly, but not by way of limitation, the following assent to any modification of any contracts or arrangements which may be subsisting in relation to the Security.

Company's Covenants

1. The Company declares, represents and covenants as follows:

(i) **Status**: The Company is duly incorporated and validly existing under the laws of India, and has the right to own its assets and carry on its business as it is being conducted, under the laws of India.

(ii) **Validity and admissibility in evidence**: All authorisations required or desirable to make the Transaction Documents to which the Company is a party, admissible in evidence in its jurisdiction of incorporation, have been obtained or effected and are in full force and effect.

(iii) **Necessary disclosures**: The Issue Documents contain all necessary disclosures including but not limited to statutory and other regulatory disclosures.

(iv) **Consent/approval required for the Issue of NCDs**: All corporate and other action necessary for the issuance of the NCDs have been obtained by the Company and the Company will, at all times, keep all such approvals/consents valid and subsisting during the terms of the NCDs. The Company has also obtained all necessary consents and approvals from prior lenders for the creation of security for the NCDs. The Company has complied with and will comply with all applicable provisions of the Companies Act and all other applicable laws in respect of the NCDs and their issuance thereof.

(v) **Absence of Defaults with Memorandum/Articles of Association or any other agreements in respect of transaction/transaction document :** The Issue documents executed in pursuance of the issue of NCDs, including documents towards creations of the Security executed or to be executed and delivered, will constitute valid and binding obligations of the Company and will not contravene any applicable laws, statute or regulation and will not be in conflict with Memorandum of Association/Articles of Association of the Company or result in breach of, any of the terms, covenants, conditions and stipulations under any existing agreement to which the Company is a party.

(vi) **Filings and Registration :** The Company shall duly and in a timely manner complete all filing and registration as may be required under law from time to time for the purposes of the issue and maintenance of the NCDs and the creation of security. The Company shall within 30 days of the execution of the Debenture Trust Deed, file the Debenture Trust Deed in Form CHG-9 with the RoC, in relation to the perfection of security interest created herein.

(vii) **No immunity under laws:** Neither the Company nor its assets have any immunity (sovereign or otherwise) from any suit or any legal proceeding under the laws of India.

(viii) **No obligations of a borrower or principal debtor or guarantor:** The Debenture Trustee, ipso facto does not have the obligations of a borrower or a principal debtor or a guarantor as to the monies paid/invested for the NCDs

(ix) **Solvency:** The Company is currently solvent and the Company has not taken any corporate or other action, nor have any steps been taken or legal proceedings of any manner been initiated/threatened against the Company for its winding up, dissolution, insolvency, bankruptcy or for appointment of receiver on its assets or its business.

(x) **No debt/contingent liability other than as disclosed in the annual audited accounts/Issue documents:** Other than as disclosed in the annual audited accounts/Issue documents, the Company has no debts or contingent liabilities outstanding.

(xi) **Indebtedness:** The Company is not in default with respect to any loans or deposits or advances or other financial facilities availed by the Company in the capacity of the borrower.

(xii) **Title of the Hypothecated Premise:** The hypothecated properties expressed to be granted, conveyed, assigned, transferred and assured are the sole and absolute property of the Company and are not subject to any *lis pendens*, attachment, or other process issued by any court or other authority.

(xiii) **Further Borrowings:** The Company shall to borrow/raise loans or avail of financial assistance in whatever form as also to issue debentures/ NCDs/other securities in any manner having such ranking in priority, pari passu or otherwise, subject to applicable consents, approvals or permissions that may be required under any statutory/regulatory/contractual requirement, and change the capital structure including the issue of shares of any class, on such terms and conditions as we may think appropriate, provided stipulated security cover is maintained on the NCDs and after obtaining the consent of, or intimation to, the NCD Holders or the Debenture Trustee regarding the creation of a charge over such security

(xiv) **Power to execute Security Documents:** That notwithstanding anything by the Company done or executed or omitted to be done or executed or knowingly suffered to the contrary the Company now has power to act, convey, transfer assure and assign unto the Debenture Trustee, the Security.

(xv) **Debenture Trustee to enjoy the benefits of the Security upon taking possession thereof:** That it shall be lawful for the Debenture Trustee upon taking possession under the provisions herein contained of all or any of the Security henceforth to hold and enjoy the same and to receive the profits thereof without any interruption or disturbance by the Company or any other person or persons claiming by, though, under or in trust for Company and that freed and discharged from or otherwise by the Company sufficiently indemnified against all encumbrances and demands whatsoever.

(xvi) **Company to execute other documents reasonably required by the Debenture Trustee to exercise its rights under these presents:** That the Company shall execute all such deeds, documents and assurances and do all such acts and things as the Debenture Trustee may reasonably require for exercising the rights under these presents and the NCDs or for effectuating and completing the Security intended to be hereby created and shall from time to time and at all times after the Security hereby constituted shall become enforceable execute and do all such deeds, documents, assurances, acts, and things as the Debenture Trustee may require for facilitating realisation of the Security and for exercising all the powers, authorities and discretion thereby offered on the Debenture Trustee or any receiver and in particular the Company shall execute all transfers, conveyances, assignments and assurances of the Security whether to the Trustee or to their nominees which the Debenture Trustee may think expedient and shall perform or cause to be performed all acts and things requisite or desirable for the purpose of giving effect to the exercise of any of the said powers, authorities and discretion's and further shall for such purposes or any of them make or consent to such application to any Government or local authority as the Debenture Trustee may require for the consent, sanction or authorisation of such authority to or for the sale and transfer of the hypothecated properties or any part thereof and it shall be lawful for the Debenture Trustee to make or consent to make any such application in the name of the Company and for the purposes aforesaid a certificate in writing signed by the Debenture Trustee to the effect that any particular assurance or thing required by them is reasonably required by them shall be conclusive evidence by the fact.

(xvii) **Defaulter's List:** The names of the Company and/ or its directors do not figure in any list of defaulters circulated by the RBI or any other regulatory authority.

(xviii) The Company shall at all times maintain the security cover.

(xix) No down-streaming of funds raised by way of above NCDs by the Company to any of its subsidiaries, if any.

2. Affirmative Covenants

The Company shall:

(i) **Issue Documents to have conformity with the Debenture Trust Deed**: Ensure that the Debenture Trust Deed and any other documents, in relation to the NCDs, when executed shall be to the satisfaction of the Debenture Trustee and NCD Holders at all times, and will be in accordance with the terms and conditions as contained in the Issue documents and applicable laws;

(ii) **Validity of Transaction Documents**: Ensure that the Issue documents, Debenture Trust Deed and the other documents creating the Security shall be validly executed and delivered, will continue in full force and effect and will constitute valid and binding obligations of the Company;

(iii) **Notice of Winding Up or Other Legal Process**: Promptly inform Debenture Trustee if it has notice of any application for winding up having been made or any statutory notice of winding up under the provisions of the Companies Act or any other notice under any other statute or otherwise of any suit or other legal processes intended to be filed or initiated against the Company and affecting the title to the properties of the Company or if a receiver is appointed of any of its properties of the Company or if a receiver is appointed of any of its properties or businesses or undertakings;

(iv) **Annual Accounts**: Submit to the Debenture Trustee, its duly audited annual accounts, as prescribed under the SEBI Listing Regulations. In case statutory audit is not likely to be completed during this period, the Company shall get its accounts audited by an independent firm of chartered accountants and furnish the same to the Debenture Trustee;

(v) **Memorandum and Articles of Association**: Carry out such alterations to its memorandum and articles of association as may be deemed necessary in the opinion of NCD Holders/Trustee to safeguard the interests of the NCD Holders;

(vi) **Preserve Corporate Status**: Diligently preserve its corporate existence and status and all rights, contracts, privileges, franchises and concessions now held or hereafter acquired by it in the conduct of its business, including license to conduct business as a non-banking financial institution, and that it will comply with each and every one of the said franchises and concessions and all acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the Security or any part thereof;

Provided that the Company may contest in good faith the validity of any such acts, rules, regulations, orders and directions and pending the determination of such contest may postpone compliance therewith if the rights enforceable under the NCDs or the Security of the NCDs is not hereby materially endangered or impaired. The Company will not do or voluntarily suffer or permit to be done any act or thing whereby payment of the principal of or premium on the NCDs might or would be hindered or delayed;

(vii) **Furnish information to Debenture Trustee**: Give to the Debenture Trustee or its nominees such information as they shall require as to all matters relating to the business, property and affairs of the Company and at the time of the issue thereof to the shareholders of the Company furnish to the Debenture Trustee copies of every report, balance sheet, profit and loss account, circulars or notices issued to the shareholders and the Debenture Trustee shall be entitled, if they deem fit, from time to time to nominate an accountant or agent to examine the books of account, documents and property of the Company or any part thereof and to investigate the affairs thereof and the Company shall allow any such accountant or agent to make such examination and investigation and shall furnish him with all such information as they may require and shall pay all costs, charges and expenses incidental to such examination and investigation;

(viii) **Furnish information regarding credit rating**: The Company shall submit to the Debenture Trustee a certificate stating the credit rating issued with respect to the NCDs from an independent credit rating agency, which is not associated with the Company or its sponsors or promoters. Further, the Company shall obtain, at the end of each financial year after the date of issue of the NCDs, an annual credit rating in respect of the NCDs and submit the same to the Debenture Trustee. In the event of any degradation in the credit rating by the credit rating agency, the Company shall provide additional security to the Debenture Trustee in accordance with the provisions of Debenture Trust Deed;

(ix) **Reporting**: Furnish reports quarterly, i.e. periodical status/ performance reports from the issuer company within 7 days of the relevant board meeting or within 45 days of the respective quarter whichever is earlier, to the Debenture Trustee containing the following particulars -

(a) Updated list of the names and addresses of the NCD Holders on monthly basis by 7th day of next month.
(b) Details of the interest due, but unpaid and reasons thereof.
(c) The number and nature of grievances received from the NCD Holders and resolved by the Company.
(d) A statement that those assets of the Company which are available by the way of Security are sufficient to discharge the claims of the NCD Holders as and when they become due.
(e) Inform the Debenture Trustee about any change in nature and conduct of business before any such change.
(f) To keep the Trustee informed of all orders, directions, notices of court/tribunal affecting or likely to affect the charged assets.
(g) To inform the Debenture Trustee of any major change in composition of its Board of Directors, which may amount to change in control as defined in Securities and Exchange Board of India (Substantial Acquisition of Shares and

Takeovers) Regulations, 2011, as amended.

(h) To submit any such information, as required by the Debenture Trustee.

(i) To submit on a half - yearly basis – certificate from the Statutory Auditor giving the amount of Security.

(x) To provide relevant documents/ information, as applicable, to enable the Debenture Trustee(s) to conduct continuous and periodic due diligence and monitoring of Security created, the Company shall submit the following reports/ certification within the timelines as mentioned in the SEBI Debenture Trustee Master Circular.

(xi) The Company shall promptly inform the Debenture Trustee the status of payment (whether in part or full) of Debentures within 1 (one) working day of the payment / redemption. While intimating the Debenture Trustee, the Company shall also confirm whether they have informed the status of payment or otherwise to the stock exchange(s) and Depository. The Company shall submit to the Debenture Trustee ISIN wise status /details of payments made to the NCD holders on each of the due date towards interest and principal latest by one day after the due date in the manner specified under SEBI Debenture Trustee Master Circular.

(xii) **Grievance Redressal**: Promptly and expeditiously attend to and redress the grievances, if any, of the NCD Holders. The Company further undertakes that it shall promptly comply with the suggestions and directions that may be given in this regard, from time to time, by the Debenture Trustee and shall advise the Debenture Trustee periodically of the compliance;

(xiii) **Corporate Governance**: Confirm to all mandatory recommendation on corporate governance pursuant to the SEBI Listing Regulations;

(xiv) **Due Payment of Public and Other Demands**: Confirm that the Company is not in arrears of any undisputed public demands such as income-tax, corporation tax and all other taxes and revenues or any other statutory dues payable to Central or State Governments or any local or other authority;

(xv) **Maintain Listing**: Confirm that the Company shall take all necessary steps and comply with the uniform listing agreement with the BSE along with the SEBI Listing Regulations, to ensure that the NCDs remain listed;

(xvi) **Maintenance of Rating**: Confirm that the Company will comply with any agreement with the rating agencies and provide any necessary information to the rating agencies so as to continue to maintain a credit rating;

(xvii) **Maintenance of Hypothecated Properties**: Maintain and keep in proper order and keep in good condition the hypothecated properties. If the Company fails to keep in proper order the hypothecated properties or any part thereof, then the Debenture Trustee may, but shall not be bound to, maintain the same in proper order or condition and any expense incurred by the Debenture Trustee and its costs and charges therefore shall be reimbursed by the Company;

(xviii) **Conducting of business**: Conduct its business with due diligence and efficiency and in accordance with the financial standards and the best business practices;

(xix) **Utilisation of Issue Proceeds**: Utilise the monies received towards subscription of the NCDs for purposes as stated in the Issue Document i.e. the funds raised through the Issue will be utilised for the purpose of onward lending, financing and for repayment/prepayment of interest and principal of existing loans and for general corporate purposes after meeting the expenditures of and related to the Issue and subject to applicable statutory/regulatory requirements. The Company shall, at the end of each quarter, submit a certificate from the Statutory auditor confirming the utilisation of Issue proceeds towards the purposes as stated in the Issue documents, till the funds have been fully utilised or the purpose for which these funds were intended has been achieved;

(xx) **Maintenance of Accounts**: Keep proper books of account as required by the Companies Act, and make true and proper entries therein of all dealings and transactions of and in relation to the Hypothecated Properties and the business of the Company and keep the said books of account and all other books, registers and other documents relating to the affairs of the Company at its registered office or, where permitted by law, at other place or places where the books of account and documents of a similar nature may be kept and the Company will ensure that all entries in the same relating to the Security and the business of the Company shall at all reasonable times be open for inspection of the Debenture Trustee and such person or persons as the Debenture Trustee shall, from time to time, in writing for that purpose appoint;

(xxi) Inspection of Property: Permit the Debenture Trustee and such person, as they shall from time to time in writing for that purpose appoint, to view the state and condition of all the Hypothecated Properties and pay all travelling, hotel and other expenses of any person whom the Debenture Trustee may depute for the purpose of such inspection and if the Debenture Trustee shall, for any reason, decide that it is necessary to employ an expert, to pay the fees and all travelling, hotel and other expenses of such expert;

(xxii) Subsequent Valuation: Carry out subsequent valuation of the Hypothecated Properties, at the request of the Debenture Trustee, at the Company's cost;

(xxiii) Payment of Duties: Punctually pay all taxes, rates, levies, cesses, assessments, impositions and outgoings, governmental, municipal or otherwise imposed upon or payable by the Company as and when the same shall become payable and when required by the Debenture Trustee produce the receipts of such payment and also punctually pay and discharge all debts and obligations and liabilities which may have priority over the security created and observe, perform and comply with all covenants and obligations which ought to be observed and performed by the Company in respect of the Security or any part thereof;

(xxiv) Registration: Duly cause these presents to be registered in all respects so as to comply with the provisions of the Companies Act, and also cause the Deed to be registered in conformity with the provisions of the Indian Registration Act, 1908 or any other statute, ordinance or regulation of or relating to any part of India, within which any portion of the Hypothecated Properties is or may be situated by which the registration of deeds is required and generally do all other acts (if any) necessary for the purpose of assuring the legal validity of these presents and in accordance with the Company's Memorandum and Articles of Association;

(xxv) Payment of Stamp Duty: Pay all such stamp duty (including any additional stamp duty), other duties, taxes, charges and penalties in connection with the NCDs and the issue thereof and all other documents in relation to the NCDs, as and when the Company may be required to pay according to the laws for the time being in force, and in the event of the Company failing to pay such stamp duty, other duties, taxes and penalties as aforesaid, the Debenture Trustee will be at liberty (but shall not be bound) to pay the same and the Company shall reimburse the same to the Debenture Trustee on demand;

(xxvi) Reimbursement of Expenses: Reimburse all sums paid or expenses incurred by the Debenture Trustee or any Receiver, attorney, manager, agent or other person appointed by the Debenture Trustee for all or any of the purposes mentioned in these presents immediately on receipt of a notice of demand from them in his behalf. All such sums shall carry interest at the rate of 18% per annum in case of any delay from the date when the same shall have been advanced, paid or become payable or due and as regards liabilities, the Company will, on demand, pay and satisfy or obtain the release of such persons from such liabilities and if any sum payable under this Clause shall be paid by the Debenture Trustee or any other person the Company shall forthwith on demand, reimburse the same to the Debenture Trustee. Until payment or reimbursement of all such sums, the same shall be a charge upon the Hypothecated Properties in priority to the charge securing the NCDs;

(xxvii) Notice of distribution of profits: inform the Debenture Trustee prior to declaration or distribution of dividend by the Company;

(xxviii) Notice of labour issues: promptly inform the Debenture Trustee of the happening of any labour strikes, lockouts, shut-downs, fires or any event likely to have a substantial effect on the Company's profits or business and the reasons therefor;

(xxix) Notice of damage due to force majeure: promptly inform the Debenture Trustee of any loss or damage, which the Company may suffer due to force majeure circumstances or act of God against which the Company may not have insured its properties;

(xxx) Compliance with laws: Comply with the provisions and disclosure requirements as under various rules, regulations, notifications and circulars issued by applicable governmental authorities including SEBI, RBI, MCA, etc., from time to time as applicable in respect of the public issue of NCDs as may be in force from time to time during the currency of the NCDs, including as prescribed under the SEBI Listed Debentures Circulars;

(xxxi) Unclaimed Interest/Dividend: The Company shall transfer unclaimed interest/dividend to "Investor Education and Protection Fund" as per Section 125 of the Companies Act 2013 and shall not forfeit unclaimed interest/dividend;

(xxxii) The Company shall insure and keep insured up to the replacement value thereof or on such other basis as approved by the Trustee, the Hypothecated Properties against fire, theft, lightning, explosion, earthquake, strike, lock out, civil commotion, storm, tempest, flood, marine risk, erection risk, war risk and other risk as may be specified by the Trustee and shall duly pay all premium and other sums payable for the purpose. The insurance in respect of the Hypothecated Properties shall be taken in the joint names of the Company the Trustee and any other person having a *pari passu* charge on the Hypothecated Properties and acceptable to the Trustee. The Company shall submit copies of such insurance policies and renewals thereof with the Trustee. The Company shall deliver to the Trustee an auditors' certificate as and when requested by the Trustee certifying the adequacy of insurance coverage for the assets provided as security. In the event of failure on the part of the Company to insure the Hypothecated Properties or to pay the insurance premium or other sums referred to above, the Trustee may, but shall not be bound to, get the Hypothecated Properties insured or pay the insurance premium and other sums referred to above, which shall be reimbursed to the Trustee by the Company.

(xxxiii) The Company shall submit to the BSE for dissemination, along with the quarterly/annual financial results, the following of the said information:

a. Nature, extent of the Security and Security cover available for the NCDs;
b. Status of the Security;
c. Debt-equity ratio;
d. Net worth;
e. Net profit after tax;
f. Earnings per share;
g. current ratio;
h. Long term debt to working capital;
i. Bad debts to accounts receivable ratio;
j. current liability ratio;
k. Total debts to total assets;
l. debtors turnover;
m. inventory turnover;
n. operating margin;
o. net profit margin;
p. Sector specific ratio such as gross NPA, net NPA, CRAR and as such as may be applicable;
q. A statement indicating material deviations, if any, in utilisation of the Issue Proceeds;
r. All relevant information, within the prescribed timelines, in terms of the SEBI Debenture Trustee Master Circular
s. Company hereby undertakes on its behalf, to ensure the compliance of the provisions of FATCA at all times at all time during the currency of the Debenture Trust Deed whenever it is applicable to the Company. The Company agrees to provide the respective authorities with any documentation or information requested relating to self or beneficiary or related tax entity to the extent required by the Debenture Trustee for meeting its compliances. The Company indemnifies the Debenture Trustee for any penal consequences arising due to the non- compliance of the aforesaid provision by the Company. The Company agrees that it shall provide to the Debenture Trustee, a copy of the documents, which documents have been provided to the tax authorities in relation to the FATCA, for its records.
t. The Company shall promptly disclose and furnish to the Debenture Trustee, all documents/ information about or in relation to the Company or the Debentures, as requested by the Debenture Trustee to fulfil its obligations hereunder or to comply with any Applicable Law, including in relation to filing of its reports/ certification to stock exchange within the prescribed timelines.

(xxxiv) The Company shall:
provide such documents/information and assistance to the Debenture Trustee as required by the Debenture Trustee to carry out the necessary due diligence and monitor the asset cover on a quarterly basis in the manner as may be specified by SEBI from time to time; and

(xxxv) submit a certificate from the statutory auditor on a half-yearly basis, giving the value of receivables/book debts, and maintenance of security cover as per the terms of the Debenture Trust Deed including compliance with the covenants of this Prospectus in the manner as may be specified by the SEBI from time to time. The Company shall promptly intimate regarding:

a. Any default in timely payment of interest or redemption or both in respect of the non- convertible debt securities; and
b. All covenants of the issue (including side letters, event of default clause, etc).

The Company shall promptly notify to the Debenture Trustees about initiation of Forensic Audit by any entity along with the reasons for such appointment. The Company shall also inform the Debenture Trustee on key finding of such Forensic Audit upon completion of such audit, to the extent of such details available with the Company.

Events of Default and Consequences of Events of Default

If one or more of the events specified herein below (hereinafter called the "Events of Default") occurs, the Debenture Trustee may, in its discretion, and in accordance with the applicable SEBI guidelines or in accordance with the provisions set out in the Debenture Trust Deed by a notice in writing to the Company declare the redemption amount and all interest on the NCDs to be due and payable forthwith and the Security created hereunder shall become enforceable, and the Debenture Trustee shall have the following rights, namely:

(a) to take possession of the Hypothecated Properties or any part thereof, by directing the Company in writing to deliver the same to the Debenture Trustee at any place or places designated by the Debenture Trustee, in which event the Company shall, at its own expense:

   i. forthwith cause the same to be moved and delivered to the place or places so designated by the Debenture Trustee;
   ii. keep any hypothecated property to be delivered to the Debenture Trustee (to the extent not physically delivered to the Debenture Trustee) at such place or places pending further action by the Debenture Trustee as provided in these presents; and
   iii. while such Hypothecated Properties shall be so kept, provide such guards and maintenance services as shall be necessary to protect the same;

(b) to retain all cash proceeds received or receivable by the Company in respect of the Hypothecated Properties and to use such funds, in whole or part, towards repayment of the Company's obligations to the NCD Holders and/or the Debenture Trustee.

The occurrence of any one of the following events shall constitute an event of default by the Company:

(a) Default is committed in payment of the Redemption Amount/Principal Amount of the NCDs on the Redemption Date;

(b) Default is committed in payment of any Interest Amount on the NCDs on the Interest Payment Date;

(c) Default is committed in payment of any other monies including costs, charges and expenses incurred by the Debenture Trustee;

(d) Default is committed in the performance or observance of any covenant, condition or provision contained in these presents and/or the Financial Covenants and Conditions and the Issue Document (other than the obligation to pay Redemption Amount and Interest) and, except where the Debenture Trustee certify that such default is in their opinion incapable of remedy (in which case no notice shall be required), such default continues for 30 days after written notice has been given thereof by the Debenture Trustee to the Company requiring the same to be remedied;

(e) Default by the Company in maintaining the Security Cover for a continuous period of 7 (seven) Business Days;

(f) Any indebtedness of the Company for borrowed monies i.e. indebtedness for and in respect of monies borrowed or raised (whether or not for cash consideration) by whatever means (including acceptances, credits, deposits and leasing) becomes due prior to its stated maturity by reason of default of the terms thereof or any such indebtedness is not paid at its stated maturity or there is a default in making payments due under any guarantee or indemnity given by the Company in respect of the indebtedness of borrowed monies of any person and such default has not been cured or waived;

(g) Any information given by the Company in the reports and other information furnished by the Company and the warranties given/deemed to have been given by it to the Debenture Trustee is found to be misleading or incorrect in any material respect;

(h) If there is reasonable apprehension that the Company is unable to pay its debts or proceedings for taking it into liquidation, either voluntarily or compulsorily, may be or have been admitted by the court;

(i) If the Hypothecated Properties have not been kept insured or depreciate in value to such an extent that, in the opinion of the Debenture Trustee, further security should be given and on advising the Company to that effect such security has not been given to the Debenture Trustee to their satisfaction;

(j) If without the prior written approval of the Debenture Trustee, the Hypothecated Properties or any part thereof is sold, disposed of, charged, encumbered or alienated;

(k) The Company has voluntarily or involuntarily become the subject of proceedings under any bankruptcy or insolvency law and such proceeding is admitted by the court or the Company is voluntarily or involuntarily dissolved; and a court having jurisdiction shall enter a decree or order for relief in respect of the Company and such decree or order shall remain unstayed and in effect for a period of 30 (thirty) consecutive days or the Company has consented to the entry of an order for relief in an involuntary case under any such laws, or shall consent to the appointment of or taking possession by a receiver, liquidator, trustee, custodian, sequestrator or similar official of the Company or for any substantial part of its property or has made any general assignment for the benefit of the creditors, or has failed generally to pay its debts as they become due or shall take any corporate action in furtherance of any of the above;

(l) If a petition for winding up of the Company shall have been admitted or if an order of a court of competent jurisdiction is made or a notice shall have been given of a proposed resolution for the winding up of the Company or an effective resolution is passed for the winding up of the Company otherwise than in pursuance of a scheme of amalgamation or reconstruction previously approved in writing by the Debenture Trustee and duly carried out into effect;

(m) The Company is unable to or has admitted in writing its inability to pay its debts as they mature;

(n) If in the opinion of the Debenture Trustee further security should be created to secure the NCDs and on advising the Company to the effect such security has not been given to the Debenture Trustee to its reasonable satisfaction;

(o) The Company has taken or suffered any action to be taken for its reorganisation, liquidation or dissolution;

(p) A receiver or a liquidator has been appointed or allowed to be appointed of all or any part of the undertaking of the Company;

(q) If any extra-ordinary circumstances have occurred which make it improbable for the Company to fulfil its obligation under these presents and/or the NCDs;

(r) The Company ceases or threatens to cease to carry on its business or gives notice of its intention to do so;

(s) If the Company is unable to pay its debts or if the Company is carrying on business at a loss and it appears to the Debenture Trustee that continuation of its business will endanger the security hereby created;

(t) If in the opinion of the Debenture Trustee, the Security of the NCD Holders is in jeopardy;

(u) If it is certified by an accountant or firm accountants appointed by the Trustee that the liabilities of the Company exceed its respective assets;

(v) If the Company enters into amalgamation, reorganisation or reconstruction without the prior consent of the Debenture Trustee in writing;

(w) If the Company shall, without the prior consent of the Debenture Trustee in writing, make or attempt to make any alteration to its Memorandum and Articles of Association, which, affects adversely the interest of the NCD Holders;

(x) If any litigation, arbitration, investigative or administrative proceedings is instituted against the Company that restrains the Company's entry into or restricts the exercise of any of the Company's rights under or compliance by the Company of any of its obligations under the Deed and is not discharged or resolved within a period of 60 days of such institution, the Company shall request the Debenture Trustee in writing to extend the period for such resolution by such additional time as may seem reasonable. The Debenture Trustee shall, within 30 days of receipt of such a request, call a meeting of the NCD Holders within to decide upon granting extension to the Company to resolve or discharge such litigation, arbitration, investigative or administrative proceedings. The decision of NCD Holders holding Majority Interest shall be communicated to the Company with regard to whether failure to resolve or discharge such litigation, arbitration, investigative or administrative proceedings shall constitute a material adverse effect;

(y) If the following documents are not executed and/or perfected as the case maybe within the timeframe specified for each of such documents:

   i. The Debenture Trust Deed is not executed/perfected before transfer of funds from the Public Issue Account.

Upon the occurrence of an Event of Default, the Debenture Trustee or the NCD Holders as the case maybe, shall enforce the

Security and exercise the power of sale as set out under the Debenture Trust Deed or any other right over the hypothecated properties conferred on the Debenture Trustee under the Debenture Trust Deed, in accordance with SEBI Debenture Trustee Master Circular and other applicable law.

All expenses incurred by the Debenture Trustee after an Event of Default has occurred in connection with:

i. preservation of the Company's assets (whether then or thereafter existing); and
ii. collection of amounts due in respect of the NCDs;

shall be payable by the Company.

Remedies

If one or more of the Events of Default specified above occurs, the Debenture Trustee may subject to the provisions of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and SEBI Debenture Trustee Circular by a notice in writing to the Company, declare the principal of and all accrued interest on the Debentures to be due and payable forthwith and the Debentures shall without any further action become due for redemption along with the interest accrued thereon.

Market Lot and Trading Lot

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

Allotment in the Issue will be in Demat form in multiples of one NCD. For details of allotment, see "*Issue Procedure"* on page 224.

Nomination facility to Debenture Holder

In accordance with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014 ("**Rule 19**") and Section 72 of the Companies Act, 2013, the sole Debenture Holder, or first Debenture Holder, along with other joint Debenture Holders' (being individual(s)), may nominate, in the **Form No. SH.13,** any one person in whom, in the event of the death of Applicant the NCDs Allotted, if any, will vest. Where the nomination is made in respect of the NCDs held by more than one person jointly, all joint holders shall together nominate in **Form No. SH.13** any person as nominee. A nominee entitled to the NCDs by reason of the death of the original holder(s), will, in accordance with Rule 19 and Section 56 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the NCDs. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in **Form No. SH.14**, any person to become entitled to NCDs in the event of the holder's death during minority. A nomination will stand rescinded on a sale/transfer/alienation of NCDs by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or with the Registrar to the Issue.

Debenture Holder(s) are advised to provide the specimen signature of the nominee to us to expedite the transmission of the NCD(s) to the nominee in the event of demise of the Debenture Holder(s). The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

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

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

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

For all NCDs held in the dematerialized form, nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective

Depository Participant in connection with NCDs held in the dematerialized form.

A nomination may be cancelled or varied by nominating any other person in place of the present nominee, by the Debenture Holder who has made the nomination, by giving a notice of such cancellation or variation in the prescribed manner as per applicable laws. The cancellation or variation shall take effect from the date on which the notice of such variation or cancellation is received.

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

Jurisdiction

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

Application in the Issue

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

In terms of Regulation 7 of the SEBI NCS Regulations, our Company will make public issue of the NCDs in the dematerialised form only.

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

Form of Allotment and Denomination of NCDs

As per the SEBI NCS Regulations, the trading of the NCDs on the Stock Exchange shall be in dematerialized form only in multiples of one (1) NCD ("**Market Lot**"). Allotment in this Issue to all Allottees, will be in electronic form i.e., in dematerialised form and in multiples of one NCD.

For details of allotment please see "*Issue Procedure*" on page 224.

Transfer/Transmission of NCD(s)

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

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

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 read with SEBI Press release (no. 49/ 2018) dated December 3, 2018, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition, from April 1, 2019. However, any trading of the NCDs issued pursuant to this Issue shall be compulsorily in dematerialised form only.

Title

In case of:

- the NCDs held in the dematerialised form, the person for the time being appearing in the record of beneficial owners maintained by the Depository; and

- the NCDs held in physical form, pursuant to any rematerialisation, the person for the time being appearing in the Register of Debenture Holders as Debenture Holder,

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

No transfer of title of NCD will be valid unless and until entered on the Register of Debenture Holders or the register and index of Debenture Holders maintained by the Depository prior to the Record Date. In the absence of transfer being registered, interest and/or Maturity Amount, as the case may be, will be paid to the person, whose name appears first in the Register of Debenture Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with our Company or the Registrar. The provisions relating to transfer and transmission and other related matters in respect of our Company's shares contained in the Articles of Association of our Company and the Companies Act/ the relevant provisions of the Companies Act applicable as on the date of this Prospectus shall apply, mutatis mutandis (to the extent applicable) to the NCD(s) as well.

Succession

Where NCDs are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the Debenture Holder(s). It will be sufficient for our Company to delete the name of the deceased Debenture Holder after obtaining satisfactory evidence of his death. Provided, a third person may call on our Company to register his name as successor of the deceased Debenture Holder after obtaining evidence such as probate of a will for the purpose of proving his title to the debentures. In the event of demise of the sole or first holder of the Debentures, the Company will recognise the executors or administrator of the deceased Debenture Holders, or the holder of the succession certificate or other legal representative as having title to the Debentures only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The directors of the Company in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation. In case of death of Debenture Holders who are holding NCDs in dematerialised form, third person is not required to approach the Company to register his name as successor of the deceased Debenture Holder. He shall approach the respective Depository Participant of the Debenture Holder for this purpose and submit necessary documents as required by the Depository Participant.

Where a non-resident Indian becomes entitled to the NCDs by way of succession, the following steps have to be complied with:

1. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the NCDs were acquired by the non-resident Indian as part of the legacy left by the deceased Debenture Holder.
2. Proof that the non-resident Indian is an Indian national or is of Indian origin.
3. Such holding by a non-resident Indian will be on a non-repatriation basis.

Joint-holders

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles.

Procedure for Re-materialization of NCDs

Subject to SEBI circular SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022 dated January 25, 2022, Debenture Holders who wish to hold the NCDs in physical form may do so by submitting a request to their DP at any time after Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. Holders of NCDs who propose to rematerialise their NCDs, would have to mandatorily submit details of their bank mandate along with a copy of any document evidencing that the bank account is in the name of the holder of such NCDs and their Permanent Account Number to the Company and the DP. No proposal for rematerialisation of NCDs would be considered if the aforementioned documents and details are not submitted along with the request for such rematerialisation.

Restriction on transfer of NCDs

There are no restrictions on transfers and transmission of NCDs Allotted pursuant to this Issue. However, NCDs held in physical form, pursuant to any re-materialisation, as above, cannot be transferred. However, any trading of the NCDs issued pursuant to the Issue shall be compulsorily in dematerialized form only.

Period of Subscription

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

Issue Programme

ISSUE OPENING DATE	**FRIDAY, JULY 26, 2024**
ISSUE CLOSING DATE	**THURSDAY, AUGUST 8, 2024 #**

*# The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time), during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a minimum period of 3 Working Days and a maximum period of 10 Working Days from the date of the issue and subject to not exceeding 30 days from the date of filing of this Prospectus with ROC including any extensions) as may be decided by the Board of Directors of our Company ("**Board**") or the Debenture Committee, subject to approvals, in accordance with the SEBI NCS Regulations. In the event of such an early closure of or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in an English national daily newspaper and a regional daily newspaper in the state of Kerala, with wide circulation on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.*

*Application (including Application under the UPI Mechanism) and any further changes to the Applications shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time, "**IST**") during the Issue Period as mentioned above by the Designated Intermediaries at the bidding centre and by the SCSBs directly at the Designated Branches of SCSBs, except that on the Issue Closing Date when the Applications and any further changes in details in Applications, if any, shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and shall be uploaded until 5.00 p.m. (IST) or such extended time as permitted by the Stock Exchange. Additionally, an Investor may also submit the Application Form through the app or web interface of the Stock Exchange. It is clarified that the Applications not uploaded in the Stock Exchange platform would be rejected.*

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

Such Applications that cannot be uploaded will not be considered for Allocation under the Issue. Applications will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holiday). Neither our Company, nor the Lead Manager, nor any Member of the Syndicate, Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or Designated Branches of SCSBs are liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise. Please note that, within each category of Investors, the Basis of Allotment under the Issue will be on date priority basis except on the day of oversubscription, if any, where the Allotment will be proportionate.

Basis of payment of Interest

NCDs once Allotted under any particular category of NCDs shall continue to bear the applicable tenor, Coupon/Yield and Redemption Amount as at the time of original Allotment irrespective of the category of Debenture Holder on any Record

Date, and such Tenor, Coupon/Yield and Redemption Amount as at the time of original Allotment will not be impacted by trading of any series of NCDs between the categories of persons or entities in the secondary market.
Payment of Interest/Maturity Amount will be made to those Debenture Holders whose names appear in the Register of Debenture Holders (or to first holder in case of joint-holders) as on Record Date.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the Investors. In such cases, interest, on the Interest Payment Date, would be directly credited to the account of those Investors who have given their bank mandate.

We may offer the facility of NACH, NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to help Debenture Holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. Please see, *"Terms of The Issue- Manner of Payment of Interest / Redemption Amounts"* on page 218.

Taxation

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

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

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

Subject to the terms and conditions in connection with computation of applicable interest on the Record Date, please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs.

Day Count Convention

Interest shall be computed on actual/actual basis i.e., on the principal outstanding on the NCDs as per the SEBI Master Circular.

Effect of holidays on payments

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

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

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Master Circular shall be disclosed in this Prospectus.

Maturity and Redemption

The NCDs issued pursuant to this Prospectus have a fixed maturity date. The NCDs will be redeemed at the expiry of 367 days from the Deemed Date of Allotment for Series I, 18 months from the Deemed Date of Allotment for Series II, 24 months from the Deemed Date of Allotment for Series III, 36 months from the Deemed Date of Allotment for Series IV, 60 months from the Deemed Date of Allotment for Series V, 367 days from the Deemed Date of Allotment for Series VI, 24 Months from the Deemed Date of Allotment for Series VII, 60 Months from the Deemed Date of Allotment for Series VIII and 72 Months from the Deemed Date of Allotment for Series IX.

Application Size

Each Application should be for a minimum of 10 NCDs and multiples of one NCD thereof. The minimum Application size for each Application would be ₹ 10,000 (for all kinds of Series I to IX) NCDs either taken individually or collectively) and in multiples of ₹ 1,000 thereafter.

Applicants can apply for any or all series of NCDs offered hereunder provided the Applicant has applied for minimum Application size using the same Application Form.

Applicants are advised to ensure that Application made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Terms of Payment

The entire issue price of ₹ 1,000 per NCD is blocked in the ASBA Account on Application itself. In case of Allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall instruct the SCSBs to unblock the excess amount blocked on Application in accordance with the terms of this Prospectus.

Manner of Payment of Interest / Redemption Amounts

The manner of payment of interest / redemption in connection with the NCDs is set out below:

For NCDs held in dematerialised form:

The bank details will be obtained from the Depositories for payment of interest / redemption amount as the case may be. Holders of the NCDs, are advised to keep their bank account details as appearing on the records of the Depository Participant updated at all points of time. Please note that failure to do so could result in delays in credit of interest/redemption amounts at the Applicant's sole risk, and the Lead Manager, our Company or the Registrar shall have no responsibility and undertake no liability for the same.

For NCDs held in physical form on account of re-materialization:

In case of NCDs held in physical form, on account of rematerialisation, the bank details will be obtained from the documents submitted to the Company along with the rematerialisation request. For further details, please see "*Terms of The Issue-Procedure for Re-materialization of NCDs*" on page 215.

The mode of payment of interest/redemption amount shall be undertaken in the following order of preference:

1. **Direct Credit/ NACH/ RTGS:** Investors having their bank account details updated with the Depository shall be eligible to receive payment of interest / redemption amount, through:

   (i) **Direct Credit**. interest / redemption amount would be credited directly to the bank accounts of the Investors, if held with the same bank as the Company.

   (ii) **NACH:** National Automated Clearing House which is a consolidated system of ECS. Payment of interest / redemption amount would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository. The payment of interest / redemption amount through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the interest / redemption amount through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get interest / redemption amount through NEFT or Direct Credit or RTGS.

(iii) **RTGS:** Applicants having a bank account with a participating bank and whose interest / redemption amount exceeds ₹ 2 lakh, or such amount as may be fixed by RBI from time to time, **have** the option to receive the interest / redemption amount through RTGS. Such eligible Applicants who indicate their preference to receive interest / redemption amount through RTGS are required to provide the IFSC code in the Application Form or intimate our Company and the Registrar to the Issue at least 7 (seven) days before the Record Date. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant. In the event the same is not provided, interest / redemption amount shall be made through NECS subject to availability of complete bank account details for the same as stated above.

(iv) **NEFT:** Payment of interest / redemption amount shall be undertaken through NEFT wherever the Applicants' bank has been assigned the Indian Financial System Code ("**IFSC**"), which can be **linked** to a Magnetic Ink Character Recognition, if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of the interest / redemption amounts, duly mapped with MICR numbers. Wherever the Applicants have registered their nine-digit MICR number and their bank account number while opening and operating the de-mat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of interest / redemption amount will be made to the Applicants through this method.

2. **Registered Post/Speed Post:** For all other Debenture Holders, including those who have not updated their bank particulars with the MICR code, the interest payment / redemption amount shall be paid by way of interest/ redemption warrants dispatched through speed post/ registered post only to Applicants that have provided details of a registered address in India.

Printing of Bank Particulars on Interest/ Redemption Warrants

As a matter of precaution against possible fraudulent encashment of interest/ redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the orders/ warrants. In relation to NCDs held dematerialised form, these particulars would be taken directly from the depositories. In case of NCDs held in physical form on account of rematerialisation, the Investors are advised to submit their bank account details with our Company / Registrar at least 7 (seven) working days prior to the Record Date failing which the orders / warrants will be dispatched to the postal address of the holder of the NCD as available in the records of our Company. Bank account particulars will be printed on the warrants which can then be deposited only in the account specified.

Loan against NCDs

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

Buy Back of NCDs

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

Our Company may from time to time invite the Debenture Holders to offer the NCDs held by them through one or more buy-back schemes and/or letters of offer upon such terms and conditions as our Company may from time to time determine, subject to applicable statutory and/or regulatory requirements.

Such NCDs which are bought back may be extinguished, re-issued and/or resold in the open market with a view of strengthening the liquidity of the NCDs in the market, subject to applicable statutory and/or regulatory requirements.

Procedure for Redemption by Debenture Holders

The procedure for redemption is set out below:

NCDs held in physical form on account of re-materialization:

No action would ordinarily be required on the part of the Debenture Holder at the time of redemption and the redemption proceeds would be paid to those Debenture Holders whose names stand in the register of Debenture Holders maintained by us on the Record Date fixed for the purpose of redemption. However, our Company may require that the NCD certificate(s), duly discharged by the sole holder/all the joint-holders (signed on the reverse of the NCD certificate(s)) be surrendered for redemption on maturity and should be sent by the Debenture Holder(s) by Registered Post with acknowledgment due or by hand delivery to our office or to such persons at such addresses as may be notified by us from time to time. Debenture Holder(s) may be requested to surrender the NCD certificate(s) in the manner as stated above, not more than three months and not less than one month prior to the redemption date so as to facilitate timely payment.

We may at our discretion redeem the NCDs without the requirement of surrendering of the NCD certificates by the holder(s) thereof. In case we decide to do so, the holders of NCDs need not submit the NCD certificates to us and the redemption proceeds would be paid to those Debenture Holders whose names stand in the register of Debenture Holders maintained by us on the Record Date fixed for the purpose of redemption of NCDs. In such case, the NCD certificates would be deemed to have been cancelled. Also see "*Terms of The Issue- Payment on Redemption*" on page 220.

NCDs held in electronic form:

No action is required on the part of Debenture Holder(s) at the time of redemption of NCDs.

Payment on Redemption

The manner of payment of redemption is set out below:

NCDs held in physical form on account of re-materialisation

The payment on redemption of the NCDs will be made by way of cheque/pay order/ electronic modes. However, if our Company so requires, the aforementioned payment would only be made on the surrender of NCD certificate(s), duly discharged by the sole holder / all the joint-holders (signed on the reverse of the NCD certificate(s)). Dispatch of cheques/pay order, etc. in respect of such payment will be made on the redemption date or (if so requested by our Company in this regard) within a period of 30 days from the date of receipt of the duly discharged NCD certificate.

In case we decide to do so, the redemption proceeds in the manner stated above would be paid on the redemption date to those Debenture Holders whose names stand in the Register of Debenture Holders maintained by us/Registrar to the Issue on the Record Date fixed for the purpose of redemption. Hence the transferees, if any, should ensure lodgement of the transfer documents with us at least 7 (seven) working days prior to the Record Date. In case the transfer documents are not lodged with us at least 7 (seven) working days prior to the Record Date and we dispatch the redemption proceeds to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties *inter se* and no claim or action shall lie against us or the Registrar.

Our liability to holder(s) towards their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the Debenture Holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

NCDs held in electronic form

On the redemption date, redemption proceeds would be paid by cheque /pay order / electronic mode to those Debenture Holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories' records on the Record Date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of Debenture Holders.

Our liability to Debenture Holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the Debenture Holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

Right to reissue NCD(s)

Subject to the provisions of the Companies Act, 2013, where we have fully redeemed or repurchased any NCD(s), we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or reissue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or reissuing the same NCDs or by issuing other NCDs in their place. The aforementioned right includes the right to reissue original NCDs.

Sharing of information

We may, at our option, use on our own, as well as exchange, share or part with any financial or other information about the Debenture Holders available with us, and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we or our affiliates nor their agents shall be liable for use of the aforesaid information.

Notices

All notices to the Debenture Holder(s) required to be given by us or the Debenture Trustee shall be published in one English language newspaper having wide circulation and one regional language daily newspaper in Kerala and/or will be sent by post/ courier or through email or other electronic media to the registered holders of the NCD(s) from time to time.

Issue of duplicate NCD Certificate(s)

If any NCD certificate(s), issued pursuant to rematerialisation, if any, is/are mutilated or defaced or the cages for recording transfers of NCDs are fully utilised, the same may be replaced by us against the surrender of such certificate(s). Provided, where the NCD certificate(s) are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible.

If any NCD certificate is destroyed, stolen or lost then upon production of proof thereof to our satisfaction and upon furnishing such indemnity/security and/or documents as we may deem adequate, duplicate NCD certificate(s) shall be issued. Upon issuance of a duplicate NCD certificate, the original NCD certificate shall stand cancelled.

Future Borrowings

We will be entitled to borrow/raise loans or avail of financial assistance in whatever form as also to issue debentures/ NCDs/other securities in any manner having such ranking in priority, *pari passu* or otherwise, subject to applicable consents, approvals or permissions that may be required under any statutory/regulatory/contractual requirement, and change the capital structure including the issue of shares of any class, on such terms and conditions as we may think appropriate, provided stipulated security cover is maintained on the NCDs and after obtaining the consent of, or providing intimation to, the NCD Holders or the Debenture Trustee regarding the creation of a charge over such security.

Impersonation

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

"Any person who:

(a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*

(b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

(c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."*

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

Pre-closure

Our Company, in consultation with the Lead Manager reserves the right to close this Issue at any time prior to the Issue Closing Date, subject to receipt of minimum subscription (75% of the Base Issue, i.e. ₹ 3,000 lakh). Our Company shall allot NCDs with respect to the Application Forms received at the time of such pre-closure in accordance with the Basis of Allotment as described herein and subject to applicable statutory and/or regulatory requirements. In the event of such early closure of this Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the Issue Closing Date for this Issue, as applicable, through advertisement(s) in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the Issue have been given.

Minimum Subscription

If our Company does not receive the minimum subscription of 75% of Base Issue Size i.e. ₹ 3,000 lakh, prior to the Issue Closing Date, the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within eight Working Days from the Issue Closing Date provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within eight Working Days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed in Schedule V of SEBI NCS Regulations in compliance with the Regulation 30 of SEBI NCS Regulations. Material updates, if any, between the date of filing of this Prospectus with RoC and the date of release of the statutory advertisement, will be included in the statutory advertisement.

Listing

The NCDs offered through this Prospectus are proposed to be listed on the BSE. Our Company has obtained an 'in-principle' approval for the Issue from the BSE *vide* their letter bearing reference number DCS/BM/PI-BOND/11/24-25 dated July 19, 2024. For the purposes of the Issue, BSE shall be the Designated Stock Exchange.

Our Company will use best efforts to ensure that all steps for the completion of the necessary formalities for listing at the Stock Exchange is taken within six Working Days of the Issue Closing Date. For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the options, such option(s) of NCDs shall not be listed. If permissions to deal in and for an official quotation of our NCDs are not granted by the Stock Exchange, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus.

Guarantee/Letter of Comfort

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

Arrangers

No arrangers have been appointed for this Issue.

Monitoring & Reporting of Utilisation of Issue Proceeds

There is no requirement for appointment of a monitoring agency. Our Board shall monitor the utilisation of the proceeds of the Issue. Our Company will disclose in the Company's financial statements for the relevant financial year commencing from financial year 2023-24, the utilisation of the proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue

Lien

Not Applicable

Lien on Pledge of NCDs

Subject to applicable laws, our Company, at its discretion, may note a lien on pledge of NCDs if such pledge of NCDs is accepted by any bank or institution for any loan provided to the Debenture Holder against pledge of such NCDs as part of the funding.

ISSUE PROCEDURE

This chapter applies to all Applicants. Pursuant to the SEBI Master Circular, all Applicants are required to apply for in the Issue through the ASBA process and an amount equivalent to the full Application Amount as mentioned in the Application Form will be blocked by the Designated Branches of the SCSBs. Further, pursuant to the SEBI Master Circular, SEBI has introduced the UPI Mechanism as a payment mechanism for the Issue, wherein a UPI Investor, may submit the Application Form with a SCSB or a Designated Intermediary or through the app/web based interface platform of the Stock Exchange and use their bank account linked UPI ID for the purpose of blocking of funds, if the Application being made is for a value of ₹ 5 lakh or less. The UPI Mechanism is applicable for public issue of debt securities which open for subscription on or after January 1, 2021. Accordingly, payment through the UPI Mechanism shall be available for the Issue. SEBI, vide the SEBI Master Circular has also introduced an additional mode for application in public issues of debt securities through an online (app/web) interface to be provided by the stock exchanges. In this regard, SEBI has also stipulated that the stock exchanges formulate and disclose the operational procedure for applying through the app/web based interface developed by them for making applications in public issues through the stock exchange's website. Since, BSE is the Designated Stock Exchange for the Issue, BSE's online platform BSE Direct, shall be available to UPI Investors to make an application under the UPI Mechanism, in accordance with the operational procedures notified by BSE vide notifications dated December 28, 2020.

Applicants should note that they may submit their Application Forms (including in cases where Applications are being made under the UPI mechanism) at (i) the Designated Branches of the SCSBs or (ii) at the Collection Centres, i.e., to the respective Members of the Consortium at the Specified Locations, the Trading Members at the Broker Centres, the CRTA at the Designated RTA Locations or CDP at the Designated CDP Locations or (iii) through BSE Direct, the app and/or web based interface/platform of the Stock Exchange, as applicable. *For further information, please see "Issue Procedure - Submission of Completed Application Forms" on page* 242.

Applicants are advised to make their independent investigations and ensure that their Application do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Prospectus.

Please note that this section has been prepared based on the requirements notified by the SEBI Master Circular and the notifications issued by BSE, in relation to the UPI Mechanism.

Further, our Company, the Lead Manager and the Members of the Syndicate do not accept any responsibility for any adverse occurrence consequent to the implementation of the UPI Mechanism for application in the Issue.

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

For purposes of this Issue, the term "Working Day" shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in Mumbai. Furthermore, for the purpose of post issue period, i.e., period beginning from the Issue Closure to listing of the NCDs on the Stock Exchange, Working Day shall mean all trading days of the Stock Exchange, excluding Saturday, Sundays and bank holidays in Mumbai, as per the SEBI NCS Regulations.

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

PROCEDURE FOR APPLICATION

Availability of the Abridged Prospectus and Application Forms

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

(a) Our Company's Registered Office;

(b) Offices of the Lead Manager/Syndicate Member;

(c) the CRTA at the Designated RTA Locations;
(d) the CDPs at the Designated CDP Locations;
(e) Trading Members at the Broker Centres; and
(f) Designated Branches of the SCSBs.

Electronic copies of this Prospectus and this Prospectus along with the downloadable version of the Application Form will be available on the websites of the Lead Manager, the Stock Exchange, SEBI and the SCSBs.

Electronic Application Forms may be available for download on the website of the Stock Exchange and on the websites of the SCSBs that permit submission of Application Forms electronically. A unique application number ("**UAN**") will be generated for every Application Form downloaded from the website of the Stock Exchange. Our Company may also provide Application Forms for being downloaded and filled at such website as it may deem fit. In addition, brokers having online demat account portals may also provide a facility of submitting the Application Forms virtually online to their account holders.

Trading Members of the Stock Exchange can download Application Forms from the website of the Stock Exchange. Further, Application Forms will be provided to Trading Members of the Stock Exchange at their request.

UPI Investors making an Application up to ₹ 5 lakh, using the UPI Mechanism, must provide the UPI ID in the relevant space provided in the Application Form. Application Forms that do not contain the UPI ID are liable to be rejected. UPI Investors applying using the UPI Mechanism may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of SEBI.

Who can apply?

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

Category I

- Resident public financial institutions as defined in Section 2(72) of the Companies act 2013, statutory corporations including state industrial development corporations, scheduled commercial banks, co-operative banks and regional rural banks, and multilateral and bilateral development financial institutions which are authorised to invest in the NCDs;
- Provident funds of minimum corpus of ₹ 2,500 lakh, pension funds of minimum corpus of ₹ 2,500 lakh, superannuation funds and gratuity funds, which are authorised to invest in the NCDs;
- Alternative investment funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;
- Resident venture capital funds registered with SEBI;
- Insurance companies registered with the IRDAI;
- National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India);
- Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India;
- Mutual funds registered with SEBI; and
- Systemically Important NBFC registered with RBI and having a net-worth of more than ₹ 50,000 lakh as per the last audited financial statements.

Category II

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

value exceeding ₹ 5 lakh.

Category III*#

- Resident Indian individuals; and
- Hindu undivided families through the Karta.

** applications aggregating to a value not more than ₹ 5 lakh.*
 # applications up to a value of ₹ 5 lakh can be made under the UPI Mechanism.

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

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

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

Who are not eligible to apply for NCDs?

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

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

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

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

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

Please see "Issue Procedure- *Rejection of Applications*" on page 244 for information on rejection of Applications.

Method of Application

In terms of the SEBI Master Circular, an eligible Investor desirous of applying in this Issue can make Applications through the ASBA mechanism only. Applicants are requested to note that in terms of the SEBI Master Circular, SEBI has mandated issuers to provide, through a recognised stock exchange which offers such a facility, an online interface enabling direct application by investors to a public issue of debt securities with an online payment facility ("**Direct Online Application Mechanism**"). In this regard, SEBI has, through the SEBI Master Circular, directed recognized stock exchanges in India to put in necessary systems and infrastructure for the implementation of the SEBI Master Circular and the Direct Online Application Mechanism infrastructure for the implementation of the SEBI Master Circular and the Direct Online Application Mechanism. Further, SEBI vide the SEBI Master Circular has directed the stock exchanges in India to formulate and disclose the operational procedure for making an application through the app/web based interface developed by them in order for investors to apply in public issue on their websites.

All Applicants shall mandatorily apply in the Issue either through:

1. the ASBA process (including UPI Investors). Applicants intending to subscribe in the Issue shall submit a duly filled Application Form to any of the Designated Intermediaries; or

2. UPI Investors having a valid UPI ID, through the app/web based interface platform of the Stock Exchange (BSE Direct) wherein the application would automatically be uploaded onto the Stock Exchange's bidding platform and the amount will be blocked using the UPI Mechanism.

Additionally, certain SEBI registered UPI handles which can be accessed at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40may also be used for making an Application through the UPI Mechanism.

Application process through physical Application Form

Applicants opting for the physical mode of Application process, should submit the Application Form (including for Applications under the UPI Mechanism) only at the Collection Centres, i.e., to the respective Members of the Syndicate at the Specified Locations, the SCSBs at the Designated Branches, the registered broker at the Broker Centres, the RTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available on SEBI's website *for Applications under the UPI Mechanism* at https://www.sebi.gov.in.

The relevant Designated Intermediaries, upon receipt of Application Forms from ASBA Applicants (including for Applications under the UPI Mechanism), shall upload the details of these Application Forms to the online platform of the Stock Exchange and submit the Application Forms (except Application Forms submitted by UPI Investors under the UPI Mechanism) with the SCSB with whom the relevant ASBA Accounts are maintained. An Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB, with the SCSB and can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form. For Applicants submitting the physical application Form who wish to block the funds in their respective UPI linked bank account through the UPI Mechanism, post uploading of the details of the Application Forms into the online platform of the Stock Exchange, the Stock Exchange shall share the Application details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate a UPI Mandate Request to such UPI Investors for blocking of funds.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Manager and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by the Designated Intermediaries, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs (other than UPI Applications), the Application Amount payable on Application has been blocked in the relevant ASBA Account and for Applications by UPI Investors under the UPI Mechanism, uploaded by Designated Intermediaries, the Application Amount payable on Application has been blocked under the UPI Mechanism.

APPLICATION PROCESS THROUGH APP/WEB BASED INTERFACE OF THE STOCK EXCHANGE – *BSE DIRECT*

SEBI, *vide* the SEBI Master Circular, has introduced an additional mode for application in the Issue through online (app / web) interface/platform of the Stock Exchange. In furtherance to the same, the Stock Exchange has extended the facility of '**BSE Direct**', which is a web based and a mobile app based platform for making an Application in the Issue where the funds can be blocked through the UPI Mechanism. BSE Direct platform can be accessed at **https://www.bsedirect.com** and can be accessed through the mobile app available (for android phone users only) on the Google Playstore.

Please note that Applications in the Issue, through the 'BSE Direct' platform, can only be made by UPI Investors, i.e., Applicants who make an Application in the Issue for an amount up to ₹ 5 lakh only.

BSE Limited, the Designated Stock Exchange, has vide notifications dated December 28, 2020, notified the detailed operational procedure for making an Application, under the UPI Mechanism, using BSE Direct. The detailed operational instructions and guidelines issued by the Stock Exchange can be accessed on the Stock Exchange's website at www.bseindia.com.

Operational Instructions and Guidelines

Certain relevant operational instructions and guidelines, for using BSE Direct to make an Application in the Issue, are listed below:

a. **General Instructions –**

i. Applicants are required to preregister themselves with BSE Direct. For the detailed process of registration and Applications under the BSE Direct Platform, see "*Issue Procedure- Process of Registration and Application on BSE Direct Platform/Mobile App*" on page 230.

ii. Applicants can access BSE Direct platform via internet at https://www.bsedirect.com or through the mobile app (on android phones only) called BSE Direct which can be downloaded from the Google Playstore.

iii. The BSE Direct platform, offers a facility of making a direct application through the web based platform or the mobile app with a facility to block funds up to ₹ 5 lakh through the UPI Mechanism.

iv. The mode of allotment for Applications made through the BSE Direct platform, shall mandatorily be in dematerialised form only.

b. **Order Entry Parameters –**

Pursuant to the SEBI Master Circular and other relevant SEBI circulars, the following operating parameters shall be made available for making an Application in the Debt IPO Segment. Applicants are requested to note the following general instructions:

i. The Issue symbol will remain same across all series/options;

ii. Applicants can enter order for a single Application having different series within one order entry screen;

iii. Before submission of the Application, the Applicant should have created an UPI ID with a maximum length of 45 characters including the handle (example: investorId@bankname)

Applicants can only submit an Application with the UPI Mechanism as the payment mode. The Applications which are successfully accepted will be allotted a bid id or order no.

Modification and cancellation of orders

i. An Applicant shall not be allowed to add or modify the Application except for modification of either DP ID/Client ID, or PAN but not both.

ii. The Applicant can withdraw the bid(s) submitted under a single Application and reapply.

iii. The part cancellation of bid in a single Application will not be permitted.

For details of the process post the Application details being entered into the bidding platform of the Stock Exchange, see "*Issue Procedure- Submission of Applications – for Applications under the UPI Mechanism*" on page 235.

c. **Re-initiation of Bids**

i. If the Applicant has not received the UPI Mandate vide an SMS or on the mobile app, associated with the UPI ID linked bank account, they will have the option to re-initiate the bid which is pending for confirmation.

ii. The facility of re-initiation/ resending the UPI Mandate shall be available only till 5 pm on the day of bidding.

iii. The Designated Intermediaries shall be permitted to use the re-initiation of Application option only once.

d. **Acceptance of the UPI Mandate**

i. An Applicant will be required to accept the UPI Mandate by 5:00 pm on the third Working Day from the day of bidding on the Stock Exchange platform except for the last day of the Issue Period or any other modified closure date of the Issue Period in which case, they shall be required to accept the UPI Mandate by 5:00 pm of the next Working Day. As the Company reserves the right to close the issue prior to the Issue Closing Date, hence is advisable that the Applicants should accept the UPI mandate by 5:00 pm on the Working Day subsequent to date of submission of the Application on BSE Direct.

ii. The transaction will be treated completed only after the UPI Mandate is accepted by the Applicant and the transaction is authorised by entering of their respective UPI PIN and successful blocking of fund through ASBA process by the Applicant’s bank.

iii. If the Applicant fails to accept the mandate within stipulated timelines, their Application will not be considered for allocation.

iv. Applicants are required to check the status of their Applications with regards to the UPI Mandate acceptance and blocking of fund in the UPI Report for completion of the transaction.

v. Please note that the display of status of acceptance of the UPI Mandate/fund blocking shall be solely based on the data received from the Sponsor Bank.

e. **Order book and T+1 Modification**

i. The order book will be available in the Debt module of the Stock Exchange in real time basis.

ii. An Applicant shall be allowed to modify selected fields such as their DP ID/Client ID or PAN (Either DP ID/Client ID or PAN can be modified but not both) on T+1 day for a validated bid.

f. **Applicant’s responsibilities**

i. Applicants shall check the Issue details before making an Application.

ii. Applicants shall only be able to make an Application for an amount up to ₹ 5 lakh.

iii. Applicants shall have only UPI as the payment mechanism with ASBA.

iv. Applicants must check and understand the UPI Mandate acceptance and the fund blocking process before making an Application.

v. The receipt of SMS for UPI Mandate acceptance depends upon the system response/ integration of UPI on the Debt Public Issue System.

vi. Applicants must check their respective mobiles for an SMS or the mobile app, associated with the UPI ID linked bank account, for receipt of the UPI Mandate.

vii. Applicants must accept the UPI Mandate request within stipulated timelines.

viii. Applicants must note that the transaction will be treated completed only after the UPI Mandate is accepted by the Applicant and the transaction is authorised by entering of their respective UPI PIN and successful blocking of fund through ASBA process by the Applicant's bank.

vi. If the Applicant fails to accept the mandate within stipulated timelines, their Application will not be considered for allocation.

vii. Applicants are required to check the status of their Applications with regards to the UPI Mandate acceptance and blocking of fund in the UPI Report for completion of the transaction.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Manager, the Registrar to the Issue or the Stock Exchange shall not be liable or responsible in the event an Applicant fails to receive the UPI Mandate acceptance request on their mobile or they fail to accept the UPI Mandate within the stipulated time period or due to any technical/other reasons.

Process of Registration and Application on BSE Direct Platform/Mobile App

a. **Process of Registration for Investor**

i. To make an Application on the BSE Direct platform/ mobile app an Applicant is required to register themselves with the platform/mobile app.
ii. At the time of registration, the Applicant shall be required to select the option of "New Registration Without Broker" and enter their respective PAN along with details of their demat account (i.e., DP ID and Client ID) and UPI ID.
iii. The Stock Exchange shall verify the PAN and demat account details entered by the Applicant with the Depository, within one Working Day.
iv. The Applicant shall be required to accept the terms and conditions and also enter the correct 'One Time Password' ("**OTP**") sent on their respective mobile phones and email IDs to complete the registration process.
v. Upon the successful OTP confirmation, the Applicant's registration request shall be accepted, and a reference number shall be provided to them for checking their registration status.
vi. At the time of demat account verification, the Stock Exchange shall also validate Applicant's client type (investor category) present in demat account.
vii. An Applicant's registration shall be rejected if an incorrect investor category and/or demat account details have been entered.
viii. Post the verification of the demat account, the Stock Exchange shall activate the Applicant's profile for making an Application and also provide a user ID (which is PAN) and password for login onto the BSE Direct platform.
ix. An Applicant shall be able to view their respective details including their demat account, by accessing the tab 'My Profile'.
x. To modify their details, an Applicant must login to the BSE Direct portal and click on 'My profile'.
xi. The Stock Exchange shall revalidate the modified details with Depository.
xii. No modification request shall be accepted during the Issue Period if the Applicant has made an Application in the Issue.
xiii. To re-generate a new password, the Applicant can use the 'Forget Password' option.
xiv. Existing investors who are already registered for "GSEC AND T-Bills investment", can also use the facility for applying in the Issue by using the UPI Mechanism for blocking of funds for Applications with a value up to ₹ 5 lakh.

b. **Process to place Bid via BSE Direct platform/ mobile app**

i. The Issue, during the Issue Period, shall be opened for subscription and will be available for making an Application through the BSE Direct platform/ mobile app.
ii. Upon successful login, an Applicant can select the Issue to make an Application.
iii. The details of PAN and DP ID and Client ID will be populated based on the registration done by the Applicant.
iv. Before submission of the Application, an Applicant would be required to create a UPI ID with a maximum length of 45 characters including the handle (Example: investorId@bankname)
v. An Applicant shall be required to enter a valid UPI ID, in the UPI ID field.
vi. An Applicant must select the series/option along with number of NCDs being applied for in the Issue.
vii. Applicants must check the Issue details before making an Application.
viii. Applicant will only be able to make an Application for an amount of up to ₹ 5 lakh.
ix. Applicants shall only have UPI as a payment mechanism with ASBA.
x. Applicants must check and understand the UPI Mandate acceptance and blocking of fund process before making

an Application.

For details of the blocking process post the Application details being entered into the bidding platform of the Stock Exchange, see "*Issue Procedure- Submission of Applications - for Applications under the UPI Mechanism*" on page 235.

c. **SMS from the Exchange**

i. Post completion of the blocking process, the Stock Exchange shall send an SMS to the Applicant regarding submission of the Application at the end of day, during the Issue Period and for the last day of the Issue Period, the SMS shall be sent the next Working Day.

d. **Modification and Cancellation of Orders**

i. An Applicant shall not be allowed to add or modify the bid(s) of the Application except for modification of either DP ID/Client ID, or PAN but not both.
ii. An Applicant can withdraw the bid(s) submitted under a single Application and reapply. However, part cancellation of bid in a single Application is not permitted.

e. **Re-initiation of Bid**

i. If the Applicant has not received the UPI Mandate vide an SMS or on the mobile app, associated with the UPI ID linked bank account, they will have the option to re-initiate the bid which is pending for confirmation, after the lapse of reasonable time.
ii. The Designated Intermediaries shall be permitted to use the re-initiation of Application option only once.

For details of the process of the UPI Mandate acceptance, see "*Issue Procedure- Operational Instructions and Guidelines – Acceptance of the UPI Mandate*" on page 229.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Manager, the Registrar to the Issue or the Stock Exchange shall not be liable or responsible in the event an Applicant fails to receive the UPI Mandate acceptance request on their mobile or they fail to accept the UPI Mandate within the stipulated time period or due to any technical/other reasons. Since the process of making an Application through BSE Direct is based on notifications issued by the Stock Exchange, Applicants are requested to check the website of the Stock Exchange for any further notifications by the Stock Exchange amending, supplementing, updating or revising the process of Applications through BSE Direct.

APPLICATIONS FOR ALLOTMENT OF NCDs

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

Applications by Mutual Funds

Pursuant to the SEBI circular SEBI/HO/IMD/DF2/CIR/P/2019/104 dated October 1, 2019 ("**SEBI Circular 2019**"), mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 20% of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector not exceeding 10% of net assets value of scheme shall be allowed only by way of increase in exposure to HFCs. However, the overall exposure in HFCs shall not exceed the sector exposure limit 20% of the net assets of the scheme. Further, the group level limits for debt schemes and the ceiling be fixed at 10% of net assets value extendable to 15% of net assets value after prior approval of the board of trustees.

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the AMCs or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which Application is being made. In case of Applications made by Mutual Fund registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Application by Systemically Important Non-Banking Financial Companies

Systemically Important Non- Banking Financial Company, a non-banking financial company registered with the Reserve Bank of India and having a net-worth of more than five hundred crore rupees as per the last audited financial statements can apply in this Issue based on their own investment limits and approvals. The Application Form must be accompanied by a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements and a net worth certificate from its statutory auditor(s). Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Application by commercial banks, co-operative banks and regional rural banks

Commercial banks, co-operative banks and regional rural banks can apply in this Issue based on their own investment limits and approvals. The Application Form must be accompanied by certified true copies of their (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee is required to be attached to the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Pursuant to SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making Applications on their own account using ASBA Facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making Application in public issues and clear demarcated funds should be available in such account for applications.

Application by Insurance Companies

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority of India ("**IRDAI**"), a certified copy of certificate of registration issued by IRDAI must be lodged along with Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason, therefore.

Insurance companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time to time including the IRDA (Investment) Regulations, 2000.

Application by Indian Alternative Investment Funds

Applications made by Alternative Investment Funds eligible to invest in accordance with the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended (the "**SEBI AIF Regulations**") for Allotment of the NCDs must be accompanied by certified true copies of SEBI registration certificate. The Alternative Investment Funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason, therefor.

Applications by associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment

In case of Applications made by 'Associations of Persons' and/or bodies established pursuant to or registered under any central or state statutory enactment, must submit a (i) certified copy of the certificate of registration or proof of constitution, as applicable, (ii) power of attorney, if any, in favour of one or more persons thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to this Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) power of attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to this Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Public Financial Institutions or Statutory Corporations, which are authorised to invest in the NCDs

The Application must be accompanied by certified true copies of: (i) any act/ rules under which they are incorporated; (ii) board resolution authorising investments; and (iii) specimen signature of authorised person. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of incorporation/ registration under any act/rules under which they are incorporated. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Applications by National Investment Fund

The Application must be accompanied by certified true copies of: (i) resolution authorising investment and containing operating instructions; and (ii) specimen signature of authorized person. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Companies, bodies corporate and societies registered under the applicable laws in India

The Application must be accompanied by certified true copies of the registration under the act/ rules under which they are incorporated. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Indian Scientific and/or industrial research organizations, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of the registration under the act/ rules under which they are incorporated. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Partnership firms formed under applicable Indian laws in the name of the partners and Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008

The Application must be accompanied by certified true copies of certified copy of certificate of the partnership deed or registration issued under the Limited Liability Partnership Act, 2008, as applicable. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications under Power of Attorney

In case of Applications made pursuant to a power of attorney by Applicants who are Institutional Investors or Non-Institutional Investors, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, with a certified copy of the memorandum of association and articles of association and/or bye laws must be submitted with the Application Form. In case of Applications made pursuant to a power of attorney by Applicants, a certified copy of the power of attorney must be submitted with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor. Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney with the Application Forms subject to such terms and conditions that our Company and the Lead Manager may deem fit.

Brokers having online demat account portals may also provide a facility of submitting the Application Forms online to their account holders. Under this facility, a broker receives an online instruction through its portal from the Applicant for making an Application on his/ her behalf. Based on such instruction, and a power of attorney granted by the Applicant to authorise the broker, the broker makes an Application on behalf of the Applicant.

APPLICATIONS FOR ALLOTMENT OF NCDs

This section is for the information of the Applicants proposing to subscribe to the Issue. The Lead Manager and our Company are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Investors are advised to make their independent investigations and to ensure that the Application Form is correctly filled up.

Our Company, our Directors, affiliates, associates and their respective directors and officers, the Lead Manager and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications (including Applications under the UPI Mechanism) accepted by and/or uploaded by and/or accepted but not uploaded by Trading Members, registered brokers, CDPs, RTAs and SCSBs who are authorised to collect Application Forms from the Applicants in the Issue, or Applications accepted and uploaded without blocking funds in the ASBA Accounts by SCSBs or failure to block the Application Amount under the UPI Mechanism. It shall be presumed that for Applications uploaded by SCSBs (other than UPI Applications), the Application Amount payable on Application has been blocked in the relevant ASBA Account and for Applications by UPI Investors under the UPI Mechanism, uploaded by Designated Intermediaries, the Application Amount payable on Application has been blocked under the UPI Mechanism.

The list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive Application Forms from the Members of the Syndicate is available on the website of SEBI (https://www.sebi.gov.in) and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Syndicate at Specified Locations, see the website of the SEBI (https://www.sebi.gov.in) as updated from time to time or any such other website as may be prescribed by SEBI from time to time. The list of registered brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the website of the Stock Exchange at www.bseindia.com. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the registered brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Submission of Applications

Applications can be submitted through either of the following modes:

(a) Physically or electronically to the Designated Branches of the SCSB(s) with whom an Applicant's ASBA Account is maintained. In case of Application in physical mode, the Applicant shall submit the Application Form at the relevant Designated Branch of the SCSB(s). The Designated Branch shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account and shall also verify that the signature on the Application Form matches with the Investor's bank records, as mentioned in the Application Form, prior to uploading such Application into the electronic system of the Stock Exchange. If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such Application and shall not upload such Application in the electronic system of the Stock Exchange. If sufficient funds are available in the ASBA Account, the Designated Branch shall block an amount equivalent to the Application Amount and upload details of the Application in the electronic system of the Stock Exchange. The Designated Branch of the SCSBs shall stamp the Application Form and issue an acknowledgement as proof of having accepted the Application.
In case of Application being made in the electronic mode, the Applicant shall submit the Application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Application.

(b) Physically through the Designated Intermediaries at the respective Collection Centres. Kindly note that above Applications submitted to any of the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account is maintained, as specified in the Application Form, has not named at least one branch at that Collection Center where the Application Form is submitted (a list of such branches is available at https://www.sebi.gov.in).

(c) A UPI Investor making an Application in the Issue under the UPI Mechanism, where the Application Amount is up to ₹ 5 lakh, can submit his Application Form physically to a SCSB or a Designated Intermediary. The Designated Intermediary shall upload the application details along with the UPI ID on the Stock Exchange's bidding platform using appropriate protocols. Kindly note that in this case, the Application Amount will be blocked through the UPI Mechanism.

(d) A UPI Investor may also submit the Application Form for the Issue through BSE Direct, wherein the Application will be automatically uploaded onto the Stock Exchange's bidding platform and an amount equivalent to the Application Amount shall be blocked using the UPI Mechanism.

Upon receipt of the Application Form by the Designated Intermediaries, an acknowledgement shall be issued by the relevant Designated Intermediary, giving the counter foil of the Application Form to the Applicant as proof of having accepted the Application. Thereafter, the details of the Application shall be uploaded in the electronic system of the Stock Exchange. Post which:

(i) ***for Applications other than under the UPI Mechanism*** – the Application Form shall be forwarded to the relevant branch of the SCSB, in the relevant Collection Center, named by such SCSB to accept such Applications from the Designated Intermediaries (a list of such branches is available at https://www.sebi.gov.in). Upon receipt of the Application Form, the relevant branch of the SCSB shall perform verification procedures including verification of the Applicant's signature with his bank records and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form. If sufficient funds are not available in the ASBA Account, the relevant Application Form is liable to be rejected. If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form.

(ii) ***for Applications under the UPI Mechanism*** – once the Application details have been entered in the bidding platform through Designated Intermediaries or BSE Direct, the Stock Exchange shall undertake validation of the PAN and Demat account combination details of the Applicant with the Depository. The Depository shall validate the PAN and Demat account details and send response to the Stock Exchange which would be shared by the Stock Exchange with the relevant Designated Intermediary through its platform, for corrections, if any. Post uploading of the Application details on the Stock Exchange's platform, the Stock Exchange shall send an SMS to the Applicant regarding submission of the Application. Post undertaking validation with the Depository, the Stock Exchange shall, on a continuous basis, electronically share the bid details along with the Applicants UPI ID, with the Sponsor Bank appointed by our Company. The Sponsor Bank shall then initiate a UPI Mandate Request on the Applicant. The request raised by the Sponsor Bank, would be electronically received by the Applicant as an SMS or on the mobile app, associated with the UPI ID linked bank account. The Applicant shall then be required to authorise the UPI Mandate Request. Upon successful validation of block request by the Applicant, the information would be electronically received by the Applicants' bank, where the funds, equivalent to Application Amount, would get blocked in the Applicant's ASBA Account. The status of block request would also be shared with the Sponsor Bank, which in turn would be shared with the Stock Exchange. The block request status would also be displayed on the Stock Exchange platform for information of the Designated Intermediary.

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be.

Applicants must note that:

(a) Application Forms will be available with the Designated Branches of the SCSBs and with the Designated Intermediaries at the respective Collection Centres; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchange at least one day prior to the Issue Opening Date. Physical Application Forms will also be provided to the Trading Members of the Stock Exchange at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that this Prospectus is made available on their websites. The physical Application Form submitted to the Designated Intermediaries shall bear the stamp of the relevant Designated Intermediary. In the event the Application Form does not bear any stamp, the same shall be liable to be rejected.

(b) The Designated Branches of the SCSBs shall accept Application Forms directly from Applicants only during the Issue Period. The SCSBs shall not accept any Application Forms directly from Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, the relevant branches of the SCSBs at Specified Locations can accept Application Forms from the Designated Intermediaries, after the closing time of acceptance of Applications on the Issue Closing Date, if the Applications have been uploaded. For further information on the Issue programme, please see "*General Information – Issue Programme*" on page 42. Physical Application Forms directly submitted to SCSBs should bear the stamp of SCSBs, if not, the same are liable to be rejected.

Please note that Applicants can make an Application for Allotment of NCDs in the dematerialised form only.

INSTRUCTIONS FOR FILLING-UP THE APPLICATION FORM

General Instructions

A. General instructions for completing the Application Form

- Applications must be made in prescribed Application Form only;
- All Applicants need to tick the Series of NCDs in the Application Form that they wish to apply for. Applications for all the Series of the NCDs may be made in a single Application Form only.
- Application Forms must be completed in **BLOCK LETTERS IN ENGLISH**, as per the instructions contained in this Prospectus and the Application Form;
- If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names;
- It shall be mandatory for subscribers to the Issue to furnish their PAN and any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction;
- Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details (in case of Applicants applying for Allotment of the Bonds in dematerialised form) and Applications should be made by Karta in case the Applicant is an HUF. The Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. Please ensure that such Applications contain the PAN of the HUF and not of the Karta;
- Applicants must provide details of valid and active DP ID, Client ID and PAN, clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of the Stock Exchange by SCSBs, the Designated Intermediaries, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs
- Applications must be for a minimum of 10 NCDs and in multiples of one NCD thereafter. For the purpose of fulfilling the requirement of minimum application size of 10 NCDs, an Applicant may choose to apply for 10 NCDs of the same option or across different option;
- If the ASBA Account holder is different from the Applicant, the Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Application Form;
- If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form;
- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8^{th} Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal;
- All Applicants are required to ensure that the Application Forms are submitted at the Designated Branches of SCSBs or the Collection Centres provided in the Application Forms, bearing the stamp of the relevant Designated Intermediary/Designated Branch of the SCSB;
- The Designated Intermediaries or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the Acknowledgement Slip. This Acknowledgement Slip will serve as the duplicate of the Application Form for the records of the Applicant;
- Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Designated Intermediaries or the Designated Branch of the SCSBs, as the case may be;
- All Applicants are required to check if they are eligible to apply as per the terms of this Prospectus and applicable law, rules, regulations, guidelines and approvals;
- Every Applicant should hold valid Permanent Account Number and mention the same in the Application Form;
- All Applicants are required to tick the relevant column of "Category of Investor" in the Application Form;
- All Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form to the Designated Branch and also ensure that the signature in the Application Form matches with the signature in Applicant's bank records, otherwise the Application is liable to be rejected;
- A system generated acknowledgement (TRS) will be given to the Applicant as a proof of the registration of each Application. It is the Applicant's responsibility to obtain the acknowledgement from the Designated Intermediaries

- and the Designated Branches of the SCSBs, as the case may be; and
- In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic application platform of the Stock Exchanges as per the procedures and requirements prescribed by each relevant Stock Exchange, the Applicants should ensure that they have first withdrawn their original Application and submit a fresh Application.

The option, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries in the data entries as such data entries will be considered for Allotment.

Applicants should note that neither the Designated Intermediaries nor the SCSBs, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms.

B. Applicant's Beneficiary Account Details

Applicants must mention their DP ID, Client ID and UPI ID (wherever applicable) in the Application Form and ensure that the name provided in the Application Form is exactly the same as the name in which the Beneficiary Account is held. In case the Application Form is submitted in the first Applicant's name, it should be ensured that the Beneficiary Account is held in the same joint names and in the same sequence in which they appear in the Application Form. In case the DP ID, Client ID, PAN and UPI ID (wherever applicable) mentioned in the Application Form and entered into the electronic system of the Stock Exchange do not match with the DP ID, Client ID, PAN and UPI ID (wherever applicable) available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected. Further, Application Forms submitted by Applicants whose beneficiary accounts are inactive, will be rejected.

On the basis of the Demographic Details as appearing on the records of the DP, the Registrar to the Issue will take steps towards demat credit of NCDs. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the DP and ensure that they are true and correct, and carefully fill in their Beneficiary Account details in the Application Form. Failure to do so could result in delays in demat credit and neither our Company, Designated Intermediaries, SCSBs, Registrar to the Issue nor the Stock Exchange will bear any responsibility or liability for the same.

In case of Applications made under power of attorney, our Company in its absolute discretion, reserves the right to permit the holder of power of attorney to request the Registrar that for the purpose of printing particulars on the Allotment Advice, the Demographic Details obtained from the Depository of the Applicant shall be used.

By signing the Application Form, the Applicant would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to this Issue. Allotment Advice would be mailed by speed post or registered post at the address of the Applicants as per the Demographic Details received from the Depositories. Applicants may note that delivery of Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Further, please note that any such delay shall be at such Applicants' sole risk and neither our Company, Registrar to the Issue, Public Issue Account Bank, Sponsor Bank nor the Lead Manager shall be liable to compensate the Applicant for any losses caused to the Applicants due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in this Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to this Issue will be made into the accounts of such Applicants. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the parameters, namely, DP ID, Client ID, PAN and UPI ID (wherever applicable) then such Application are liable to be rejected.

C. Permanent Account Number

The Applicant should mention his or her Permanent Account Number allotted under the IT Act. For minor Applicants, applying through the guardian, it is mandatory to mention the PAN of the minor Applicant. However, Applications on behalf of the Central or State Government officials and the officials appointed by the courts in terms of a SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a SEBI circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market. In accordance with Circular No. MRD/DOP/Cir-05/2007 dated April 27, 2007 issued by SEBI, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. Any Application Form, without the PAN is liable to be rejected,

irrespective of the amount of transaction. It is to be specifically noted that the Applicants should not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.
However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN Field i.e., either Sikkim category or exempt category.

D. Joint Applications

Applications may be made in single or joint names (not exceeding three). In the case of joint Applications all interest / redemption amount payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

E. Additional/Multiple Applications

An Applicant is allowed to make one or more Applications for the NCDs for the same or other option of NCDs, subject to a minimum Application size as specified in this Prospectus and in multiples of thereafter as specified in this Prospectus. Any Application for an amount below the aforesaid minimum Application size will be deemed as an invalid Application and shall be rejected. However, multiple Applications by the same individual Applicant aggregating to a value exceeding ₹ 5 lakh shall be deemed such individual Applicant to be an HNI Applicant and all such Applications shall be grouped in the HNI Portion, for the purpose of determining the Basis of Allotment to such Applicant. However, any Application made by any person in his individual capacity and an Application made by such person in his capacity as a Karta of a Hindu Undivided family and/or as Applicant (second or third Applicant), shall not be deemed to be a multiple Application. For the purposes of allotment of NCDs under this Issue, Applications shall be grouped based on the PAN, i.e., Applications under the same PAN shall be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Application for the aforesaid purpose if the PAN number of the sole or the first Applicant is one and the same.

Do's and Don'ts

Applicants are advised to take note of the following while filling and submitting the Application Form:

Do's

1. Check if you are eligible to apply as per the terms of this Prospectus and applicable law, rules, regulations, guidelines and approvals.

2. Read all the instructions carefully and complete the Application Form in the prescribed form.

3. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of NCDs pursuant to this Issue.

4. Ensure that the DP ID, the Client ID and the PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchange are correct and match with the DP ID, Client ID and PAN available in the Depository database. Ensure that the DP ID, Client ID, PAN and UPI ID (wherever applicable) are correct and the depository account is active as Allotment of the Equity Shares will be in dematerialized form only. The requirement for providing Depository Participant details is mandatory for all Applicants.

5. Ensure that you have mentioned the correct ASBA Account number (for all Applicants other than UPI Investors applying using the UPI Mechanism) in the Application Form. Further, UPI Investors using the UPI Mechanism must also mention their UPI ID.

6. UPI Investors applying using the UPI Mechanism shall ensure that the bank, with which they have their bank account, where the funds equivalent to the application amount are available for blocking, is certified by NPCI before submitting

the ASBA Form to any of the Designated Intermediaries.

7. UPI Investors applying using the UPI Mechanism through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. UPI Investors shall ensure that the name of the app and the UPI handle which is used for making the application appears on the list displayed on the SEBI website. An application made using incorrect UPI handle or using a bank account of an SCSB or bank which is not mentioned on the SEBI website is liable to be rejected.

8. Ensure that the Application Form is signed by the ASBA Account holder (or the UPI-linked bank account holder, as the case may be) in case the Applicant is not the ASBA account holder. Applicants (except UPI Investors making an Application using the UPI Mechanism) should ensure that they have an account with an SCSB and have mentioned the correct bank account number of that SCSB in the Application Form. UPI Investors applying using the UPI Mechanism should ensure that they have mentioned the correct UPI- linked bank account number and their correct UPI ID in the Application Form.

9. Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch of the SCSB, or to the Designated Intermediaries, as the case may be.

10. UPI Investors making an Application using the UPI Mechanism, should ensure that they approve the UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to Application Amount and subsequent debit of funds in case of Allotment, in a timely manner.

11. UPI Investors making an Application using the UPI Mechanism shall ensure that details of the Application are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using their UPI PIN. Upon the authorization of the mandate using their UPI PIN, the UPI Investor may be deemed to have verified the attachment containing the application details of the UPI Investor making and Application using the UPI Mechanism in the UPI Mandate Request and have agreed to block the entire Application Amount and authorized the Sponsor Bank to issue a request to block the Application Amount mentioned in the ASBA Form in their ASBA Account.

12. UPI Investors making an Application using the UPI Mechanism should mention valid UPI ID of only the Applicants (in case of single account) and of the first Applicant (in case of joint account) in the ASBA Form.

13. UPI Investors making an Application using the UPI Mechanism, who have revised their Application subsequent to making the initial Application, should also approve the revised UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to the revised Application Amount in their account and in case of Allotment in a timely manner.

14. Ensure that the Application Forms are submitted at the Designated Branches of SCSBs or the Collection Centres provided in the Application Forms, bearing the stamp of the relevant Designated Intermediary/Designated Branch of the SCSB.

15. Before submitting the Application Form with the Designated Intermediaries ensure that the SCSB, whose name has been filled in the Application Form, has named a branch in that relevant Collection Centre.

16. Ensure that you have been given an acknowledgement as proof of having accepted the Application Form.

17. Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

18. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. However, the PAN number of the HUF should be mentioned in the Application Form and not that of the Karta.

19. Ensure that the Applications are submitted to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date. For further information on the Issue programme, please see "*General Information – Issue Programme*" on page 42.

20. **Permanent Account Number:** Except for Application (i) on behalf of the Central or State Government and officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected.

The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

21. Ensure that if the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

22. All Applicants should choose the relevant option in the column “Category of Investor” in the Application Form.

23. Choose and mark the option of NCDs in the Application Form that you wish to apply for.

In terms of SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for Applications.

Don’ts:

1. Do not apply for lower than the minimum Application size.

2. Do not pay the Application Amount in cash, by cheque, by money order or by postal order or by stock invest.

3. Do not send Application Forms by post. Instead submit the same to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be.

4. Do not submit the Application Form to any non-SCSB bank or our Company.

5. Do not apply through an Application Form that does not have the stamp of the relevant Designated Intermediary or the Designated Branch of the SCSB, as the case may be.

6. Do not fill up the Application Form such that the NCDs applied for exceeds the Issue Size and/or investment limit or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations.

7. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

8. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID (wherever applicable) or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue.

9. Do not submit the Application Form without ensuring that funds equivalent to the entire Application Amount are available for blocking in the relevant ASBA Account or in the case of UPI Investors making and Application using the UPI Mechanism, in the UPI-linked bank account where funds for making the Application are available.

10. Do not submit Applications on plain paper or on incomplete or illegible Application Forms.

11. Do not apply if you are not competent to contract under the Indian Contract Act, 1872.

12. Do not submit an Application in case you are not eligible to acquire NCDs under applicable law or your relevant constitutional documents or otherwise.

13. Do not submit Applications to a Designated Intermediary at a location other than Collection Centres.

14. Do not submit an Application that does not comply with the securities law of your respective jurisdiction.

15. Do not apply if you are a person ineligible to apply for NCDs under this Issue including Applications by Persons Resident

Outside India, NRI (inter-alia including NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA).

16. Do not make an Application of the NCD on multiple copies taken of a single form.

17. Payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted in the Issue.

18. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by UPI Investors using the UPI Mechanism.

19. Do not submit more than five Application Forms per ASBA Account.

Please also see "*Issue Procedure- Operational Instructions and Guidelines – Applicant's Responsibilities*" on page 229.

Kindly note that Applications submitted to the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that location for the Designated Intermediaries, to deposit such Application Forms (A list of such branches is available at https://www.sebi.gov.in).

Please see "*Issue Procedure- Rejection of Applications*" on page 244 for information on rejection of Applications.

TERMS OF PAYMENT

The Application Forms will be uploaded onto the electronic system of the Stock Exchange and deposited with the relevant branch of the SCSB at the Collection Centres, named by such SCSB to accept such Applications from the Designated Intermediaries, as the case may be (a list of such branches is available at https://www.sebi.gov.in).

For Applications other than those under the UPI Mechanism, the relevant branch of the SCSB shall perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the Application. For Applications under the UPI Mechanism, i.e., up to ₹ 5 lakh, the Stock Exchange shall undertake validation of the PAN and Demat account combination details of the Applicant with the Depository. The Depository shall validate the PAN and Demat account details and send response to the Stock Exchange which would be shared by the Stock Exchange with the relevant Designated Intermediary through its platform, for corrections, if any. The blocking of funds in such case (not exceeding ₹ 5 lakh) shall happen under the UPI Mechanism.

The entire Application Amount for the NCDs is payable on Application only. The relevant SCSB shall block an amount equivalent to the entire Application Amount in the ASBA Account at the time of upload of the Application Form. In case of Allotment of lesser number of NCDs than the number applied, the Registrar to the Issue shall instruct the SCSBs or the Sponsor Bank (as the case maybe) to unblock the excess amount in the ASBA Account.

For Applications submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application, before entering the Application into the electronic system of the Stock Exchange. SCSBs may provide the electronic mode of application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account.

For Applications submitted under the UPI Mechanism, post the successful validation of the UPI Mandate Request by the Applicant, the information would be electronically received by the Applicants' bank, where the funds, equivalent to Application Amount, would get blocked in the Applicant's ASBA Account.

Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the Application. An Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.

A UPI Investor applying through the UPI Mechanism should ensure that, they check the relevant SMS generated for the UPI Mandate Request and all other steps required for successful blocking of funds in the UPI linked bank account, which includes accepting the UPI Mandate Request by 5:00 pm on the third Working Day from the day of bidding on the Stock Exchange (except on the last day of the Issue Period, where the UPI Mandate Request not having been accepted by 5:00 pm of the next Working Day), have been completed.

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved, and upon receipt of intimation from the Registrar, the controlling branch of the SCSB shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs or the Sponsor Bank (in case of Applications under the UPI Mechanism) on the basis of the instructions issued in this regard by the Registrar to the respective SCSB or the Sponsor Bank, within six Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of this Issue or until rejection of the Application, as the case may be.

SUBMISSION OF COMPLETED APPLICATION FORMS

Mode of Submission of Application Forms	To whom the Application Form has to be submitted
ASBA Applications	(i) If using <u>physical Application Form</u>, (a) to the Designated Intermediaries at relevant Collection Centres, or (b) to the Designated Branches of the SCSBs where the ASBA Account is maintained; or (ii) If using <u>electronic Application Form</u>, to the SCSBs, electronically through internet banking facility, if available.
Applications under the UPI Mechanism	(i) Through the Designated Intermediary, physically or electronically, as applicable; or (ii) Through BSE Direct.

No separate receipts will be issued for the Application Amount payable on submission of Application Form. However, the Designated Intermediaries will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants an Acknowledgement Slips which will serve as a duplicate Application Form for the records of the Applicant.

Electronic Registration of Applications

(a) The Designated Intermediaries and Designated Branches of the SCSBs, as the case may be, will register the Applications (including those under the UPI Mechanism) using the on-line facilities of the Stock Exchange. The Members of Syndicate, our Company and the Registrar to the Issue or the Lead Manager is not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the SCSBs, (ii) the Applications uploaded by the SCSBs, (iii) the Applications accepted but not uploaded by the SCSBs, (iv) with respect to Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts, (v) any Applications accepted and uploaded and/or not uploaded by the Trading Members of the Stock Exchange or (vi) any Application made under the UPI Mechanism, accepted or uploaded or failed to be uploaded by a Designated Intermediary or through the app/web based interface of the Stock Exchange and the corresponding failure for blocking of funds under the UPI Mechanism.

In case of apparent data entry error by the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange. However, the option, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries or Designated Branches of the SCSBs in the data entries as such data entries will be considered for Allotment/rejection of Application.

(b) The Stock Exchange will offer an electronic facility for registering Applications for this Issue. This facility will be available on the terminals of Designated Intermediaries and the SCSBs during the Issue Period. The Designated Intermediaries can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Applications on a regular basis, and before the expiry of the allocated time on this Issue Closing Date. On the Issue Closing Date, the Designated Intermediaries and the Designated Branches of the SCSBs shall upload the Applications till such time as may be permitted by the Stock Exchange. This information will be available with the Designated Intermediaries and the Designated Branches of the SCSBs on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation. For further information on the Issue programme, please see "*General Information – Issue Programme*" on page 42.

(c) With respect to Applications submitted directly to the SCSBs at the time of registering each Application, the Designated Branches of the SCSBs shall enter the requisite details of the Applicants in the on-line system including:

- Application Form number
- PAN (of the first Applicant, in case of more than one Applicant)
- Investor category and sub-category
- DP ID
- Client ID
- UPI ID (if applicable)
- Series of NCDs applied for
- Number of NCDs Applied for in each Series of NCD
- Price per NCD
- Bank code for the SCSB where the ASBA Account is maintained
- Bank account number
- Location
- Application amount

(d) With respect to Applications submitted to the Designated Intermediaries, at the time of registering each Application, the requisite details of the Applicants shall be entered in the on-line system including:

- Application Form number
- PAN (of the first Applicant, in case of more than one Applicant)
- Investor category and sub-category
- DP ID
- Client ID
- UPI ID (if applicable)
- Series of NCDs applied for
- Number of NCDs Applied for in each Series of NCD
- Price per NCD
- Bank code for the SCSB where the ASBA Account is maintained
- Bank account number
- Location
- Application amount

(e) A system generated acknowledgement (TRS) will be given to the Applicant as a proof of the registration of each Application. It is the Applicant's responsibility to obtain the acknowledgement from the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be. The registration of the Application by the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be, does not guarantee that the NCDs shall be allocated/ Allotted by our Company. The acknowledgement will be non-negotiable and by itself will not create any obligation of any kind.

(f) Applications can be rejected on the technical grounds listed below or if all required information is not provided or the Application Form is incomplete in any respect.

(g) The permission given by the Stock Exchange to use its network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Lead Manager are cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchange

(h) **Only Applications that are uploaded on the online system of the Stock Exchange shall be considered for allocation/ Allotment**. The Designated Intermediaries and the Designated Branches of the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchange. In order that the data so captured is accurate the Designated Intermediaries and the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

REJECTION OF APPLICATIONS

Applications would be liable to be rejected on the technical grounds listed below or if all required information is not provided or the Application Form is incomplete in any respect. The Board of Directors and/or the Debenture Committee thereof, reserves its full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

Application may be rejected on one or more technical grounds, including but not restricted to:

(a) Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);

(b) Applications by persons prohibited from buying, selling or dealing in securities, directly or indirectly, by SEBI or any other regulatory authority;

(c) Applications accompanied by cash, draft, cheques, money order or any other mode of payment other than amounts blocked in the Applicants' ASBA Account maintained with an SCSB;

(d) Applications not being signed by the sole/joint Applicant(s);

(e) Investor Category in the Application Form not being ticked;

(f) Application Amount blocked being higher or lower than the value of NCDs Applied for. However, our Company may Allot NCDs up to the number of NCDs Applied for, if the value of such NCDs Applied for exceeds the minimum Application size;

(g) Applications where a registered address in India is not provided for the non-Individual Applicants;

(h) In case of partnership firms (except LLPs), NCDs applied for in the name of the partnership and not the names of the individual partner(s);

(i) Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;

(j) PAN not mentioned in the Application Form, except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants. In case of minor Applicants applying through guardian when PAN of the

Applicant is not mentioned;

(k) DP ID, Client ID or UPI ID (wherever applicable) not mentioned in the Application Form;

(l) GIR number furnished instead of PAN;

(m) Applications by OCBs;

(n) Applications for an amount below the minimum Application size;

(o) Submission of more than five ASBA Forms per ASBA Account;

(p) Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;

(q) Applications under power of attorney or by limited companies, corporate, trust etc. submitted without relevant documents;

(r) Applications accompanied by stock invest/ cheque/ money order/ postal order/ cash;

(s) Signature of sole Applicant missing, or in case of joint Applicants, the Application Forms not being signed by the first Applicant (as per the order appearing in the records of the Depository);

(t) Applications by persons debarred from accessing capital markets, by SEBI or any other appropriate regulatory authority;

(u) Application Forms not being signed by the ASBA Account holder, if the account holder is different from the Applicant;

(v) Signature of the ASBA Account holder on the Application Form does not match with the signature available on the SCSB bank's records where the ASBA Account mentioned in the Application Form is maintained;

(w) Application Forms submitted to the Designated Intermediaries or to the Designated Branches of the SCSBs does not bear the stamp of the SCSB and/or the Designated Intermediary, as the case may be;

(x) ASBA Applications not having details of the ASBA Account or the UPI-linked Account to be blocked;

(y) In case no corresponding record is available with the Depositories that matches the parameters namely, DP ID, Client ID, UPI ID and PAN;

(z) Inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;

(aa) SCSB making an Application (a) through an ASBA account maintained with its own self or (b) through an ASBA Account maintained through a different SCSB not in its own name or (c) through an ASBA Account maintained through a different SCSB in its own name, where clear demarcated funds are not present or (d) through an ASBA Account maintained through a different SCSB in its own name which ASBA Account is not utilised solely for the purpose of applying in public issues;

(bb) Applications for amounts greater than the maximum permissible amount prescribed by the regulations and applicable law;

(cc) Authorization to the SCSB for blocking funds in the ASBA Account not provided;

(dd) Applications by any person outside India;

(ee) Applications not uploaded on the online platform of the Stock Exchange;

(ff) Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock

Exchange, as applicable;

(gg) Application Forms not delivered by the Applicant within the time prescribed as per the Application Form, this Prospectus and as per the instructions in the Application Form and this Prospectus;

(hh) Applications by Applicants whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;

(ii) Applications providing an inoperative demat account number;

(jj) Applications submitted to the Designated Intermediaries other than the Collection Centres or at a Branch of a SCSB which is not a Designated Branch;

(kk) Applications submitted directly to the Public Issue Bank (except in case the ASBA Account is maintained with the said bank as a SCSB);

(ll) Investor category not ticked;

(mm) In case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application;

(nn) A UPI Investor applying through the UPI Mechanism, not having accepted the UPI Mandate Request by 5:00 pm on the third Working Day from the day of bidding on the stock exchange except on the last day of the Issue Period, where the UPI Mandate Request not having been accepted by 5:00 pm of the next Working Day; and

(oo) A non-UPI Investor making an Application under the UPI Mechanism, i.e., an Application for an amount more than ₹ 5 lakh.

For information on certain procedures to be carried out by the Registrar to the Issue for finalization of the Basis of Allotment, please see "*Information for Applicants*" below.

Information for Applicants

Upon the closure of the Issue, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchange and all SCSBs and match the same with the Depository database for correctness of DP ID, Client ID, UPI ID (where applicable) and PAN. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database and prepare list of technical rejection cases. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Manager and the Registrar to the Issue, reserves the right to proceed as per the Depository records for such Applications or treat such Applications as rejected.
Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship).

In case of Applications for a higher number of NCDs than specified for that category of Applicant, only the maximum amount permissible for such category of Applicant will be considered for Allotment.

BASIS OF ALLOTMENT

Basis of Allotment for NCDs

The Registrar will aggregate the Applications, based on the applications received through an electronic book from the Stock Exchange and determine the valid Application for the purpose of drawing the basis of allocation.

Allocation Ratio

The Registrar will aggregate the Applications based on the Applications received through an electronic book from the Stock Exchange and determine the valid applications for the purpose of drawing the basis of allocation. Grouping of the application received will be then done in the following manner:

Grouping of Applications and Allocation Ratio: Applications received from various applicants shall be grouped together on the following basis:

(a) *Applications received from Category I applicants:* Applications received from Category I, shall be grouped together, **("*Institutional Portion*")**;

(b) *Applications received from Category II applicants:* Applications received from Category II, shall be grouped together, **("*Non-Institutional Portion*")**;

(c) *Applications received from Category III applicants:* Applications received from Category III, shall be grouped together, **("*Retail Individual Portion*")**.

For removal of doubt, "***Institutional Portion***", "***Non-Institutional Portion***" and "***Retail Individual Portion***" are individually referred to as "***Portion***" and collectively referred to as **"*Portions*".**

For the purposes of determining the number of NCDs available for allocation to each of the abovementioned Portions, our Company shall have the discretion of determining the number of NCDs to be Allotted over and above the Base Issue Size, in case our Company opts to retain any oversubscription in the Issue up to ₹ 2,000 lakh. The aggregate value of NCDs decided to be allotted over and above the Base Issue Size, (in case our Company opts to retain any oversubscription in the Issue), and/or the aggregate value of NCDs up to the Base Issue Size shall be collectively termed as the **"*Overall Issue Size*".**

Basis of Allotment for NCDs

Allotments in the first instance:

(i) Applicants belonging to the Category I, in the first instance, will be allocated NCDs up to 10% of overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Lead Manager and their respective affiliates/SCSB (Designated Branch or online acknowledgement));

(ii) Applicants belonging to the Category II, in the first instance, will be allocated NCDs up to 40% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or online acknowledgement));

(iii) Applicants belonging to the Category III, in the first instance, will be allocated NCDs up to 50% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or online acknowledgement));

Allotments, in consultation with the Designated Stock Exchange, shall be made on date priority basis i.e., a first-come first-serve basis, based on the date of upload of each Application in to the electronic book with Stock Exchange, in each Portion subject to the Allocation Ratio. However, on the date of oversubscription, the Allotments would be made to the Applicants on proportionate basis.

(a) Under Subscription:

Under subscription, if any, in any Portion, priority in Allotments will be given in the following order:

(i) Individual Portion

(ii) Non-Institutional Portion and Resident Indian individuals and Hindu undivided families through the Karta applying who apply for NCDs aggregating to a value exceeding ₹ 5 lakh;

(iii) Institutional Portion

(iv) on a first come first serve basis.

Within each Portion, priority in Allotments will be given on a first-come-first-serve basis, based on the date of upload of each Application into the electronic system of the Stock Exchange.

For each Portion, all Applications uploaded into the electronic book with the Stock Exchange would be treated at par with each other. Allotment would be on proportionate basis, where Applications uploaded into the Platform of the Stock Exchange on a particular date exceeds NCDs to be allotted for each Portion, respectively.

Minimum allotment of 10 NCD and in multiples of 1 (one) NCD thereafter would be made in case of each valid Application.

(b) Allotments in case of oversubscription:

In case of an oversubscription, Allotments to the maximum extent, as possible, will be made on a first-come first-serve basis and thereafter on proportionate basis, i.e. full Allotment of NCDs to the valid Applicants on a first come first serve basis for forms uploaded up to 5 pm of the date falling 1 (one) day prior to the date of oversubscription and proportionate allotment of NCDs to the valid Applicants on the date of oversubscription (based on the date of upload of the Application on the Stock Exchange Platform, in each Portion). In case of over subscription on date of opening of the Issue, the Allotment shall be made on a proportionate basis. Applications received for the NCDs after the date of oversubscription will not be considered for Allotment.

In view of the same, the Investors are advised to refer to the Stock Exchange website at www.bseindia.com for details in respect of subscription.

(c) Proportionate Allotments: For each Portion, on the date of oversubscription:

(i) Allotments to the Applicants shall be made in proportion to their respective Application size, rounded off to the nearest integer;

(ii) If the process of rounding off to the nearest integer results in the actual allocation of NCDs being higher than the Issue Size, not all Applicants will be allotted the number of NCDs arrived at after such rounding off. Rather, each Applicant whose Allotment size, prior to rounding off, had the highest decimal point would be given preference;

(iii) In the event, there are more than one Applicant whose entitlement remain equal after the manner of distribution referred to above, our Company will ensure that the Basis of Allotment is finalised by draw of lots in a fair and equitable manner; and

(iv) The total Allotment under Series I to Series IX of the NCDs shall not exceed a value more than ₹ 6,000 lakh.

(d) Applicant applying for more than one Series of NCDs:

If an Applicant has applied for more than one Series of NCDs, and in case such Applicant is entitled to allocation of only a part of the aggregate number of NCDs applied for due to such Applications received on the date of oversubscription, the Series-wise allocation of NCDs to such Applicants shall be in proportion to the number of NCDs with respect to each Series, applied for by such Applicant, subject to rounding off to the nearest integer, as appropriate in consultation with Lead Manager and Designated Stock Exchange.

In cases of odd proportion for Allotment made, our Company in consultation with the Lead Manager will Allot the residual NCD (s) in the following order:

(i) first with monthly interest payment in decreasing order of tenor i.e., Series V, Series IV, Series III, Series II and Series I;

(ii) followed by payment on cumulative options in decreasing order of tenor i.e., Series IX, Series VIII, Series VII and Series VI.

Hence using the above procedure, the order of Allotment for the residual NCD(s) will be: Series V, Series IV, Series III, Series II , Series I, Series IX, Series VIII, Series VII and Series VI.

All decisions pertaining to the Basis of Allotment of NCDs pursuant to the Issue shall be taken by our Company in consultation with the Lead Manager, and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Prospectus.

Our Company would allot Series I NCDs to all valid applications, wherein the Applicants have not indicated their choice of the relevant Series of the NCDs.

Valid applications where the Application Amount received does not tally with or is less than the amount equivalent to value of number of NCDs applied for, may be considered for Allotment, to the extent of the Application Amount paid rounded down to the nearest ₹ 1,000 in accordance with the pecking order mentioned above.

Retention of oversubscription

Our Company shall have an option to retain over-subscription up to the Issue limit.

Unblocking of Funds for withdrawn, rejected or unsuccessful or partially successful Applications

The Registrar shall, pursuant to preparation of Basis of Allotment, instruct the relevant SCSB or the Sponsor Bank (for Applications under the UPI Mechanism), as applicable, to unblock the funds in the relevant ASBA Account/UPI linked bank account, for withdrawn, rejected or unsuccessful or partially successful Applications within six Working Days of the Issue Closing Date.

ISSUANCE OF ALLOTMENT ADVICE

Our Company shall ensure dispatch of Allotment Advice and/ or give instructions for credit of NCDs to the beneficiary account with Depository Participants upon approval of Basis of Allotment. The Allotment Advice for successful Applicants will be mailed by speed post/registered post to their addresses as per the Demographic Details received from the Depositories.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for commencement of trading at the Stock Exchange where the NCDs are proposed to be listed are taken within six Working Days from the Issue Closing Date.

Application Amount shall be unblocked within six Working Days from the Issue Closing Date or such lesser time as may be specified by SEBI or else the Application Amount shall be unblocked in the ASBA Accounts or the UPI linked bank accounts (for Applications under the UPI Mechanism) of the Applicants forthwith, failing which interest shall be due to be paid to the Applicants in accordance with applicable law.

Our Company will provide adequate funds required for dispatch of Allotment Advice to the Registrar to the Issue.

OTHER INFORMATION

Withdrawal of Applications during the Issue Period

Applicants can withdraw their Applications until the Issue Closing Date. In case an Applicant wishes to withdraw the Application during the Issue Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite.

In case of Applications (other than under the UPI Mechanism) were submitted to the Designated Intermediaries, upon receipt of the request for withdrawal from the Applicant, the relevant Designated Intermediary, as the case may be, shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and intimating the Designated Branch of the SCSB unblock of the funds blocked in the ASBA Account at the time of making the Application. In case of Applications (other than under the UPI Mechanism) submitted directly to the Designated Branch of the SCSB, upon receipt of the request for withdraw from the Applicant, the relevant Designated Branch shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and unblocking of the funds in the ASBA Account, directly.

Withdrawal of Applications after the Issue Period

In case an Applicant wishes to withdraw the Application after the Issue Closing Date or early closure date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalisation of the Basis of Allotment.

Revision of Applications

As per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, cancellation of one or more orders (series) within an Application is permitted during the Issue Period as long as the total order quantity does not fall under the minimum quantity required for a single Application. Please note that in case of cancellation of one or more orders (series) within an

Application, leading to total order quantity falling under the minimum quantity required for a single Application will be liable for rejection by the Registrar.

Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchange, by submitting a written request to the Designated Intermediary and the Designated Branch of the SCSBs, as the case may be. For Applications made under the UPI Mechanism, an Applicant shall not be allowed to add or modify the details of the Application except for modification of either DP ID/Client ID, or PAN ID but not both. However, the Applicant may withdraw the Application and reapply.

However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/ modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchange as per the procedures and requirements prescribed by the Stock Exchange, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on the Issue Closing Date. However, in order that the data so captured is accurate, the Designated Intermediaries and/ or the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period, after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL. Please also see, "*Issue Procedure - Operational Instructions and Guidelines – Modification and cancellation of orders*" on page 231.

Depository Arrangements

We have made depository arrangements with NSDL and CDSL. Please note that Tripartite Agreements have been executed between our Company, the Registrar and both the depositories.

As per the provisions of the Depositories Act, 1996, the NCDs issued by us can be held in a dematerialised form. In this context:

(i) Tripartite agreement dated November 23, 2022 among our Company, the Registrar and CDSL and tripartite agreement dated November 11, 2022 among our Company, the Registrar and NSDL, respectively for offering depository option to the investors.

(ii) An Applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the Application.

(iii) The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.

(iv) NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.

(v) Non-transferable Allotment Advice will be directly sent to the Applicant by the Registrar to this Issue.

(vi) It may be noted that NCDs in electronic form can be traded only on the Stock Exchange having electronic connectivity with NSDL or CDSL. The Stock Exchange has connectivity with NSDL and CDSL.

(vii) Interest or other benefits with respect to the NCDs held in dematerialised form would be paid to those Debenture Holders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.

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

PLEASE NOTE THAT TRADING OF NCDs ON THE FLOOR OF THE STOCK EXCHANGE SHALL BE IN DEMATERIALISED FORM ONLY IN MULTIPLE OF ONE NCD.

Allottees will have the option to re-materialize the NCDs Allotted under the Issue as per the provisions of the Companies Act, 2013 and the Depositories Act.

Communications

All future communications in connection with Applications made in this Issue (except the Applications made through the Trading Members of the Stock Exchange) should be addressed to the Registrar to the Issue, quoting the full name of the sole or first Applicant, Application Form number, Applicant's DP ID and Client ID, Applicant's PAN, number of NCDs applied for, ASBA Account number in which the amount equivalent to the Application Amount was blocked or the UPI ID (for UPI Investors who make the payment of Application Amount through the UPI Mechanism), date of the Application Form, name and address of the Designated Intermediary or Designated Branch of the SCSBs, as the case may be, where the Application was submitted.

Applicants may contact our Compliance Officer and Company Secretary or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice or credit of NCDs in the respective beneficiary accounts, as the case may be.

Interest in case of delay

Our Company undertakes to pay interest, in connection with any delay in Allotment and demat credit, beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

Undertaking by the Issuer

Investors are advised to read the risk factors carefully before taking an investment decision in this issue. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been recommended or approved by any regulatory authority in India, including SEBI nor does SEBI guarantee the accuracy or adequacy of this Prospectus. Specific attention of investors is invited to the statement of '*Risk factors*' on page 16.

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

The issuer has no side letter with any debt securities holder except the one(s) disclosed in the offer document/offer document. Any covenants later added shall be disclosed on the stock exchange website where the debt is listed."

Our Company undertakes that:

(a) All monies received pursuant to this Issue shall be transferred to a separate bank account as referred to in sub-section (3) of section 40 of the Companies Act, 2013;

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

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

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

(e) Undertaking by our Company for execution of the Debenture Trust Deed. Further, as per Regulation 18 of SEBI NCS Regulations, in the event our Company fails to execute the Debenture Trust Deed within a period specified under the said Regulation, our Company shall pay interest of at least 2% p.a. to each NCD Holder, over and above the agreed coupon rate, till the execution of the Debenture Trust Deed;

(f) We shall utilize the Issue proceeds only upon execution of the Debenture Trust Deed as stated in the Draft Prospectus and this Prospectus, on receipt of the minimum subscription of 75% of the Base Issue i.e., ₹ 3,000 lakh and receipt of listing and trading approval from the Stock Exchange;

(g) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property business, dealing in equity of listed companies or lending/investment in group companies; and

(h) Application money shall be unblocked within six Working Days from the closure of this Issue or such lesser time as may be specified by SEBI, or else the Application money shall be refunded to the Applicants in accordance with applicable law, failing which interest shall be due to be paid to the Applicants for the delayed period, if applicable in accordance with applicable law.

Other undertakings by our Company

Our Company undertakes that:

(a) Complaints received in respect of this Issue (except for complaints in relation to Applications submitted to Trading Members) will be attended to by our Company expeditiously and satisfactorily;

(b) Necessary cooperation to the relevant credit rating agency(ies) will be extended in providing true and adequate information until the obligations in respect of the NCDs are outstanding;

(c) Our Company will take necessary steps for the purpose of getting the NCDs listed within the specified time, i.e., within six Working Days of this Issue Closing Date;

(d) Funds required for dispatch of Allotment Advice/NCD Certificates (only upon rematerialisation of NCDs at the specific request of the Allottee/ Holder of NCDs) will be made available by our Company to the Registrar to the Issue;

(e) Our Company will forward details of utilisation of the proceeds of this Issue, duly certified by the Statutory Auditor, to the Debenture Trustee on a half-yearly basis;

(f) Our Company will provide a compliance certificate to the Debenture Trustee on an annual basis in respect of compliance with the terms and conditions of this Issue as contained in this Prospectus;

(g) Our Company will disclose the complete name and address of the Debenture Trustee in its annual report;

(h) Our Company shall make necessary disclosures/ reporting under any other legal or regulatory requirement as may be required by our Company from time to time; and

(i) The allotment of NCDs will be done on a first come, first serve basis. On the successful allotment of the NCDs, the issue proceeds will be released to the issuer to use in pursuance of the objects specified in this Prospectus.

SECTION VIII - SUMMARY OF MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

1. In these regulations-

a) "the Act" means the Companies Act, 2013

b) "the seal" means the common seal of the Company

2. Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the Company.

SHARE CAPITAL AND VARIATION OF RIGHTS

3. The authorized share capital of the company shall be as stated in clause V of the Memorandum of Association with power to increase or reduce, reconvert or subdivide the capital in accordance with the provisions of the Companies Act, 2013. Subject to the provisions of the Act and these Articles the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.

4. (i) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the Memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of the issue shall be provided;-

(a) One certificate for all his shares without payment of any charges, or

(b) Several certificate each for one or more of his hares, upon payment of 20 Rupees for each certificate after the first.

(ii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid up thereon.

(iii) In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

5.(i). If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer then upon production and surrender thereof to the company, a new certificate may be issued in 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 deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.

(ii). The provisions of Articles (2) and (3) shall *mutatis mutandis* apply to debentures of the company.

6. Except as required by law, no person shall be recognized by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognize(even when notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or(except only as by these regulations or by law otherwise provided)any other rights in respect of any share except an absolute right to the entirety thereof in he registered holder.

7. (i) The company may exercise the powers of paying commissions conferred by subsection 6 of section 40, provided that the rate percent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made there under.

(ii) The rate or the amount of the commission shall not exceed the rate or amount prescribed in rules made under Subsection 6 of section 40.

(iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.

8. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of the issue of shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of 3/4th of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

(ii) To every such separate meeting the provisions of these regulations relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be at least 2 persons holding at least 1/3rd of the issued shares of the class in question.

9. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

10. Subject to the provisions of section55, 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.

LIEN

11.(i) The company shall have a first and paramount lien-

(a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and

(b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by the or his estate to the Company;

Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of the clause.

(ii) The company's lien, if any, on a share shall extent to all dividends payable and bonuses declared from time to time in respect of such shares.

12. The company may sell, in such manner as the board thinks fit, any shares on which the company has a lien:
Provided that no sale shall be made –

(a) unless a sum in respect of which the lien exists is presently payable; or

(b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

13. (i) To give effect to any such sale the Board may authorize some person to transfer the shares sold to the purchaser thereof.

(ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

(iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

14. (i) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

(ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES

15. (i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of their nominal value of the shares or by way of premium) and not by the conditions of allotment

thereof made payable at fixed times:
Provided that no calls shall exceed one fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.

(ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, paid to the company, at the time or times and place so specified, the amount called on his shares.

(iii) A call may be revoked or postponed at the discretion of the Board.

16. A call shall be deemed to have been made at the time when the resolution of the Board approving such call was passed and may be required to be paid by installments.

17. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

18. (i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at 10% per annum or at such lower rate, if any, as the Board may determine.

(ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.

19. (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

(ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

20. The Board –

(a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and

(b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, 12% p.a., as may be agreed upon between the board and the member paying the sum in advance.

TRANSFER OF SHARES

21. (i) The instrument of transfer of any shares in the company shall be executed by or on behalf of both the transferor and the transferee.

(ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

22. The Board may, subject to the right of appeal conferred by section 58 decline to register-

(a) The transfer of a share, not being a fully paid share, to a person of whom they do not approve; or

(b) Any transfer of shares on which the company has a lien.

23. The Board may decline to recognize any instrument of transfer unless—

(a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1)of section 56;

(b) the instrument of transfer is accompanied by the certificate of the shares, to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(c) the instrument of transfer is in respect of only one class of shares.

24. On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:
Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

TRANSMISSION OF SHARES

25.(i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognized by the company as having any title to his interest in the shares.

(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

26. (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either-

(a) to be registered himself as holder of the share; or

(b) to make such transfer of the share as the deceased or insolvent member could have made.

(ii)The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

27. (i) if the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so selects.

(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

28. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

FORFEITURE OF SHARES

29. If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

30. The notice aforesaid shall-

(a) Name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(b) State that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

31. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

32. (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

33. (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.

(ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.

34. (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

(ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.

(iii) The transferee shall thereupon be registered as the holder of the share.

(iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

35. The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

ALTERATION OF CAPITAL

36. 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.

37. Subject to the provisions of section 61, the company may, by ordinary resolution,—

(a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) Convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

(c) Sub-divide its existing shares or any of them into shares of smaller amount than is fixed buy 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.

38. Where shares are converted into stock,—

(a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:
Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

(b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

(c) Such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stock-holder" respectively.

39. 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.

CAPITALISATION OF PROFIT

40. (i) 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 profit and loss account, or otherwise available for distribution; and

(b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(ii) the sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause

(iii), either in or towards—

(a) paying up any amounts for the time being unpaid on any shares held by such members respectively;

(b) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;

(c) Partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);

(d) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;

(e) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.

41. (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall—

(a) Make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and

(b) Generally do all acts and things required to give effect thereto.

(ii) The Board shall have power—

a) To make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and

b) To authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;

(iii) Any agreement made under such authority shall be effective and binding on such members.

BUY BACK OF SHARES

42. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

GENERAL MEETINGS

43. All general meetings other than annual general meeting shall be called extraordinary general meeting.

44. (i) The Board may, whenever it thinks fit, call an extraordinary general meeting.

(ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

PROCEEDINGS AT GENERAL MEETINGS

45. (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

(ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.

46. The Chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.

47. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as Chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.

48. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.

ADJOURNMENT OF MEETING

49.(i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.

(ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

(iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

VOTING RIGHTS

50. Subject to any rights or restrictions for the time being attached to any class or classes of shares,—

(a) On a show of hands, every member present in person shall have one vote; and

(b) On a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.

51. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.

52. (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

(ii) For this purpose, seniority shall be determined by the order in which the names stand in the Register of Members.

53. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

54. Any business other than that upon which a poll has been demanded may be preceded with, pending the taking of the poll.

55. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.

56. (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

(ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

PROXY

57. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 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 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

58. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.

59. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

BOARD OF DIRECTORS

60. The number of the directors and the names of the first directors shall be determined in writing by the subscribers of the memorandum or a majority of them

61. (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

(ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—

(a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or
(b) in connection with the business of the company.

(iii) The Directors may also be paid sitting fees as decided by the Board from time to time within the limit prescribed by the Act as per rule 4 of Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014.

62. The Board may pay all expenses incurred in getting up and registering the company.

63. The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.

64. All cheques, promissory notes, drafts, hundies, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

65. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.

66.(i) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as 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 the articles.

(ii) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.

PROCEEDINGS OF THE BOARD OF DIRECTORS

67. (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.

(ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.

68. (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

(ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.

69. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.

70. (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.

(ii) If no such chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their numbers to be Chairperson of the meeting.

71. (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.

(ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

72. (i) A committee may elect a Chairperson of its meetings.

(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.

73. (i) a committee may meet and adjourn as it thinks fit.

(ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.

74. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

75. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

75A. Appointment of Nominee Director by Debenture Trustee

(i) Notwithstanding anything to the contrary contained in these Articles so long as any moneys remain owing by the company towards the debenture holders, the debenture trustee(s) shall have right to appoint a nominee director ("Nominee Director")to the Board of the company who shall be a person not disqualified from being appointed as a director under the provisions of the Companies Act, 2013, and the SEBI (Debenture Trustee) Regulations, 1993 and other applicable law and whose office is not capable of being vacated by retirement or by rotation.

(ii) The Nominee Director shall be appointed only under the circumstances as may be set out in the relevant debenture trust deed(s), as may be amended from time to time, executed inter alia between the company and the debenture trustee(s) or in case of occurrence of any of the following events:

a) Two consecutive defaults in payment of interest to the debenture holders; or
b) Default on redemption of the debentures; or
c) Default in creation of security for debentures, if any.

(iii) Such Nominee Director shall –

a) not be liable to retire by rotation nor required to hold any qualification shares;
b) be entitled to all the rights and privileges of other directors including the sitting fees and expenses as payable to other directors;
c) be appointed a member of all the key committees of the Board, if so desired by the debenture trustee(s); and
d) be entitled to receive all notices, agenda, etc. and to attend all general meetings and meeting of the Board of Directors and meetings of any committees of the Board of which he is a member.
e) Any expenditure incurred by debenture trustee(s), debenture holders or the Nominee Director in connection with his appointment of directorship shall be borne and payable by the Company.
f) If, at any time, the Nominee Director is not able to attend a meeting of the Board of Directors or any of its committees of which he is a member, Trustee may depute an observer to attend the meeting. The expenses incurred by Trustee in this connection shall be borne and payable by the Company.
g) The Nominee Director/the observer shall furnish to the Trustee a report of the proceedings of all such meetings.
h) The appointment/removal of the Nominee Director shall be by a notice in writing by the Trustee addressed to the Company and shall (unless otherwise indicated by the Trustee) take effect forthwith upon such a notice being delivered to the Company.

<u>CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER.</u>

76. Subject to the provisions of the Act,—

(i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;

(ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

77. A provision of the Act or these regulations requiring or authorizing a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or

chief financial officer.

THE SEAL

78. (i) The Board shall provide for the safe custody of the seal.

(ii) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

DIVIDENDS AND RESERVE

79. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

80. Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company:

81. (i) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit.

(ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

82. (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.

(ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.

(iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

83. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.

84.(i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who, is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

(ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

85. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.
86. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.
87. No dividend shall bear interest against the company.

ACCOUNTS

88. (i) The Board shall from time to time determine whether and to what extend and at what times and places and under

what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.

(ii) No member (not being a director) shall have any right of inspecting any account or book or document of the Company except as conferred by Law or authorized by the Board or by the Company in General Meeting.

WINDING UP

89. Subject to the provisions of Chapter XX of the Act and rules made there under—

(i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in-space or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

INDEMNITY

90. Every officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil, criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the Court or the Tribunal.

SECRECY

91. Every Director, Manager, Treasurer, Trustee, Member of Committee, Officer, Servant, Agent, Accountant, or other persons employed in the business of the company shall if so required by the Directors, before entering upon his duties sign a declaration pledging himself to observe a strict secrecy respecting all transactions and affairs of the company with the customers and the state of Accounts with individuals and Pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to do so by the Board or by law or the person to whom such matters relate, except so far as may be necessary in order to comply with any of the provisions of these presents contained.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and documents (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered into by our Company. These contracts which are or may be deemed material shall be attached to the copy of this Prospectus to be delivered to the Registrar of Companies, Kerala and Lakshadweep for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company from 10.00 am to 4.00 pm on Working Days from the date of the filing of this Prospectus with the RoC until the Issue Closing Date.

Material Contracts

1. Issue Agreement dated July 5, 2024 between the Company and the Lead Manager;

2. Registrar Agreement dated July 2, 2024 between the Company and the Registrar to the Issue;

3. Debenture Trustee Agreement dated July 2, 2024 between the Company and the Debenture Trustee;

4. Agreed form of the Debenture Trust Deed to be executed between the Issuer and the Debenture Trustee;

5. Tripartite Agreement dated November 23, 2022 between CDSL, the Company and the Registrar to the Issue; and

6. Tripartite Agreement dated November 11, 2022 between NSDL, the Company and the Registrar to the Issue.

Material Documents

1. Certificate of Incorporation of Company dated December 16, 2008, issued by Registrar of Companies, Kerala and Lakshadweep;

2. Memorandum and Articles of Association of the Company, as amended to date;

3. Certificate of commencement of business dated November 10, 2010, issued by the RoC.

4. Certificate of registration (no. N16-00185) June 10, 2010, issued by RBI under Section 45IA of the Reserve Bank of India Act, 1934.

5. Credit rating letter dated June 25, 2024 from India Ratings and Research Private Limited, granting credit ratings to the NCDs;

6. At the meeting of the Board of Directors of our Company held on May 20, 2024, the Board approved the public issue of Secured, Redeemable, Non-Convertible Debenture, amounting up to ₹ 30,000 lakh in three tranches;

7. Copy of resolution of the Debenture Committee dated June 8, 2024 approving the public issue of Secured, Redeemable, Non-Convertible Debenture for an amount aggregating up to ₹ 4,000 lakh, with an option to retain oversubscription up to ₹ 2,000 lakh aggregating up to ₹ 6,000 lakh;

8. Copy of the resolution passed by the Shareholders of the Company at the Annual General Meeting held on September 29, 2014, approving the overall borrowing limit of Company;

9. Copy of the resolution of the Debenture Committee dated July 5, 2024 approving the Draft Prospectus;

10. Copy of the resolution of the Debenture Committee dated July 22, 2024 approving this Prospectus;

11. Consents in writing of Directors of our Company, Chief Executive Officer, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditors, legal advisor to the Issue, Lead Manager, the Registrar to the Issue, Credit Rating Agency, the Lenders/Bankers to our Company, Public Issue Account Bank, Refund Bank, Sponsor Bank, Syndicate Member, the Debenture Trustee, FSIAPL, to act in their respective capacities, have been obtained and will be filed along with a copy of this Prospectus with the RoC as required under Section 26 of the Companies Act 2013;

12. Our Company has received written consent from the Statutory Auditor, namely C.M. Joseph & Associates, Chartered Accountants, to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in its capacity as a statutory auditor, in respect of the: (a) Audited Financial Statements for the financial year ended March 31, 2024; and (b) Special Purpose Audited Financial Statements for the financial years ended March 31, 2023 and March 31, 2022, included in this Prospectus. The consent of the Statutory Auditors has not been withdrawn as on the date of this Prospectus;

13. Copy of independent auditor's certificate on statement of possible tax benefits dated July 22, 2024;

14. Industry report titled "Gold Loan Industry in India" dated June 27, 2024, prepared and issued by FSIAPL;

15. Audited Financial Statements for the year ended March 31,2024 and the Special Purpose Audited Financial Statements for the years ended March 31, 2023 and March 31, 2022 each dated September 18, 2023, respectively, by the Statutory Auditor included herein;

16. Annual Reports of the Company for financial years 2023, 2022 and 2021;

17. Due diligence certificate dated July 22, 2024 filed with SEBI by the Lead Manager;

18. In-principle listing approval letter bearing reference number DCS/BM/PI-BOND/11/24-25 dated July 19, 2024 issued by BSE, for the Issue; and

19. Due diligence certificate dated July 5, 2024 filed with BSE by the Debenture Trustee.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Applicants subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We, the Directors of the Company, hereby certify and declare that all the applicable legal requirements in connection with the Issue including all the relevant provisions of the Companies Act, 2013, as amended, and the rules prescribed thereunder, to the extent applicable and the guidelines issued by the Government of India and/or the regulations/guidelines/circulars issued by the Reserve Bank of India, and the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as applicable, including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, provisions under the Securities Contracts (Regulation) Act, 1956, as amended, and rules made thereunder, including the Securities Contracts (Regulation) Rules, 1957, as amended, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable, as the case may be have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be. We hereby confirm that the compliance with the Securities and Exchange Board of India Act, 1992 or rules made there under does not imply that payment of dividend or interest or repayment of debt securities, is guaranteed by the Central Government.

We further certify that all the disclosures and statements made in this Prospectus are true and correct and complete in all material respects, are in conformity with Companies Act, 2013, Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, the Securities Contracts (Regulation) Act, 1956, as amended and rules made thereunder including the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Prospectus does not contain any misstatements. Furthermore, all the monies received under this Issue shall be used only for the purposes and objects indicated in this Prospectus. No information material to the subject matter of this form has been suppressed or concealed and whatever is stated in this Prospectus is as per the original records maintained by the Promoter subscribing to the Memorandum of Association and Articles of Association.

Signed by the Directors of our Company

Chemmanur Devassykutty Boby
Chairman & Managing Director
DIN: 00046095

Edathole Habeebul Rahiman
Independent Director
DIN: 06973269

Lijo Moothedan
Non- Executive Director
DIN: 00877403

Antony Sebastian Choorakkal
Independent Director
DIN: 10083087

Smitha Boby
Non- Executive Director
DIN: 00046059

Sibin Philipose
Additional Director
DIN: 09777666

Date: July 22, 2024

Place: Thrissur

ANNEXURE I- DAY COUNT CONVENTION

Interest on the NCDs shall be computed on an actual/actual basis for the broken period, if any. For Series I, Series II, Series III, Series IV and Series V the interest shall be calculated from the first day till the last date of every month on an actual/actual basis during the tenor of such NCDs. Consequently, interest shall be computed on a 365 day a year basis on the principal outstanding on the NCDs. However, if period from the Deemed Date of Allotment/anniversary date of Allotment till one day prior to the next anniversary/redemption date includes February 29, interest shall be computed on 366 days a-year basis, on the principal outstanding on the NCDs.

For Series VI, Series VII, Series VIII and Series IX interest shall be computed on a 365 day a year basis on the principal outstanding on the NCDs which have tenors on cumulative basis.

Illustration of cash-flows: To demonstrate the day count convention, please see the following table below, which describes the cash-flow in terms of interest payment and payment of Redemption Amount per NCD in respect of Series III and Series VII for all Categories of NCD Holders.

Company	**Chemmanur Credits and Investments Limited**	
Face Value	₹ 1,000	
Day and Date of Allotment (tentative)	Wednesday, 14 August, 2024	
Series	III	VII
Tenure	24 Months	24 Months
Coupon (%) for NCD Holders in Category I, II and III	11.00%	NA
Frequency of the Interest Payment with specified dates starting from date of allotment	Monthly	Cumulative
Day Count Convention	Actual/Actual	

Series III

Cashflow	Interest Due Date [(1)]	Nos of Days in Coupon /Maturity	Conditions for Leap Year	Amount (in ₹)	Date of Interest/Redemption Payment[(2)]
1st coupon	Friday, 13 September, 2024	31	1	9.32	Friday, 13 September, 2024
2nd coupon	Tuesday, 1 October, 2024	18	1	5.41	Tuesday, 1 October, 2024
3rd coupon	Friday, 1 November, 2024	31	1	9.32	Friday, 1 November, 2024
4th coupon	Sunday, 1 December, 2024	30	1	9.02	Monday, 2 December, 2024
5th coupon	Wednesday, 1 January, 2025	31	0	9.34	Wednesday, 1 January, 2025
6th coupon	Saturday, 1 February, 2025	31	0	9.34	Saturday, 1 February, 2025
7th coupon	Saturday, 1 March, 2025	28	0	8.44	Saturday, 1 March, 2025
8th coupon	Tuesday, 1 April, 2025	31	0	9.34	Wednesday, 2 April, 2025
9th coupon	Thursday, 1 May, 2025	30	0	9.04	Friday, 2 May, 2025
10th coupon	Sunday, 1 June, 2025	31	0	9.34	Monday, 2 June, 2025
11th coupon	Tuesday, 1 July, 2025	30	0	9.04	Tuesday, 1 July, 2025
12th coupon	Friday, 1 August, 2025	31	0	9.34	Friday, 1 August, 2025
13th coupon	Monday, 1 September, 2025	31	0	9.34	Monday, 1 September, 2025

Cashflow	Interest Due Date (1)	Nos of Days in Coupon /Maturity	Conditions for Leap Year	Amount (in ₹)	Date of Interest/Redemption Payment(2)
14th coupon	Wednesday, 1 October, 2025	30	0	9.04	Wednesday, 1 October, 2025
15th coupon	Saturday, 1 November, 2025	31	0	9.34	Saturday, 1 November, 2025
16th coupon	Monday, 1 December, 2025	30	0	9.04	Monday, 1 December, 2025
17th coupon	Thursday, 1 January, 2026	31	0	9.34	Thursday, 1 January, 2026
18th coupon	Sunday, 1 February, 2026	31	0	9.34	Monday, 2 February, 2026
19th coupon	Sunday, 1 March, 2026	28	0	8.44	Monday, 2 March, 2026
20th coupon	Wednesday, 1 April, 2026	31	0	9.34	Thursday, 2 April, 2026
21th coupon	Friday, 1 May, 2026	30	0	9.04	Saturday, 2 May, 2026
22th coupon	Monday, 1 June, 2026	31	0	9.34	Monday, 1 June, 2026
23th coupon	Wednesday, 1 July, 2026	30	0	9.04	Wednesday, 1 July, 2026
24th coupon	Saturday, 1 August, 2026	31	0	9.34	Saturday, 1 August, 2026
25th coupon	Thursday, 13 August, 2026	12	0	3.62	Thursday, 13 August, 2026
Principal	Thursday, 13 August, 2026	730	0	1,000.00	Thursday, 13 August, 2026

Series VII

Cash flow	Date of interest/ redemption payment(1)	No. of days in Coupon/ maturity period	Amount (in ₹)	Date of Interest/ Redemption Payment(2)
Cumulative	Thursday, 13 August, 2026	730	1,232.00	Thursday, 13 August, 2026

NOTES:

1. *Effect of public holidays has been ignored as these are difficult to ascertain for future period except January 26, April 1, May 1, August 15, October 2, day have been taken into consideration.*
2. *As per SEBI Operational Circular, in order to ensure uniformity for payment of interest/redemption on debt securities, the interest/redemption payment shall be made only on the Working Day. Therefore, if the interest payment date falls on a non-Working Day, the coupon payment shall be on the next day, which will be the next Working Day. However, the future coupon payment dates would be as per the schedule originally stipulated. In other words, the subsequent coupon schedule would not be disturbed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a holiday. However, if the redemption date of the debt securities falls on non- Working Day, the redemption proceeds shall be paid on the previous Working Day.*
3. *Deemed Date of Allotment has been assumed to be Wednesday, 14 August, 2024.*
   The last coupon payment will be paid along with maturity amount at the redemption date

ANNEXURE II- CREDIT RATING LETTER AND RATIONALE

APPENDED OVERLEAF

India Ratings & Research
A Fitch Group Company

FitchGroup

Mr Pramod M
CFO
Chemmanur Credits and Investments Limited
Mangalodayam Building, Round South,
Thrissur – 680 001.

June 25, 2024

Dear Sir/Madam,

Re: Rating Letter of Chemmanur Credits and Investments Limited

India Ratings and Research (Ind-Ra) taken the following rating actions on Chemmanur Credits and Investments Limited's (CII) debt instruments:

Instrument Type	**Date of Issuance**	**Coupon Rate (%)**	**Maturity Date**	**Size of Issue (million)**	**Rating assigned along with Outlook/ Watch**	**Rating Action**
Non-convertible debenture (NCD)#	-	-	-	INR1,000	IND BBB-/Stable	Assigned
Non-convertible debenture *	-	-	-	INR1,000	IND BBB-/Stable	Affirmed
Bank loans	-	-	-	INR500	IND BBB-/Stable	Affirmed

*Details in Annexure
Yet to be issued

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security.

The manner of India Ratings factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in India where the rated security is offered and sold, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of

Pankaj

India Ratings Rates Chemmanur Credits and Investments' Additional NCDs and Affirms Existing Ratings at 'IND BBB-'/ Stable

Jun 25, 2024 | Non Banking Financial Company (NBFC)

India Ratings and Research (Ind-Ra) taken the following rating actions on Chemmanur Credits and Investments Limited's (CII) debt instruments:

Details of Instruments

Instrument Type	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Non-convertible debentures#	-	-	-	-	INR1,000	IND BBB-/Stable	Assigned
Non-convertible debentures*	-	-	-	-	INR1,000	IND BBB-/Stable	Affirmed
Bank loans	-	-	-	-	INR500	IND BBB-/Stable	Affirmed

*Details in Annexure
Yet to be issued

Analytical Approach

Ind-Ra has taken a standalone view of CCIL for the rating review.

Detailed Rationale of the Rating Action

The ratings reflect CCIL's established presence in gold financing, supported by the extensive experience of the promoter in the gold loan business and being a part of Chemmanur International Group. The ratings are, however, constrained by the moderate scale of the franchisee, with CCIL's assets under management (AUM) at INR4,900 million in FY24, with regional concentration in Kerala and Tamil Nadu accounting 80% of the loan book.

List of Key Rating Drivers

Strengths

- Established presence in gold financing and part of Chemmanur Group

- Stable asset quality

Weaknesses

- Profitability under pressure due to expansion, likely to stabilise with scale-up
- Moderate capitalisation
- Modest scale of operations and high regional concentration
- Concentrated funding profile

Detailed Description of Key Rating Drivers

Established Presence in Gold Financing and Part of Chemmanur Group: CCIL is promoted by its chairman Chemmanur Devassykutty Boby and is a part of the Chemmanur International Group. The group is engaged in the business of gold jewellery, hospitality and financial services. The group has been operating the financial services business through CCIL for the past 12 years. CCIL began operations as a gold loan non-bank finance company (NBFC). The company had operations only in Kerala and Tamil Nadu until 2021 and has subsequently diversified its geographical presence to Maharashtra, Karnataka and Andhra Pradesh. The company had 267 branches as on 31 March 2024. The management has implemented in-house surveillance systems for the security of its vaults, internal/surprise audit processes, and has taken insurance on gold against theft and frauds. The company also extends microfinance loans in Kerala, which contribute 10% to its assets under management (AUM). Due to the long historical presence of the group in Kerala, CCIL has visibility in the local market which helps it in sourcing NCDs from retail and high networth individual investors.

Stable Asset Quality: CCIL extends loans with a six-month bullet principal repayment, where interest accrues on a monthly basis. The gross non-performing assets (GNPA) and net non-performing assets (NNPA) were 0.73% and 0.38%, respectively, at FYE24 (FYE23: 0.63% and 0.24%; FYE22: 1.08% and 0.86%). The company had displayed considerable resilience during COVID-19-related disruptions and reported a modest GNPA of 1.08% in FY22, the highest in its history. Although the borrower class is vulnerable, the ultimate credit loss is limited due to loan-to-value (LTV) being capped at 75%, as per regulatory requirements, at the time of disbursements, and the liquid nature of the collateral.

Being in the gold loan business, CCIL's credit cost has always been modest and largely stable through the loan cycle, leading to better operating profit buffers. The agency believes maintaining adequate LTV buffers and timely auctions and recoveries will be critical for CCIL to sustain stable asset quality.

Profitability Under Pressure due to Expansion, Likely to Stabilise with Scale-up: CCIL had expanded to 267 branches as on 31 March 2024 from 132 branches in FY21, because of which its operating expenses to average asset remained elevated at 9.4% in FY24 (FY23: 9%). Given that 42 branches have been opened in the past six months and CCIL plans to reach a branch network of 450 by FYE25, the company's operating cost are elevated as it has yet to reach the optimum level of AUM per branch (FY24: INR18.6 million, 1HFY24: INR18.4 million, FY22: INR24.1 million). CCIL's AUM per branch is lower than that of other gold financiers, indicating the available headroom to benefit from the economies of scale as it grows its loan book. The healthy net interest margins and low credit cost, although moderated by heavy operating cost, translated into a moderate return on average assets of 0.30% in FY24 (FY23: 0.17%). Ind-Ra opines the company's profitability will be dependent on its ability to grow its AUM while controlling operating costs.

Moderate Capitalisation: The company's tier-1 capital adequacy stood at 14.4% at FYE24 (FYE23: 17.9%; FYE22: 20.63%) and the overall capital adequacy stood at 21.8% (FY23: 27.12%; FY22: 31.1%), supported by its ability to raise subordinated debt from retail investors. Ind-Ra believes CCIL's capitalisation levels will need to be further increased to support the management's growth strategy while maintaining the leverage at moderate levels. The company operated at an elevated leverage level of 5.7x at end-March 2024. The promoters plans to infuse adequate capital by December 2024 which will help the company maintain the leverage below 6x. However, the timeline and quantum of the equity infusion is key.

Modest Scale of Operations and High Regional Concentration: Competitive intensity has increased in the southern markets, where Kerala and Tamil Nadu accounted for 80% of the loan book at FYE24. This limits the company's growth potential. The company has started to diversify into other geographies since 2021, which has enabled it to grow its loan book to INR4,905 million at FYE24 (FYE23: INR4,080 million; FYE22: INR3,550 million). CCIL extends small-tenor loans; therefore, the disbursement momentum is critical for growth in the loan book. CCIL's growth will depend on its ability to expand its presence in other states while maintaining its share in the southern market. Growth in CCIL's loan book has been slower than that of its peers with a similar vintage. Hence, Ind-Ra believes a strengthened franchise and significant/sustainable growth in the portfolio, while maintaining its asset quality, capitalisation and liquidity, would be a key rating monitorable.

Concentrated Funding Profile: CCIL's funding mix comprised NCDs (44%), subordinated debts (41%) and term loans from banks (15%) as on 31 March 2024. The company had a leverage ratio of 5.7x at end-March 2024. The NCD and subordinated debt investors are individuals largely from Kerala and Tamil Nadu. The funding profile remains skewed towards subordinated debt and NCDs and Ind-Ra opines diversification across bank borrowings would remain a key driver.

Liquidity

Adequate: As 90% of the loan book comprises short-term gold loans, there were no negative cumulative mismatches in any of the time buckets in CCIL's asset liability statement at end-March 2024. As per Ind Ra's stress-case scenario, the company's asset liability profile reflects a positive surplus up to one year. Furthermore, the company had unencumbered cash and bank balance, fixed deposit of INR335 million as on 30 April 2024 against the next three-month repayment of INR315 million. The liquidity is also supported by an unutilised cash credit limit of INR9 million at end-April 2024.

Rating Sensitivities

Positive: A significant increase in the scale of operations while maintaining asset quality, and improving the geographical diversification, profitability as well as the funding diversification, on a sustained basis could lead to a positive rating action.

Negative: A negative rating action could result from:

1. the non-infusion of equity capital in the required quantum and time and the inability to scale up operations
2. an increase in the leverage (the leverage exceeding 6x, on a sustained basis)
3. deterioration in the funding and liquidity buffers and a decline in the profitability and asset quality on a sustained basis

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on CCL, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click here. For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click here.

About the Company

Kerala-based CCIL is a non-deposit taking non-banking financial company that lends money against high-yielding gold jewellery. It had around 267 branches at end-March2024 mainly in the southern region of India. The company is promoted by Chemmanur Devassykutty Boby who holds 86% stake. The AUM of the company stood around INR4,905 million in March 2024.

Key Financials Indicators

Particulars (INR million)	FY24	FY23
Total assets	6,350	4,994
Total equity	890	874
Net Profit	17.4	8
Return on average assets (%)	0.30	0.17
Tier 1 capital (%)	14.4	17.9
Source: Company, Ind-Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook
	Rating Type	Rated Limits (million)	Rating	25 January 2024
Bank loans	Long-term	INR500	IND BBB-/Stable	IND BBB-/Stable
Non-convertible debentures	Long-term	INR2,000	IND BBB-/Stable	IND BBB-/Stable

Bank wise Facilities Details

Click here to see the details

Complexity Level of the Instruments

Instrument Type	Complexity
Bank loan	Low
Non-convertible debentures	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity-indicators.

Annexure

ISIN	Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Amount (INR million)	Rating
INE051307AX2	Non-convertible debenture	11 March 2024	9.50	11 March 2025	40.30	IND BBB-/Stable
INE051307AW4	Non-convertible debenture	11 March 2024	10.50	10 September 2025	102.52	IND BBB-/Stable
INE051307AV6	Non-convertible debenture	11 March 2024	10.75	10 March 2026	40.18	IND BBB-/Stable
INE051307AU8	Non-convertible debenture	11 March 2024	11.00	10 March 2027	47.54	IND BBB-/Stable
INE051307AT0	Non-convertible debenture	11 March 2024	11.50	10 March 2029	87.86	IND BBB-/Stable
INE051307AS2	Non-convertible debenture	11 March 2024	0	11 March 2025	49.79	IND BBB-/Stable
INE051307AR4	Non-convertible debenture	11 March 2024	0	10 March 2026	43.09	IND BBB-/Stable

INE051307AQ6	Non-convertible debenture	11 March 2024	0	11 March 2030	70.12	IND BBB-/Stable
				Unutilised	1,518.6	IND BBB-/Stable
				Total	2,000	
Source: NSDL, Company						

APPLICABLE CRITERIA

Non-Bank Finance Companies Criteria

Evaluating Corporate Governance

The Rating Process

Financial Institutions Rating Criteria

Contact

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Ismail Ahmed
Senior Analyst
India Ratings and Research Pvt Ltd
Wockhardt Towers, 4th Floor, West Wing, Bandra Kurla Complex, Bandra East,Mumbai - 400051
+91 22 40356187
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About India Ratings and Research: India Ratings and Research (Ind-Ra) is committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

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For more information, visit www.indiaratings.co.in.

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current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

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It will be important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, "India Ratings" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please email us at infogrp@indiaratings.co.in

Sincerely,

India Ratings

Pankaj

Pankaj Naik
Director

India Ratings & Research
A Fitch Group Company

FitchGroup

Annexure: Facilities Breakup

Instrument Description	Banks Name	Ratings	Outstanding/Rated Amount(INR million)
Bank Loan	NA	IND BBB-/Stable	500.00

Annexure: ISIN

Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Ratings	Outstanding/Rated Amount(INR million)
Non-convertible debenture	INE051307AX2	11/03/2024	9.5	11/03/2025	IND BBB-/Stable	40.3
Non-convertible debenture	INE051307AW4	11/03/2024	10.5	10/09/2025	IND BBB-/Stable	102.52
Non-convertible debenture	INE051307AV6	11/03/2024	10.75	10/03/2026	IND BBB-/Stable	40.18
Non-convertible debenture	INE051307AU8	11/03/2024	11	10/03/2027	IND BBB-/Stable	47.54
Non-convertible debenture	INE051307AT0	11/03/2024	11.5	10/03/2029	IND BBB-/Stable	87.86
Non-convertible debenture	INE051307AS2	11/03/2024	0	11/03/2025	IND BBB-/Stable	49.79
Non-convertible debenture	INE051307AR4	11/03/2024	0	10/03/2026	IND BBB-/Stable	43.09
Non-convertible debenture	INE051307AQ6	11/03/2024	0	11/03/2030	IND BBB-/Stable	70.12
Non-convertible debenture (Unutilised)					IND BBB-/Stable	1518.6

Pankaj

ANNEXURE III- CONSENT OF THE DEBENTURE TRUSTEE

APPENDED OVERLEAF

Consent letter from the Debenture Trustee to the Issue

Date: 5th July 2024

Chemmanur Credits and Investments Limited
Door No. D1 to D4, 3rd Floor, Avenue Tower
East Fort, Thrissur-680005,
Kerala, India

Dear Ma'am/Sir

Sub: Proposed public offering of Secured Redeemable Non-Convertible Debenture of face value of ₹1,000 each ("NCDs") amounting to ₹40 Crore ("Base Issue"), with an option to retain over-subscription up to ₹20 Crore, aggregating up to ₹60 Crore ("Issue") by Chemmanur Credits and Investments Limited ("Company" or "Issuer")

We, the undersigned, hereby consent to be named as the debenture trustee to the Issue ("**Debenture Trustee**") and to our name being inserted as the Debenture Trustee to the Issue in the draft prospectus ("**Draft Prospectus**") to be filed with the BSE Limited ("**Stock Exchange**") and to be forwarded to Securities and Exchange Board of India ("**SEBI**") and the Prospectus ("**Prospectus**") to be filed with the Registrar of Companies, Kerala and Lakshadweep ("**RoC**"), Stock Exchange and to be forwarded to SEBI in respect of the Issue and also in all related advertisements and communications sent pursuant to the Issue. The following details with respect to us may be disclosed:

Name:	MITCON Credentia Trusteeship Services Limited
Address:	1402/1403, B-wing, Dalamal Towers, 14th Floor, Free Press Journal Marg, 211 Nariman Point, Mumbai 400 021 Maharashtra, India
Tel:	+91 22 2282 8200
Fax:	(91) (22) 22024553
Email:	contact@mitconcredentia.in
Investor Grievance Mail:	investorgrievances@mitconcredentia.in
Website	www.mitconcredentia.in
Contact Person:	Ms. Vaishali Urkude
SEBI Registration No	IND000000596
Logo :	MITCON CREDENTIA PARTNER WITH TRUSTED CREDENTIALS

We confirm that we are registered with the SEBI and that such registration is valid as on the date of this letter. We enclose a copy of our registration certificate enclosed herein as **Annexure A** and declaration regarding our registration with SEBI as **Annexure B**.

We also confirm that we have not been prohibited by SEBI to act as an intermediary in capital market issues. We confirm that we have not been prohibited to act as a debenture trustee by the SEBI.

We hereby authorise you to deliver this letter of consent to the RoC, pursuant to the provisions of Section 26 of the Companies Act, 2013 and other applicable laws or any other regulatory/statutory authorities as required by law.

We also agree to keep strictly confidential, until such time as the proposed transaction is publicly announced by the Company in the form of a press release, (i) the nature and scope of this transaction; and (ii) our knowledge of the proposed transaction of the Company.

We confirm that we will immediately in writing inform the Company and the Lead Manager of any change to the above information until the date when the proposed public issue of NCDs commence trading on the Stock Exchange. In the absence of any such communication from us, the above information should be taken as updated information until the NCDs commence trading.

This letter may be relied upon by you, the Lead Manager and the legal advisor to the Issue in respect of the Issue.

Sincerely

For MITCON Credentia Trusteeship Services Limited

Y. Limbachiya

MITCON CREDENTIA TRUSTEESHIP SERVICES LIMITED

Name: Yogesh Limbachiya
Designation: AVP & Compliance Officer

CC:

Vivro Financial Services Private Limited
607-608 Marathon Icon
Veer Santaji Lane, Opp. Peninsula Corporate Park
Off Ganpatrao Kadam Marg
Lower Parel, Mumbai – 400 013
Maharashtra, India

Khaitan & Co
One World Centre
10th & 13th Floor, Tower 1C,
Senapati Bapat Marg,
Mumbai 400 013
Maharashtra, India

Annexure A

डिबेंचर न्यासी

प्रारूप ख
FORM-B

DEBENTURE TRUSTEE

भारतीय प्रतिभूति और विनिमय बोर्ड
SECURITIES AND EXCHANGE BOARD OF INDIA
(डिबेंचर न्यासी) विनियम, 1993
(DEBENTURE TRUSTEE) REGULATIONS, 1993

000280

(विनियम 8)
(Regulation 8)

रजिस्ट्रीकरण प्रमाणपत्र
CERTIFICATE OF REGISTRATION

1) बोर्ड, भारतीय प्रतिभूति और विनिमय बोर्ड अधिनियम, 1992 के अधीन डिबेंचर न्यासी के लिए बनाए गए नियमों और विनियमों के साथ पठित उस अधिनियम की धारा-12 की उपधारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए,

1) In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder for the debenture trustee the Board hereby grants a certificate of registration to

MITCON CREDENTIA TRUSTEESHIP SERVICES LIMITED
Kubera Chambers, 1st Floor
Shivajinagar,
Pune-411005, Maharashtra

को नियमों में, शर्तों के अधीन रहते हुए और विनियमों के अनुसार डिबेंचर न्यासी के रूप में रजिस्ट्रीकरण का प्रमाणपत्र इसके द्वारा प्रदान करता है।
as a debenture trustee subject to the conditions in the rules and in accordance with the regulations.

2) डिबेंचर न्यासी के लिए रजिस्ट्रीकरण कूट है।
2) Registration Code for the debenture trustee is **IND000000596**

This Certificate of registration shall be valid for permanent, unless suspended or cancelled by the Board

3) जब तक नवीकृत न किया जाए, रजिस्ट्रीकरण का प्रमाणपत्र से तक विधिमान्य है।
3) Unless renewed, the certificate of registration is valid from to

आदेश से
भारतीय प्रतिभूति और विनिमय बोर्ड
के लिए और उसकी ओर से
By order
For and on behalf of
Securities and Exchange Board of India

स्थान Place : **Mumbai**
तारीख Date : **March 17, 2022**

DINESH JOSHI
प्राधिकृत हस्ताक्षरकर्ता Authorised Signatory

MITCON CREDENTIA
PARTNER WITH TRUSTED CREDENTIALS

Annexure B

Date: 5th July 2024

Chemmanur Credits and Investments Limited
Door No. D1 to D4, 3rd Floor, Avenue Tower
East Fort, Thrissur-680005,
Kerala, India

Dear Ma'am/Sir

Sub: Proposed public offering of Secured Redeemable Non-Convertible Debenture of face value of ₹1,000 each ("NCDs") amounting to ₹40 Crore ("Base Issue"), with an option to retain over-subscription up to ₹20 Crore, aggregating up to ₹60 Crore ("Issue") by Chemmanur Credits and Investments Limited ("Company" or "Issuer")

We hereby confirm that as on date the following details in relation to our registration with the Securities and Exchange Board of India ("**SEBI**") as a Debenture Trustee is true and correct:

1.	Registration Number	IND000000596
2.	Date of registration/ Renewal of registration	March 17, 2022
3.	Date of expiry of registration	Permanent registration
4.	If applied for renewal, date of application	Not Applicable
5.	Any communication from SEBI prohibiting the entity from acting as an intermediary	None
6.	Any enquiry/ investigation being conducted by SEBI	None
7.	Details of any penalty imposed by SEBI	None

We hereby enclose a copy of our SEBI registration certificate.

We shall immediately in writing intimate the Company of any changes, additions or deletions in respect of the matters covered in this certificate till the date when the securities of the Issuer, offered, issued and allotted pursuant to the Issue, are traded on the relevant Stock Exchange. In the absence of any such communication the listing and trading of the non-convertible debentures on the relevant Stock Exchange.

For MITCON Credentia Trusteeship Services Limited

Y. Limbachiya

MITCON CREDENTIA TRUSTEESHIP SERVICES LIMITED

Name: Yogesh Limbachiya
Designation: AVP & Compliance Officer

ANNEXURE IV- FINANCIAL STATEMENTS

APPENDED OVERLEAF

C M JOSEPH & ASSOCIATES
CHARTERED ACCOUNTANTS
MRA 5A, SAN Clinic Building, Pallath Lane,
Mount Carmel Church Road, Mamangalam,
Palarivattom P.O. Ernakulam- 682025
INDIA

0484-4047884/2338303/2989303
cmjfca@gmail.com
www.cmjassociates.in

INDEPENDENT AUDITORS' REPORT

To the Members of
CHEMMANUR CREDITS AND INVESTMENTS LIMITED

Opinion

We have audited the accompanying financial statements of Chemmanur Credits and Investments Limited, which comprise the balance sheet as at March 31, 2024, and the statement of profit and loss, and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the company as at 31st March, 2024, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How the Key Audit Matters were addressed in our audit
Completeness in identification, accounting and disclosure of related	We have assessed the systems and processes laid down by the company to appropriately identify, account and disclose all

party transactions in accordance with the applicable laws and financial reporting framework.	material related party transactions in accordance with applicable laws and financial reporting framework. We have designed and performed audit procedures in accordance with the guidelines laid down by ICAI in the Standard on Auditing (SA 550) to identify, assess and respond to the risks of material misstatement arising from the entity's failure to appropriately account for or disclose material related party transactions which includes obtaining necessary approvals at appropriate stages of such transactions as mandated by applicable laws and regulations.

Compliance and disclosure requirements under the applicable Indian Accounting Standards, RBI Guidelines and other applicable statutory, regulatory and financial reporting framework.	We have assessed the systems and processes laid down by the company to appropriately ensure compliance and disclosures as per the applicable Indian Accounting Standards, RBI Guidelines and other applicable statutory, regulatory and financial reporting framework. We have designed and performed audit procedures to assess the completeness and correctness of the details disclosed having regard to the assumptions made by the management in relation to the applicability and extent of disclosure requirements; and have relied on internal records of the company and external confirmations wherever necessary.

Interest on Gold Loan is based on the various gold loan schemes launched by the Company. The calculation of the interest on gold loan as per the applicable scheme involves complexities, including concessions in the nature of reduced prospective interest rates for prompt payment and additional interest for delayed payment. Due to such variety of schemes and involvement of complexity in calculating the interest income on gold loan we have considered this as Key Audit Matter	We assessed the Company's process on interest income computation. Our audit approach consisted evaluating the design and implementation; testing of operating effectiveness of the internal controls and substantive testing as follows: i. Evaluated the design and implementation of internal controls relating to interest income computation. ii. Selected a sample of continuing and new gold loan schemes and tested the operating effectiveness of the internal control, relating to interest income computation. We carried out a combination of procedures involving inquiry and observation, inspection of evidence in respect of operation of these controls. iii. Tested the relevant information technology systems' access and change management controls relating to interest income computation and related information used in interest computation iv. Obtained the list of modifications made in the interest scheme master during the year and tested the same on sample basis v. Performed analytical procedures and test of detailed procedures for testing the accuracy of the revenue recorded.

Management estimates impairment provision using Expected Credit Loss model for the loan exposure. Measurement of loan impairment involves application of significant judgement by the management. The	We examined Board Policy approving methodologies for computation of ECL that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures, commensurate with the size, complexity and risk profile specific to the Company.

most significant judgements are: Timely identification and classification of the impaired loans, and Determination of probability of defaults (PD) and estimation of loss given defaults (LGD) based on the value of collaterals and relevant factors	We evaluated the design and operating effectiveness of controls across the processes relevant to ECL. These controls, among others, included controls over the allocation of assets into stages including management's monitoring of stage effectiveness, model monitoring including the need for post model adjustments, model validation, credit monitoring, individual/collective provisions and production of journal entries and disclosures.
The estimation of Expected Credit Loss (ECL) on financial instruments involve significant judgements and estimates. Following are points with increased level of audit focus:	We tested the completeness of loans included in the Expected Credit Loss calculations as of 31 March 2024.
Classification of assets to stage 1, 2, or 3 using criteria in accordance with Ind AS 109;	We tested assets in stage 1, 2 and 3 on sample basis to verify that they were allocated to the appropriate stage.
Accounting interpretations, modelling assumptions and data used to build and run the models;	For samples of exposure, we tested the appropriateness of determining Exposure at Default (EAD), PD and LGD.
Inputs and Judgements used in determination of management overlay at various asset stages;	We performed an overall assessment of the ECL provision levels at each stage to determine if they were reasonable considering the Company's portfolio, risk profile, credit risk management practices and the macroeconomic environment.
The disclosures made in the financial statements for ECL especially in relation to judgements and estimates by the Management in determination of the ECL.	We assessed the adequacy and appropriateness of disclosures in compliance with the Ind AS 107 in relation to ECL especially in relation to judgements used in estimation of ECL provision.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance, Changes in equity and cash flows of the company in accordance with Ind AS and the accounting principles generally accepted in India as specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional
skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirement

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2016, we give in Annexure – III, a statement on the matters specified in the paragraph 3 and 4 of the said directions

3. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss, Change in Equity, and Cash flow statement dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended.

e) On the basis of written representations received from the directors as on March 31, 2024, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024, from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure II';

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanation given to us, the remuneration paid by the Company to its directors during the year has complied with the provision of 197 of the Act.

h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

I. The company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer **Note No. 41** to the financial statements.

II. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

III. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

IV. With respect to matters under Rule 11(e);

a. The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b. The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

V. The Company has not paid interim dividend or final dividend during the year.

i) Based on our examination, which included test checks, the company has used accounting software for maintaining its books of account for the financial year ended March 31,2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit, we did not come across any instance of audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1,2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

For C.M. JOSEPH & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm's Registration No. 006408S

C.M. JOSEPH, FCA, DISA (ICAI)
Partner
Membership No. 202800

Place: Ernakulam
Date: 30.05.2024

UDIN: 24202800BKBKVP5935

Annexure I to the Auditors' Report

The Annexure I referred to in our report to the members of **Chemmanur Credits and Investments Limited** ("the Company") for the period ended on March 31, 2024.

We report that:

i. In respect of the Company's property, plant and equipment, right-of-use assets and intangible assets;

   a. [A]The company is maintaining proper records showing full particulars, including quantitative details and situation of property, plant and equipment;

      (B) The company is maintaining proper records showing full particulars of intangible assets;

   b. The company has a program of physical verification of property, plant and equipment and right of- use assets so to cover all the assets once every three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

   c. In our opinion and according to the information and explanations given to us, the Company does not hold any immovable property and thus paragraph 3 (i) (e) of the Order is not applicable.

   d. The company has not revalued its property, plant and equipment (Including right of use of assets) or intangible assets during the year and thus para 3(i) (d) of the order is not applicable.

   e. In our opinion and according to the information and explanations given to us, no proceedings have been initiated or no proceedings have been pending against the company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii. (a) The Company is a Non-Banking Financial Company, primarily rendering Financial Services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.

   (b) The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks and financial institutions on the basis of pledge of land owned by associate companies and hypothecation of loan receivables. As far as the information and documents provided by the company and on examination of necessary records, the quarterly returns or statements filed by the Company with regard to loan receivables are matching to books of accounts.

K

iii. (a) The Company is an NBFC regulated by the Reserve Bank of India (RBI) and is involved in the business of giving loans, hence the requirements under para 3 (iii)(a) of the Order are not applicable to the Company.

(b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the terms and conditions in relation to securities given and grant of all loans and advances in the nature of loans and guarantees are not prejudicial to the interest of the Company.

(c) In respect of the aforesaid loans/ advances in nature of loan, the schedule of repayment of principal and payment of interest has been stipulated by the Company. The borrower-wise details of the amount, due date for payment and extent of delay have not been reported because it is not practicable to furnish such details owing to the voluminous nature of data generated in the normal course of the Company's business. Further, the Company has recognised necessary provisions in accordance with the principles of Indian Accounting Standards and the guidelines issued by RBI for Income Recognition and Asset Classification.

(d) In respect of the aforesaid loans and advances, loans amounting to Rs.478.42 lakhs (PY 259.91 Lakhs) is overdue for a period exceeding 90 days. In such instances, in our opinion, based on information and explanations provided to us, reasonable steps have been taken by the Company for the recovery of the principal amounts and the interest thereon.

(e) The Company is involved in the business of giving loans. Accordingly, provision stated in paragraph 3(iii) (e) of the Order are not applicable to the Company.

(f) According to the information explanation provided to us, the Company has not granted any loans and/ or advances in the nature of loans which are either repayable on demand or without specifying any terms or period of repayment. Hence, the requirements under paragraph 3(iii)(f) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has not given any loans, made any investments, provided any guarantees, and given any security to which the provisions of section 185 and 186 of the Companies Act, 2013 are applicable.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits and accordingly paragraph 3 (v) of the Order is not applicable.

vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.

vii. (a) The company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanation given to us there were no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Income Tax, Goods and Service Tax, Provident Fund, Employees' State Insurance, which have not been deposited on account of any dispute.

viii. In our opinion and according to the explanations and information given to us, the company does not have any transactions not recorded in the books of account that has been surrendered or disclosed as income during the year. Hence Paragraph 3 (viii) of the order is not applicable to the company.

ix. (a) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank or debenture holders during the year.

(b) In our opinion and according to the explanations and information given to us, the company is not declared as a wilful defaulter by any bank or Financial Institution or other lenders.

(c) In our opinion and according to the explanations and information given to us, the term loans were applied for the purpose for which the loans were obtained.

(d) In our opinion and according to the explanations and information given to us, and on an overall examination of the financial statements of the company, fund raised on short term basis has not been utilized for long term purposes by the company.

(e) In our opinion and according to the explanations and information given to us, the company has not taken any funds from any entity or person on account of or to meet the obligation of its subsidiaries, associates or joint ventures.

(f) In our opinion and according to the explanations and information given to us, the company has not raised any loans during the year on the pledge of securities held in its associate companies. Hence Paragraph 3 (ix)(f) of the order is not applicable to the company.

x. (a) The company has not raised any moneys by way of initial public offer or further public offer of shares during the year. To the best of our knowledge and belief and according to the information and explanations given to us, money raised by the public issue of non-convertible debentures were, prima facie, applied by the Company for the purposes for which the moneys were raised.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully, partly or optionally convertible debentures during the year. Accordingly, the provisions stated in paragraph 3(x) (b) of the Order are not applicable to the Company.

xi. (a) During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company nor on the Company. The instances of fraud noticed by the company are reported in Note 49 to the financial statements.

(b) We have not come across of any instance of material fraud by the Company or on the Company during the course of audit of the financial statement for the year ended March 31, 2024, accordingly the provisions stated in paragraph 3(xi)(b) of the Order is not applicable to the Company.

(c) In our opinion and according to the explanations and information given to us, there are no whistle-blower complaints received during the year by the company.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) (a) to (c) of the Order is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable and the details of such transactions have been disclosed in the financial statements of the Company as required by the applicable accounting standards.

xiv. (a) In our opinion and according to the information and explanations given to us, the company has an internal audit system commensurate with the size and nature of its business.

(b)The Report of the Internal Auditors for the period under Audit were considered.

xv. According to the information and explanations given to us, in our opinion during the year the Company has not entered into non-cash transactions with directors or persons connected with its directors and hence, provisions of section 192 of the Act are not applicable to company.
Accordingly, the provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi. (a) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has obtained the required registration under section 45-IA of the Reserve Bank of India Act, 1934.

(b) In our opinion and according to the information and explanations given to us, the company has a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934;

(c) In our opinion and according to the information and explanations given to us, the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Hence, the reporting under paragraph clause 3(xvi)(c) of the Order are not applicable to the Company.

(d)The Company does not have any CIC as part of its group. Hence the provisions stated in paragraph clause 3 (xvi) (d) of the order are not applicable to the company.

xvii. Based on the overall review of financial statements, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Hence, the provisions stated in paragraph clause 3 (xvii) of the Order are not applicable to the Company.

xviii. During the year, the statutory auditors, M/s. V.K.S. Narayan & Co., have resigned due to their inability to procure peer review certificate which is crucial for complying with industry standards and regulatory requirements. The resignation was communicated to the company and appropriate regulatory authorities in accordance with applicable laws and regulations.

xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, we are of the opinion that the company is capable of meeting its liability existing at the date of Balance Sheet as and when they fall due within a period of one year from Balance Sheet Date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. (a) In our opinion and according to the information and explanations given to us, the company has no unspent amount during the period, and the company is not required to transfer such amount to a Fund specified in schedule VII to the Companies Act.

(b) In our opinion and according to the information and explanations given to us, the company has no amount remaining unspent under subsection (5) of section 135, hence para 3 (xx)(a) is not applicable

xxi. In our opinion the consolidated financial statements is not applicable to the company, hence paragraph 3(xxi) is not applicable.

For C.M. JOSEPH & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm's Registration No. 006408S

C.M. JOSEPH, FCA, DISA (ICAI)
Partner
Membership No. 202800

UDIN: 24202800BKBKVP5935

Place: Ernakulam
Date: 30.05.2024

Annexure II to the Auditors' Report

The Annexure II referred to in our report to the members of **Chemmanur Credits and Investments Limited** (the Company') for the year ended on March 31, 2024.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Opinion

We have audited the internal financial controls over financial reporting of **Chemmanur Credits and Investments Limited** ("the Company") as of March 31, 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2024, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting (the 'Guidance Note') and the standards on auditing (the 'Standards') issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For C.M. JOSEPH & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm's Registration No. 006408S

C.M. JOSEPH, FCA, DISA (ICAI)
Partner
Membership No. 202800

Place: Ernakulam
Date: 30.05.2024

UDIN: 24202800BKBKVP5935

Annexure III to the Auditors' Report

To
The Board of Directors
Chemmanur Credits and Investments Limited

We have audited the Balance Sheet of **Chemmanur Credits and Investments Limited** as on 31st March,
2024 and also the Statement of Profit and Loss and Cash Flow Statement for the period ended on that date annexed thereto. As required by the Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions 2016, and according to the information and explanations given to us, we given below, a statement on matters specified in paragraphs 3 and 4 of the said directions:

1. The Company is engaged in the business of Non-Banking Financial institution and it has obtained the certificate of registration as provided in section 45 IA of the RBI Act, 1934.
2. The Company is entitled to hold Certificate of Registration in terms of Asset/Income Pattern as on 31st March, 2024.
3. The Company has complied with the Net Owned Fund requirement as laid down in "Master Direction - Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023".
4. The Board of Directors of the Company has passed a resolution for non-acceptance of Public Deposits.
5. The Company has not accepted any public deposits during the year under review.
6. According to the information and explanation given to us, the Company has complied with the prudential norms on Income Recognition, Accounting Standards, Asset Classification, Provisioning for bad and doubtful debts as specified in the directions issued by the Reserve Bank of India in terms of the "Master Direction - Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023".
7. The Company has not been classified as NBFC-MFI during the year ended March 31, 2024.

The report has been issued pursuant to the Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2016 and is issued to the Board of Directors of the company as required by Paragraph 2 of such directions and should not be used for any other purposes.

For C.M. JOSEPH & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm's Registration No. 006408S

C.M. JOSEPH, FCA, DISA (ICAI)
Partner
Membership No. 202800

Place: Ernakulam
Date: 30.05.2024

UDIN: 24202800BKBKVP5935

CHEMMANUR CREDITS AND INVESTMENTS LIMITED

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR – 2023-24

CHEMMANUR CREDITS AND INVESTMENTS LIMITED
Balance Sheet as at March 31, 2024

(₹ in lakhs)

	Note	As at March 31, 2024	As at March 31, 2023
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	4	1,517.80	795.45
(b) Bank balances other than cash and cash equivalents	5	1,350.00	0.00
(c) Receivables			
(i) Trade receivables	6(i)	0.00	0.00
(ii) Other receivables	6(ii)	1,404.26	770.55
(d) Loans	7	49,058.38	40,634.42
(e) Other financial assets	8	601.16	512.98
(2) Non-financial assets			
(a) Current tax assets (net)	9	643.18	350.08
(b) Deferred tax assets (net)	10	214.97	163.29
(c) Property, plant and equipment	11	2,558.69	1,771.81
(d) Right-of-use assets	12	5,700.25	4,729.45
(e) Intangible assets	13	6.26	19.58
(f) Capital work-in-progress	14	288.63	151.66
(g) Other non-financial assets	15	160.90	42.84
TOTAL ASSETS		**63,504.48**	**49,942.11**
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Debt securities	16	19,072.35	10,247.75
(b) Borrowings (other than debt securities)	17	12,856.65	8,676.34
(c) Subordinated liabilities	18	18,371.30	17,589.30
(d) Other financial liabilities	19	3,996.29	4,385.33
(2) Non-financial liabilities			
(a) Current tax liabilities (net)	9	0.00	0.00
(b) Provisions	20	205.42	171.58
(c) Other non-financial liabilities	21	99.68	130.42
EQUITY			
(a) Equity share capital	22	6,000.00	6,000.00
(b) Other equity	23	2,902.79	2,741.39
TOTAL LIABILITIES AND EQUITY		**63,504.48**	**49,942.11**

Notes are an integral part of the financial statements
For and on behalf of the Board

Boby CD
Chairman and MD
DIN: 00046095

Lijo Moothedan
Director
DIN: 00877403

Pramod.M
Chief Financial Officer

T.K. Thomas
Chief Executive Officer

Anju Thomas
Company Secretary
M.No:43159

Place : Thrissur,
Date : 30.05.2024

CHEMMANUR CREDITS AND INVESTMENTS LTD. CORPORATE OFFICE THRISSUR

As per our report of even date attached
For C.M. Joseph & Associates,
Chartered Accountants
Firm Registration No. 006408S

C.M. Joseph
PARTNER
M.No: 202800

UDIN : 24202800BKBKVP5935

C.M. JOSEPH & ASSOCIATES KOCHI-25 CHARTERED ACCOUNTANTS

CHEMMANUR CREDITS AND INVESTMENTS LIMITED

Statement of Profit and Loss for the year ended March 31, 2024

(₹ in lakhs)

		Note	For the year ended March 31, 2024	For the year ended March 31, 2023
	Revenue from operations			
(i)	Interest income	24	9,766.86	7,406.46
(ii)	Dividend income		0.00	0.00
(iii)	Rental income	25	91.53	91.53
(iv)	Fees and commission income	26	714.45	815.38
(I)	**Total revenue from operations**		**10,572.84**	**8,313.37**
(II)	Other income	27	41.65	7.28
(III)	**Total income (I) + (II)**		**10,614.49**	**8,320.65**
	Expenses			
(i)	Finance costs	28	4,857.20	3,924.87
(ii)	Impairment of financial instruments	29	41.54	81.60
(iii)	Employee benefit expenses	30	3,568.74	2,640.69
(iv)	Depreciation, amortisation and impairment	31	956.65	763.30
(v)	Other expenses	32	991.99	760.78
(IV)	**Total expenses**		**10,416.12**	**8,171.24**
(V)	**Profit/ (loss) before tax (III - IV)**		**198.37**	**149.41**
(VI)	Tax expenses			
	(i) Current tax			
	- Related to current year		61.70	101.63
	- Related to prior years		12.48	0.00
	(ii) Deferred tax		(48.04)	(32.40)
(VII)	**Profit/ (loss) for the period (V) - (VI)**		**172.23**	**80.18**
(VIII)	**OTHER COMPREHENSIVE INCOME**			
(A)	***(i) Items that will not be reclassified to profit or loss***			
	Remeasurement gain/ (loss) on defined benefit plan		(14.47)	12.56
	(ii) Income tax relating to items the above		3.64	(3.16)
	TOTAL OTHER COMPREHENSIVE INCOME		**(10.83)**	**9.40**
(IX)	**TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (VII + VIII)**		**161.40**	**89.58**
(X)	**Earnings per share**	33		
	Basic (₹)		0.29	0.13
	Diluted (₹)		0.29	0.13
	Face value per share (₹)		10.00	10.00

Notes are an integral part of the financial statements

For and on behalf of the Board

Boby CD
Chairman and MD
DIN: 00046095

Lijo Moothedan
Director
DIN: 00877403

Pramod.M
Chief Financial Officer

Anju Thomas
Company Secretary
M.No:43159

T.K. Thomas
Chief Executive Officer

Place : Thrissur,
Date : 30.05.2024

CHEMMANUR CREDITS AND INVESTMENTS LTD. CORPORATE OFFICE THRISSUR

As per our report of even date attached
For C.M. Joseph & Associates,
Chartered Accountants
Firm Registration No. 006408S

C.M. Joseph
PARTNER
M.No: 202800

UDIN : 24202800BKBKVP5935

C.M. JOSEPH & ASSOCIATES KOCHI-25 CHARTERED ACCOUNTANTS

CHEMMANUR CREDITS AND INVESTMENTS LIMITED

Statement of Changes in Equity for the period ended March 31, 2024

(₹ in lakhs)

A. EQUITY SHARE CAPITAL

(1) Current reporting period

Balance as at April 1, 2023	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at March 31, 2024
6,000.00	-	-	-	6,000.00
6,000.00	-	-	-	**6,000.00**

(2) Previous reporting period

Balance as at April 1, 2022	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at March 31, 2023
6,000.00	-	6,000.00	-	6,000.00
6,000.00	-	**6,000.00**	-	**6,000.00**

B. OTHER EQUITY

(1) Current reporting period

Particulars	Reserves and Surplus			Total other equity
	Retained Earnings	Reserve Fund	Impairment Reserve	
Balance as at April 1, 2023	**1,810.09**	**846.22**	**85.08**	**2,741.39**
Net profit/(loss) for the year	172.23	-	-	172.23
Remeasurement gain on defined benefit plans	(10.83)	-	-	(10.83)
Transfer to/ from retained earnings	(37.78)	34.45	3.33	-
Dividend	-	-	-	-
Balance as at March 31, 2024	**1,933.71**	**880.67**	**88.41**	**2,902.79**

C.A. JOSEPH & ASSOCIATES * KOCHI-25 * CHARTERED ACCOUNTANTS

CHEMMANUR CREDITS AND INVESTMENTS LTD. CORPORATE OFFICE THRISSUR

(2) Previous reporting period

Particulars	Reserves and Surplus			Total other equity
	Retained Earnings	Reserve Fund	Impairment Reserve	
Balance as at April 1, 2022	**1,740.97**	**830.18**	**80.66**	**2,651.81**
Net profit/(loss) for the year	80.18	-	-	80.18
Remeasurement gain on defined benefit plans	9.40	-	-	9.40
Transfer to/ from retained earnings	(20.46)	16.04	4.42	-
Dividend	-	-	-	-
Balance as at March 31, 2023	**1,810.09**	**846.22**	**85.08**	**2,741.39**

Notes are an integral part of the financial statements

For and on behalf of the Board

Boby CD
Chairman and MD
DIN: 00046095

Lijo Moothedan
Director
DIN: 00877403

Pramod M
Chief Financial Officer

Anju Thomas
Company Secretary
M.No:43159

T.K. Thomas
Chief Executive Officer

CHEMMANUR CREDITS AND INVESTMENTS LTD. CORPORATE OFFICE THRISSUR

Place : Thrissur,
Date : 30.05.2024

As per our report of even date attached
For C.M. Joseph & Associates,
Chartered Accountants
Firm Registration No. 006408S

C.M. Joseph
PARTNER
M.No: 202800

UDIN : 24202800BKBKVP5935

C.M. JOSEPH & ASSOCIATES CHARTERED ACCOUNTANTS KOCHI-25

CHEMMANUR CREDITS AND INVESTMENTS LIMITED
Statement of Cash Flows for the year ended March 31, 2024

		For the year ended	
		March 31, 2024	**March 31, 2023**
		₹ in lakhs	
I.	**CASHFLOWS FROM OPERATING ACTIVITIES**		
	Profit before tax	198.37	149.41
	Depreciation, amortisation and impairment	956.65	763.30
	Impairment of financial instruments	41.54	81.60
	Finance costs	4,857.20	3,924.87
	(Profit)/ loss on sale of property, plant and equipment	4.90	0.92
	Provision for gratuity	41.24	38.61
	Provision for cash loss	4.61	2.59
	Rental income	(91.53)	(91.53)
	Gain on termination of lease	(7.14)	-
	Operating profit before working capital changes	**6,005.84**	**4,869.77**
	(Increase)/ decrease in receivables	(633.71)	154.34
	(Increase)/ decrease in other bank balances	(1,350.00)	-
	(Increase)/ decrease in loans	(8,465.50)	(5,292.63)
	(Increase)/ decrease in other financial assets	(184.54)	(335.52)
	(Increase)/ decrease in other non-financial assets	(118.06)	(4.10)
	Increase/ (decrease) in provisions	(26.48)	(22.18)
	Increase/ (decrease) in other financial liabilities	(171.34)	187.30
	Increase/ (decrease) in other non-financial liabilities	(30.74)	68.25
	Cash generated from/ (used in) operations	**(4,974.53)**	**(374.77)**
	Finance costs paid	(5,031.00)	(3,717.57)
	Income tax paid	(367.28)	(277.64)
	Net cash from/ (used in) operating activities	**(10,372.81)**	**(4,369.98)**
II.	**CASHFLOWS FROM INVESTING ACTIVITIES**		
	Payments for property, plant and equipment and intangible assets	(1,194.32)	(660.75)
	Proceeds from sale of property, plant and equipment	1.65	3.26
	Rental income	91.53	91.53
	Net cash from/ (used in) investing activities	**(1,101.14)**	**(565.96)**
III.	**CASHFLOWS FROM FINANCING ACTIVITIES**		
	Proceeds from issue of debt securities	10,835.13	9,528.39
	Proceeds from issue of subordinated liabilities	3,371.75	3,724.40
	Proceeds from long-term borrowings	3,500.00	-
	Repayment of debt securities	(2,008.43)	(4,260.26)
	Increase/ (decrease) in other borrowings	(866.40)	(531.71)
	Repayment of subordinated liabilities	(2,635.75)	(3,288.15)
	Dividend paid	-	-
	Net cash from/ (used in) financing activities	**12,196.30**	**5,172.67**

CHEMMANUR CREDITS AND INVESTMENTS LTD. CORPORATE OFFICE THRISSUR

C.M. JOSEPH & ASSOCIATES CHARTERED ACCOUNTANTS KOCHI-25

IV.	**Net increase/ (decrease) in cash and cash equivalents (I + II + III)**	**722.35**	**236.73**
V.	**Cash and cash equivalents at the beginning**	**795.45**	**558.72**
VI.	**Cash and cash equivalents at the end**	**1,517.80**	**795.45**
	Cash and cash equivalents comprise of:		
	- Cash	949.18	424.31
	- Balances with banks	568.62	371.14
	Total	**1,517.80**	**795.45**

Notes are an integral part of the financial statements
For and on behalf of the Board

Boby CD	**Lijo Moothedan**	**Pramod.M**
Chairman and MD	**Director**	**Chief Financial Officer**
DIN: 00046095	**DIN: 00877403**	

Anju Thomas
Company Secretary
M.No:43159

T.K. Thomas
Chief Executive Officer

CHEMMANUR CREDITS AND INVESTMENTS LTD. CORPORATE OFFICE THRISSUR

Place : Thrissur,
Date : 30.05.2024

As per our report of even date attached
For C.M. Joseph & Associates,
Chartered Accountants
Firm Registration No.
006408S

C.M. Joseph
PARTNER
M.No: 202800

UDIN : 24202800BKBKVP5935

C.M. JOSEPH & ASSOCIATES * KOCHI-25 * CHARTERED ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

Chemmanur Credits and Investments Limited is a Public Limited Company incorporated on December 16, 2008. The Company is a Non-Systemically Important Non-Deposit Taking Non-Banking Financial Company Registered under section 45IA of RBI Act, 1934. The Company provides a wide range of fund based and fee-based services including gold loans, micro finance, consumption loans etc.

Registration Details

Corporate Identity Number (CIN)	U65923KL2008PLC023560
Reserve Bank of India Registration no.	N16-00185
Company's Registered Office	Door No. D1 to D4, 3rd Floor, Avenue Tower, East Fort, Thrissur-680005
Ministry of Finance (Financial Intelligence Unit - India (FIU-IND))	FINBF13040

2 BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

These standalone or separate financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules 2015 as amended and notified under Section 133 of the Companies Act, 2013 ("the Act"), in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

These financial statements were approved by the Company's Board of Directors and authorized for issue on May 30, 2024

2.2 Presentation of financial statements

The Balance Sheet, Statement of Changes in Equity and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Companies Act, 2013 ("the Act") applicable for Non-Banking Finance Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet, Statement of Changes in Equity and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the Financial Statements along with the other notes required to be disclosed under the notified Accounting Standards and regulations issued by the RBI.

2.3 Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or '₹') which is also the Company's functional currency. All amounts are rounded-off to the nearest lakhs, unless otherwise indicated.

2.4 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

Certain accounting policies of the Company and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has established policies and procedures with respect to the measurement of fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such value in use in Ind AS 36.
Fair value measurements under Ind AS are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date.
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

2.5 Use of estimates, judgments and assumptions

The preparation of the financial statements in conformity with Indian Accounting Standards ("Ind AS") requires the Management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.
Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

a) Effective Interest Rate (EIR) Method

The Company recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given / taken. This estimation, by nature, requires an element of judgment regarding the expected behavior and life- cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

b) Impairment of Financial Assets

The measurement of impairment losses on loan assets and commitments requires judgment, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk.
The Company's Expected Credit Loss (ECL) calculation is the output of a complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgments and estimates include:

The Company's criteria for assessing if there has been a significant increase in credit risk.

- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL model, including the various formulae and the choice of inputs.

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- Selection of forward-looking macroeconomic scenarios and their probability weights, to derive the economic inputs into the ECL model.
- Management overlay used in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolios.

It has been the Company's policy to regularly review its model in the context of actual loss experience and adjust when necessary.

c) Employee Benefits

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

d) Impact of COVID-19

The COVID-19 outbreak and its effect on the economy has impacted our customers and our performance, and the future effects of the outbreak remain uncertain.

The outbreak necessitated government to respond at unprecedented levels to protect public health, local economies and livelihoods. There remains a risk of subsequent waves of infection, as evidenced by the recently emerged variants of the virus.

Economic forecasts are subject to a high degree of uncertainty in the current environment. Limitations of forecasts and economic models require a greater reliance on management judgment in addressing both the error inherent in economic forecasts and in assessing associated ECL outcomes.

The calculation of ECL under Ind AS 109 involves significant judgments, assumptions and estimates. The level of estimation uncertainty and judgment has increased during financial year as a result of the economic effects of the COVID-19 outbreak.

As a result of government and bank support measures, significant credit deterioration has not yet occurred. This delay increases uncertainty on the timing of the stress and the realisation of defaults. Management has applied COVID-19 specific adjustments to modeled outputs to reflect the temporary nature of ongoing government support, the uncertainty in relation to the timing of stress and the degree to which economic consensus has yet captured the range of economic uncertainty. As a result, ECL is higher than would be the case if it were based on the forecast economic scenarios alone.

The Company has developed various accounting estimates in these Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as at March 31, 2022 about future events that the management believe are reasonable in the circumstances. There is a considerable degree of judgment involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Company. Accordingly, actual economic conditions are likely to be different from those forecasts since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, fair value measurement, and recoverable amount assessments of non-financial assets.

C.A. JOSEPH & ASSOCIATES KOCHI-25 CHARTERED ACCOUNTANTS

CHEMMANUR CREDITS AND INVESTMENTS LTD. CORPORATE OFFICE THRISSUR

e) Accounting for leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgment in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

f) Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

g) Business model objective of financial assets.

Classification and measurement of financial assets depends on the results of the contractual cashflow characteristics and the business model objective. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

h) Other estimates

These include provisions (other than loan portfolio), contingent liabilities, useful lives, depreciation method and residual value of property, plant and equipment and intangible assets etc.

3 MATERIAL ACCOUNTING POLICIES

3.1 Revenue recognition

a) Interest income

Interest income is recognized in Statement of profit and loss using the Effective Interest Rate (EIR) method for all financial instruments measured at amortized cost, debt instruments measured at FVTOCI and debt instruments designated at FVTPL.

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The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is recorded as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortized through interest income in the Statement of profit and loss.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired, the Company calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Additional interest and interest on trade advances are recognized when they become measurable and when it is not unreasonable to expect their ultimate collection.

b) Dividend income

Dividend is recognized as income when the right to receive the dividend is established and the amount of dividend can be measured reliably.

c) Revenue from and rendering of services

Revenue (other than for Financial Instruments within the scope of Ind AS 109) is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties.

The Company recognizes revenue from contracts with customers based on a five-step model as set out in Ind AS 115.

Revenue from contract with customer for rendering services is recognized at a point in time when performance obligation is satisfied.

d) Net gain/ (loss) on change in fair value

The assets which are being measured at FVTPL are restated to their fair value as at the reporting date and any gain/ (loss) on change in fair value will be recognized as income/ expense in the Statement of Profit and Loss.

e) Materiality threshold for classifying the prior period errors or changes

The Company has fixed a materiality threshold of ₹25 lakh for classifying the prior period errors or changes as material prior period errors or changes in the Financial Statements.

3.2 Financial Instruments

a) Recognition and measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in Statement of profit and loss.

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b) Financial assets

Classification and measurement

The Company classifies its financial assets into the following measurement categories: amortized cost; fair value through other comprehensive income; and fair value through profit or loss.

All recognized financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial instruments measured at amortized cost

Debt instruments that meet the following criteria are measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. The principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

Debt instruments that are subsequently measured at amortized cost are subject to impairment.

Financial instruments measured at fair value through other comprehensive income ("FVTOCI")

Debt instruments that meet the following criteria are measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognized in Statement of profit and loss for FVTOCI debt instruments. Other changes in fair value of FVTOCI financial assets are recognized in other comprehensive income. When the asset is disposed of, the cumulative gain or loss previously accumulated in reserve is transferred to Statement of Profit and Loss.

JOSEPH & ASSOCIATES KOCHI-25 CHARTERED ACCOUNTANTS

CHEMMANUR CREDITS & INVESTMENTS LTD. CORPORATE OFFICE THRISSUR

Financial instruments measured at fair value through Profit and Loss ("FVTPL")

Instruments that do not meet the amortized cost or FVTOCI criteria are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in the Statement of Profit and Loss. The gain or loss on disposal is recognized in the Statement of Profit and Loss. Interest income is recognized in the Statement of Profit and Loss for FVTPL debt instruments. Dividend on financial assets at FVTPL is recognized when the Company's right to receive dividend is established.

Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to Statement of Profit and Loss on disposal of the investments. Dividends from these investments are recognized in the Statement of Profit and Loss when the Company's right to receive dividends is established.

Reclassifications

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Company's financial assets.

Impairment of financial assets

Company recognizes loss allowances using the Expected Credit Loss ("ECL") model for the financial assets which are not fair valued through profit and loss. ECL is calculated using a model which captures portfolio performance over a period of time. ECL is a probability-weighted estimate of credit losses. A credit loss is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive discounted at the original EIR.

ECL is measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e., ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date (referred to as Stage 1); or
- Lifetime ECL, i.e., lifetime ECL that result from all possible default events over the life of the financial instrument (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. The Company measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Key elements of ECL computation are outlined below:

- Probability of default ("PD") is an estimate of the likelihood that customer will default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously de-recognized and is still in the portfolio.

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- Loss given default ("LGD") estimates the normalized loss which Company incurs post customer default. It is usually expressed as a percentage of the Exposure at default ("EAD"). Effective interest rate ("EIR") is the rate that discounts estimated future cash flows through the expected life of financial instrument. For calculating EIR any upfront fees need to be excluded from the loans and advance amount.

The Company uses historical information where available to determine PD. Considering the different products and schemes, the Company has bifurcated its loan portfolio into various pools. For certain pools where historical information is available, the PD is calculated considering fresh slippage of past years. For those pools where historical information is not available, the PD/ default rates as stated by external reporting agencies is considered.

Credit impaired financial assets

A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default ("PD") which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

Default considered for computation of ECL computation is as per the applicable prudential regulatory norms.

Significant increase in credit risk

The Company monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. The Company's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's expert credit assessment.

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Impairment Reserve

Where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), the Company will appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/ or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g.: a change to the increase in the interest rate that arises when covenants are breached).

The Company renegotiates loans to customers in financial difficulty to maximize collection and minimize the risk of default. Loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

Substantial modification

When a financial asset is modified, the Company assesses whether this modification results in derecognition. In accordance with the Company's policy, a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Company considers the following:

Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants.

If these do not clearly indicate a substantial modification, then a quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest.

In the case where the financial asset is derecognized, the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition.

The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognized at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Company monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Company determines if the financial asset's credit risk has increased significantly since initial recognition.

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Other modification

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Company's ability to collect the modified cash flows taking into account the Company's previous experience of similar forbearance action, as well as various behavioral indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behavior following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Company calculates the modification gain/ loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Company measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognized in OCI and accumulated in equity is recognized in the Statement of Profit and Loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to the Statement of Profit and Loss.

Write Off

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

c) Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the Statement of Profit and Loss.

d) Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and transactions costs that are an integral part of the Effective Interest Rate (EIR).

e) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 - Financial Instruments; and
- the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of Ind AS 115 - Revenue from Contracts with Customers.

f) Offsetting

Financial assets and financial liabilities are generally reported gross in the balance sheet. Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

3.3 Cash and Bank balances

Cash comprises 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 insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short- term deposits, as defined above, net of outstanding bank overdrafts if any, as they are considered an integral part of the Company's cash management.

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

3.4 Property, plant and equipment

PPE is recognized when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.
PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation and accumulated impairment loss, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date arc disclosed separately under other non-financial assets. Capital work in progress comprises the cost of PPE that are not ready for its intended use at the reporting date. Capital work-in-progress is stated at cost, net of impairment loss, if any.

Subsequent expenditure related to the asset are added to its carrying amount or recognised as a separate asset only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Depreciation

Depreciation on property, plant and equipment is calculated using written down value method (WDV) to write down the cost of property and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II of the Companies Act, 2013.

The estimated useful lives are as follows:

Description of the asset	Estimated Useful Life (Years)
Furniture and Fixtures	10
Electrical fittings	10
Computers (End use machines)	3
Plant and Machinery	15
Vehicles (Motorcycles, scooters and other mopeds)	8
Strong room - RCC Frame Structure	60

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Changes in the expected useful life are accounted for by changing the amortization period or methodology, as appropriate, and treated as changes in accounting estimates.

An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

3.5 Intangible assets

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax, less accumulated amortization and cumulative impairment.

Intangible assets i.e., Software are amortised on written down value basis over the estimated useful life of 3 years.

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An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in the Statement of Profit and Loss when the asset is derecognised.

3.6 Impairment of non-financial assets

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment and intangible assets with finite lives may be impaired. If any such impairment exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets not yet available for use, are tested for impairment annually at each balance sheet date, or earlier, if there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of Profit and Loss.

3.7 Leases

The Company determines that a contract is or contains a lease if the contract conveys right to control the use of an identified asset for a period of time in exchange for a consideration.

Company as a lessee

At the inception of a contract which is or contains a lease, the Company recognizes lease liability at the present value of the future lease payments for non-cancellable period of a lease which is not short term in nature except for lease of low value items. The future lease payments for such non-cancellable period are discounted using the Company's incremental borrowing rate.

The Company elects to apply the practical expedient to not to separate non-lease component from lease component, in case of a contract containing lease. The Company accounts such contracts as a single lease component.

Lease payments include fixed payments, i.e., amounts expected to be payable by the Company under residual value guarantee, the exercise price of a purchase option if the Company is reasonably certain to exercise that option and payment of penalties for terminating the lease if the lease term considered reflects that the Company shall exercise termination option. The Company also recognizes a right of use asset which comprises of amount of initial measurement of the lease liability, any initial direct cost incurred by the Company and estimated dilapidation costs.

Right of use assets is amortized over the period of lease.

Payment made towards short term Leases (leases for which lease term is 12 months or lesser) and low value assets are recognized in the statement of Profit and Loss as rental expenses over the tenor of such leases.

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Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

3.8 Finance cost

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at Amortized cost. Financial instruments include bank term loans, non-convertible debentures, subordinated debts, interest expense on lease liabilities computed by applying the Company's incremental borrowing rate and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Finance costs are charged to the Statement of profit and loss.

3.9 Employee Benefits

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia/ bonus are recognized in the period in which the employee renders the related service. A liability is recognized for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term employee benefits

Defined contribution plans

Defined contribution plans are the post-employment plans under which the Company pays a fixed contribution to a fund and the Company's liability is limited to payment of such fixed contributions. Contributions to defined contribution plans are recognized as expense when employees have rendered services entitling them to such benefits.

The Company provides benefits such as, provident fund and pension schemes (both managed by other than the Company) to its employees which are treated as defined contribution plans.

Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Past service cost, both vested and unvested, is recognized as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognizes related restructuring costs or termination benefits.

The major defined benefit plans of the Company are as follows:

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Gratuity

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, in capacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Company's gratuity scheme is unfunded. The Company recognizes the obligation of a defined benefit plan in its Balance Sheet as a liability.

Gains and losses through remeasurements of the net defined benefit liability / (asset) are recognized in other comprehensive income. The effects of any plan amendments are recognized in net profit in the Statement of Profit and Loss.

3.10 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Any reimbursements with respect to liabilities/ provisions are recognized only when there is a virtual certainty that the said amounts will be received.

3.11 Current and Deferred Tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in the statement of Profit and Loss except when they relate to items that are recognized outside profit and loss (whether in other comprehensive income or directly in equity), in which case tax is also recognized outside profit and loss, as appropriate. Current income taxes are determined based on respective taxable income based on tax rate enacted as at reporting date.

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carryforwards and unused tax credits could be utilized.

Deferred tax assets and Liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Current and deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3.12 Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. It is disclosed in the financial statements. If the outflow of such obligation becomes probable, it is recognized as a provision.

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A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are recognized only if there is a virtual certainty of realization. It is disclosed in the financial statements if it is probable only.

3.13 Earnings per share

Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. The Company did not have any potentially dilutive securities in any of the years' presented.

3.14 Statement of Cashflows

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

3.15 Segment Reporting

Operating segments are reported in manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The management assesses the financial performance and position of the Company and makes strategic decisions. The chief operating decision maker consists of the Directors of the Company.

The Company's primary business segments are reflected based on the principal business carried out, i.e., financial activities. All other activities of the Company revolve around the main business. As such, there are no separate reportable segments.

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NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2024

(Presented in Rs Lakh other than Share Data and EPS)

Note 4: Cash and cash equivalents

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
(a) Cash on hand	949.18	424.31
(b) Balances with banks	568.62	371.14
Total	**1,517.80**	**795.45**

Note 5: Bank balances other than cash and cash equivalents

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
(a)Term deposits with Banks	1,350.00	-
Total	**1,350.00**	-

** Lien was marked on Term deposit of ₹750.00 Lakh and ₹600.00 Lakh against credit facilities sanctioned by State Bank of India and Federal Bank respectively*

Note 6: Receivables

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Trade receivables	-	-
	-	-
(ii) Other receivables - Interest receivables		
(a) Considered good - secured	1,347.65	749.87
(b) Considered good - unsecured	56.61	20.68
	1,404.26	**770.55**
Less: Allowance for impairment loss	-	-
Total	**1,404.26**	**770.55**

Note 7: Loans

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
(A)		
(i) Gold loan	41,242.54	30,190.86
(ii) GSL Accounts	1,751.74	3,818.60
(iii) Micro finance loans	5,373.12	5,820.77
(iv) Consumption loans	200.11	501.47
(v) Insta loans	698.90	469.21
	49,266.41	**40,800.91**
Less: Impairment allowance	(208.03)	(166.49)

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	49,058.38	**40,634.42**
(B)		
(I) Secured by Tangible assets		
(i) Gold loan	41,242.54	30,190.86
(ii) Business loan	1,751.74	3,818.60
(iii) Other loan	-	-
(iv) Loans to related parties	-	-
	42,994.28	**34,009.46**
Less: Impairment allowance	(99.31)	(77.10)
	42,894.97	**33,932.36**
(II) Unsecured		
(i) Gold loan	-	-
(ii) Business loan	-	-
(iii) Other loan	6,272.13	6,791.45
(iv) Loans to related parties	-	-
	6,272.13	**6,791.45**
Less: Impairment allowance	(108.72)	(89.39)
	6,163.41	**6,702.06**
(C)		
(I) Loans in India		
i) Public sector	-	-
ii) Others	49,266.41	40,800.91
	49,266.41	**40,800.91**
(II) Loans outside India	-	-
	49,266.41	**40,800.91**
Less: Impairment allowance	(208.03)	(166.49)
Total	**49,058.38**	**40,634.42**

Note 8: Other financial assets (₹ in lakhs)

Particulars	As at	
	March 31, 2024	**March 31, 2023**
a) Rent deposits	338.48	255.17
b) Other security deposits	15.74	13.07
c) Other financial assets	246.94	244.74
Total	**601.16**	**512.98**

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Note 9: Current tax assets (Net)

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
a) Current tax assets (net of provisions)	643.18	350.08
Total	**643.18**	**350.08**

Note 10: Deferred tax assets (Net)

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
a) Deferred tax assets	1,757.09	1,403.02
b) Deferred tax liabilities	(1,542.12)	(1,239.73)
Total	**214.97**	**163.29**

(A) The balance of deferred tax assets comprises temporary differences attributable to:

(₹ in lakhs)

Particulars	As at April 1, 2023	Charged/ (credited) to profit or loss for the period	Recognised in Other Comprehensive Income	As at March 31, 2024
Difference between book base and tax based in respect of PPE, ROU assets and intangible assets	(1,179.04)	(253.31)	-	(1,432.35)
Application of EIR on financial assets	83.82	15.95	-	99.77
Application of EIR on financial liabilities	(49.33)	(58.04)	-	(107.37)
Deferred tax on lease liabilities	1,267.89	335.32	-	1,603.21
Employee Benefits	39.95	3.71	3.64	47.30
Others	-	4.41	-	4.41
Deferred tax assets (net)	**163.29**	**48.04**	**3.64**	**214.97**

Particulars	As at April 1, 2022	Charged/ (credited) to profit or loss for the period	Recognised in Other Comprehensive Income	As at March 31, 2023
Difference between book base and tax based in respect of PPE, ROU assets and intangible assets	(993.68)	(185.36)	-	(1,179.04)
Application of EIR on financial assets	65.21	18.61	-	83.82
Application of EIR on financial liabilities	0.40	(49.73)	-	(49.33)
Deferred tax on lease liabilities	1,023.82	244.07	-	1,267.89
Employee Benefits	38.29	4.82	(3.16)	39.95
Others	-	-	-	-
Deferred tax assets (net)	**134.04**	**32.41**	**(3.16)**	**163.29**

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Disclosure pursuant to Ind AS 12 Income Taxes

(₹ in lakhs)

Particulars	March 31,2024	March 31,2023
(a) Current tax	74.18	101.63
(b) Deferred tax	(48.04)	(32.40)
Total tax expenses in the Statement of Profit and Loss	26.14	69.23
Tax effect on other comprehensive income	3.64	(3.16)
Deferred tax credit recorded in equity	-	-
Tax losses on which deferred tax is not recognised	-	-

Reconciliation of estimated Income tax expense at tax rate to income tax expense reported in the Statement of profit and loss:

(₹ in lakhs)

Particulars	March 31,2024	March 31,2023
Profit before tax	198.37	149.41
Applicable income tax rate	25.17%	25.17%
Expected income tax expenses	**49.93**	**37.61**
Adjustment on account of:		
a) Expenses not allowable as per income tax	1.24	5.07
b) Effect of income exempt from tax	-	-
c) Non-creation deferred tax on temporary differences	-	-
d) Tax related to prior years	12.48	-
e) Deferred tax recognised in OCI	3.64	(3.16)
b) Others	(41.15)	29.71
Tax expense recognised during the year	**26.14**	**69.23**

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& ASSOCIATES KOCHI-25 CHARTERED ACCOUNTANTS

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(₹ in lakhs)

Note 11: Property, plant and equipment

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2023	Additions	Deletion	As at 31.03.2024	As at 01.04.2023	For the Year	Depreciation on sale/Woff of Assets	As at 31.03.2024	As at 31.03.2024	As at 31.03.2023
Furniture & Fixtures	1,151.00	722.59	(0.50)	1,873.09	323.32	149.33	-	472.65	1,400.44	827.68
Plant & Equipment	527.30	257.43	(7.32)	777.41	75.33	56.19	(1.28)	130.24	647.17	451.97
Computer	69.83	72.09	-	141.92	21.09	31.16	-	52.25	89.67	48.74
Electrical Fittings	45.29	0.47	-	45.76	22.05	11.44	-	33.49	12.27	23.24
Vehicles	27.18	-	-	27.18	3.37	3.43	-	6.80	20.38	23.81
RCC Frame Structure	411.25	-	-	411.25	14.88	7.61	-	22.49	388.76	396.37
Total	**2,231.85**	**1,052.58**	**(7.82)**	**3,276.61**	**460.04**	**259.16**	**(1.28)**	**717.92**	**2,558.69**	**1,771.81**

(₹ in lakhs)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2022	Additions	Deletion	As at 31.03.2023	As at 01.04.2022	For the Year	Depreciation on sale/Woff of Assets	As at 31.03.2023	As at 31.03.2023	As at 31.03.2022
Furniture & Fixtures	701.54	449.46	-	1,151.00	185.09	138.23	-	323.32	827.68	516.45
Plant & Equipment	415.64	118.21	(6.55)	527.30	33.65	44.48	(2.80)	75.33	451.97	381.99
Computer	38.92	30.91	-	69.83	4.21	16.88	-	21.09	48.74	34.71
Electrical Fittings	45.24	0.06	(0.01)	45.29	14.70	7.35	-	22.05	23.24	30.54
Vehicles	12.31	15.29	(0.42)	27.18	1.60	1.77	-	3.37	23.81	10.71
RCC Frame Structure	411.25	-	-	411.25	7.22	7.66	-	14.88	396.37	404.03
Total	**1,624.90**	**613.93**	**(6.98)**	**2,231.85**	**246.47**	**216.37**	**(2.80)**	**460.04**	**1,771.81**	**1,378.43**

Notes:
(i) There are no property, plant and equipment which are acquired through business combination during the year (previous year - nil)
(ii) The Company has not revalued any of the assets during the year (previous year - nil)
(iii) No immovable properties are held in the name of the Company.

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(₹ in lakhs)

Note 12: Right-of-use asset

Description	GROSS BLOCK				AMORTISATION				NET BLOCK	
	As at 01.04.2023	Additions	Deletion	As at 31.03.2024	As at 01.04.2023	For the Year	Amortisation on sale/Woff of Assets	As at 31.03.2024	As at 31.03.2024	As at 31.03.2023
Building	5707.77	1,687.81	37.59	7,357.99	978.32	679.42	-	1657.74	5,700.25	4729.45
Total	**5707.77**	**1,687.81**	**37.59**	**7,357.99**	**978.32**	**679.42**	**-**	**1657.74**	**5,700.25**	**4729.45**

(₹ in lakhs)

Description	GROSS BLOCK				AMORTISATION				NET BLOCK	
	As at 01.04.2022	Additions	Deletion	As at 31.03.2023	As at 01.04.2022	For the Year	Amortisation on sale/Woff of Assets	As at 31.03.2023	As at 31.03.2023	As at 31.03.2022
Building	4,445.94	1,261.83	-	5,707.77	438.61	539.71	-	978.32	4,729.45	4,007.33
Total	**4,445.94**	**1,261.83**	**-**	**5,707.77**	**438.61**	**539.71**	**-**	**978.32**	**4,729.45**	**4,007.33**

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Note 13: Intangible Assets

Description	GROSS BLOCK				AMORTISATION				NET BLOCK	
	As at 01.04.2023	Additions	Deletion	As at 31.03.2024	As at 01.04.2023	For the Year	Amortisation on sale/Woff of Assets	As at 31.03.2024	As at 31.03.2024	As at 31.03.2023
Computer Software	34.86	4.75	-	39.61	15.28	18.07	-	33.35	6.26	19.58
Total	**34.86**	**4.75**	**-**	**39.61**	**15.28**	**18.07**	**-**	**33.35**	**6.26**	**19.58**

***Note:** Amortisation of Rs. 14.99 Lakh accounted in current year belongs to previous year*

(₹ in lakhs)

Description	GROSS BLOCK				AMORTISATION				NET BLOCK	
	As at 01.04.2022	Additions	Deletion	As at 31.03.2023	As at 01.04.2022	For the Year	Amortisation on sale/Woff of Assets	As at 31.03.2023	As at 31.03.2023	As at 31.03.2022
Computer Software	30.11	4.75	-	34.86	8.06	7.22	-	15.28	19.58	22.05
Total	**30.11**	**4.75**	**-**	**34.86**	**8.06**	**7.22**	**-**	**15.28**	**19.58**	**22.05**

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Note 14: Capital work-in-progress

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Capital work-in-progress (Refer Note)	288.63	151.66
Total	**288.63**	**151.66**

Ageing of capital work-in-progress

(₹ in lakhs)

Capital work-in-progress of branches:	Less than 1 year	1-2 years	More than 2 years	Total
As at March 31, 2024				
Tamil Nadu	52.16	6.00	-	58.16
Kerala	26.85	-	3.58	30.43
Karnataka	19.44	36.60		56.04
Maharashtra	13.06	-	-	13.06
Andhra Pradesh	130.94			130.94
Total	**242.45**	**42.60**	**3.58**	**288.63**
As at March 31, 2023				
Tamil Nadu	35.01	-	-	35.01
Kerala	5.93	3.58	-	9.51
Karnataka	102.37	2.65	-	105.02
Maharashtra	2.12	-	-	2.12
Total	**145.43**	**6.23**	-	**151.66**

Note: *There is no cost of over-run and delay in completion from the original schedule for any of the above projects.*

Note 15: Other non-financial assets

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
a) Prepaid expenses	22.00	18.01
b) Advance for expenses	55.68	-
c) Deposits with government authorities	83.22	24.83
d) Others	-	-
Total	**160.90**	**42.84**

Note 16: Debt Securities

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
At amortised cost		
Non-convertible debentures (Secured)		
- In India (Refer note (ii) below)	19,072.35	10,247.75
- Outside India	-	-
Total	**19,072.35**	**10,247.75**

Note:

(i) There are no debt securities measured at fair value through profit or loss (FVTPL) or designated as FVTPL.

(ii) The bonds are secured by paripassu floating charge on current assets, book debts and loans and advances.

Details of non-convertible debentures (secured)

(₹ in lakhs)

From Balance Sheet date	Interest rate range	As at March 31, 2024	As at March 31, 2023
Repayable on maturity:			
Matured*	Less than 30%	44.06	41.96
Maturing within 1 year*	Less than 13.50%	6,228.54	1,755.23
Maturing between 1 year to 2 years	Less than 13.50%	5,640.10	4,299.10
Maturing between 2 year to 3 years	Less than 13.50%	1,268.27	1,405.92
Maturing beyond 3 years	Less than 13.50%	5,935.44	2,787.50
Total amortised cost		**19,116.41**	**10,289.71**

*including the matured debentures classified under other financial liabilities.

Series Wise Details of non-convertible debentures (secured)

A) Issue on Private Placement

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
NCD 2012/09	-	185.75
Sub Total	-	**185.75**
NCD 2013/10	-	48.52
Sub Total	-	**48.52**
NCD 2017/XVIB	-	10.00
NCD 2017/XVIE	-	18.50
Sub Total	-	**28.50**
20-21- DEMAT -IV	-	23.50
20-21 –DEMAT - VIII	-	29.00
20-21–DEMAT – IX	-	6.00
20-21- DEMAT -XIV	-	37.00
20-21- DEMAT -XV	-	10.00
20-21 DEMAT-XIX	-	20.00
20-21 DEMAT-XX	-	7.45
20-21 DEMAT-XXII	-	94.00
20-21 DEMAT-XXVI	-	35.00
20-21 DEMAT-XXVII	-	12.00
Sub Total	-	**273.95**
21-22 DEMAT-III	-	19.50
21-22 DEMAT-IV	-	10.00
21-22 DEMAT-V	21.50	21.50
21-22 DEMAT-VI	7.00	7.00
21-22 DEMAT-IX	-	27.50
21-22 DEMAT-X	-	8.00
21-22 DEMAT-XI	67.00	67.00
21-22 DEMAT-XII	10.00	10.00
21-22 DEMAT-XV	-	10.00
21-22 DEMAT-XVI	-	7.00
21-22 DEMAT-XVII	5.00	5.00
21-22 DEMAT- XX	-	17.00
21-22 DEMAT- XXI	15.00	15.00
21-22 DEMAT -XXII	14.00	14.00
21-22 Demat XXIV	-	135.00
21-22 Demat XXV	-	11.00
21-22 Demat XXVI	11.00	11.00
Sub Total	**150.50**	**395.50**
22-23 Demat I	-	67.50
22-23 Demat II	-	5.00
22-23 Demat III	13.00	13.00

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22-23 Demat IV	7.20	7.20
22-23 Demat VI	-	16.30
22-23 Demat V	-	69.50
22-23 Demat VII	11.00	11.00
22-23 Demat IX	45.00	45.00
22-23 Demat X	39.20	39.20
22-23 Demat VIII	-	32.00
Sub Total	**115.40**	**305.70**
Total	**265.90**	**1,237.92**
NCD Matured but not paid	44.06	41.96
Grand Total	**309.96**	**1,279.88**

B) Issued on Public Offer

(₹ in lakhs)

NCD ISSUE -I		**As at**	
Series	**ISIN_CODE**	**March 31, 2024**	**March 31,2023**
Series-1	INE051307986	-	799.19
Series-2	INE051307978	2,226.22	2,226.22
Series-3	INE051307994	1,327.74	1,327.74
Series-4	INE051307AA0	1,061.79	1,061.79
Series-5	INE051307AB8	1,694.69	1,694.69
Series-6	INE051307AC6	629.98	629.98
Series-7	INE051307AD4	319.59	319.59
Series-8	INE051307AE2	1,163.49	1,163.49
	Total	**8,423.50**	**9,222.69**

NCD ISSUE -II		**As at**	
Series	**ISIN_CODE**	**March 31, 2024**	**March 31,2023**
Series-1	INE051307AP8	484.11	-
Series-2	INE051307AO1	1359.71	-
Series-3	INE051307AN3	504.09	-
Series-4	INE051307AJ1	834.42	-
Series-5	INE051307AM5	1063.12	-
Series-6	INE051307AL7	534.61	-
Series-7	INE051307AI3	632.03	-
Series-8	INE051307AK9	609.02	-
	Total	**6,021.11**	**-**

NCD ISSUE -III		**As at**	
Series	**ISIN_CODE**	**March 31, 2024**	**March 31,2023**
Series-1	INE051307AX2	402.98	-
Series-2	INE051307AW4	1025.22	-
Series-3	INE051307AV6	401.75	-
Series-4	INE051307AU8	475.42	-
Series-5	INE051307AT0	878.57	-
Series-6	INE051307AS2	497.9	-
Series-7	INE051307AR4	430.87	-
Series-8	INE051307AQ6	701.31	-
	Total	**4,814.02**	**-**

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(₹ in lakhs)

Note 17: Borrowings (Other than Debt Securities)

Particulars	As at March 31, 2024	As at March 31, 2023
(a) In India		
At amortised cost		
i) Secured		
Term loans		
- From Banks (Refer note 52)	2,754.00	660.77
Loans repayable on demand		
- From Banks (Refer note 52)	3,733.12	2,914.68
ii) Unsecured		
- Unsecured loan from related parties	-	-
- Lease liabilities	6,369.53	5,100.89
(b) Outside India	-	-
Total	**12,856.65**	**8,676.34**

Note:
(i) There is no borrowings measured at FVTPL or designated at FVTPL.

Details of loans from Banks (Secured) *(₹ in lakhs)*

From Balance Sheet date	Interest rate range	As at March 31, 2024	As at March 31, 2023
A) Repayable on demand			
Working capital facilities	Less than 12%	3,733.12	2,914.68
B) Repayable in instalments			
Maturing within 1 year	Less than 12.5%	941.93	332.77
Maturing between 1 year to 3 years	Less than 12.5%	1,240.86	328.00
Maturing between 3 year to 5 years	Less than 12.5%	571.21	-
Maturing beyond 5 years		-	-
Total amortised cost		**6,487.12**	**3,575.45**

Note 18: Subordinated Liabilities *(₹ in lakhs)*

Particulars	As at March 31, 2024	As at March 31, 2023
At amortised cost		
i) Unsecured		
- Subordinated debts	18,371.30	17,589.30
Total	**18,371.30**	**17,589.30**

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(₹ in lakhs)

Details of Subordinated debts (Unsecured)

From Balance Sheet date	As at March 31, 2024		As at March 31, 2023	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity:				
Maturing within 1 year*	10.75 - 16.66%	3,393.35	13.50 - 16.10%	2,727.35
Maturing between 1 year to 3 years	10.00 - 17.65%	7,106.45	Up to 30%	7,744.85
Maturing between 3 year to 5 years	10.00 - 17.65%	6,590.65	Up to 30%	6,580.25
Maturing beyond 5 years	10.21 - 12.60%	1,359.50	Up to 13.50%	661.50
Total amortised cost		**18,449.95**		**17,713.95**

**including the matured subordinated debt classified under other financial liabilities.*

(₹ in lakhs)

Changes in the liabilities arising from financing activities

For the year ended March 31, 2024	**Opening balance**	**Cashflows**	**Non-cash changes**	**Closing balance**
Debt securities*	10,289.71	8,826.70	-	19,116.41
Borrowings	8,676.34	2,633.60	1,546.71	12,856.65
Subordinated liabilities*	17,713.95	736.00	-	18,449.95
Total	**36,680.00**	**12,196.30**	**1,546.71**	**50,423.01**

For the year ended March 31, 2023	**Opening balance**	**Cashflows**	**Non-cash changes**	**Closing balance**
Debt securities*	5,021.58	5,268.13	-	10,289.71
Borrowings	8,043.15	(531.71)	1,164.90	8,676.34
Subordinated liabilities*	17,277.70	436.25	-	17,713.95
Total	**30,342.43**	**5,172.67**	**1,164.90**	**36,680.00**

**including matured debentures and liabilities classified under other financial liabilities*

(₹ in lakhs)

Note 19: Other financial liabilities

Particulars	**As at**	
	March 31, 2024	**March 31, 2023**
a) Interest accrued and due on borrowings	117.39	124.06
b) Interest accrued but not due on borrowings	3,213.16	3,380.29
c) Matured non-convertible debentures	44.06	41.96
d) Matured subordinated debt	78.65	124.65
e) Employee related payables	23.72	22.92
f) Retention money payables	32.64	16.62
g) Expense payables	130.47	5.01
h) Others	356.20	669.82
Total	**3,996.29**	**4,385.33**

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(₹ in lakhs)

Note 20: Provisions

Particulars	As at March 31, 2024	As at March 31, 2023
a) Provision for employee benefits		
- Gratuity	187.92	158.69
b) Other provisions		
- for law suit	8.00	8.00
- for missing cash	9.50	4.89
Total	**205.42**	**171.58**

(₹ in lakhs)

Note 21: Other non-financial liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
a) Statutory dues payable	99.68	130.42
Total	**99.68**	**130.42**

(₹ in lakhs)

Note 22: Equity share capital

Particulars	As at March 31, 2024	As at March 31, 2023
Authorised:		
800.00 lakhs equity shares of ₹10 each	8,000.00	8,000.00
(March 31, 2023 - 800.00 lakhs)		
2.00 lakhs preference shares of ₹1,000 each	2,000.00	2,000.00
(March 31, 2023 - 2.00 lakhs)		
Total	**10,000.00**	**10,000.00**
Issued, subscribed, called-up and paid-up		
600.00 lakhs equity shares of ₹10 each, fully paid-up	6,000.00	6,000.00
(March 31, 2023 - 600.00 lakhs)		
Total	**6,000.00**	**6,000.00**

a) Reconciliation of number of shares

Equity shares	As at March 31, 2024		As at March 31, 2023	
	No. of shares (in lakhs)	₹ in lakhs	No. of shares (in lakhs)	₹ in lakhs
Balance at the beginning of the year	600.00	**6,000.00**	600.00	6,000.00
Add: Issue during the year	-	-	-	-
Less: Buyback during the year	-	-	-	-
Balance at the end of the year	**600.00**	**6,000.00**	**600.00**	**6,000.00**

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(b) Rights, preferences and restrictions attached to shares

The company has one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	March 31, 2024	March 31, 2023
C.D. Boby		
- Number of shares (in lakhs)	515.88	514.33
- Percentage of holding	85.98%	85.72%
Chemmanur Gold Palace International Limited		
- Number of shares (in lakhs)	70.00	70.00
- Percentage of holding	11.67%	11.67%

(d) Shares held by the Promoter and promoter group*

Particulars	March 31, 2024	March 31, 2023
C.D. Boby		
- Number of shares (in lakhs)	515.88	514.33
- Percentage of holding	85.98%	85.72%
- Change in percentage of holding	0.26%	0.08%
Smitha Boby		
- Number of shares (in lakhs)	0.55	0.55
- Percentage of holding	0.09%	0.09%
Lijo Moothedan		
- Number of shares (in lakhs)	0.35	0.35
- Percentage of holding	0.06%	0.06%

** The Company has reclassified Mr. Jisso C Baby, Mrs. Deena Lijo and Mr. Jose Chaklappan from the promoter and promoter group category to 'public' category shareholder of the Company with effect from September 30, 2023 vide Board resolution dated October 21, 2023.*

Note 23: Other equity (₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
a) Reserve fund		
Balance at the beginning of the year	846.22	830.18
Additions to / (transfers made) during the year	34.45	16.04
Balance at the end of the year	**880.67**	**846.22**
b) Impairment reserve		
Balance at the beginning of the year	85.08	80.66
Transition adjustments	-	-
Additions to / (transfers made) during the year	3.33	4.42
Balance at the end of the year	**88.41**	**85.08**

c) Retained Earnings		
Balance at the beginning of the year	1,810.09	1,740.97
Transition adjustments	-	-
Net profit/ (loss) for the year	172.23	80.18
Remeasurement gain/ (loss) on defined benefit plan	(10.83)	9.40
Dividend paid	-	-
Additions to / (transfers made) during the year	(37.78)	(20.46)
Balance at the end of the year	**1,933.71**	**1,810.09**
Total (a) + (b) + (c)	**2,902.79**	**2,741.39**

Description of the nature and purpose of Other Equity

(a) Reserve Fund

Reserve fund represents reserve fund created pursuant to Section 45-IC of the RBI Act, 1934 through transfer of specified percentage of net profit every year before any dividend is declared. The reserve fund can be utilized only for limited purposes as specified by RBI from time to time and every such utilization shall be reported to the RBI within specified period of time from the date of such utilization.

(b) Impairment reserve

The impairment reserve is created when the impairment allowance under Ind AS 109 is lower than the 'provisioning required under income recognition and asset classification norms. The difference between these will be appropriated to the impairment reserve from the net profit or loss after tax. No withdrawal is permitted without any prior approval from RBI.

(c) Retained earnings

Retained earnings or accumulated surplus represents total of all profits retained since Company's inception.
Retained earnings are credited with current year profits, reduced by losses, if any, dividend payouts, transfers to General reserve or any such other appropriations to specific reserves.

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(₹ in lakhs)

Note 24: Interest income

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
On financial instruments measured at amortised cost		
a) Interest on loans and advances	9,650.46	7,343.97
b) Interest income from investments	-	-
c) Interest income from term deposits from banks etc,.	83.42	39.48
d) Interest Income from Rent deposit	32.98	23.01
Total	**9,766.86**	**7,406.46**

Note: There are no assets measured at FVTOCI/ FVTPL

(₹ in lakhs)

Note 25: Rental income

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Rental income from sub-leasing	91.53	91.53
Total	**91.53**	**91.53**

(₹ in lakhs)

Note 26: Fees and commission income

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
a) Commission	509.29	618.02
b) Service Charge, Documentation Fee etc.	205.16	197.36
Total	**714.45**	**815.38**

(₹ in lakhs)

Note 27: Other income

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
a) Bad debts recovered	-	1.32
b) Provision written back	11.56	5.61
c) Interest on Income Tax refund	13.25	-
d) Income on lease	13.37	-
e) Miscellaneous income	3.47	0.35
Total	**41.65**	**7.28**

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(₹ in lakhs)

Note 28: Finance costs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
On financial liabilities measured at amortised cost		
a) Interest on borrowings	483.80	347.24
b) Interest on debt securities	1,503.89	517.78
c) Interest on subordinated liabilities	2,187.97	2,502.67
d) Interest on lease liabilities	650.54	524.21
e) Other borrowing costs	31.00	32.97
Total	**4,857.20**	**3,924.87**

(₹ in lakhs)

Note 29: Impairment of financial instruments

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
On financial instruments measured at amortised cost		
a) Bad debts written off	-	-
b) Loans	41.54	81.60
Total	**41.54**	**81.60**

(₹ in lakhs)

Note 30: Employee benefit expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
a) Salaries and wages	3,216.16	2,349.49
b) Contribution to provident fund and other funds	99.67	86.09
c) Incentives	181.17	164.41
d) Gratuity	41.24	38.61
c) Other staff welfare expenses	30.50	2.09
Total	**3,568.74**	**2,640.69**

(₹ in lakhs)

Note 31: Depreciation, Amortisation and Impairment

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
a) Depreciation on property, plant and equipment	259.16	216.37
b) Amortisation of intangible assets	18.07	7.22
c) Depreciation on right-of-use assets	679.42	539.71
Total	**956.65**	**763.30**

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(₹ in lakhs)

Note 32: Other expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Electricity	110.34	76.42
Annual maintenance charges	37.09	24.62
Software maintenance	33.24	15.57
Rent	10.45	17.42
Rates and taxes	7.81	15.91
Insurance	12.67	7.05
Repairs and maintenance	46.77	43.23
Advertising and sales promotion	35.66	15.37
Office expenses	222.98	170.58
Travelling and conveyance	205.09	161.13
Communication costs	117.04	84.33
Printing and stationery	50.64	39.03
Payment to auditors(refer note 34)	10.45	9.50
Legal and professional fees	39.44	43.75
Security charges	6.84	8.49
Provision for cash missing	4.60	2.59
Corporate social responsibility expenses	-	20.00
Commision and brokerage	27.81	-
Loss on sale of fixed assets	4.90	0.92
Miscellaneous expenses	8.17	4.87
Total	**991.99**	**760.78**

Note 33: Earnings per share

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit/ (loss) for the year (₹ in lakhs)	172.23	80.18
Weighted average number of equity shares outstanding (in lakhs)	600.00	600.00
Basic and diluted earnings per share (₹)	0.29	0.13
Face value per equity share (₹)	10.00	10.00

Note 34: Payment to Auditors

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
For Statutory Audit	5.50	7.50
Certification	4.95	2.00
Total	**10.45**	**9.50**

Note 35: Contingent liabilities and Contingent assets

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
a) Claims against the Company not acknowledged as debt	-	-
- Income tax matters (Refer note below)	-	137.57
- Others	0.08	0.08
b) Guarantees- Counter guarantees provided to Banks	-	-
c) Other money for which the company is contingently liable	-	-
Total	**0.08**	**137.65**

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There was an Income Tax appeal filed by the company with the Commissioner of Income Tax (Appeals) for the AY 2017-18 against the order under sec 143(3) of the Income Tax act 1961, issued by the Assistant Commissioner of Income-Tax, Circle-1(1), Thrissur, making a tax addition by disallowing expenditure. The total tax impact on the the above order was Rs: 137.57 Lakh The Appeal has been disposed in favour of the Company vide order No.ITBA/NFAC/S/250/2023-24/1055330358(1) dated 22/08/2023. As there is no additional Tax Libaility, Contigent Liability provided has been reversed.

Note 36: Operating segments

Primary segment
Operating segments are defined as components of an enterprise for which discrete financial information is available that is revaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Company has only one reportable business segment "Financial services".

Secondary segment (by geography)
The Company's economic environment is similar and it is having operations in India only. Therefore, the Company has only one reportable geographical segment. There are no operations outside India and hence there is no external revenue or assets which require disclosure. No revenue from transactions with a single external customer amounted to 10% or more of the Company's total revenue in year ended March 31, 2024 (previous year - nil)

Note 37: Employee Benefits

In accordance with Ind AS - 19 Employee Benefits, specified under Section 133 of the Companies Act, 2013 the following disclosures are made:
The Company recognised ₹99.67 lakhs (2022-23: ₹86.09 lakhs) for Provident Fund and ESI contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Defined Benefit Plans

The Company has an unfunded gratuity plan for qualifying employees. The benefit payable is calculated as per the Payment of Gratuity Act, 1972. The benefit vests upon completion of five years of continuous service and once vested, it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Actuarial gains and losses in respect of defined benefit plans are recognised in the financial statements through other comprehensive income.

Through its defined benefit plans the company is exposed to a number of risks, the most significant of which are detailed below:

Interest risk:
The plan liabilities are calculated using a discount rate set with references to government bond yields. Any decrease in interest rate will increase the plan liability.

Longevity risk
The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk
The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

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Chemmanur Credits and Investments Limited

Financial Statements for the year ended March 31, 2024

The following table set out the unfunded status of the defined benefit schemes and the amount recognised in financial statements.

(a) Amount recognised in the Profit or loss for the period

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Current service cost	30.83	28.71
Past service cost	-	-
Net interest on net defined benefit liability	10.41	9.90
Amount recognised in Profit or loss for the year	**41.24**	**38.61**

(b) Amount recognised in other comprehensive income

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Remeasurement (gains)/ losses		
a) Actuarial (gains)/losses arising from changes in	-	-
- Change in demographic assumptions	-	-
- Change in financial assumptions	3.30	(3.24)
- Experience adjustment	11.17	(9.32)
b) Return on plan asset excluding considered in net interest	-	-
Amount recognised in other comprehensive income	**14.47**	**(12.56)**

(c) Changes in present value of defined benefit obligation

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Opening defined benefit obligation	158.69	152.12
Current service cost	30.83	28.71
Past service cost	-	-
Interest cost	10.41	9.90
Actuarial (gains)/losses	14.47	(12.56)
Benefits paid	(26.48)	(19.48)
Closing defined benefit obligation	**187.92**	**158.69**

(d) Net defined benefit liability/ (asset)

(₹ in lakhs)

Particulars	As at	
	March 31, 2024	March 31, 2023
Present value of defined benefit obligation	187.92	158.69
Fair value of plan assets	-	-
Net defined benefit liability/ (asset)	**187.92**	**152.12**
- Current	27.19	23.08
- Non-current	160.73	135.61

(e) The Principal actuarial assumptions used in determining gratuity liability is as follows:

Particulars	March 31, 2024	March 31, 2023
Discount rate	6.98%	7.16%
Salary increase	5.00%	5.00%
Employee turnover ratio (based on service period)		
- Less than or equal to 4 years	30.00%	30.00%
- Above 4 years	5.00%	5.00%
Mortality Rate	IALM 2012-14*	IALM 2012-14

* IALM: India Assured Lives Mortality modified Ult.

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Representative mortality rates taken for current actuarial valuation as per the chosen mortality table are given below:

Age	Rate	Age	Rate
15	0.000698	45	0.002579
20	0.000924	50	0.004436
25	0.000931	55	0.007513
30	0.000977	60	0.011162
35	0.001202	65	0.015932
40	0.001680	70	0.024058

Sensitivity analysis

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate, future salary escalation rate and attrition rate. The following tables summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 100 basis points. These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

(₹ in lakhs)

Particulars	March 31, 2024	March 31, 2023
Discount rate		
- 100 bps increase	(16.67)	(14.23)
- 100 bps decrease	19.82	16.99
Salary growth rate		
- 100 bps increase	20.02	17.19
- 100 bps decrease	(17.11)	(14.62)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumption may be correlated.

The weighted average duration of the defined benefit obligation is estimated as 10.82 years (previous year – 10.97 years).

The payout pattern of defined benefit obligation (undiscounted) estimated as at year-end is given below:

(₹ in lakhs)

Particulars	March 31, 2024	March 31, 2023
Expected cashflow due		
- within 1 year	27.18	23.08
- 2 to 5 years	54.60	43.70
- 6 to 10 years	58.71	54.10
- More than 10 years		-

Note 38: Capital management

The Reserve Bank of India vide its circular reference RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 outlined the regulatory guidance in relation to Ind AS financial statements from financial year 2019-20 onwards. This included guidance for computation of 'owned funds', 'net owned funds' and 'regulatory capital'. Accordingly, the 'regulatory capital' has been computed in accordance with these requirements read with the requirements of the Master Direction DNBR. PD.008/03.10.119/2016-17 dated September 01, 2016 (as amended).

The Company's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or convertible and/or combination of short term /long term debt as may be appropriate.

The company determines the amount of capital required on the basis of operations, capital expenditure and strategic investment plans. The capital structure is monitored on the basis of net debt to equity and maturity profile of overall debt portfolio.

The Company is subject to the capital adequacy requirements of the Reserve Bank of India (RBI). The minimum Tier I capital as prescribed by RBI guidelines and applicable to the Company, shall not be less than 12 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet.

The Company has complied with all regulatory requirements related capital and capital adequacy ratios as prescribed by RBI.

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Regulatory capital and analytical ratios *(₹ in lakhs)*

Particulars	March 31, 2024	March 31, 2023
Capital Adequacy Ratios		
(a) Tier I capital	8,659.56	8,558.52
(b) Tier II capital (limited to Tier I capital)	4,452.26	4,380.38
(c) Total regulatory capital (a) + (b)	13,111.82	12,938.90
(d) Aggregate of Risk weighted assets	60,028.75	47,705.07
(e) Tier I capital ratio (a) / (d)	14.43%	17.94%
(f) Tier II capital ratio (b) / (d)	7.41%	9.18%
(g) Capital to risk-weighted assets ratio (c) / (d)	21.84%	27.12%
Liquidity coverage ratio		
(a) High Quality Liquid Assets	1,517.80	795.45
(b) Net cash outflows/(inflows) over the next 30 calendar days	(5,537.20)	(2,651.07)
(c) Liquidity coverage ratio* (a) / (b)	**(27.41)%**	**(30.00)%**

**negative liquidity coverage ratio indicates that the Company has net inflows rather than net outflows.*

"Tier I Capital" means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund.

"Owned fund" means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

"Tier II capital" includes the following -

(a) Preference shares other than those which are compulsorily convertible into equity

(b) revaluation reserves at discounted rate of fifty five percent

(c) General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets. 12 month expected credit loss (ECL) allowances for financial instruments i.e. where the credit risk has not increased significantly since initial recognition, shall be included under general provisions and loss reserves in Tier II capital within the limits specified by extant regulations. Lifetime ECL shall not be reckoned for regulatory capital (numerator) while it shall be reduced from the risk weighted assets

(d) Hybrid debt capital instruments; and

(e) Subordinated debt to the extend aggregate does not exceed Tier I capital.

Aggregate Risk Weighted Assets -
Under RBI Guidelines, degrees of credit risk expressed as percentage weightages have been assigned to each of the on-balance sheet assets and off- balance sheet assets. Hence, the value of each of the on-balance sheet assets and off-balance sheet assets requires to be multiplied by the relevant risk weights to arrive at risk adjusted value of assets. The aggregate shall be taken into account for reckoning the minimum capital ratio.

High Quality Liquid Assets-
"High Quality Liquid Assets (HQLA)" means liquid assets that can be readily sold or immediately converted into cash at little or no loss of value or used as collateral to obtain funds in a range of stress scenarios. It primarily consists of cash and cash equivalents, unencumbered bank deposits and government securities etc.

Net cash outflows/(inflows) over the next 30 calendar days -
The net cash outflows over the next 30 calendar days is computed by reducing the stressed cashflows (75% of normal cash outflows) from the stressed cash outflows (115% of the normal cash outflows) as per the computation methodology provided by the Reserve Bank of India.

Note 39: Leases

I) Company as a Lessee

As a lessee, the Company's lease asset class primarily consist of buildings or part thereof taken on lease for office premises used for operating activities.

Expense relating to leases on which short-term lease exemption was availed during the year ended March 31, 2024 is ₹10.45 (previous year: ₹17.42 lakhs). The expense relating to leases of low-value assets during the year ended March 31, 2024, is Nil (previous year Nil)

None of the lease contains any variable lease payments or taken under sale and leaseback arrangements.

Movement in lease liabilities

₹ in lakhs

Particulars	March 31, 2024	March 31, 2023
Opening balance	5,100.89	4,117.99
Add: Additions during the year	1,591.45	1,164.90
Add: Finance cost	650.54	524.21
Less: Repayment made during the period	(928.61)	(706.21)
Less: Termination/ modification adjustments	(44.74)	-
Closing balance	**6,369.53**	**5,100.89**

Maturity analysis of lease liabilities

₹ in lakhs

Particulars	March 31, 2024	March 31, 2023
Up to 1 year	486.38	342.21
1 year - 5 years	2,524.00	1,750.38
More than 5 years	3,359.15	3,008.30
Total	**6,369.53**	**5,100.89**

Note 40: Debenture Redemption Reserve

The Company is not required to maintain the debenture redemption reserve since it is a NBFC. The Company is required to maintain debenture redemption investment to the tune of 15% of debentures maturing within 12 months from the beginning of the financial year in unencumbered deposits and/ or government securities. The Company has complied with the said requirement.

Note 41: Pending Litigations

The Company's pending litigations comprise of claims by the Company on the customers to recover its dues. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial statements of the Company as at March 31, 2024 (previous year - nil)

Note 42: Financial risk management framework

In the course of its business, the Company is exposed to certain financial risks namely credit risk, interest risk, currency risk & liquidity risk. The Company's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The financial risks are managed in accordance with the Company's risk management policy which has been approved by its Board of Directors.

Board of Directors of the Company have established Asset and Liability Management Committee (ALCO), which is responsible for developing and monitoring risk management policies for its business. The credit risk is managed through credit norms established based on historical experience.

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Note 42.1: Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, etc. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing the return.

a) Pricing risk

The Company does not have any asset which is exposed to the pricing risk

b) Currency risk

The Company does not have any asset which is exposed to the currency risk since the Company does not deal in foreign currency

c) Interest rate risk

The company uses a mix of cash and borrowings to manage the liquidity & fund requirements of its day-to-day operations. Further, certain interest bearing liabilities carry variable interest rates

Note 42.2: Credit Risk Management

Credit risk is the risk that the Company will incur a loss because its customers fail to discharge their contractual obligations. The Company has a comprehensive framework for monitoring credit quality of its retail and other loans primarily based on Days past due monitoring at period end. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

Credit Quality of Financial Loans and Investments

The following table sets out information about credit quality of loans and investments measured at amortized cost primarily based on days past due information. The amount represents gross carrying amount.

(₹ in lakhs)

Particulars	March 31, 2024	March 31, 2023
Gross carrying amount of loans		
0 - 60 days past due	47,200.26	40,070.94
61-90 days past due	1,587.73	470.05
Impaired (more than 90 days past due)	478.42	259.91
Total	**49,266.41**	**40,800.91**

The Company reviews the credit quality of its loans based on the ageing of the loan at the period end. Since the company is into retail lending business, there is no significant credit risk of any individual customer that may impact company adversely, and hence the Company has calculated its ECL allowances on a collective basis.

Inputs considered in the ECL model

In assessing the impairment of financial loans under Expected Credit Loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income.

The Company categorizes loan assets into stages primarily based on the Days Past Due status.
Stage 1 : 0-60 days past due
Stage 2 : 61-90 days past due
Stage 3 : More than 90 days past due

The COVID 19 pandemic had significantly increased the credit risk relating to the loans and advances from the historical loss expectations. The management had given due care and made forward looking estimates to ECL model so as to cover the additional risk due to the pandemic.

Estimations and assumptions considered in the ECL model

The Company has made the following assumptions in the ECL Model:

a) The Company is primarily engaged in the gold loan business and the average loan duration is less than 1 year also. Therefore, the Company does not make any segregation between 12 month ECL and life-time ECL while computing the ECL allowance and life-time ECL is provided for all loans irrespective of their tenure.

b) In case of non-performing assets which are not secured, the RBI provision rates were considered as forward looking estimate for loss rate purpose since there was no historical information available for loss on such advances.

Concentration of credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.
In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on spreading its lending portfolio across various products/states/customer base with a cap on maximum limit of exposure for an individual/Group. Accordingly, the Company does not have concentration risk.

Note 42.3: Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The Company has well defined Asset Liability Management (ALM) framework with an appropriate organisational structure to regularly monitor and manage maturity profiles of financial assets and financial liabilities including debt financing plans, cash and cash equivalent instruments to ensure liquidity.

Maturity pattern of financial liabilities

(₹ in lakhs)

Particulars	0-12 months	Beyond 12 months	Total
As at March 31, 2024			
(a) Payables	-	-	-
(b) Debt securities	6,228.54	12,843.81	19,072.35
(c) Borrowings (Other than Debt Securities)	4,287.42	2,199.70	6,487.12
(d) Lease liabilities	486.38	5,883.15	6,369.53
(e) Deposits	-	-	-
(f) Subordinated Liabilities	3,314.70	15,056.60	18,371.30
(g) Other financial liabilities	1,461.52	2,534.77	3,996.29
Total	**15,778.56**	**38,518.03**	**54,296.59**
As at March 31, 2023			
(a) Payables	-	-	-
(b) Debt securities	1,755.23	8,492.52	10,247.75
(c) Borrowings (Other than Debt Securities)	3,247.45	328.00	3,575.45
(d) Lease liabilities	342.22	4,758.67	5,100.89
(e) Deposits	-	-	-
(f) Subordinated Liabilities	2,602.70	14,986.60	17,589.30
(g) Other financial liabilities	2,185.40	2,199.93	4,385.33
Total	**10,133.00**	**30,765.72**	**40,898.72**

Note 43: Financial instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3.2 to the financial statements.

Note 43.1: Classification of financial assets and liabilities

The fair values of the financial assets / liabilities represent the price that would be received to sell the financial asset or paid to transfer the financial liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:
1. Fair value of trade receivables, cash, loans, other financial assets, trade payables and other financial liabilities, approximate their carrying amounts largely due to short term maturities of these instruments.

2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these financial assets. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

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The fair values of security deposits were calculated based on cash flows discounted using current lending rate. The fair values are classified as Level 3 in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.

The Company does not have any financial instruments which are held for trading and no financial instruments are required to be accounted using fair value through profit or loss. Further, the Company has no instruments which are accounted for using hedge accounting model as specified under Ind AS 109 Financial Instruments.

(₹ in lakhs)

Particulars	Non-current	Current	Total
As at March 31, 2024			
Financial assets at amortised cost			
(a) Cash and cash equivalents	-	1,517.80	1,517.80
(b) Bank balances other than cash and cash equivalents	1,350.00	-	1,350.00
(c) Receivables	-	1,404.26	1,404.26
(d) Loans	1,191.59	47,866.79	49,058.38
(e) Investments	-	-	-
(f) Other financial assets	307.05	294.11	601.16
Total	**2,848.64**	**51,082.96**	**53,931.60**
Financial liabilities at amortised cost			
(a) Payables	-	-	
(b) Debt securities	12,843.81	6,228.54	19,072.35
(c) Borrowings (Other than Debt Securities)	8,082.85	4,773.80	12,856.65
(d) Deposits	-	-	-
(e) Subordinated Liabilities	15,056.60	3,314.70	18,371.30
(f) Other financial liabilities	2,534.77	1,461.52	3,996.29
Total	**38,518.03**	**15,778.56**	**54,296.59**
As at March 31, 2023			
Financial assets at amortised cost			
(a) Cash and cash equivalents	-	795.45	795.45
(b) Bank balances other than cash and cash equivalents	-	-	-
(c) Receivables	-	770.55	770.55
(d) Loans	894.80	39,739.62	40,634.42
(e) Investments	-	-	-
(f) Other financial assets	219.91	293.07	512.98
Total	**1,114.71**	**41598.69**	**42,713.40**
Financial liabilities at amortised cost			
(a) Payables	-	-	
(b) Debt securities	8,492.52	1,755.23	10,247.75
(c) Borrowings (Other than Debt Securities)	5,086.48	3,589.86	8,676.34
(d) Deposits	-	-	-
(e) Subordinated Liabilities	14,986.60	2,602.70	17,589.30
(f) Other financial liabilities	2,199.93	2,185.40	4,385.33
Total	**30,765.53**	**10,133.19**	**40,898.72**

Note 43.2: Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 - Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, directly (i.e., as prices) or indirectly (i.e., derived from prices).

- Level 3 - Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The fair value of loan assets has been arrived at by using level 3 inputs at initial recognition and subsequently measured using amortized cost model. There are no financial instruments which are carried at fair value as at the Balance Sheet date.

Note 44: Corporate Social Responsibility (CSR) Disclosures

The Company has constituted a CSR committee in accordance with the provisions of the Companies Act, 2013. The focus of CSR activities of the Company comprises promotion of healthcare and destitute care among underprivileged sections of society. There is no amount required to be spend on CSR activites during the year 2023-24 and the details are given below.

(₹ in lakhs)

Particulars	March 31, 2024	March 31, 2023
(i) Amount required to be spent by the company during the year	-	19.99
(ii) Amount of expenditure incurred	-	20.00
(iii) Shortfall at the end of the year	-	-
(iv) Total of previous years shortfall	-	-
(v) Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Ind AS	-	-
(vi) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year	NA	NA

Note 45: Leverage ratios

(₹ in lakhs)

Particulars	March 31, 2024	March 31, 2023
Total Liabilities and Equity	63,504.48	49,942.11
Less: Share Capital	6,000.00	6,000.00
Less: Other equity	2,902.79	2,741.39
Less: Provisions	205.42	171.58
Total Outside Liabilities (A)	**54,396.27**	**41,029.14**
Share Capital	6,000.00	6,000.00
Reserves and Surplus	2,902.79	2,741.39
Less: Deferred revenue expenditure	22.00	18.01
Less: Intangible Asset	6.26	19.58
Less: Deferred Tax Assets	214.97	163.29
Total Owned Funds (B)	**8,659.56**	**8,540.51**
Leverage Ratio (A) / (B)	**6.28**	**4.80**

Note 46: Provision on Loans and Advances as per Income Recognition and Asset Classification Norms of RBI

As at March 31, 2024

(₹ in lakhs)

Particulars	Gross Loan Outstanding	Provision For Assets	Net Loan Outstanding
A. Gold Loan			
Standard Assets	41,175.22	102.94	41,072.28
Sub Standard Assets	9.89	0.99	8.90
Doubtful Asset	2.62	1.13	1.49
Loss Asset	54.81	54.81	-
Total	**41,242.54**	**159.87**	**41,082.67**
B. Other Loans			
Standard Assets	7,729.36	19.32	7,710.04
Sub Standard Asset	137.92	13.79	124.13
Doubtful Asset	156.59	103.46	53.13
Loss Asset	-	-	-
Total	**8,023.87**	**136.57**	**7,887.30**
C. Total- Gold and other Loans (A) + (B)			
Standard Assets	48,904.58	122.26	48,782.32
Sub Standard Asset	147.81	14.78	133.03
Doubtful Asset	159.21	104.59	54.62
Loss Asset	54.81	54.81	-
Grand Total - All Loans	**49,266.41**	**296.44**	**48,969.97**

CHEMMANUR CREDITS AND INVESTMENTS LTD. CORPORATE OFFICE THRISSUR
C.K. JOSEPH & ASSOCIATES KOCHI-25 CHARTERED ACCOUNTANTS

(₹ in lakhs)

As at March 31, 2023

Particulars	Gross Loan Outstanding	Provision For Assets	Net Loan Outstanding
A. Gold Loan			
Standard Assets	30,136.26	75.34	30,060.92
Sub Standard Assets	0.25	0.03	0.22
Doubtful Asset	-	-	-
Loss Asset	54.35	54.35	-
Total	**30,190.86**	**129.72**	**30,061.14**
B. Other Loans			
Standard Assets	10,415.56	26.04	10,389.52
Sub Standard Asset	57.74	5.77	51.97
Doubtful Asset	136.75	90.04	46.71
Loss Asset	-	-	-
Total	**10,610.05**	**121.85**	**10,488.20**
C. Total- Gold and other Loans (A) + (B)			
Standard Assets	40,551.82	101.38	40,450.44
Sub Standard Asset	57.99	5.80	52.19
Doubtful Asset	136.75	90.04	46.71
Loss Asset	54.35	54.35	-
Grand Total - All Loans	**40,800.91**	**251.57**	**40,549.34**

Particulars	March 31, 2024	March 31, 2023
Opening balance	251.58	165.55
Add: Provided during the year:		
Provision for Standard asset & NPA	44.86	86.02
Less: Excess provision for standard Asset Reversed	-	-
Closing balance	296.44	251.58

Gross and Net Non performing assets ₹ in lakhs

Particulars	March 31, 2024		March 31, 2023	
	Amount in Rs	% of Total Loans	Amount in Rs	% of Total Loans
Gross Non performing Asset:	361.84	0.73%	249.09	0.61%
Less: Provision for Non performing Asset	174.18		150.19	
Net Non performing Asset	187.66	0.38%	98.90	0.24%

Note 47: Loan to asset value ₹ in lakhs

Particulars	March 31, 2024	March 31, 2023
Gold Loan	41,242.54	30,190.86
Total Assets	63,504.48	49,942.11
% of Gold Loan to total Assets	64.94%	60.45%

CHEMMANUR CREDITS AND INVESTMENTS LTD
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Note 48: Additional disclosures as required by circular no DNBS.CC.PD.No.356/03.10.01/2013-2014 dated September 16, 2013 issued by the Reserve bank of India

Auction of Gold ornaments pledged as security in the defaulted loan accounts

Particulars	Amount
Number of Loan Accounts	563
Principal Amount outstanding at the dates of auction (₹ in lakhs)	222.12
Interest Amount outstanding at the dates of auction (₹ in lakhs)	87.73
Other Charges (₹ in lakhs)	1.00
Total (₹ in lakhs)	310.85
Value fetched (₹ in lakhs)	301.79
Surplus (₹ in lakhs)	12.76
Deficit (₹ in lakhs)	21.82

Note:
No sister concerns participated in the auctions during the year ended March 31, 2024

Note 49: Instances of Fraud and misappropriation

(a) Cash embezzlement
During the previous reporting year there had been certain instances of fraud on the company by some employees at branches where misappropriations/cash embezzlements were observed. The fraud was identified by the management and immediate action was taken to recover the misappropriated amount. Out of the misappropriated cash amounting to Rs. 5 lakh, (Outstanding as on 31/03/2022), in Kondotty Branch, Rs 3.04 lakh was recovered by the company during 2022-2023 and 2023-24. Additionally provision of Rs.4.94 lakh is made during the reporting year against misappropriation of cash at Kolathupuzha branch in addition to the provision of Rs. 2.59 Lakh made during FY 2022-23

(b) (b) Spurious or low purity Gold Ornaments

(₹ in lakhs)

Number of cases	Loan amount	Spurious portion of Gold	Amount recovered	Amount to be recovered
110	83.31	44.41	39.64	4.77

Note 50: Additional disclosures required under Schedule III

Note 50.1: Loans and advances to promoters, KMPs, Directors and related parties
Details of loans to promoters, KMPs, Directors and other related parties during the period are as follows:

Type of borrower	As at March 31, 2024		As at March 31, 2023	
	Amount outstanding	% of total	Amount outstanding	% of total
Repayment terms are fixed				
a) Promoters	Nil	Nil	Nil	Nil
b) Directors	Nil	Nil	Nil	Nil
c) KMPs	Nil	Nil	Nil	Nil
d) Related parties	Nil	Nil	Nil	Nil
Repayable on demand				
a) Promoters	Nil	Nil	Nil	Nil
b) Directors	Nil	Nil	Nil	Nil
c) KMPs	Nil	Nil	Nil	Nil
d) Related parties	Nil	Nil	Nil	Nil
without specifying any terms or period of repayment				
a) Promoters	Nil	Nil	Nil	Nil
b) Directors	Nil	Nil	Nil	Nil
c) KMPs	Nil	Nil	Nil	Nil
d) Related parties	Nil	Nil	Nil	Nil

CHEMMANUR CREDITS AND INVESTMENTS LTD CORPORATE OFFICE THRISSUR

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Note 50.2: Transactions related to Crypto-currency

The company has not traded or invested in Crypto currency or Virtual Currency during the period (previous year - Nil)

Note 50.3: Fund received from other persons/ entities for lending/ investing/ providing guarantee

The company has not received any funds from any person/entities, for the purpose of directly or indirectly lending/investing/providing guarantee/security to another person/entity, by or on behalf of the person/entity from whom such amount is received during the period in contravention of the Act or RBI guidelines.

The company has not advanced/loaned/invested funds to any person/entity for the purpose of directly or indirectly lending/ investing/ providing guarantee/ security to a third person/entity, by or on behalf of the company in contravention of the Act.

Note 50.4: Utilisation of borrowings

The Company had utilised the borrowings availed during the period for the purposes specified.

Note 50.5: Periodical reports submitted to bank on current assets

The Company has taken loans from banks/ Financial Institutions (FI) on the basis of security of assets like loans receivable.
The periodic returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.

Note 50.6: Disclosure pursuant to section 186 of the Companies Act, 2013

The Company has not given any loans/ advances/ guarantees to any related person/ entities in contravention of section 186 of the Companies Act, 2013.

Note 50.7: Details of Corporate guarantees given by the Company

The Company has not given any corporate guarantee in respect of any loan during the period

Note 50.8: Revaluation of assets

The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Assets)/ Intangible Assets during the period (previous year - Nil)

Note 50.9: Property under the Benami Transactions (Prohibition) Act, 1988

The company is not holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)

Note 50.10: Willful defaulter

The company is not wilful defaulters under guidelines on wilful defaulters issued by the Reserve Bank of India

Note 50.11: Relationship with struck-off companies

The company has no relationship and transactions with struck-off companies

Note 50.12: Delay in registration of charges

The company has not made any delay in registration of Charges during the period.

Note 50.13: Compromises and Arrangements

The company has not entered in scheme of arrangement under section 230 to 237 of Companies Act 2013 during the period.

Note 50.14: Transactions not recorded in the books disclosed under income tax

There are no transactions not recorded in the books of accounts, which are disclosed during the Income tax assessment/search/survey.

50.15: Regrouping/reclassification of previous period figures

Previous year's figures have been regrouped / reclassified to conform to the current year's classification

CHEMMANUR CREDITS AND INVESTMENTS LTD. CORPORATE OFFICE THRISSUR

M. JOSEPH & ASSOCIATES

Note 51: Related party disclosures

a) Name of related parties

For the year ended March 31, 2024

I) Entities in which KMP of the Company has significant influence

1) CDB 24 Karat Gold and diamonds Private limited.
2) CDB 24 Karat International Jewellers Private Limited.
3) Chemmanur Gold Palace International Ltd
4) Boby Chemmanur (No.1) Chits Private Ltd
5) Boby Housing and Construction Private Limited
6) CD Boby Developers and Builders Private Ltd
7) CDB Infrastructure Private Limited
8) BDC Realty and Infra Private Limited
9) DBC Real Estate Developers Private Ltd.
10) Boby Chemmanur Nidhi Limited
11) Boby Chemmanur International Developers LLP
12) Boby Bazar Private Limited
13) Phygicart e-Commerce Private Limited
14) Chemmanur International Jewellers
15) Chemmanur Bose Jewellers
16) Chemmanur Fashion Jewellers, Manjery
17) Chemmanur Fashion Jewellers, Sulthan Bathery
18) Chemmanur International Holidays and Resorts Private Ltd
19) Boby Chemmanur Entertainments Private Limited
20) Boby Chemmanur Enterprises private Limited
21) Chemmanur International Jewellers LLP
22) Chemmanur International Info Solutions Pvt. Ltd.
23) Boby Chemmanur Airlines Private Ltd
24) Pushyaragam Jewellwers (Koyilandy) Pvt. Ltd
25) Melophilez Associates Private Limited
26) Mallooz IT Solutions Private Limited
27) Boche Tours And Travels Private Limited
28) Boche Bhumi Putra Private Limited
29) Port Land Hospital Private Limited
30) Bofast Logistics Limited
31) Boche Jungle Wine Private Limited
32) Boche RX Lens Private Limited
33) Heloboche Telemarketing Private Limited
34) Boche Uzhichil and Pizhichil Private Limited
35) Patronymic Technologies and Industries Private Limited
36) Boche Enterprises LLP
37) Edavannappara Gold and Diamonds LLP
38) Brewcraft Hospitality Private Limited
39) Thriprayar Gold and Diamonds Private Limited

(II) Key Managerial Personnel

1) Mr.Boby.C.D (Chairman & MD)
2) Mrs.Anju Thomas (CS)
3) Mr. Pramod.M (CFO)
4) Mr. T. K. Thomas (CEO)

For the year ended March 31, 2023

I) Entities in which KMP of the Company has significant influence

1) CDB 24 Karat Gold and diamonds Private limited.
2) CDB 24 Karat International Jewellers Private Limited.
3) Chemmanur Gold Palace International Ltd
4) Boby Chemmanur (No.1) Chits Private Ltd
5) Boby Housing and Construction Private Limited
6) CD Boby Developers and Builders Private Ltd
7) CDB Infrastructure Private Limited
8) BDC Realty and Infra Private Limited
9) DBC Real Estate Developers Private Ltd.
10) Boby Chemmanur Nidhi Limited
11) Boby Chemmanur International Developers LLP
12) Boby Bazar Private Limited
13) Phygicart e-Commerce Private Limited
14) Chemmanur International Jewellers
15) Chemmanur Bose Jewellers
16) Chemmanur Fashion Jewellers, Manjery
17) Chemmanur Fashion Jewellers, Sulthan bathery
18) Chemmanur International Holidays and Resorts Private Ltd
19) Boby Chemmanur Entertainments Private Limited
20) Boby Chemmanur Enterprises private Limited
21) Chemmanur International Jewellers LLP
22) Chemmanur International Info Solutions Pvt. Ltd.
23) Boby Chemmanur Airlines Private Ltd
24) Pushyaragam Jewellwers (Koyilandy) Pvt. Ltd

(II) Key Managerial Personnel

1) Mr.Boby.C.D. (Chairman & MD)
2) Mrs.Anju Thomas (CS)
3) Mr. Pramod.M (CFO)
4) Mr. T. K. Thomas (CEO) (w.e.f November 29, 2022)

CHEMMANUR CREDITS AND INVESTMENTS LTD. CORPORATE OFFICE THRISSUR

C.M. JOSEPH & ASSOCIATES KOCHI-25 CHARTERED ACCOUNTANTS

(III) Relatives of Key Managerial Personnel

1) Mrs. Smitha Boby
2) Mrs. Bymi Joffy
3) Mrs.Maithri K.M
4) Mr. Nishanth David Thomas
5) Mrs.Anju Mathew
6) Mr.Nidhin George Thomas

1) Mrs. Smitha Boby
2) Mrs. Bymi Joffy
3) Mrs.Maithri K.M
4) Mr. Nishanth David Thomas
5) Mrs.Anju Mathew
6) Mr.Nidhin George Thomas

(b) Related Party Transactions During the Year

₹ in lakhs

Particulars	Entities in which KMP of the Company has significant influence		Key Management Personnel		Relatives of Key Management Personnel	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Loan Repaid						
Loan taken from Mr.Boby.C.D (Chairman & MD)	-	-	375.00	-	-	-
Loan Repaid to Mr.Boby.C.D (Chairman & MD)	-	-	375.00	-	-	-
Inter-corporate Deposit						
Chemmanur Gold Palace International Limited						
Inter Corporate Deposit (ICD) Acceptance	1000.00	-	-	-	-	-
Inter Corporate Deposit (ICD) Repayment	1000.00	-	-	-	-	-
Interest on Inter Corporate Deposit	11.01	-	-	-	-	-
Interest Paid						
Boby.C.D (NCD and SD purchased from other Investors)	-	-	0.23	0.92	-	-
T.K Thomas	-	-	1.82	0.39	-	-
Maithri K.M	-	-	-	-	2.25	1.58
Bimy Joseph	-	-	-	-	0.50	0.50
Anju Mathew	-	-	-	-	-	0.12
Nidhin George Thomas	-	-	-	-	-	0.75
Non Convertible Debentures/Subordinated debt repayment						
Boby.C.D	-	-	7.55	8.00	-	-
Maithri KM	-	-	-	-	2.45	7.50
Nidhin George Thomas	-	-	-	-	-	7.50
Anju Mathew	-	-	-	-	-	2.00
Rent Paid						
Boby.C.D	-	-	1.27	1.16	-	-
Chit Collection Received						
BobyChemmanur (No.1) Chits Private Ltd	0.04	0.96	-	-	-	-
Chit Collection Repaid						
Boby Chemmanur (No.1) Chits Private Ltd	0.04	0.96	-	-	-	-
Remuneration to chairman						
Boby.C.D	-	-	108.00	108.00	-	-
Remuneration to Chief Executive Officer						
T.K Thomas	-	-	30.00	10.07	-	-
Remuneration to Company secretary						
Anju Thomas	-	-	9.18	8.24	-	-
Remuneration to Chief Financial Officer						
Pramod .M	-	-	17.84	15.93	-	-
Rent Received						
Chemmanur Gold Palace International	91.53	91.53			-	-

CHEMMANUR CREDITS AND INVESTMENTS LTD. CORPORATE OFFICE THRISSUR

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C.K. JOSEPH & ASSOCIATES KOCHI-25 CHARTERED ACCOUNTANTS

Limited						
Purchase						
Boby Bazar Pvt Ltd	2.66	1.78	-	-	-	-
NCD Issued(Public)						
T.K Thomas	-	-	8.00	17.00	-	-
Maithri K.M	-	-	-	-	9.90	2.50
Pramod .M	-	-	-	5.80	-	-
Nishanth David Thomas	-	-	-	-	-	2.00
Subordinated Debt Issued						
Maithri K.M	-	-	-	-	-	8.00

(c) Related party Balances as at the end of the year

₹ in lakhs

Particulars	Entities in which KMP of the Company has significant influence		Key Management Personnel		Relatives of Key Management Personnel	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Due To:						
Mr.Boby.C.D (Chairman & MD):						
Non Convertible Debenture	-	-	-	2.55	-	-
Subordinated Debt	-	-	-	5.00	-	-
T.K Thomas						
Non Convertible Debenture-Public	-	-	25.00	17.00	-	-
Nishanth David Thomas						
Non Convertible Debenture	-	-	-	-	2.00	2.00
Maithri K.M						
Non Convertible Debenture(Public)	-	-	-	-	18.20	8.30
Non Convertible Debenture (Private Placement)	-	-	-	-	6.50	8.95
Subordinated Debt	-	-	-	-	10.00	10.00
Bimy Joseph						
Subordinated Debt	-	-	-	-	5.00	5.00
Phygicart e- Commerce Private Limited	0.41	0.41	-	-	-	-
Due From:						
Chemmanur Gold Palace International Limited	8.24	32.95	-	-	-	-
Boby Chemmanur (No.1) Chits Private Ltd	0.02	0.02	-	-	-	-

(d) Maximum Outstanding during the year

₹ in lakhs

Particulars	Entities in which KMP of the Company has significant influence		Key Management Personnel		Relatives of Key Management Personnel	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Loan taken and Repaid						
Loan from Mr.Boby.C.D (Chairman & MD)	-	-	375.00	-	-	-
	-	-	-	-	-	-
Inter-corporate Deposit accepted and Repaid						
Chemmanur Gold Palace International Limited	1,000.00	-	-	-	-	
Non Convertible Debentures/Subordinated debt						
Boby.C.D			7.55	10.55		

C.M. JOSEPH & ASSOCIATES KOCHI-25 CHARTERED ACCOUNTANTS

CHEMMANUR CREDITS AND INVESTMENTS LTD. CORPORATE OFFICE THRISSUR

Maithri KM	-	-	-	-	34.70	27.25
Nidhin George Thomas	-	-	-	-	-	7.50
Nishanth David Thomas	-	-	-	-	2.00	-
T.K Thomas	-	-	25.00	-	-	-
-						
Commission Receivable						
Boby Chemmanur (No.1) Chits Private Ltd	0.02	0.02	-	-	-	-
Rent Receivable						
Chemmanur Gold Palace International Limited	24.71	32.95	-	-	-	-
Payable						
Phygicart e- Commerce Private Limited	0.41	0.41	-	-	-	-

Note 52: Security Offered For Loans

(A). Term Loan & Cash credit facilities from State Bank of India

1. PRIMARY SECURITY

Exclusive hypothecation charge on the entire loan receivables of 54 specific branches of (both present & future) of the Company (with 25% margin) .

2.COLLATERAL SECURITY

(i) 784.60 Cents Of Land In Sy No. 147/197/7 ,983/1 ,985/1P ,986/p, 987/p ,984/1 ,147/197/8 ,147/197/3, In Ollukkara Village, Thrissur Taluk, Ollukkara SRO In The Name Of M/S C.D Boby Developers And Builders Pvt Ltd

(ii) 5.93 Cents Of Land In Sy No.984/3 In Ollukkara Village, ThrissurTaluk, Ollukkara SRO In The Name Of Boby Housing And Constructions Pvt Ltd

(iii) 25.26 Cents of Land and building measuring 278.81 sq m thereon in Sy No 205/4 of Aranattukara Village, Thrissur Taluk, Ayyanthole SRO, Thrissur District in the name of C D Boby

(iv) Extension of EM over 5.56 Ares of land comprised in Sy. No. 983/1 along the side of Thrissur – Palakkad NH, 6th Stone , Vattakkalu, Mulayam, Ollukara Village, Thrissur District – Ollukara SRO in the name of M/s CDB Infrastructure Pvt Ltd.

(v) Exclusive charge (Lien) over the fixed deposit of ₹750 lakh held in the name of the Company with SBI

3. THIRD PARTY GUARANTEES

A.	**Personal Guarantees Of**
1	Sri.C.D.Boby
2	Sri. LijoMoothedan
3	Smt. Smitha Boby
B.	**Corporate guarantees of**
1	M/S. C.D Boby Developers And Builders Pvt Ltd
2	M/S Boby Housing And Constructions Pvt Ltd
3	M/s CDB Infrastructure Pvt. Ltd

Rate of Interest :

Term Loan : Rate at 400 bps above 6 Month MCLR
Cash Credit : Rate at 300 bps above 6 Month MCLR

C.M. JOSEPH & ASSOCIATES KOCHI-25

CHEMMANUR CREDITS AND INVESTMENTS LTD CORPORATE OFFICE THRISSUR

(B). Sanction of Term Loan from Canara Bank

1. PRIMARY SECURITY

Exclusive charge by hypothecation of loan receivables (Standard Asset) of specific branches of the company with 25% margin and minimum- security coverage of 1.33 at all the times during the currency of the loan

2. COLLATERAL SECURITY

(i) EM over 28.29 cents (11.45 ares) of land comprised in Re sy no: 101 1B 2 of Thazhekode Village , District Kozhikode (Mukkam) in the name of Mr C D Boby realisable value Rs 0.87 Crore (85% of value of vacant land)

(ii) EM over flat no. G2 & G3, Hema apartments with undivided share on the land , Comprised in Re sy no.: 190 extent in 3.357 cents (UDS of land) of Kasaba village, District - Kozhikode in the name of Mr C D Boby, Valued Rs 0.85 Crore

(iii) EM over 15.15 ares of land and Residential building comprised in Re sy : 120/1. (120/14 as per T.P A/c 4967, 120/13 (as per T.P A/c 4966) of Kuttikkattoor village, desm Velliparamba, District Kozhikode in the name of Mr C D Boby and Smt. Smitha Boby, Valued Rs 3.52 Crore

3. THIRD PARTY GUARANTEES

A.	Personal Guarantees Of
1	Sri. C.D.Boby
2	Sri. LijoMoothedan
3	Mrs. Smitha Boby

Interest Rate: One year MCLR + 3.45 % spread

(C). Sanction of Cash Credit from Dhanalaxmi Bank

1. PRIMARY SECURITY

Exclusive charge on entire loan receivables of 5 branches of the company (mentioned below) with 25% margin and minimum security coverage of 1.33 times at all times during the currency of loan (DP to be computed on receivables that are not overdue for 180 days and above)

Branch Name
Kulathupuzha
Sasthamkotta
Vizhinjam
Vytila
Vazhuthacadu

2. COLLATERAL SECURITY

(i) EM of 2.5399 hectares (627.5 cents) of Land in sy No : 147/161/2 and 1225/P of Ollukkara village, Mullakkara Desom, Thrissur taluk, Thrissur District in the name of DBC Real Estate Developers Pvt Ltd

(ii) EM of 11.2 cents of residential plot with 750 Sqft residential building U/Sy No. 985/1P in Ollukara village, Thrissur taluk and District in the name of BDC Realty and Infra (P) Ltd

3.THIRD PARTY GUARANTEES

A.	Personal Guarantees Of
1	Sri. C.D.Boby
2	Sri. LijoMoothedan
3	Mrs. Smitha Boby

CHEMMANUR CREDITS AND INVESTMENTS LTD. CORPORATE OFFICE THRISSUR

C.M. JOSEPH & ASSOCIATES CHARTERED ACCOUNTANTS KOCHI-25

B.	Corporate guarantees of
1	DBC Real Estate Developers Pvt Ltd
2	BDC Realty and Infra (P) Ltd

Rate of Interest: One year MCLR + 2.20 % spread

(D). Working Capital Demand Loan (WDCL) from Federal Bank

1. PRIMARY SECURITY

Hypothecation of standard gold loan receivables of selected branches with 1.4x coverage

2. COLLATERAL SECURITY

(i) Exclusive charge (Lien) over the fixed deposit of ₹600 lakhs held in the name of the Company with Federal Bank

3. THIRD PARTY GUARANTEES

A.	Personal Guarantees Of
1	Sri. C.D.Boby
2	Sri. LijoMoothedan
3	Mrs. Smitha Boby

Rate of Interest: Repo rate + 5 %

Note 53: Liquidity Risk

Public disclosure on Liquidity Risk for the year ended March 31, 2024 pursuant to RBI circular dated November 04,2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies

I. Funding Concentration based on significant counter party (both deposits and borrowings)

		As on 31st March 2024			As on 31st March 2023		
Sl. No.	**No of Significant Counter parties**	**Amount (₹ in lakhs)**	**% of Total Deposits**	**% of Total Liabilities**	**Amount (₹ in lakhs)**	**% of Total Deposits**	**% of Total Liabilities**
1	Nil	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

II. Top 20 Large Deposits: Not Applicable

III. Top 10 Borrowings

₹ in lakhs

			As on 31st March 2024		As on 31st March 2023	
Sl. No.	**Name of parties/holders**	**Nature**	**Amount**	**As a % of Total borrowing**	**Amount**	**As a % of Total borrowing**
1	State Bank of India	Term loan	2429.64	5.50%	-	-
2	State Bank of India	Cash credit	2389.82	5.41%	2503.91	7.92%
3	Federal Bank	Working Capital Demand Loan	991.82	2.25%	-	0.00%
4	Dhanlaxmi Bank	Cash credit	351.48	0.80%	410.77	1.30%
5	Canara Bank	Term Loan	324.35	0.73%	678.03	2.15%

CHEMMANUR CREDITS AND INVESTMENTS LTD. CORPORATE OFFICE THRISSUR

C.A. JOSEPH & ASSOCIATES KOCHI-25 CHARTERED ACCOUNTANTS

6	Ramaa Iyer K	Subordinate Debt	228.00	0.52%	43.00	0.14%
7	Mr. Homi Farrok Kaka	Non-Convertible Debenture	200.00	0.45%	200.00	0.63%
8	Ms. Sashikala V C	Subordinate Debt	156.00	0.35%	156.00	0.49%
9	Mr. Perviz Farrok Kaka	Non-Convertible Debenture	125.00	0.28%	125.00	0.40%
10	Ms. Kala S	Subordinate Debt	61.75	0.14%	60.00	0.19%
11	Ms. Saroja . S	Subordinate Debt	61.20	0.14%	44.50	0.14%
12	M/s.Thiruvathira Gold Palace LLP	Non-Convertible Debenture	-	0.00%	144.00	0.46%
13	Mr.Muralidarar K R	Subordinate Debt	-	0.00%	119.00	0.38%
14	Mr. Siyaf M.V	Subordinate Debt	58.90	0.13%	80.00	0.25%
15	Mr.Devendhra H G	Subordinate Debt	53.00	0.12%	70.00	0.22%
16	Mr. John Abraham	Subordinate Debt	51.00	0.12%	61.00	0.19%
17	Ms.Rajeswari Amma Sarada	Non-Convertible Debenture	60.00	0.14%	60.00	0.19%
18	Mr. Siyak M V	Subordinate Debt	38.45	0.09%	59.00	0.19%
TOTAL			**7,580.41**		**4,814.21**	

IV. Funding Concentration based on significant instrument/product

SL	Name of the instrument/product	As on 31st March 2024 Amount (in lakhs)	As on 31st March 2024 % of Total Liabilities	As on 31st March 2023 Amount (in lakhs)	As on 31st March 2023 % of Total Liabilities
1	Non convertible Debentures	19,116.41	35.01%	10,289.70	28.43%
2	Subordinated Debts	18,449.95	33.79%	17,713.95	48.95%
3	Bank Borrowings	6,487.12	11.88%	3,592.71	9.93%
TOTAL		**44,053.48**		**31,596.36**	

V. Stock Ratio:

Other Short term liabilities of ₹1,438.49 lakhs as on 31st March 2024 (₹2,137.06 lakhs as on 31st March 2023) as a % of Total Public funds, Total Liabilities and Total Assets.

	As on 31st March 2024		As on 31st March 2023	
	Amount (₹ in lakhs)	Other Short Term Liabilities As a % Of	Amount (₹ in lakhs)	Other Short Term Liabilities As a % Of
Other Short term Liabilities:	1,438.49		2,137.06	
Public Fund	44,053.48	3.27%	31,579.11	6.77%
Total Liabilities	54,601.69	2.63%	41,200.72	5.19%
Total Assets	63,504.48	2.27%	49,942.11	4.28%

Note 54: Comparison between provision required under IRACP and impairment loss under Ind AS 109

₹ in lakhs

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount	Loss allowance under Ind AS 109	Net carrying amount	Provision required as per IRACP Norms	Difference between provisions as per Ind AS 109 & IRACP Norms
As at March 31, 2024						
Performing assets						
Standard assets	Stage 1	47,200.27	6.95	47,193.32	118.00	(111.05)
	Stage 2	1,587.73	13.50	1,574.23	3.97	9.53
	Stage 3	116.58	11.66	104.92	0.29	11.37
Sub-total		**48,904.57**	**32.11**	**48,872.47**	**122.26**	**(90.16)**

Non-performing assets						
Sub-standard	Stage 3	147.82	17.48	130.33	14.78	2.70
Doubtful						
- Up to 1 year	Stage 3	33.94	18.26	15.68	18.26	-
- 1 year - 3 years	Stage 3	122.79	84.74	38.05	84.93	(0.19)
- More than 3 years	Stage 3	2.48	0.63	1.85	1.40	(0.77)
Loss assets	Stage 3	54.81	54.81	-	54.81	-
Sub-total for NPA		**361.84**	**175.92**	**185.91**	**174.18**	**1.74**
Other items		-	-	-	-	-
Sub-total		**49,266.41**	**208.03**	**49,058.38**	**296.44**	**(88.41)**
Total	**Stage 1**	**47,200.27**	**6.95**	**47,193.32**	**118.00**	**(111.05)**
	Stage 2	**1,587.73**	**13.50**	**1,574.23**	**3.97**	**9.53**
	Stage 3	**478.42**	**187.58**	**290.83**	**174.47**	**13.11**
	Total	**49,266.41**	**208.03**	**49,058.38**	**296.44**	**(88.41)**

₹ in lakhs

Asset classification as per RBI norms	**Asset classification as per Ind AS 109**	**Gross carrying amount**	**Loss allowance under Ind AS 109**	**Net carrying amount**	**Provision required as per IRACP Norms**	**Difference between provision as per Ind AS 109 & IRACP Norms**
As at March 31, 2023						
Performing assets						
Standard assets	Stage 1	40,070.95	6.05	40,064.90	100.18	(94.13)
	Stage 2	470.05	1.39	468.66	1.18	0.21
	Stage 3	10.83	1.08	9.74	0.03	1.06
Sub-total		**40,551.82**	**8.52**	**40,543.30**	**101.38**	**(92.86)**
Non-performing assets						
Sub-standard	Stage 3	57.98	13.58	44.40	5.80	7.78
Doubtful						
- Up to 1 year	Stage 3	131.47	87.85	43.62	87.85	-
- 1 year - 3 years	Stage 3	5.29	2.19	3.10	2.19	-
- More than 3 years	Stage 3	-	-	-	-	-
Loss assets	Stage 3	54.35	54.35	-	54.35	-
Sub-total for NPA		**249.09**	**157.97**	**91.12**	**150.19**	**7.78**
Other items		-	-	-	-	-
Sub-total		**40,800.91**	**166.49**	**40,634.42**	**251.57**	**(85.08)**
Total	**Stage 1**	**40,070.95**	**6.05**	**40,064.90**	**100.18**	**(94.13)**
	Stage 2	**470.05**	**1.39**	**468.66**	**1.18**	**0.21**
	Stage 3	**259.92**	**159.05**	**100.87**	**150.22**	**8.83**
	Total	**40,800.91**	**166.49**	**40,634.42**	**251.57**	**(85.08)**

Chemmanur Credits and Investments Limited

Financial Statements for the year ended March 31, 2024

Note 55: Disclosure required as per RBI Circular RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 Dated April 19, 2022.

A) Exposure

1) Sectoral Exposure

₹ in lakhs

Sectors	Current Year			Previous Year		
	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ Lakhs)	Gross NPAs (₹ Lakhs)	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ Lakhs)	Gross NPAs (₹ Lakhs)	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	NA	NA	NA	NA	NA	NA
2. Industry	NA	NA	NA	NA	NA	NA
3. Services	-	-	-	-	-	-
4. Personal Loans						
Gold Loan	41,242.54	67.32	0.16%	30,190.86	54.60	0.18%
Other Loans	8,023.87	294.52	3.67%	10,610.05	194.48	1.83%
Total	**49,266.41**	**361.84**		**40,800.91**	**249.08**	

B) Disclosure of complaints

1) Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

Sr. No		Particulars	2023-24	2022-23
Complaints received by the NBFC from its customers				
1		Number of complaints pending at beginning of the year	1	Nil
2		Number of complaints received during the year	16	6
3		Number of complaints disposed during the year	17	5
	3.1	Of which, number of complaints rejected by the NBFC	1	Nil
4		Number of complaints pending at the end of the year	0	1

Maintainable complaints received by the NBFC from Office of Ombudsman				
5.*		Number of maintainable complaints received by the NBFC from Office of Ombudsman	Nil	Nil
	5.1.	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman		
	5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman		
	5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC		
6.*		Number of Awards unimplemented within the stipulated time (other than those appealed)	Nil	

CHEMMANUR CREDITS AND INVESTMENTS LTD. CORPORATE OFFICE THRISSUR

C.M. JOSEPH & ASSOCIATES CHARTERED ACCOUNTANTS KOCHI-25

Chemmanur Credits and Investments Limited
Financial Statements for the year ended March 31, 2024

2) Top five grounds of complaints received by the NBFCs from customers

Grounds of complaints, (i.e. complaints relating to) (1)	Number of complaints pending at the beginning of the year (2)	Number of complaints received during the year (3)	% increase/ decrease in the number of complaints received over the previous year (4)	Number of complaints pending at the end of the year (5)	Of 5, number of complaints pending beyond 30 days (6)
	2023-24				
Ground - 1	-	-	-	-	-
Ground - 2	-	-	-	-	-
Ground - 3	-	-	-	-	-
Ground - 4	-	-	-	-	-
Ground – 5	1	3	-	-	-
Ground - 6	-	-	-	-	-
Ground - 7	-	-	-	-	-
Ground – 8	-	2	-	-	-
Ground - 9	-	-	-	-	-
Ground - 10	-	9	-	-	-
Total	1	14	133% Increase	-	-
	2022-23				
Ground - 1	-	-	-	-	-
Ground - 2	-	-	-	-	-
Ground - 3	-	-	-	-	-
Ground - 4	-	-	-	-	-
Ground - 5	-	3	-	-	-
Others	-	3	-	1	1
Total	-	6	-	1	1

Notes are an integral part of the financial statements
For and on behalf of the Board

As per our report of even date attached

For C.M. Joseph & Associates,
Chartered Accountants
Firm Registration No. 006408S

Boby CD
Chairman and MD
DIN: 00046095

Lijo Moothedan
Director
DIN: 00877403

Pramod.M
Chief Financial Officer

Anju Thomas
Company Secretary
M.No:43159

T.R. Thomas
Chief Executive Officer

C.M. Joseph
PARTNER
M.No: 202800

Place : Thrissur,
Date : 30.05.2024

UDIN : 24202800BKBKVP5935

CHEMMANUR CREDITS AND INVESTMENTS LTD. CORPORATE OFFICE THRISSUR

C.M. JOSEPH & ASSOCIATES KOCHI-25 CHARTERED ACCOUNTANTS

Chemmanur Credits and Investments Limited
Financial Statements for the year ended March 31, 2024
Schedule to the Balance Sheet of a Non-Banking Financial Company
(As required in terms of Paragraph 19 of Non-Banking Financial Company -Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016).

(₹ in lakhs)

	Particulars	Amount Outstanding	Amount Overdue
	Liability Side :		
1	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
	(a) Debentures : Secured	19,641.03	Nil
	: Unsecured - Subordinate Debt	21,255.88	Nil
	(other than falling within the meaning of public deposit)		
	(b) Deferred Credits	Nil	Nil
	(c) Term Loans	2,754.00	Nil
	(d) Inter – corporate loans and borrowings	Nil	Nil
	(e) Commercial Paper	Nil	Nil
	(f) public deposit	Nil	Nil
	(g) Other Loans (Specify nature)	Nil	Nil
2	Breakup of (i)(f) above (outstanding public deposit inclusive in interest accrued thereon but not paid)		
-	(a) in the form of unsecured debentures	Nil	Nil
	(b) in the form of partly secured debentures i.e., debentures where there is a shortfall in the value of security	Nil	Nil
	(c) other public Deposits	Nil	Nil
	*See note 1 below		

	Asset Side:	Amount Outstanding
3	Break-up of Loans and Advances including bills receivables[other than those included in (4) below]:	
	(a) Secured	42,994.28
	(b) Unsecured	6,272.13
4	Break-up of Leased Assets and stock on hire and other assets counting toward AFC activities	
	(i) Lease assets including lease rentals under sundry debtors :	
	(a) Financial Lease	
	(b) Operating Lease	Nil
	(ii) Stock on hire including hire charges under sundry debtors	
	(a) Asset on Hire	
	(b) Repossessed Assets	Nil
	(iii) Other loans counting towards AFC activities	
	(a) Loans where assets have been repossessed	
	(b) Loans other than (a) above	Nil

CHEMMANUR CREDITS AND INVESTMENTS LTD. CORPORATE OFFICE THRISSUR

C.M. JOSEPH & ASSOCIATES KOCHI-25 CHARTERED ACCOUNTANTS

5	Break up of Investments :	
	Current Investments:	Nil
	1. Quoted:	Nil
	(i) Shares (a) Equity	
	(b) Preference	
	(ii) Debentures and Bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (specify)	Nil
	2. Unquoted:	
	(i) Shares (a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and Bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (specify)	Nil
	Long Term Investments	
	1. Quoted:	
	(i) Shares (a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and Bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (specify)	Nil
	2. Unquoted:	
	(i) Shares (a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and Bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (specify)	Nil

6	Borrower group-wise classification of assets financed as in (3) and (4) above :			
	(see note 2 below)			
	Category	Amount net of provisions		
		Secured	Unsecured	Total
	1. Related Parties			
	(a) subsidiaries	Nil	Nil	Nil
	(b) Companies in the same group	Nil	Nil	Nil
	(c) Other related parties	Nil	Nil	Nil
	2. Other than related parties	42,801.95	6,168.02	48,969.97
	Total	**42,801.95**	**6,168.02**	**48,969.97**

CHEMMANUR CREDITS AND INVESTMENTS LTD. CORPORATE OFFICE THRISSUR

C.M. JOSEPH & ASSOCIATES KOCHI-25 CHARTERED ACCOUNTANTS

7	Investor group-wise classification of all investments(current and long term) in shares and securities (both quoted and unquoted);(see note 3 below)		
	Category	**Market Value/ Break up or fair value or NAV**	**Book Value (Net of Provisions)**
	1. Relate Parties		
	(a) Subsidiaries	Nil	Nil
	(b) Companies in the same group	Nil	Nil
	(c) Other related parties	Nil	Nil
	2. Other than related parties	Nil	Nil
	Total	**Nil**	**Nil**

8	Other Information	**Amount**
	Particulars	
	(i) Gross Non – Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	361.84
	(ii) Net Non-Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	187.66
	(iii) Assets acquired in satisfaction of debt	Nil

*Notes:
1. As defined in point xxv of paragraph 3 of Chapter -II of these Directions.

2. Provisioning norms shall be applicable as prescribed in the Non-Banking Financial (Non – Deposit Accepting of Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (4) above.

Notes are an integral part of the financial statements
For and on behalf of the Board

Boby CD
Chairman and MD
DIN: 00046095

Lijo Moothedan
Director
DIN: 00877403

Pramod.M
Chief Financial Officer

Anju Thomas
Company Secretary
M.No:43159

T.K. Thomas
Chief Executive Officer

Place : Thrissur,
Date : 30.05.2024

CHEMMANUR CREDITS AND INVESTMENTS LTD. CORPORATE OFFICE THRISSUR

As per our report of even date attached
For C.M. Joseph & Associates,
Chartered Accountants
Firm Registration No. 006408S

C.M. Joseph
PARTNER
M.No: 202800

UDIN : 24202800BKBKVP5935

C.M. JOSEPH & ASSOCIATES CHARTERED ACCOUNTANTS KOCHI-25

INDEPENDENT AUDITORS' REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2023, STATEMENT OF PROFIT AND LOSS AND CASH FLOWS STATEMENT FOR THE YEAR ENDED MARCH 31, 2023, OF CHEMMANUR CREDITS AND INVESTMENTS LIMITED

To the Board of Directors,
Chemmanur Credits and Investments Limited
Mangalodhayam Building, Round South
Thrissur - 680001

Dear Sir/Madam,

We have audited the accompanying financial statements of Chenunanur Credits and Investments Limited (the **"Company"),** which comprise the balance sheet as at March 31, 2023, and the statement of profit and loss, and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter refe1Ted to as **"financial statements").**

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and based on the provisions of Para 3.3.10 of Schedule I to the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended (the **"SEBI NCS Regulations").** This also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India ("ICAI"). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We be lleve that the aud.lt evl'dence we llave ta); :t: sufncIent and approQ.la:e-to-provt e a basls fior our audit opinion.

CORPORATE OFFICE
1HRISSUR

CHARTERED ACCOUNTA

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements are prepared in the manner so required as per Companies Act, 2013, SEBI NCS Regulations and give a true and fair view of the state of affairs of the Company as at March 31, 2023, and of its results of operations and its cash flows for the year then ended.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of preparation and presentation of financial statements. The financial statements are prepared to assist the Company to meet the requirements of SEBI NCS Regulations, as amended. As a result, the financial statements may not be suitable for another purpose.

Other Matter

Chemmanur Credits and Investments Limited has prepared a separate set of financial statements for the year ended March 31, 2023, in accordance with the Indian Accounting Standards referred to in Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 on which M/s. V.K.S. Narayan & Co, Chartered Accountants, has issued a separate auditor's report to the shareholders of the Company dated May 30, 2023.

For C.M. Joseph & Associates
Chartered Accountants
Firm's Registration Number: **006408S**

C.M Joseph
Pminer
M. No.: 202800
UDIN: **23202800BGTEYJ4057**
Place: Ernakulam
Date: 18/09/2023

CHEMMANUR CREDITS AND INVESTMENTS LIMITED
Balance Sheet as at March 31, 2023

(₹ in lakhs)

	Note		As at	
		March 31, 2023	March 31, 2022	April 1, 2021
ASSETS				
(1) Financial assets				
(a) Cash and cash equivalents	5	795.45	558.72	452.68
(b) Bank balances other than cash and cash equivalents	6	0.00	0.00	0.00
(c) Receivables				
(i) Trade receivables	7(i)	0.00	0.00	0.00
(ii) Other receivables	7(ii)	770.55	924.89	1,879.27
(d) Loans	8	40,634.42	35,423.39	34,012.25
(e) Other financial assets	9	512.98	274.39	257.54
(2) Non-financial assets				
(a) Current tax assets (net)	10	350.08	174.07	0.00
(b) Deferred tax assets (net)	11	163.29	134.04	26.22
(c) Property, plant and equipment	12	1,771.81	1,378.43	1,444.15
(d) Right-of-use assets	13	4,729.45	4,007.33	3,728.22
(e) Intangible assets	14	19.58	22.05	30.11
(f) Capital work-in-progress	15	151.66	109.59	20.62
(g) Other non-financial assets	16	42.84	38.74	16.33
TOTAL ASSETS		**49,942.11**	**43,045.64**	**41,867.39**
LIABILITIES AND EQUITY				
LIABILITIES				
(1) Financial liabilities				
(a) Debt securities	17	10,247.75	4,957.43	6,689.04
(b) Borrowings (other than debt securities)	18	8,676.34	8,043.15	6,319.54
(c) Subordinated liabilities	19	17,589.30	17,106.15	16,410.80
(d) Other financial liabilities	20	4,385.33	4,059.81	3,409.96
(2) Non-financial liabilities				
(a) Current tax liabilities (net)	10	0.00	0.00	28.33
(b) Provisions	21	171.58	165.12	138.94
(c) Other non-financial liabilities	22	130.42	62.17	66.52
EQUITY				
(a) Equity share capital	23	6,000.00	6,000.00	6,000.00
(b) Other equity	24	2,741.39	2,651.81	2,804.26
TOTAL LIABILITIES AND EQUITY		**49,942.11**	**43,045.64**	**41,867.39**

Notes are an integral part of the financial statements

For and on behalf of the Board

As per our report of even date attached

Boby CD
Chairman and MD
DIN: 00046095

Lijo Moothedan
Director
DIN: 00877403

T.K. Thomas
Chief Executive Officer

For C.M. JOSEPH & ASSOCIATES,
Chartered Accountants
Firm Registration No. 006408S

Pramod.M
Chief Financial Officer

Anju Thomas
Company Secretary
M.No:43159

C.M. JOSEPH
PARTNER
M. No: 202800
UDIN: 23202800BGTEYJ4057

Place: THRISSUR,
Date : 18/09/2023.

CHEMMANUR CREDITS AND INVESTMENTS LIMITED

Statement of Profit and Loss for the year ended March 31, 2023

(₹ in lakhs)

		Note number	For the year ended March 31, 2023	For the year ended March 31, 2022
	Revenue from operations			
(i)	Interest income	25	7,406.46	6,856.54
(ii)	Dividend income		0.00	0.00
(iii)	Rental income	26	91.53	91.53
(iv)	Fees and commission income	27	815.38	393.94
(I)	**Total revenue from operations**		**8,313.37**	**7,342.01**
(II)	Other income	28	7.28	7.15
(III)	**Total income (I) + (II)**		**8,320.65**	**7,349.16**
	Expenses			
(i)	Finance costs	29	3,924.87	3,673.81
(ii)	Impairment of financial instruments	30	81.60	(41.23)
(iii)	Employee benefit expenses	31	2,640.69	2,070.48
(iv)	Depreciation, amortisation and impairment	32	763.30	703.05
(v)	Other expenses	33	760.78	601.84
(IV)	**Total expenses**		**8,171.24**	**7,007.95**
(V)	**Profit/ (loss) before tax (III - IV)**		**149.41**	**341.21**
(VI)	Tax expenses			
	(i) Current tax			
	- Related to current year		101.63	183.51
	- Related to prior years		0.00	0.55
	(ii) Deferred tax		(32.40)	(108.47)
(VII)	**Profit/ (loss) for the period (V) - (VI)**		**80.18**	**265.62**
(VIII)	**OTHER COMPREHENSIVE INCOME**			
(A)	***(i) Items that will not be reclassified to profit or loss***			
	Remeasurement gain/ (loss) on defined benefit plan		12.56	2.58
	(ii) Income tax relating to items the above		(3.16)	(0.65)
	TOTAL OTHER COMPREHENSIVE INCOME		**9.40**	**1.93**
(IX)	**TOTAL COMPREHENSIVE INCOME**			
	FOR THE PERIOD (VII + VIII)		**89.58**	**267.55**
(X)	**Earnings per share**	34		
	Basic (₹)		0.13	0.44
	Diluted (₹)		0.13	0.44
	Face value per share (₹)		10.00	10.00

Notes are an integral part of the financial statements

For and on behalf of the Board

Boby CD
Chairman and MD
DIN: 00046095

Lijo Moothedan
Director
DIN: 00877403

T.K. Thomas
Chief Executive Officer

Pramod.M
Chief Financial Officer

Anju Thomas
Company Secretary
M.No:43159

As per our report of even date attached
For C.M. JOSEPH & ASSOCIATES,
Chartered Accountants
Firm Registration No. 006408S

C.M.JOSEPH
PARTNER
M.No: 202800
UDIN: 23202800BGTEYJ4057

Place: THRISSUR,
Date : 18/09/2023.

CHEMMANUR CREDITS AND INVESTMENTS LIMITED

Statement of Changes in Equity for the period ended March 31, 2023

(₹ in lakhs)

A. EQUITY SHARE CAPITAL

(1) Current reporting period

Balance as at April 1, 2022	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at March 31, 2023
6,000.00	-	6,000.00	-	6,000.00
6,000.00	**-**	**6,000.00**	**-**	**6,000.00**

(2) Previous reporting period

Balance as at April 1, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at March 31, 2022
6,000.00	-	6,000.00	-	6,000.00
6,000.00	**-**	**6,000.00**	**-**	**6,000.00**

B. OTHER EQUITY

(1) Current reporting period

Particulars	Reserves and Surplus			Total other equity
	Retained Earnings	Reserve Fund	Impairment Reserve	
Balance as at April 1, 2022	**1,740.97**	**830.18**	**80.66**	**2,651.81**
Net profit/(loss) for the year	80.18	-	-	80.18
Remeasurement gain on defined benefit plans	9.40	-	-	9.40
Transfer to/ from retained earnings	(20.46)	16.04	4.42	-
Dividend	-	-	-	-
Balance as at March 31, 2023	**1,810.09**	**846.22**	**85.08**	**2,741.39**

(2) Previous reporting period

Particulars	Reserves and Surplus			Total other equity
	Retained Earnings	Reserve Fund	Impairment Reserve	
Balance as at April 1, 2021	**2,049.65**	**743.98**	**-**	**2,793.63**
Ind AS transition adjustments	(10.43)	-	21.06	10.63
Restated balance as at April 1, 2021	**2,039.22**	**743.98**	**21.06**	**2,804.26**
Net profit/(loss) for the year	265.62	-	-	265.62
Remeasurement gain on defined benefit plans	1.93	-	-	1.93
Transfer to/ from retained earnings	(145.80)	86.20	59.60	-
Dividend	(420.00)	-	-	(420.00)
Balance as at March 31, 2022	**1,740.97**	**830.18**	**80.66**	**2,651.81**

Notes are an integral part of the financial statements

For and on behalf of the Board

As per our report of even date attached

Boby CD **Lijo Moothedan** **T.K. Thomas**
Chairman and MD **Director** **Chief Executive Officer**
DIN: 00046095 **DIN: 00877403**

For C.M. JOSEPH & ASSOCIATES,
Chartered Accountants
Firm Registration No. 006408S

Pramod.M
Chief Financial Officer

Anju Thomas
Company Secretary
M.No:43159

C.M.JOSEPH
PARTNER
M.No: 202800
UDIN: 23202800BGTEYJ4057

Place: THRISSUR,
Date : 18/09/2023.

CHEMMANUR CREDITS AND INVESTMENTS LIMITED
Statement of Cash Flows for the year ended March 31, 2023

		For the year ended	
		March 31, 2023	March 31, 2022
		₹ in lakhs	
I.	**CASHFLOWS FROM OPERATING ACTIVITIES**		
	Profit before tax	149.41	341.21
	Depreciation, amortisation and impairment	763.30	703.05
	Impairment of financial instruments	81.60	(41.23)
	Finance costs	3,924.87	3,673.81
	(Profit)/ loss on sale of property, plant and equipment	0.92	7.39
	Provision for gratuity	38.61	35.45
	Provision for cash loss	2.59	5.00
	Rental income	(91.53)	(91.53)
	Operating profit before working capital changes	**4,869.77**	**4,633.15**
	(Increase)/ decrease in receivables	154.34	954.38
	(Increase)/ decrease in loans	(5,292.63)	(1,369.91)
	(Increase)/ decrease in other financial assets	(335.52)	(69.51)
	(Increase)/ decrease in other non-financial assets	(4.10)	(22.41)
	Increase/ (decrease) in provisions	(22.18)	(11.69)
	Increase/ (decrease) in other financial liabilities	187.30	(157.04)
	Increase/ (decrease) in other non-financial liabilities	68.25	(4.35)
	Cash generated from/ (used in) operations	**(374.77)**	**3,952.62**
	Finance costs paid	(3,717.57)	(3,000.99)
	Income tax paid	(277.64)	(386.46)
	Net cash from/ (used in) operating activities	**(4,369.98)**	**565.17**
II.	**CASHFLOWS FROM INVESTING ACTIVITIES**		
	Payments for property, plant and equipment and intangible assets	(660.75)	(290.44)
	Proceeds from sale of property, plant and equipment	3.26	3.42
	Rental income	91.53	91.53
	Net cash from/ (used in) investing activities	**(565.96)**	**(195.49)**
III.	**CASHFLOWS FROM FINANCING ACTIVITIES**		
	Proceeds from issue of debt securities	9,528.39	1,558.00
	Proceeds from issue of subordinated liabilities	3,724.40	2,494.40
	Proceeds from long-term borrowings	-	1,000.00
	Repayment of debt securities	(4,260.26)	(3,277.99)
	Increase/ (decrease) in other borrowings	(531.71)	58.55
	Repayment of subordinated liabilities	(3,288.15)	(1,676.60)
	Dividend paid	-	(420.00)
	Net cash from/ (used in) financing activities	**5,172.67**	**(263.64)**

IV.	**Net increase/ (decrease) in cash and cash equivalents (I + II + III)**	**236.73**	**106.04**
V.	**Cash and cash equivalents at the beginning**	**558.72**	**452.68**
VI.	**Cash and cash equivalents at the end**	**795.45**	**558.72**
	Cash and cash equivalents comprise of:		
	- Cash	424.31	279.10
	- Balances with banks	371.14	279.62
	Total	**795.45**	**558.72**

Notes are an integral part of the financial statements

For and on behalf of the Board

As per our report of even date attached

Boby CD
Chairman and MD
DIN: 00046095

Lijo Moothedan
Director
DIN: 00877403

T.K. Thomas
Chief Executive Officer

For C.M. JOSEPH & ASSOCIATES,
Chartered Accountants
Firm Registration No. 006408S

Pramod.M
Chief Financial Officer

Anju Thomas
Company Secretary
M.No:43159

C.M.JOSEPH
PARTNER
M.No: 202800
UDIN: 23202800BGTEYJ4057

Place: THRISSUR,
Date : 18/09/2023.

NOTES TO THE FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

Chemmanur Credits and Investments Limited is a Public Limited Company incorporated on December 16, 2008. The Company is a Non-Systemically Important Non-Deposit Taking Non-Banking Financial Company Registered under section 45IA of RBI Act, 1934. The Company provides a wide range of fund based and fee-based services including gold loans, micro finance, consumption loans etc.

Registration Details

Corporate Identity Number (CIN)	U65923KL2008PLC023560
Reserve Bank of India Registration no.	N16-00185
Company's Registered Office	Mangalodhayam Building, Round South, Thrissur, 680001
Ministry of Finance (Financial Intelligence Unit - India (FIU-IND))	FINBF13040

2 BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

2.1 <u>Basis of preparation</u>

These standalone or separate financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules 2015 as amended and notified under Section 133 of the Companies Act, 2013 ("the Act"), in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act. Any application guidance/clarifications/directions issued by RBI or other regulators are implemented as and when they are issued/applicable.

The Company's financial statements up to and for the year ended 31 March 2022 were prepared in accordance with the Generally Accepted Accounting Principles in India (IGAAP) under the historical cost convention as a going concern and on accrual basis unless otherwise stated, and in accordance with the provisions of the Companies Act, 2013, the Accounting Standards specified under section 133 of the Companies Act, 2013 ("the Act") and prudential norms for income recognition, assets classification and provisioning for non-performing assets as well as contingency provision for standard assets as prescribed by The Reserve Bank of India (RBI) for NBFCs to the extent applicable, collectively referred as "Previous GAAP".

These are the Company's first standalone or separate financial statements prepared in accordance with Indian Accounting Standards (Ind AS). The Company has applied Ind AS 101, First-time Adoption of Indian Accounting Standards for transition from Previous GAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flow of the Company is provided in **Note 4.**

These standalone or separate financial statements were approved by the Company's Board of Directors and authorized for issue on May 30, 2023.

2.2 Presentation of financial statements

The Balance Sheet, Statement of Changes in Equity and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Companies Act, 2013 ("the Act") applicable for Non-Banking Finance Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet, Statement of Changes in Equity and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the Financial Statements along with the other notes required to be disclosed under the notified Accounting Standards and regulations issued by the RBI.

2.3 Functional and presentation currency

These financial statements are presented in Indian Rupees ('lNR' or '₹') which is also the Company's functional currency. All amounts are rounded-off to the nearest lakhs, unless otherwise indicated.

2.4 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

Certain accounting policies of the Company and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has established policies and procedures with respect to the measurement of fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such value in use in Ind AS 36.

Fair value measurements under Ind AS are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date.
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

2.5 Use of estimates, judgments and assumptions

The preparation of the financial statements in conformity with Indian Accounting Standards ("Ind AS") requires the Management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Following are areas that involved a higher degree of estimate and judgment or complexity in determining the carrying amount of some assets and liabilities.

a) Effective Interest Rate (EIR) Method

The Company recognizes interest income/expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given/taken. This estimation, by nature, requires an element of judgment regarding the expected behavior and life- cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

b) Impairment of Financial Assets

The measurement of impairment losses on loan assets and commitments requires judgment, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk.

The Company's Expected Credit Loss (ECL) calculation is the output of a complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgments and estimates include:

The Company's criteria for assessing if there has been a significant increase in credit risk.

- The segmentation of financial assets when their ECL is assessed on a collective basis.
- Development of ECL model, including the various formulae and the choice of inputs.
- Selection of forward-looking macroeconomic scenarios and their probability weights, to derive the economic inputs into the ECL model.
- Management overlay used in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolios.

It has been the Company's policy to regularly review its model in the context of actual loss experience and adjust when necessary.

c) Employee Benefits

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

d) Impact of COVID-19

The COVID-19 outbreak and its effect on the economy has impacted our customers and our performance, and the future effects of the outbreak remain uncertain.

The outbreak necessitated government to respond at unprecedented levels to protect public health, local economies and livelihoods. There remains a risk of subsequent waves of infection, as evidenced by the recently emerged variants of the virus.

Economic forecasts are subject to a high degree of uncertainty in the current environment. Limitations of forecasts and economic models require a greater reliance on management judgment in addressing both the error inherent in economic forecasts and in assessing associated ECL outcomes.
The calculation of ECL under Ind AS 109 involves significant judgments, assumptions and estimates. The level of estimation uncertainty and judgment has increased during financial year as a result of the economic effects of the COVID-19 outbreak.

As a result of government and bank support measures, significant credit deterioration has not yet occurred. This delay increases uncertainty on the timing of the stress and the realisation of defaults. Management has applied COVID-19 specific adjustments to modeled outputs to reflect the temporary nature of ongoing government support, the uncertainty in relation to the timing of stress and the degree to which economic consensus has yet captured the range of economic uncertainty. As a result, ECL is higher than would be the case if it were based on the forecast economic scenarios alone.

The Company has developed various accounting estimates in these Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as at March 31, 2022 about future events that the management believe are reasonable in the circumstances. There is a considerable degree of judgment involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Company. Accordingly, actual economic conditions are likely to be different from those forecasts since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, fair value measurement, and recoverable amount assessments of non-financial assets.

e) Accounting for leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgment in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

f) Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

g) Business model objective of financial assets.

Classification and measurement of financial assets depends on the results of the contractual cashflow characteristics and the business model objective. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

h) Other estimates

These include provisions (other than loan portfolio), contingent liabilities, useful lives, depreciation method and residual value of property, plant and equipment and intangible assets etc.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenue recognition

a) Interest income

Interest income is recognized in Statement of profit and loss using the Effective Interest Rate (EIR) method for all financial instruments measured at amortized cost, debt instruments measured at FVTOCI and debt instruments designated at FVTPL.

The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is recorded as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortized through interest income in the Statement of profit and loss.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired, the Company calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Additional interest and interest on trade advances are recognized when they become measurable and when it is not unreasonable to expect their ultimate collection.

b) Dividend income

Dividend is recognized as income when the right to receive the dividend is established and the amount of dividend can be measured reliably.

c) Revenue from and rendering of services

Revenue (other than for Financial Instruments within the scope of Ind AS 109) is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties.

The Company recognizes revenue from contracts with customers based on a five-step model as set out in Ind AS 115.
Revenue from contract with customer for rendering services is recognized at a point in time when performance obligation is satisfied.

d) Net gain/ (loss) on change in fair value

The assets which are being measured at FVTPL are restated to their fair value as at the reporting date and any gain/ (loss) on change in fair value will be recognized as income/ expense in the Statement of Profit and Loss.

3.2 Financial Instruments

a) Recognition and measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in Statement of profit and loss.

b) Financial assets

Classification and measurement

The Company classifies its financial assets into the following measurement categories: amortized cost; fair value through other comprehensive income; and fair value through profit or loss.

All recognized financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial instruments measured at amortized cost

Debt instruments that meet the following criteria are measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. The principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

Debt instruments that are subsequently measured at amortized cost are subject to impairment.

Financial instruments measured at fair value through other comprehensive income ("FVTOCI")

Debt instruments that meet the following criteria are measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognized in Statement of profit and loss for FVTOCI debt instruments. Other changes in fair value of FVTOCI financial assets are recognized in other comprehensive income. When the asset is disposed of, the cumulative gain or loss previously accumulated in reserve is transferred to Statement of Profit and Loss.

Financial instruments measured at fair value through Profit and Loss ("FVTPL")

Instruments that do not meet the amortized cost or FVTOCI criteria are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in the Statement of Profit and Loss. The gain or loss on disposal is recognized in the Statement of Profit and Loss. Interest income is recognized in the Statement of Profit and Loss for FVTPL debt instruments. Dividend on financial assets at FVTPL is recognized when the Company's right to receive dividend is established.

Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to Statement of Profit and Loss on disposal of the investments. Dividends from these investments are recognized in the Statement of Profit and Loss when the Company's right to receive dividends is established.

Reclassifications

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Company's financial assets.

Impairment of financial assets

Company recognizes loss allowances using the Expected Credit Loss ("ECL") model for the financial assets which are not fair valued through profit and loss. ECL is calculated using a model which captures portfolio performance over a period of time. ECL is a probability-weighted estimate of credit losses. A credit loss is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive discounted at the original EIR.

ECL is measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e., ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date (referred to as Stage 1); or
- Lifetime ECL, i.e., lifetime ECL that result from all possible default events over the life of the financial instrument (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. The Company measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Key elements of ECL computation are outlined below:

- Probability of default ("PD") is an estimate of the likelihood that customer will default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously de-recognized and is still in the portfolio.
- Loss given default ("LGD") estimates the normalized loss which Company incurs post customer default. It is usually expressed as a percentage of the Exposure at default ("EAD"). Effective interest rate ("EIR") is the rate that discounts estimated future cash flows through the expected life of financial instrument. For calculating EIR any upfront fees need to be excluded from the loans and advance amount.

The Company uses historical information where available to determine PD. Considering the different products and schemes, the Company has bifurcated its loan portfolio into various pools. For certain pools where historical information is available, the PD is calculated considering fresh slippage of past years. For those pools where historical information is not available, the PD/ default rates as stated by external reporting agencies is considered.

Credit impaired financial assets

A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default ("PD") which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

Default considered for computation of ECL computation is as per the applicable prudential regulatory norms.

Significant increase in credit risk

The Company monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. The Company's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's expert credit assessment.

Impairment Reserve

Where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), the Company will appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'. The balance in the 'Impairment Reserve' shall not be reckoned for regulatory capital.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/ or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g.: a change to the increase in the interest rate that arises when covenants are breached).

The Company renegotiates loans to customers in financial difficulty to maximize collection and minimize the risk of default. Loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

Substantial modification

When a financial asset is modified, the Company assesses whether this modification results in derecognition. In accordance with the Company's policy, a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Company considers the following:

Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants.

If these do not clearly indicate a substantial modification, then a quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest.

In the case where the financial asset is derecognized, the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition.

The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognized at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Company monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Company determines if the financial asset's credit risk has increased significantly since initial recognition.

Other modification

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Company's ability to collect the modified cash flows taking into account the Company's previous experience of similar forbearance action, as well as various behavioral indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behavior following modification leading to a reversal of the previous significant increase in credit risk. Where a modification does not lead to derecognition the Company calculates the modification gain/ loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Company measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognized in OCI and accumulated in equity is recognized in the Statement of Profit and Loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to the Statement of Profit and Loss.

Write Off

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

c) Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest rate method.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the Statement of Profit and Loss.

d) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 - Financial Instruments; and

- the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of Ind AS 115 - Revenue from Contracts with Customers.

e) Derivative financial instruments

The Company enters into derivative financial instruments, primarily foreign exchange forward contracts, currency swaps and interest rate swaps, to manage its borrowing exposure to foreign exchange and interest rate risks.
Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Derivatives are initially recognized at fair value at the date the contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain/loss is recognized in Statement of profit and loss.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when fair value is negative.

f) Offsetting

Financial assets and financial liabilities are generally reported gross in the balance sheet. Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

g) Debt Securities and other borrowed funds

After initial measurement debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and transaction costs that are an integral part of the Effective Interest Rate (EIR)

3.3 Cash and bank balances

Cash comprises 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 insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts if any, as they are considered an integral part of the Company's cash management.

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

3.4 Property, plant and equipment

PPE is recognized when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.
PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation and accumulated impairment loss, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date arc disclosed separately under other non-financial assets. Capital work in progress comprises the cost of PPE that are not ready for its intended use at the reporting date. Capital work-in-progress is stated at cost, net of impairment loss, if any.

Subsequent expenditure related to the asset are added to its carrying amount or recognised as a separate asset only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Depreciation

Depreciation on property, plant and equipment is calculated using written down value method (WDV) to write down the cost of property and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II of the Companies Act, 2013.

The estimated useful lives are as follows:

Description of the asset	Estimated Useful Life (Years)
Furniture and Fixtures	10
Electrical fittings	10
Computers (End use machines)	3
Plant and Machinery	15
Vehicles (Motorcycles, scooters and other mopeds)	8
Strong room - RCC Frame Structure	60

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Changes in the expected useful life are accounted for by changing the amortization period or methodology, as appropriate, and treated as changes in accounting estimates.

An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

3.5 Intangible assets

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax, less accumulated amortization and cumulative impairment.

Intangible assets i.e., Software are amortized on written down value basis over the estimated useful life of 3 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in the Statement of Profit and Loss when the asset is derecognised.

3.6 Impairment of non-financial assets

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment and intangible assets with finite lives may be impaired. If any such impairment exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets not yet available for use, are tested for impairment annually at each balance sheet date, or earlier, if there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of Profit and Loss.

3.7 Leases

The Company determines that a contract is or contains a lease if the contract conveys right to control the use of an identified asset for a period of time in exchange for a consideration.

Company as a lessee

At the inception of a contract which is or contains a lease, the Company recognizes lease liability at the present value of the future lease payments for non-cancellable period of a lease which is not short term in nature except for lease of low value items. The future lease payments for such non-cancellable period are discounted using the Company's incremental borrowing rate.

The Company elects to apply the practical expedient to not to separate non-lease component from lease component, in case of a contract containing lease. The Company accounts such contracts as a single lease component.

Lease payments include fixed payments, i.e., amounts expected to be payable by the Company under residual value guarantee, the exercise price of a purchase option if the Company is reasonably certain to exercise that option and payment of penalties for terminating the lease if the lease term considered reflects that the Company shall exercise termination option. The Company also recognizes a right of use asset which comprises of amount of initial measurement of the lease liability, any initial direct cost incurred by the Company and estimated dilapidation costs.

Right of use assets is amortized over the period of lease.

Payment made towards short term Leases (leases for which lease term is 12 months or lesser) and low value assets are recognized in the statement of Profit and Loss as rental expenses over the tenor of such leases.

Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor’s net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

3.8 Non-current asset held for sale

Non-current assets or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell.

Any resultant loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, and biological assets, which continue to be measured in accordance with the Company's other accounting policies. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognized in profit or loss. Once classified as held-for-sale, intangible assets, property, plant and equipment and investment properties are no longer amortized or depreciated.

3.9 Finance cost

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at Amortized cost. Financial instruments include bank term loans, non-convertible debentures, subordinated debts, interest expense on lease liabilities computed by applying the Company's incremental borrowing rate and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Finance costs are charged to the Statement of profit and loss.

3.10 Employee Benefits

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia/ bonus are recognized in the period in which the employee renders the related service. A liability is recognized for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term employee benefits

Defined contribution plans

Defined contribution plans are the post-employment plans under which the Company pays a fixed contribution to a fund and the Company's liability is limited to payment of such fixed contributions. Contributions to defined contribution plans are recognized as expense when employees have rendered services entitling them to such benefits.

The Company provides benefits such as, provident fund and pension schemes (both managed by other than the Company) to its employees which are treated as defined contribution plans.

Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Past service cost, both vested and unvested, is recognized as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognizes related restructuring costs or termination benefits.

The major defined benefit plans of the Company are as follows:

<u>Gratuity</u>

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, in capacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Company's gratuity scheme is unfunded. The Company recognizes the obligation of a defined benefit plan in its Balance Sheet as a liability.

Gains and losses through remeasurements of the net defined benefit liability / (asset) are recognized in other comprehensive income. The effects of any plan amendments are recognized in net profit in the Statement of Profit and Loss.

<u>Compensated absences</u>

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date.

3.11Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Any reimbursements with respect to liabilities/provisions are recognized only when there is a virtual certainty that the said amounts will be received.

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. The provision in such cases will be recognized at lower of cost of fulfilling the contract and any expected compensation for not fulfilling the contract.

3.12Foreign Currency Translations

These financial statements are presented in Indian rupees, which is the functional currency of the Company. Transactions in foreign currencies, i.e., other than Indian rupees, are recorded at the exchange rate prevailing on the date of transaction.

Foreign currency denominated monetary assets and liabilities are re-measured into the functional currency at the exchange rate prevailing on the balance sheet date. Exchange differences are recognized in the statement of Profit and Loss except to the extent, exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings, are capitalized as part of borrowing costs.

3.13Current and deferred tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in the statement of Profit and Loss except when they relate to items that are recognized outside profit and loss (whether in other comprehensive income or directly in equity), in which case tax is also recognized outside profit and loss, as appropriate. Current income taxes are determined based on respective taxable income based on tax rate enacted as at reporting date.
Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carryforwards and unused tax credits could be utilized.

Deferred tax assets and Liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Current and deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3.14Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. It is disclosed in the financial statements. If the outflow of such obligation becomes probable, it is recognized as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. Contingent assets are recognized only if there is a virtual certainty of realization. It is disclosed in the financial statements if it is probable only.

3.15Earnings per share

Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. The Company did not have any potentially dilutive securities in any of the years' presented.

3.16Statement of Cashflows

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

3.17Segment Reporting

Operating segments are reported in manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The management assesses the financial performance and position of the Company and makes strategic decisions. The chief operating decision maker consists of the Directors of the Company.

The Company's primary business segments are reflected based on the principal business carried out, i.e., financial. All other activities of the Company revolve around the main business. As such, there are no separate reportable segments.

4 FIRST-TIME ADOPTION OF INDIAN ACCOUNTING STANDARDS

These financial statements of the Company for the year ended March 31, 2023 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101, First-Time Adoption of Indian Accounting Standards, with April 1, 2021 as the transition date from the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2023 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet and Statement of Profit and Loss, is set out in Note #4.2 below.

4.1 Exemptions availed on first-time adoption to Ind AS

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has accordingly applied the following exemptions:

a. Property, plant and equipment and Intangible Assets

On transition to Ind AS, Company has elected to continue with the carrying value of all its property plant and equipment and intangible assets existing as at April 1, 2021, measured as per previous GAAP and used that carrying value as the deemed cost of the property plant and equipment.

b. Leases

The Company elects to apply the criteria for identifying whether a lease is or contains a lease based on the facts and circumstances existed as at April 1, 2021. The lease liability on transition date is arrived at by computing the present value of remaining lease payments discounted using the Company's incremental borrowing rate.

Right of use asset at transition date is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease immediately prior the date of transition to Ind AS.

c. Business combinations

The Company elects to apply the requirements of Ind AS 103 from the date of transition, i.e., April 1, 2021 only.

4.2 Reconciliation between Previous GAAP and Ind AS

(i) Equity reconciliation

Particulars	Note	March 31, 2022	April 1, 2021
As reported under previous GAAP		8,804.64	8,793.63
Application of EIR method on financial assets	(a)	-	-
Application of EIR method on borrowings	(b)	(1.58)	-
Expected credit loss provision on loans	(e)	80.66	21.06
Depreciation on ROU assets	(c)	(438.61)	
Finance cost on lease liabilities	(c)	(435.00)	
Rent expenses	(c)	537.73	
Unwinding of discount on security deposits	(c)	16.51	
Employee benefits	(d)	-	
Deferred tax adjustments	(f)	87.49	(10.43)
Other adjustments		(0.03)	
Equity under Ind AS		**8,651.81**	**8,804.26**

(ii) Total comprehensive income reconciliation

Particulars	Note	For the year ended March 31, 2022
Net profit under previous GAAP		431.02
Application of EIR method on loan assets	(a)	-
Unwinding of discount	(c)	16.51
Application of EIR method on borrowings	(b)	(1.58)
Interest expenses on lease liability	(c)	(435.00)
Depreciation on ROU assets	(c)	(438.61)
Expected loss provision on financial assets	(e)	59.60
Employee benefits	(d)	-
Rent expenses	(c)	537.73
Deferred tax adjustments	(f)	97.92
Other adjustments		(0.04)
Total comprehensive income under Ind AS		**267.55**

(iii) Reconciliation of Statement of cash flows

There are no material adjustments to the Statement of Cash flows as reported under the Previous GAAP.

Notes to reconciliation between previous GAAP and Ind AS

(a) Application of effective interest rate method on loans and advances given

The Company has major portfolio of gold loan for which company is not collecting any transaction charges for each loans. Further, majority of the other loans are for a period less than 12 months.

Considering the above, since the amount involved is immaterial in nature, no effective interest adjustment is made for loan assets.

(b) Application of effective interest rate method on borrowings

The Company had adjusted an amount of ₹1.58 lakhs as effective interest rate adjustment for the year ended March 31, 2022.

No EIR adjustment was required for opening balances as at April 1, 2021

(c) Leases

As a transition adjustment, the Company had recognized right of use asset of ₹3,728.22 lakhs and there was an addition of ₹717.72 lakhs during the year 2021-22. The Company had also been recognized lease liability to the extent of ₹3,505.28 lakhs. Further lease liability has also created for ₹665.06 lakhs for the additions made during the said period.

The rent deposits of the Company has been discounted to its present value and difference of ₹222.94 lakhs on transition and ₹52.66 lakhs during 2021-22 had been taken while computing cost of ROU asset.

During the year 2021-22, depreciation of ₹438.61 lakhs has been provided on ROU assets. The interest on lease liability was ₹435.00 lakhs. As at year-end, the security deposit has been restated to its present value as at year-end. The unwinding of discount accounted for in 2020-21 in this regard was ₹16.51 lakhs.

The rent expenses incurred has been considered as the repayment of lease liability for the year.

(d) Employee Benefits

The Company had taken revised actuarial valuation reports for gratuity on transition date and there was no change in the valuation. During the year 2021-22, the Company had reclassified actuarial gain of ₹2.58 lakhs to the other comprehensive income.

(e) Expected credit loss on financial assets

The Company was creating provision on loans as per the income recognition and asset classification norms prescribed by RBI. On transition to Ind AS, Ind AS 109 gives specific guidance on accounting for impairment of financial assets. Consequently, RBI had directed that if the ECL provision requirements of Ind AS 109 to be recognised in the financial statements and any provision required in excess of ECL should be recognised by creating impairment reserve out of the profit or loss for the period.

Based on this, as part of transition, the Company had reversed provision created of ₹21.08 lakhs and a further reversal of ₹59.60 had been made during the year 2021-22.

(f) Deferred tax adjustments

Due to the transitional adjustments made, the Company had reversed the deferred tax asset amounting to ₹10.43 lakhs as at April 1, 2021. Further, due to the difference between the Previous GAAP and Ind AS, an additional benefit of ₹97.92 lakhs made in Profit or loss for the period ending on March 31, 2021. Deferred tax expense of ₹0.65 lakhs had made in other comprehensive income also.

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

(Presented in ₹ Lakh other than Share Data and EPS)

Note 5: Cash and cash equivalents

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	March 31, 2022	April 1, 2021
(a) Cash on hand	424.31	279.10	119.67
(b) Balances with banks	371.14	279.62	333.01
Total	**795.45**	**558.72**	**452.68**

Note 6: Bank balances other than cash and cash equivalents

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	March 31, 2022	April 1, 2021
(a)Term deposits with Banks	-	-	-
Total	**-**	**-**	**-**

Note 7: Receivables

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	March 31, 2022	April 1, 2021
(i) Trade receivables	-	-	-
	-	-	-
(ii) Other receivables - Interest receivables			
(a) Considered good – secured	749.87	907.38	1,807.32
(b) Considered good - unsecured	20.68	17.51	71.95
	770.55	**924.89**	**1,879.27**
Less: Allowance for impairment loss	-	-	-
Total	**770.55**	**924.89**	**1,879.27**

Note 8: Loans

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	March 31, 2022	April 1, 2021
(A)			
(i) Gold loan	30,190.86	27,625.48	27,791.34
(ii) GSL Accounts	3,818.60	3,871.09	3,276.94
(iii) Micro finance loans	5,820.77	3,063.61	2,639.14
(iv) Consumption loans	501.47	533.12	430.95
(v) Insta loans	469.21	414.98	-
	40,800.91	**35,508.28**	**34,138.37**
Less: Impairment allowance	(166.49)	(84.89)	(126.12)
	40,634.42	**35,423.39**	**34,012.25**

(B)

(I) Secured by Tangible assets			
(i) Gold loan	30,190.86	27,625.48	27,791.34
(ii) Business loan	3,818.60	3,871.09	3,276.94
(iii) Personal loan	-	-	-
(iv) Loans to related parties	-	-	-
	34,009.46	**31,496.57**	**31,068.28**
Less: Impairment allowance	(77.10)	(65.33)	(88.82)
	33,932.36	**31,431.24**	**30,979.46**
(II) Unsecured			
(i) Gold loan	-	-	-
(ii) Business loan	-	-	-
(iii) Personal loan	6,791.45	4,011.71	3,070.09
(iv) Loans to related parties	-	-	-
	6,791.45	**4,011.71**	**3,070.09**
Less: Impairment allowance	(89.39)	(19.56)	(37.30)
	6,702.06	**3,992.15**	**3,032.79**
(C)			
(I) Loans in India			
i) Public sector	-	-	-
ii) Others	40,800.91	35,508.28	34,138.37
	40,800.91	**35,508.28**	**34,138.37**
(II) Loans outside India	-	-	-
	40,800.91	**35,508.28**	**34,138.37**
Less: Impairment allowance	(166.49)	(84.89)	(126.12)
Total	**40,634.42**	**35,423.39**	**34,012.25**

Note 9: Other financial assets (₹ in lakhs)

Particulars	**As at**		
	March 31, 2023	**March 31, 2022**	**April 1, 2021**
a) Rent deposits	255.17	195.39	161.23
b) Other security deposits	13.07	10.57	10.57
c) Other financial assets	244.74	68.43	85.74
Total	**512.98**	**274.39**	**257.54**

Note 10: Current tax assets (Net) (₹ in lakhs)

Particulars	As at		
	March 31, 2023	March 31, 2022	April 1, 2021
a) Current tax assets (net of provisions)	350.08	174.07	(28.33)
Total	**350.08**	**174.07**	**(28.33)**

Note 11: Deferred tax assets (Net) (₹ in lakhs)

Particulars	As at		
	March 31, 2023	March 31, 2022	April 1, 2021
a) Deferred tax assets	1,403.02	1,127.32	971.35
b) Deferred tax liabilities	(1,239.73)	(993.28)	(945.13)
Total	**163.29**	**134.04**	**26.22**

(A) The balance of deferred tax assets comprises temporary differences attributable to:

(₹ in lakhs)

Particulars	As at April 1, 2022	Charged/ (credited) to profit or loss for the period	Recognised in Other Comprehensive Income	As at March 31, 2023
Difference between book base and tax based in respect of PPE, ROU assets and intangible assets	(993.68)	(185.36)	-	(1,179.04)
Application of EIR on financial assets	65.21	18.61	-	83.82
Application of EIR on financial liabilities	0.40	(49.73)	-	(49.33)
Deferred tax on lease liabilities	1,023.82	244.07	-	1,267.89
Employee Benefits	38.29	4.82	(3.16)	39.95
Others	-	-	-	-
Deferred tax assets (net)	**134.04**	**32.41**	**(3.16)**	**163.29**

Particulars	As at April 1, 2021	Charged/ (credited) to profit or loss for the period	Recognised in Other Comprehensive Income	As at March 31, 2022
Difference between book base and tax based in respect of PPE, ROU assets and intangible assets	(945.13)	(48.55)	-	(993.68)
Application of EIR on financial assets	56.11	9.10	-	65.21
Application of EIR on financial liabilities	-	0.40	-	0.40
Deferred tax on lease liabilities	882.28	141.54	-	1,023.82
Employee Benefits	32.96	5.98	(0.65)	38.29
Others	-	-	-	-
Deferred tax assets (net)	**26.22**	**108.47**	**(0.65)**	**134.04**

Disclosure pursuant to Ind AS 12 Income Taxes

(₹ in lakhs)

Particulars	March 31,2023	March 31,2022
(a) Current tax	101.63	184.06
(b) Deferred tax	(32.40)	(108.47)
Total tax expenses in the Statement of Profit and Loss	69.23	75.59
Tax effect on other comprehensive income	(3.16)	(0.65)
Deferred tax credit recorded in equity	-	-
Tax losses on which deferred tax is not recognised	-	-

Reconciliation of estimated Income tax expense at tax rate to income tax expense reported in the Statement of profit and loss:

(₹ in lakhs)

Particulars	March 31,2023	March 31,2022
Profit before tax	149.41	341.21
Applicable income tax rate	25.17%	25.17%
Expected income tax expenses	**37.61**	**85.88**
Adjustment on account of:		
a) Expenses not allowable as per income tax	5.07	5.86
b) Effect of income exempt from tax	-	-
c) Non-creation deferred tax on temporary differences	-	-
d) Tax related to prior years	-	0.55
e) Deferred tax recognised in OCI	(3.16)	(0.65)
b) Others	29.71	(16.05)
Tax expense recognised during the year	**69.23**	**75.59**

Note 12: Property, plant and equipment

(₹ in lakhs)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2022	Additions	Deletion	As at 31.03.2023	As at 01.04.2022	For the Year	Depreciation on sale/Woff of Assets	As at 31.03.2023	As at 31.03.2023	As at 31.03.2022
Furniture & Fixtures	701.54	449.46	-	1,151.00	185.09	138.23	-	323.32	827.68	516.45
Plant & Equipment	415.64	118.21	(6.55)	527.30	33.65	44.48	(2.80)	75.33	451.97	381.99
Computer	38.92	30.91	-	69.83	4.21	16.88	-	21.09	48.74	34.71
Electrical Fittings	45.24	0.06	(0.01)	45.29	14.70	7.35	-	22.05	23.24	30.54
Vehicles	12.31	15.29	(0.42)	27.18	1.60	1.77	-	3.37	23.81	10.71
RCC Frame Structure	411.25	-	-	411.25	7.22	7.66	-	14.88	396.37	404.03
Total	**1,624.90**	**613.93**	**(6.98)**	**2,231.85**	**246.47**	**216.37**	**(2.80)**	**460.04**	**1,771.81**	**1,378.43**

(₹ in lakhs)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2021	Additions	Deletion	As at 31.03.2022	As at 01.04.2021	For the Year	Deductions	As at 31.03.2022	As at 31.03.2022	As at 31.03.2021
Furniture & Fixtures	574.89	126.72	(0.07)	701.54	-	185.15	(0.06)	185.09	516.45	574.89
Plant & Equipment	378.97	50.44	(13.77)	415.64	-	39.39	(5.74)	33.65	381.99	378.97
Computer	19.74	23.45	(4.27)	38.92	-	7.86	(3.65)	4.21	34.71	19.74
Electrical Fittings	44.39	0.85	-	45.24	-	14.70	-	14.70	30.54	44.39
Vehicles	12.31	-	-	12.31	-	1.60	-	1.60	10.71	12.31
RCC Frame Structure	413.85	-	(2.60)	411.25	-	7.68	(0.46)	7.22	404.03	413.85
Total	**1,444.15**	**201.46**	**(20.71)**	**1,624.90**	**-**	**256.38**	**(9.91)**	**246.47**	**1,378.43**	**1,444.15**

Notes:

(i) There are no property, plant and equipment which are acquired through business combination during the year (previous year - nil)
(ii) The Company has not revalued any of the assets during the year (previous year - nil)
(iii) All immovable properties held are in the name of the Company.

Note 13: Right-of-use asset

(₹ in lakhs)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2022	Additions	Deletion	As at 31.03.2023	As at 01.04.2022	For the Year	Depreciation on sale/Woff of Assets	As at 31.03.2023	As at 31.03.2023	As at 31.03.2022
Building	4,445.94	1,261.83	-	5,707.77	438.61	539.71	-	978.32	4,729.45	4,007.33
Total	**4,445.94**	**1,261.83**	**-**	**5,707.77**	**438.61**	**539.71**	**-**	**978.32**	**4,729.45**	**4,007.33**

(₹ in lakhs)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2021	Additions	Deletion	As at 31.03.2022	As at 01.04.2021	For the Year	Depreciation on sale/Woff of Assets	As at 31.03.2022	As at 31.03.2022	As at 31.03.2021
Building	3,728.22	717.72		4,445.94	-	438.61		438.61	4,007.33	3,728.22
Total	3,728.22	**717.72**	**-**	**4,445.94**	**-**	**438.61**	**-**	**438.61**	**4,007.33**	**3,728.22**

Notes:

(i) There are no property, plant and equipment which are acquired through business combination during the year (previous year - nil)

Note 14: Intangible Assets

(₹ in lakhs)

Description	GROSS BLOCK				AMORTISATION				NET BLOCK	
	As at 01.04.2022	Additions	Deletion	As at 31.03.2023	As at 01.04.2022	For the Year	Depreciation on sale/Woff of Assets	As at 31.03.2023	As at 31.03.2023	As at 31.03.2022
Computer Software	30.11	4.75	-	34.86	8.06	7.22	-	15.28	19.58	22.05
Total	**30.11**	**4.75**	**-**	**34.86**	**8.06**	**7.22**	**-**	**15.28**	**19.58**	**22.05**

(₹ in lakhs)

Description	GROSS BLOCK				AMORTISATION				NET BLOCK	
	As at 01.04.2021	Additions	Deletion	As at 31.03.2022	As at 01.04.2021	For the Year	Depreciation on sale/Woff of Assets	As at 31.03.2022	As at 31.03.2022	As at 31.03.2021
Computer Software	30.11	-	-	30.11	-	8.06	-	8.06	22.05	30.11
Total	30.11	**-**	**-**	**30.11**	**-**	**8.06**	**-**	**8.06**	**22.05**	**30.11**

Notes:

(i) There are no property, plant and equipment which are acquired through business combination during the year (previous year - nil)

Note 15: Capital work-in-progress

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	March 31, 2022	April 1, 2021
Capital work-in-progress (Refer Note	151.66	109.59	20.62
Total	**151.66**	**109.59**	**20.62**

Ageing of capital work-in-progress

(₹ in lakhs)

Capital work-in-progress of branches:	Less than 1 year	1-2 years	More than 2 years	Total
As at March 31, 2023				
Tamil Nadu	35.01	-	-	35.01
Kerala	5.93	3.58	-	9.51
Karnataka	102.37	2.65	-	105.02
Maharashtra	2.12	-	-	2.12
Total	**145.43**	**6.23**	**-**	**151.66**
As at March 31, 2022				
Tamil Nadu	11.46	-	-	**11.46**
Kerala	29.51	-	-	**29.51**
Karnataka	68.62	-	-	**68.62**
Total	**109.59**	**-**	**-**	**109.59**
As at April 1, 2021				
Tamil Nadu	13.48	-	-	**13.48**
Kerala	7.14	-	-	**7.14**
Total	**20.62**	**-**	**-**	**20.62**

Note: *There is no cost of over-run and delay in completion from the original schedule for any of the above projects.*

Note 16: Other non-financial assets

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	March 31, 2022	April 1, 2021
a) Prepaid expenses	18.01	9.15	9.27
b) Advance for expenses	-	10.60	1.00
c) Deposits with government authorities	24.83	18.99	6.06
e) Others	-	-	-
Total	**42.84**	**38.74**	**16.33**

Note 17: Debt Securities (₹ in lakhs)

Particulars	As at		
	March 31, 2023	**March 31, 2022**	**April 1, 2021**
At amortised cost			
Non-convertible debentures (Secured)			
- In India (Refer note (ii) below)	10,247.75	4,957.43	6,689.04
- Outside India	-	-	-
Total	**10,247.75**	**4,957.43**	**6,689.04**

Note:
(i) There are no debt securities measured at fair value through profit or loss (FVTPL) or designated as FVTPL.
(ii) The bonds are secured by paripassu floating charge on current assets, book debts and loans and advances.

Details of non-convertible debentures (secured) *(₹ in lakhs)*

From Balance Sheet date	Interest rate range	As at	
		March 31, 2023	**March 31, 2022**
Repayable on maturity:			
Maturing within 1 year*	Less than 30%	1,797.19	4,363.84
Maturing between 1 year to 2 years	Less than 13.50%	4,299.10	507.24
Maturing between 2 year to 3 years	Less than 13.50%	1,405.92	150.50
Maturing beyond 3 years	Less than 13.50%	2,787.50	-
Total amortised cost		**10,289.71**	**5,021.58**

From Balance Sheet date	Interest rate range	As at
		April 1, 2021
Repayable on maturity:		
Maturing within 1 year*	Less than 30%	4,933.74
Maturing between 1 year to 2 years	Less than 30%	1,495.30
Maturing between 2 year to 3 years	Less than 13.50%	312.53
Maturing beyond 3 years	Less than 13.50%	-
Total amortised cost		**6,741.57**

*including the matured debentures classified under other financial liabilities.

Series Wise Details of non-convertible debentures (secured)

A) Issue on Private Placement

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
NCD 2012/05	-	0.29
NCD 2012/06	-	47.56
NCD 2012/07	-	424.64
NCD 2012/08	-	105.56
NCD 2012/09	185.75	1,103.16
Sub Total	**185.75**	**1,681.20**
NCD 2013/10	48.52	189.13
Sub Total	**48.52**	**189.13**
NCD 2015/XIIIE	-	3.00
Sub Total	**-**	**3.00**
NCD 2016/XVA	-	25.00
NCD 2016/XVB	-	55.00
NCD 2016/XVC	-	56.00
NCD 2016/XVE	-	50.00
NCD 2016/XVF	-	63.25
Sub Total	**-**	**249.25**
NCD 2017/XVIB	10.00	27.25
NCD 2017/XVIC	-	25.10
NCD 2017/XVID	-	74.50
NCD 2017/XVIE	18.50	23.50
Sub Total	**28.50**	**150.35**
NCD 2018-19/17A	-	15.00
Sub Total	**-**	**15.00**
NCD 2019-20/18A	-	320.00
NCD 2019-20/18B	-	57.00
Sub Total	**-**	**377.00**
19-20 –DEMAT - XVI	-	47.10
19-20 –DEMAT - XVII	-	13.00
19-20 –DEMAT - XXIII	-	29.00
19-20 –DEMAT - XXIV	-	32.70
19-20 –DEMAT - XXIX	-	15.00
19-20 –DEMAT - XXX	-	10.00
Sub Total	**-**	**146.80**
20-21- DEMAT -II	-	20.00
20-21- DEMAT -III	-	27.00
20-21- DEMAT -IV	23.50	23.50
20-21 DEMAT-VI	-	41.75
20-21 - DEMAT- VII	-	30.00
20-21 –DEMAT - VIII	29.00	29.00
20-21–DEMAT – IX	6.00	6.00
20-21- DEMAT -XII	-	39.00
20-21- DEMAT –XIII	-	17.00
20-21- DEMAT -XIV	37.00	37.00
20-21- DEMAT -XV	10.00	10.00
20-21 DEMAT-XVII	-	4.00
20-21 DEMAT-XVIII	-	10.00
20-21 DEMAT-XIX	20.00	20.00
20-21 DEMAT-XX	7.45	7.45
20-21 DEMAT-XXII	94.00	94.00
20-21 DEMAT -XXIII	-	100.00
20-21 DEMAT-XXV	-	25.00
20-21 DEMAT-XXVI	35.00	35.00
20-21 DEMAT-XXVII	12.00	12.00
Sub Total	**273.95**	**587.70**
21-22 DEMAT-I	-	287.50
21-22 DEMAT-II	-	34.00
21-22 DEMAT-III	19.50	19.50
21-22 DEMAT-IV	10.00	10.00
21-22 DEMAT-V	21.50	21.50
21-22 DEMAT-VI	7.00	7.00
21-22 DEMAT-VII	-	372.50

21-22 DEMAT-VIII	-	72.50
21-22 DEMAT-IX	27.50	27.50
21-22 DEMAT-X	8.00	8.00
21-22 DEMAT-XI	67.00	67.00
21-22 DEMAT-XII	10.00	10.00
21-22 DEMAT-XIII	-	128.00
21-22 DEMAT-XIV	-	10.00
21-22 DEMAT-XV	10.00	10.00
21-22 DEMAT-XVI	7.00	7.00
21-22 DEMAT-XVII	5.00	5.00
21-22 DEMAT -XVIII	-	149.00
21-22 DEMAT- XIX	-	23.00
21-22 DEMAT- XX	17.00	17.00
21-22 DEMAT- XXI	15.00	15.00
21-22 DEMAT -XXII	14.00	14.00
21-22 Demat XXIII	-	86.00
21-22 Demat XXIV	135.00	135.00
21-22 Demat XXV	11.00	11.00
21-22 Demat XXVI	11.00	11.00
Sub Total	**395.50**	**1,558.00**
22-23 Demat I	67.50	-
22-23 Demat II	5.00	-
22-23 Demat III	13.00	-
22-23 Demat IV	7.20	-
22-23 Demat VI	16.30	-
22-23 Demat V	69.50	-
22-23 Demat VII	11.00	-
22-23 Demat IX	45.00	-
22-23 Demat X	39.20	-
22-23 Demat VIII	32.00	-
Sub Total	**305.70**	**-**
Total	**1,237.92**	**4,957.43**
NCD Matured but not paid	41.96	64.15
Grand Total	**1,279.87**	**5,021.58**

B) Issued on Public Offer

(₹ in lakhs)

Particulars		As at	
Series	**ISIN_CODE**	**March 31, 2023**	**March 31,2022**
Series-1	INE051307986	799.19	-
Series-2	INE051307978	2,226.22	-
Series-3	INE051307994	1,327.74	-
Series-4	INE051307AA0	1,061.79	-
Series-5	INE051307AB8	1,694.69	-
Series-6	INE051307AC6	629.98	-
Series-7	INE051307AD4	319.59	-
Series-8	INE051307AE2	1,163.49	-
Total		**9,222.69**	**-**

Note 18: Borrowings (Other than Debt Securities) (₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
(a) In India			
At amortised cost			
i) Secured			
Term loans			
- From Banks (Refer note 53)	660.77	1,039.72	207.99
Loans repayable on demand			
- From Banks (Refer note 53)	2,914.68	2,885.44	2,501.59
ii) Unsecured			
- Unsecured loan from related parties	-	-	57.00
- Lease liabilities	5,100.89	4,117.99	3,552.96
(b) Outside India	-	-	-
Total	**8,676.34**	**8,043.15**	**6,319.54**

Note:
(i) There is no borrowings measured at FVTPL or designated at FVTPL.

Details of loans from Banks (Secured) *(₹ in lakhs)*

From Balance Sheet date	Interest rate range	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
A) Repayable on demand				
Working capital facilities	Less than 12%	2,914.68	2,885.44	2,501.59
B) Repayable in instalments				
Maturing within 1 year	Less than 12%	332.77	375.72	168.00
Maturing between 1 year to 3 years	Less than 12%	328.00	664.00	39.99
Maturing between 3 year to 5 years				
Maturing beyond 5 years				
Total amortised cost		**3,575.45**	**3,925.16**	**2,709.58**

Note 19: Subordinated Liabilities *(₹ in lakhs)*

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
At amortised cost			
i) Unsecured			
- Subordinated debts	17,589.30	17,106.15	16,410.80
Total	**17,589.30**	**17,106.15**	**16,410.80**

Details of Subordinated debts (Unsecured) *(₹ in lakhs)*

From Balance Sheet date	As at March 31, 2023		As at March 31, 2022	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity:				
Maturing within 1 year*	13.50 - 16.10%	2,727.35	13.50 - 16.10%	3,399.25
Maturing between 1 year to 3 years	13.50 - 30%	7,744.85	Up to 30%	5,917.40
Maturing between 3 year to 5 years	Up to 13.50%	6,580.25	Up to 30%	7,106.45
Maturing beyond 5 years	Up to 13.50%	661.50	Up to 13.50%	854.60
Total amortised cost		**17,713.95**		**17,277.70**

From Balance Sheet date	As at April 1, 2021	
	Interest rate range	Amount
Repayable on maturity:		
Maturing within 1 year*	13.50 - 16.10%	1,848.15
Maturing between 1 year to 3 years	Up to 30%	5,830.40
Maturing between 3 year to 5 years	Up to 30%	7,742.35
Maturing beyond 5 years	Up to 13.50%	1,039.00
Total amortised cost		**16,459.90**

**including the matured subordinated debt classified under other financial liabilities.*

Changes in the liabilities arising from financing activities (₹ in lakhs)

For the year ended March 31, 2023	Opening balance	Cashflows	Non-cash changes	Closing balance
Debt securities*	5,021.58	5,268.13	-	10,289.71
Borrowings	8,043.15	(531.71)	1,164.90	8,676.34
Subordinated liabilities*	17,277.70	436.25	-	17,713.95
Total	**30,342.43**	**5,172.67**	**1,164.90**	**36,680.00**

For the year ended March 31, 2022				
Debt securities*	6,741.57	(1,719.99)	-	5,021.58
Borrowings	6,319.54	1,058.55	665.06	8,043.15
Subordinated liabilities*	16,459.90	817.80	-	17,277.70
Total	**29,521.01**	**156.36**	**665.06**	**30,342.43**

**including matured debentures and liabilities classified under other financial liabilities*

Note 20: Other financial liabilities

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	**March 31, 2022**	**April 1, 2021**
a) Interest accrued and due on borrowings	124.06	105.49	120.02
b) Interest accrued but not due on borrowings	3,380.29	3,191.56	2,504.21
c) Matured non-convertible debentures	41.96	64.15	52.53
d) Matured subordinated debt	124.65	171.55	49.10
e) Employee related payables	22.92	9.80	146.69
f) Retention money payables	16.62	7.86	5.67
g) Expense payables	5.01	14.36	20.13
h) Others	669.82	495.04	511.61
Total	**4,385.33**	**4,059.81**	**3,409.96**

Note 21: Provisions

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	**March 31, 2022**	**April 1, 2021**
a) Provision for employee benefits			
- Gratuity	158.69	152.12	130.94
b) Other provisions			
- for law suit	8.00	8.00	8.00
- for missing cash	4.89	5.00	-
Total	**171.58**	**165.12**	**138.94**

Note 22: Other non-financial liabilities

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	**March 31, 2022**	**April 1, 2021**
a) Statutory dues payable	130.42	62.17	66.52
Total	**130.42**	**62.17**	**66.52**

Note 23: Equity share capital

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	**March 31, 2022**	**April 1, 2021**
Authorised:			
800.00 lakhs equity shares of ₹10 each	8,000.00	8,000.00	8,000.00
(March 31, 2022 - 800.00 lakhs; April 1, 2021 - 800.00 lakhs)			
2.00 lakhs preference shares of ₹1,000 each	2,000.00	2,000.00	2,000.00
(March 31, 2022 - 2.00 lakhs; April 1, 2021 - 2.00 lakhs)			
Total	**10,000.00**	**10,000.00**	**10,000.00**

Issued, subscribed, called-up and paid-up			
600.00 lakhs equity shares of ₹10 each, fully paid-up	6,000.00	6,000.00	6,000.00
(March 31, 2022 - 600.00 lakhs; April 1, 2020 - 600.00 lakhs)			
Total	**6,000.00**	**6,000.00**	**6,000.00**

a) Reconciliation of number of shares

Equity shares	As at March 31, 2023		As at March 31, 2022	
	No. of shares (in lakhs)	₹ in lakhs	No. of shares (in lakhs)	₹ in lakhs
Balance at the beginning of the year	600.00	**6,000.00**	600.00	6,000.00
Add: Issue during the year	-	-	-	-
Less: Buyback during the year	-	-	-	-
Balance at the end of the year	**600.00**	**6,000.00**	**600.00**	**6,000.00**

Equity shares	As at April 1, 2021	
	No. of shares (in lakhs)	₹ in lakhs
Balance at the beginning of the year	600.00	6,000.00
Add: Issue during the year	-	-
Less: Buyback during the year	-	-
Balance at the end of the year	**600.00**	**6,000.00**

(b) Rights, preferences and restrictions attached to shares

The company has one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	**March 31, 2023**	**March 31, 2022**	**April 1, 2021**
C.D. Boby			
- Number of shares (in lakhs)	514.33	513.83	512.93
- Percentage of holding	85.72%	85.64%	85.49%
Chemmanur Gold Palace International Limited			
- Number of shares (in lakhs)	70.00	70.00	70.00
- Percentage of holding	11.67%	11.67%	11.67%

(d) Shares held by the Promoters

Particulars	**March 31, 2023**	**March 31, 2022**	**April 1, 2021**
C.D. Boby			
- Number of shares (in lakhs)	514.33	513.83	512.93
- Percentage of holding	85.72%	85.64%	85.49%
- Change in percentage of holding	0.08%	0.15%	-

Jose Chakkappan			
- Number of shares (in lakhs)	0.55	0.55	0.55
- Percentage of holding	0.09%	0.09%	0.09%
Smitha Boby			
- Number of shares (in lakhs)	0.55	0.55	0.55
- Percentage of holding	0.09%	0.09%	0.09%
Jisso C Baby			
- Number of shares (in lakhs)	0.35	0.35	0.35
- Percentage of holding	0.06%	0.06%	0.06%
Lijo Moothedan			
- Number of shares (in lakhs)	0.35	0.35	0.35
- Percentage of holding	0.06%	0.06%	0.06%
Deena Lijo			
- Number of shares (in lakhs)	0.30	0.30	0.30
- Percentage of holding	0.05%	0.05%	0.05%

Note 24: Other equity

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	**March 31, 2022**	**April 1, 2021**
a) Reserve fund			
Balance at the beginning of the year	830.18	743.98	743.98
Additions to / (transfers made) during the year	16.04	86.20	-
Balance at the end of the year	**846.22**	**830.18**	**743.98**
b) Impairment reserve			
Balance at the beginning of the year	80.66	21.06	-
Transition adjustments	-	-	21.06
Additions to / (transfers made) during the year	4.42	59.60	-
Balance at the end of the year	**85.08**	**80.66**	**21.06**
c) Retained Earnings			
Balance at the beginning of the year	1,740.97	2,039.22	2,049.65
Transition adjustments	-	-	(10.43)
Net profit/ (loss) for the year	80.18	265.62	-
Remeasurement gain/ (loss) on defined benefit plan	9.40	1.93	-
Dividend paid	-	(420.00)	-
Additions to / (transfers made) during the year	(20.46)	(145.80)	-
Balance at the end of the year	**1,810.09**	**1,740.97**	**2,039.22**
Total (a) + (b) + (c)	**2,741.39**	**2,651.81**	**2,804.26**

Description of the nature and purpose of Other Equity

(a) Reserve Fund

Reserve fund represents reserve fund created pursuant to Section 45-IC of the RBI Act, 1934 through transfer of specified percentage of net profit every year before any dividend is declared. The reserve fund can be utilized only for limited purposes as specified by RBI from time to time and every such utilization shall be reported to the RBI within specified period of time from the date of such utilization.

(b) Impairment reserve

The impairment reserve is created when the impairment allowance under Ind AS 109 is lower than the 'provisioning required under income recognition and asset classification norms. The difference between these will be appropriated to the impairment reserve from the net profit or loss after tax. This will not be reckoned for the purpose of regulatory capital and no withdrawal is permitted without any prior approval from RBI

(c) Retained earnings

Retained earnings or accumulated surplus represents total of all profits retained since Company's inception.
Retained earnings are credited with current year profits, reduced by losses, if any, dividend payouts, transfers to General reserve or any such other appropriations to specific reserves.

Note 25: Interest income

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2023	**March 31, 2022**
On financial instruments measured at amortised cost		
a) Interest on loans and advances	7,343.97	6,794.80
b) Interest income from investments	-	-
c) Interest income from term deposits from banks	39.48	45.23
d) Other interest income	23.01	16.51
Total	**7,406.46**	**6,856.54**

Note: There are no assets measured at FVTOCI/ FVTPL

Note 26: Rental income

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2023	**March 31, 2022**
Rental income from sub-leasing	91.53	91.53
Total	**91.53**	**91.53**

Note 27: Fees and commission income

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2023	**March 31, 2022**
a) Commission	618.02	242.81
b) Service Charge, Documentation Fee etc.	197.36	151.13
Total	**815.38**	**393.94**

Note 28: Other income (₹ in lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
a) Bad debts recovered	1.32	6.16
b) Provision written back	5.61	-
b) Miscellaneous income	0.35	0.99
Total	**7.28**	**7.15**

Note 29: Finance costs (₹ in lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
On financial liabilities measured at amortised cost		
a) Interest on borrowings	347.24	151.60
b) Interest on debts securities	517.78	700.90
c) Interest on subordinated liabilities	2,502.67	2,348.14
d) Interest on lease liabilities	524.21	435.00
e) Other borrowing costs	32.97	38.17
Total	**3,924.87**	**3,673.81**

Note 30: Impairment of financial instruments (₹ in lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
On financial instruments measured at amortised cost		
a) Bad debts written off		
b) Loans	81.60	(41.23)
Total	**81.60**	**(41.23)**

Note 31: Employee benefit expenses (₹ in lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
a) Salaries and wages	2,349.49	1,827.78
b) Contribution to provident fund and other funds	86.09	78.34
c) Incentives	164.41	127.67
d) Gratuity	38.61	35.45
c) Other staff welfare expenses	2.09	1.24
Total	**2,640.69**	**2,070.48**

Note 32: Depreciation, amortisation and impairment

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2023	**March 31, 2022**
a) Depreciation on property, plant and equipment	216.37	256.38
b) Amortisation of intangible assets	7.22	8.06
c) Depreciation on right-of-use assets	539.71	438.61
Total	**763.30**	**703.05**

Note 33: Other expenses

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2023	**March 31, 2022**
Electricity	76.42	64.32
Annual maintenance charges	24.62	15.29
Software maintenance	15.57	19.51
Rent	17.42	84.29
Rates and taxes	15.91	8.44
Insurance	7.05	6.44
Repairs and maintenance	43.23	26.08
Advertising and sales promotion	15.37	13.13
Office expenses	170.58	101.26
Travelling and conveyance	161.13	98.46
Communication costs	84.33	61.42
Printing and stationery	39.03	24.13
Payment to auditors(refer note 35)	9.50	4.20
Legal and professional fees	43.75	28.00
Security charges	8.49	8.05
Provision for cash missing	2.59	5.00
Corporate social responsibility expenses	20.00	23.30
Loss on sale of fixed assets	0.92	7.39
Miscellaneous expenses	4.87	3.13
Total	**760.78**	**601.84**

Note 34: Earnings per share

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2023	**March 31, 2022**
Profit/ (loss) for the year (₹ in lakhs)	80.18	265.62
Weighted average number of equity shares outstanding (in lakhs)	600.00	600.00
Basic and diluted earnings per share (₹)	0.13	0.44
Face value per equity share (₹)	10.00	10.00

Note 35: Payment to Auditors (₹ in lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
For Statutory Audit	7.50	4.20
Certification	2.00	-
Total	**9.50**	**4.20**

Note 36: Contingent liabilities and Contingent assets (₹ in lakhs)

Particulars	As at		
	March 31, 2023	March 31, 2022	April 1, 2021
a) Claims against the Company not acknowledged as debt	-	-	-
- Income tax matters (Refer note (i) and (ii) below)	137.57	137.57	137.57
- Others	0.08	0.08	0.08
b) Guarantees- Counter guarantees provided to Banks	-	-	-
c) Other money for which the company is contingently liable	-	-	-
Total	**137.65**	**137.65**	**137.65**

(i) Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2012-2013. Appeal is filed by the company against the order under sec 143(3) of the Income Tax act 1961, issued by the income tax officer, ward1(2), Thrissur making an addition by disallowing various expenditures. The addition did not increase the tax liability of the company but it has reduced the carry forward losses to the subsequent years. The total amount of addition is Rs: 95.87 Lakhs.

(ii) Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2017-18. Appeal is filed by the company against the order under sec 143(3) of the Income Tax act 1961, issued by the Assistant Commissioner of Income-Tax, Circle-1(1), Thrissur making an addition by disallowing expenditure. The total tax impact on the addition is Rs: 137.57 Lakhs. Against this demand company paid 10% of total demand amounting to Rs: 13.76 Lakhs and stay granted for the balance 90% of the demand till the disposal of the appeal by the commissioner of income tax(Appeals) .

Note 37: Operating segments

Primary segment

Operating segments are defined as components of an enterprise for which discrete financial information is available that is revaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Company has only one reportable business segment "Financial services".

Secondary segment (by geography)

The Company's economic environment is similar and it is having operations in India only. Therefore, the Company has only one reportable geographical segment. There are no operations outside India and hence there is no external revenue or assets which require disclosure. No revenue from transactions with a single external customer amounted to 10% or more of the Company's total revenue in year ended March 31, 2023 (previous year - nil)

Note 38: Employee Benefits

In accordance with Ind AS - 19 Employee Benefits, specified under Section 133 of the Companies Act, 2013 the following disclosures are made:
The Company recognised ₹86.09 lakhs (2021-22: ₹78.34 lakhs) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Defined Benefit Plans

The Company has an unfunded gratuity plan for qualifying employees. The benefit payable is calculated as per the Payment of Gratuity Act, 1972. The benefit vests upon completion of five years of continuous service and once vested,

it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Actuarial gains and losses in respect of defined benefit plans are recognised in the financial statements through other comprehensive income.

Through its defined benefit plans the company is exposed to a number of risks, the most significant of which are detailed below:

Interest risk:
The plan liabilities are calculated using a discount rate set with references to government bond yields. Any decrease in interest rate will increase the plan liability.

Longevity risk
The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk
The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The following table set out the unfunded status of the defined benefit schemes and the amount recognised in financial statements.

(a) Amount recognised in the Profit or loss for the period

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2023	**March 31, 2022**
Current service cost	28.71	27.24
Past service cost	-	-
Net interest on net defined benefit liability	9.90	8.21
Amount recognised in Profit or loss for the year	**38.61**	**35.45**

(b) Amount recognised in other comprehensive income

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2023	**March 31, 2022**
Remeasurement (gains)/ losses		
a) Actuarial (gains)/losses arising from changes in	-	-
- Change in demographic assumptions	-	-
- Change in financial assumptions	(3.24)	(6.19)
- Experience adjustment	(9.32)	3.61
b) Return on plan asset excluding considered in net interest	-	-
Amount recognised in other comprehensive income	**(12.56)**	**(2.58)**

(c) Changes in present value of defined benefit obligation

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2023	**March 31, 2022**
Opening defined benefit obligation	152.12	130.94
Current service cost	28.71	27.24
Past service cost	-	-
Interest cost	9.90	8.21
Actuarial (gains)/losses	(12.56)	(2.58)
Benefits paid	(19.48)	(11.69)
Closing defined benefit obligation	**158.69**	**152.12**

(d) Net defined benefit liability/ (asset)

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	**March 31, 2022**	**April 1, 2021**
Present value of defined benefit obligation	158.69	152.12	130.94
Fair value of plan assets	-	-	-
Net defined benefit liability/ (asset)	**158.69**	**152.12**	**130.94**
- Current	23.08	22.08	12.99
- Non-current	135.61	130.04	117.95

(e) The Principal actuarial assumptions used in determining gratuity liability is as follows;

Particulars	March 31, 2023	March 31, 2022
Discount rate	7.16%	6.96%
Salary increase	5.00%	5.00%
Employee turnover ratio (based on service period)		
- Less than or equal to 4 years	30.00%	30.00%
- Above 4 years	5.00%	5.00%
Mortality Rate	IALM 2012-14	IALM 2012-14

Sensitivity analysis

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate, future salary escalation rate and attrition rate. The following tables summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 100 basis points. These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

Particulars	March 31, 2023	March 31, 2022
Discount rate		
- 100 bps increase	(14.23)	(14.03)
- 100 bps decrease	16.99	16.83
Salary growth rate		
- 100 bps increase	17.19	17.00
- 100 bps decrease	(14.62)	(14.40)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumption may be correlated.

The weighted average duration of the defined benefit obligation is estimated as 10.97 years (previous year – 11.41 years).
The payout pattern of defined benefit obligation (undiscounted) estimated as at year-end is given below:

Particulars	March 31, 2023	March 31, 2022
Expected cashflow due		
- within 1 year	23.08	22.07
- 2 to 5 years	43.70	41.33
- 6 to 10 years	54.10	50.18
- More than 10 years	-	-

Note 39: Capital management

The Reserve Bank of India vide its circular reference RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 outlined the regulatory guidance in relation to Ind AS financial statements from financial year 2019-20 onwards. This included guidance for computation of 'owned funds' , 'net owned funds' and 'regulatory capital'. Accordingly, effective from the current financial year, the 'regulatory capital' has been computed in accordance with these requirements read with the requirements of the Master Direction DNBR. PD.008/03.10.119/2016-17 dated September 01, 2016 (as amended).

The Company's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or convertible and/or combination of short term /long term debt as may be appropriate.

The company determines the amount of capital required on the basis of operations, capital expenditure and strategic investment plans. The capital structure is monitored on the basis of net debt to equity and maturity profile of overall debt portfolio.

The Company is subject to the capital adequacy requirements of the Reserve Bank of India (RBI). Under RBI's capital adequacy guidelines, the Company is required to maintain a capital adequacy ratio consisting of Tier I and Tier II Capital. The total of Tier II Capital at any point of time, shall not exceed 100 percent of Tier I Capital. The minimum capital ratio as prescribed by RBI guidelines and applicable to the Company, consisting of Tier I and Tier II capital, shall not be less than 15 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet.

The Company has complied with all regulatory requirements related capital and capital adequacy ratios as prescribed by RBI.

Regulatory capital and analytical ratios ₹ in lakhs

Particulars	March 31, 2023	March 31, 2022
Capital Adequacy Ratios		
(a) Tier I capital	8,558.52	8,495.72
(b) Tier II capital (limited to Tier I capital)	4,380.38	4,335.81
(c) Total regulatory capital (a) + (b)	12,938.90	12,831.53
(d) Aggregate of Risk weighted assets	47,705.07	41,174.64
(e) Tier I capital ratio (a) / (d)	17.94%	20.63%
(f) Tier II capital ratio (b) / (d)	9.18%	10.53%
(g) Capital to risk-weighted assets ratio (c) / (d)	27.12%	31.16%
Liquidity coverage ratio		
(a) High Quality Liquid Assets	795.45	558.72
(b) Net cash outflows/(inflows) over the next 30 calendar days	(2,651.07)	(3,267.31)
(c) Liquidity coverage ratio* (a) / (b)	**(30.00)%**	**(17.10)%**

**negative liquidity coverage ratio indicates that the Company has net inflows rather than net outflows.*

“Tier I Capital” means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund.

“Owned fund” means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

"Tier II capital” includes the following -

(a) Preference shares other than those which are compulsorily convertible into equity

(b) General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets. 12 month expected credit loss (ECL) allowances for financial instruments i.e. where the credit risk has not increased significantly since initial recognition, shall be included under general provisions and loss reserves in Tier II capital within the limits specified by extant regulations. Lifetime ECL shall not be reckoned for regulatory capital (numerator) while it shall be reduced from the risk weighted assets

(c) Hybrid debt capital instruments; and

(d) Subordinated debt to the extend aggregate does not exceed Tier I capital.

Aggregate Risk Weighted Assets -
Under RBI Guidelines, degrees of credit risk expressed as percentage weightages have been assigned to each of the on-balance sheet assets and off- balance sheet assets. Hence, the value of each of the on-balance sheet assets and off-balance sheet assets requires to be multiplied by the relevant risk weights to arrive at risk adjusted value of assets. The aggregate shall be taken into account for reckoning the minimum capital ratio

High Quality Liquid Assets-
“High Quality Liquid Assets (HQLA)” means liquid assets that can be readily sold or immediately converted into cash at little or no loss of value or used as collateral to obtain funds in a range of stress scenarios. It primarily consists of cash and cash equivalents, unencumbered bank deposits and government securities etc.

Net cash outflows/(inflows) over the next 30 calendar days -
The net cash outflows over the next 30 calendar days is computed by reducing the stressed cashflows (75% of normal cash outflows) from the stressed cash outflows (115% of the normal cash outflows) as per the computation methodology provided by the Reserve Bank of India.

Note 40: Leases

I) Company as a Lessee
As a lessee, the Company’s lease asset class primarily consist of buildings or part thereof taken on lease for office premises used for operating activities.

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under AS 19 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right-of-use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

The weighted average incremental borrowing rate of 11.90% has been applied to lease liabilities recognized in the balance sheet at the date of initial application.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.

The Company has followed modified retrospective approach for transition to Ind AS 116 wherein the Company had computed the Right of use asset at transition date at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease immediately prior the date of transition to Ind AS. Accordingly, as a transition adjustment, the Company had recognized right of use asset of ₹3728.22 lakhs and lease liability of ₹3,505.28 lakhs.

Expense relating to leases on which short-term lease exemption was availed is ₹17.42 (previous year: ₹84.29 lakhs). The expense relating to leases of low-value assets during the year ended March 31, 2023, is Nil (previous year Nil)

None of the lease contains any variable lease payments or taken under sale and leaseback arrangements.

Movement in lease liabilities

₹ in lakhs

Particulars	March 31, 2023	March 31, 2022
Opening balance	4,117.99	3,552.96
Add: Additions during the year	1,164.90	665.06
Add: Finance cost	524.21	435.00
Less: Repayment made during the period	(706.21)	(535.03)
Less: Termination/ modification adjustments	-	-
Closing balance	**5,100.89**	**4,117.99**

Maturity analysis of lease liabilities (undiscounted values)

₹ in lakhs

Particulars	March 31, 2023	March 31, 2022
Up to 1 year	854.90	719.41
1 year - 5 years	3,617.82	3,425.40
More than 5 years	3,739.77	4,451.30
Total	**8,212.49**	**8,596.11**

Note 41: Debenture Redemption Reserve

The Company is not required to maintain the debenture redemption reserve since it is a NBFC. The Company is required to maintain debenture redemption investment to the tune of 15% of debentures maturing within 12 months from the beginning of the financial year in unencumbered deposits and/ or government securities. The Company had complied with the said requirement.

Note 42: Pending Litigations

The Company's pending litigations comprise of claims by the Company on the customers to recover its dues. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial statements of the Company as at March 31, 2023 (previous year - nil)

Note 43: Financial risk management framework

In the course of its business, the Company is exposed to certain financial risks namely credit risk, interest risk, currency risk & liquidity risk. The Company's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The financial risks are managed in accordance with the Company's risk management policy which has been approved by its Board of Directors.

Board of Directors of the Company have established Asset and Liability Management Committee (ALCO), which is responsible for developing and monitoring risk management policies for its business. The credit risk is managed through credit norms established based on historical experience.

Note 43.1: Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, etc. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing the return.

a) Pricing risk
The Company does not have any asset which is exposed to the pricing risk

b) Currency risk
The Company does not have any asset which is exposed to the currency risk since the Company does not deal in foreign currency

c) Interest rate risk
The company uses a mix of cash and borrowings to manage the liquidity & fund requirements of its day-to-day operations. Further, certain interest bearing liabilities carry variable interest rates

Note 43.2: Credit Risk Management

Credit risk is the risk that the Company will incur a loss because its customers fail to discharge their contractual obligations. The Company has a comprehensive framework for monitoring credit quality of its retail and other loans primarily based on Days past due monitoring at period end. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

Credit Quality of Financial Loans and Investments

The following table sets out information about credit quality of loans and investments measured at amortized cost primarily based on days past due information. The amount represents gross carrying amount.

(₹ in lakhs)

Particulars	March 31, 2023	March 31, 2022
Gross carrying amount of loans		
0 - 60 days past due	40,070.94	33,956.72
61-90 days past due	470.05	498.10
Impaired (more than 90 days past due)	259.91	1,053.20
Total	**40,800.90**	**35,508.02**

The Company reviews the credit quality of its loans based on the ageing of the loan at the period end. Since the company is into retail lending business, there is no significant credit risk of any individual customer that may impact company adversely, and hence the Company has calculated its ECL allowances on a collective basis.

Inputs considered in the ECL model
In assessing the impairment of financial loans under Expected Credit Loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income.

The Company categorizes loan assets into stages primarily based on the Days Past Due status.
Stage 1 : 0-60 days past due
Stage 2 : 61-90 days past due
Stage 3 : More than 90 days past due

Impact of COVID-19

The COVID 19 pandemic had significantly increased the credit risk relating to the loans and advances from the historical loss expectations. The management had given due care and made forward looking estimates to ECL model so as to cover the additional risk due to the pandemic.

Estimations and assumptions considered in the ECL model

The Company has made the following assumptions in the ECL Model:

a) The Company is primarily engaged in the gold loan business and the average loan duration is less than 1 year also. Therefore, the Company does not make any segregation between 12 month ECL and life-time ECL while computing the ECL allowance and life-time ECL is provided for all loans irrespective of their tenure.

b) In case of non-performing assets which are not secured, the RBI provision rates were considered as a forward looking estimate for loss rate purpose since there was no historical information available for loss on such advances.

Concentration of credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on spreading its lending portfolio across various products/states/customer base with a cap on maximum limit of exposure for an individual/Group. Accordingly, the Company does not have concentration risk.

Note 43.3: Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The Company has well defined Asset Liability Management (ALM) framework with an appropriate organisational structure to regularly monitor and manage maturity profiles of financial assets and financial liabilities including debt financing plans, cash and cash equivalent instruments to ensure liquidity.

Maturity pattern of financial liabilities

(₹ in lakhs)

Particulars	0-12 months	Beyond 12 months	Total
As at March 31, 2023			
(a) Payables	-	-	-
(b) Debt securities	1,755.23	8,492.52	10,247.75
(c) Borrowings (Other than Debt Securities)	3,247.45	328.00	3,575.45
(d) Lease liabilities (at undiscounted values)	854.90	7,357.59	8,212.49
(e) Deposits	-	-	-
(f) Subordinated Liabilities	2,602.70	14,986.60	17,589.30
(g) Other financial liabilities	2,185.40	2,199.93	4,385.33
Total	**10,645.68**	**33,364.64**	**44,010.32**
As at March 31, 2022			
(a) Payables	-	-	-
(b) Debt securities	4,299.69	657.74	4,957.43
(c) Borrowings (Other than Debt Securities)	3,261.16	664.00	3,925.16
(d) Lease liabilities (at undiscounted values)	719.41	7,876.70	8,596.11
(e) Deposits	-	-	-
(f) Subordinated Liabilities	3,227.70	13,878.45	17,106.15
(g) Other financial liabilities	1,843.24	2,216.57	4,059.81
Total	**13,351.20**	**25,293.46**	**38,644.66**

Note 44: Financial instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3.2 to the financial statements.

Note 44.1: Classification of financial assets and liabilities

The fair values of the financial assets / liabilities represent the price that would be received to sell the financial asset or paid to transfer the financial liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:
1. Fair value of trade receivables, cash, loans, other financial assets, trade payables and other financial liabilities, approximate their carrying amounts largely due to short term maturities of these instruments.

2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these financial assets. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

The fair values of security deposits were calculated based on cash flows discounted using current lending rate. The fair values are classified as Level 3 in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.

The Company does not have any financial instruments which are held for trading and no financial instruments are required to be accounted using fair value through profit or loss. Further, the Company has no instruments which are accounted for using hedge accounting model as specified under Ind AS 109 Financial Instruments.

(₹ in lakhs)

Particulars	Non-current	Current	Total
As at March 31, 2023	-		
Financial assets at amortised cost	-		
(a) Cash and cash equivalents	-	795.45	795.45
(b) Bank balances other than cash and cash equivalents	-	-	-
(c) Receivables	-	770.55	770.55
(d) Loans	894.80	39,739.62	40,634.42
(f) Investments	-	-	-
(g) Other financial assets	219.91	293.07	512.98
Total	**1,114.71**	**41,598.69**	**42,713.40**
Financial liabilities at amortised cost	-		
(a) Payables	-	-	
(b) Debt securities	8,492.52	1,755.23	10,247.75
(c) Borrowings (Other than Debt Securities)	5,086.48	3,589.86	8,676.34
(d) Deposits	-	-	-
(e) Subordinated Liabilities	14,986.60	2,602.70	17,589.30
(f) Other financial liabilities	2,185.40	2,199.93	4,385.33
Total	**30,751.00**	**10,147.72**	**40,898.72**
As at March 31, 2022	-		
Financial assets at amortised cost	-		
(a) Cash and cash equivalents	-	558.72	558.72
(b) Bank balances other than cash and cash equivalents	-	-	-
(c) Receivables	-	924.89	924.89
(d) Loans	970.47	34,452.92	35,423.39
(f) Investments	-	-	-
(g) Other financial assets	-	274.39	274.39
Total	**970.47**	**36,210.92**	**37,181.39**
Financial liabilities at amortised cost	-		
(a) Payables	-	-	-
(b) Debt securities	657.74	4,299.69	4,957.43
(c) Borrowings (Other than Debt Securities)	4,537.53	3,505.62	8,043.15
(d) Deposits	-	-	-
(e) Subordinated Liabilities	13,878.45	3,227.70	17,106.15
(f) Other financial liabilities	1,843.24	2,216.57	4,059.81
Total	**20,916.96**	**13,249.58**	**34,166.54**

Note 44.2: Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 - Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, directly (i.e., as prices) or indirectly (i.e., derived from prices).

- Level 3 - Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The fair value of loan assets has been arrived at by using level 3 inputs at initial recognition and subsequently measured using amortized cost model. There are no financial instruments which are carried at fair value as at the Balance Sheet date.

Note 45: Corporate Social Responsibility (CSR) Disclosures

Consequent to the requirements of Section 135 and Schedule VII of the Companies Act, 2013, the Company is required to contribute 2% of its average net profits during the immediately three preceding financial years.

The Company has constituted a CSR committee in accordance with the provisions of the Companies Act, 2013. The focus of CSR activities of the Company comprises promotion of healthcare and destitute care among underprivileged sections of society. The details of expenditure incurred towards CSR is provided below.

(₹ in lakhs)

Particulars	March 31, 2023	March 31, 2022
(i) Amount required to be spent by the company during the year	19.99	23.25
(ii) Amount of expenditure incurred	20.00	23.30
(iii) Shortfall at the end of the year	-	-
(iv) Total of previous years shortfall	-	-
(v) Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Ind AS	-	-
(vi) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year	NA	NA

Note 46: Leverage ratios

(₹ in lakhs)

Particulars	March 31, 2023	March 31, 2022
Total Liabilities	49,942.11	43,045.64
Less: Share Capital	6,000.00	6,000.00
Less: Other equity	2,741.39	2,651.81
Less: Provisions (short-term)*	287.55	200.62
Total Outside Liabilities (A)	**40,913.17**	**34,193.21**
Share Capital	6,000.00	6,000.00
Reserves and Surplus	2,741.39	2,651.81
Less: Deferred revenue expenditure	18.01	9.15
Less: Intangible Asset	19.58	22.05
Less: Deferred Tax Assets	163.29	134.04
Total Owned Funds (B)	**8,540.51**	**8,486.57**
Leverage Ratio (A) / (B)	**4.79**	**4.03**

**includes provision as per IRACP norms.*

Note 47: Provision on Loans and Advances as per Income Recognition and Asset Classification Norms of RBI

As at March 31, 2023 (₹ in lakhs)

Particulars	Gross Loan Outstanding	Provision For Assets	Net Loan Outstanding
A. Gold Loan			
Standard Assets	30,136.26	75.34	30,060.92
Sub Standard Assets	0.25	0.03	0.22
Doubtful Asset	-	-	-
Loss Asset	54.35	54.35	-
Total	**30,190.86**	**129.72**	**30,061.14**
B. Other Loans			
Standard Assets	10,415.56	26.04	10,389.52
Sub Standard Asset	57.74	5.77	51.97
Doubtful Asset	136.75	90.04	46.71
Loss Asset	-	-	-
Total	**10,610.05**	**121.85**	**10,488.20**
C. Total- Gold and other Loans (A) + (B)			
Standard Assets	40,551.82	101.38	40,450.44
Sub Standard Asset	57.99	5.80	52.19
Doubtful Asset	136.75	90.04	46.71
Loss Asset	54.35	54.35	-
Grand Total - All Loans	**40,800.91**	**251.57**	**40,549.34**

As at March 31, 2022 (₹ in lakhs)

Particulars	Gross Loan Outstanding	Provision For Assets	Net Loan Outstanding
A. Gold Loan			
Standard Assets	27,571.83	68.93	27,502.90
Sub Standard Assets	5.72	0.57	5.15
Doubtful Asset	11.87	5.69	6.18
Loss Asset	36.06	36.06	-
Total	**27,625.48**	**111.25**	**27,514.23**
B. Other Loans			
Standard Assets	7,552.61	18.88	7,533.73
Sub Standard Asset	315.97	31.60	284.37
Doubtful Asset	14.23	3.82	10.41
Loss Asset	-	-	-
Total	**7,882.81**	**54.30**	**7,828.51**
C. Total- Gold and other Loans (A) + (B)			
Standard Assets	35,124.44	87.81	35,036.63
Sub Standard Asset	321.69	32.17	289.52
Doubtful Asset	26.10	9.51	16.59
Loss Asset	36.06	36.06	-
Grand Total - All Loans	**35,508.29**	**165.55**	**35,342.74**

Particulars	March 31, 2023	March 31, 2022
Opening balance	165.55	147.18
Add: Provided during the year:		
Provision for Standard asset & NPA	86.02	18.37
Less: Excess provision for standard Asset Reversed	-	-
Closing balance	251.58	165.55

Gross and Net Non performing assets

₹ in lakhs

Particulars	March 31, 2023		March 31, 2022	
	Amount in Rs Lakhs	% of Total Loans	Amount in Rs Lakhs	% of Total Loans
Gross Non performing Asset:	249.09	0.61%	383.85	1.08%
Less: Provision for Non performing Asset	150.19		77.74	
Net Non performing Asset	98.90	0.24%	306.11	0.86%

Note 48: Loan to asset value

₹ in lakhs

Particulars	March 31, 2023	March 31, 2022
Gold Loan	30,190.86	27,625.48
Total Assets	49,942.11	43,045.64
% of Gold Loan to total Assets	60.45%	64.18%

Note 49: Additional disclosures as required by circular no DNBS.CC.PD.No.356/03.10.01/2013-2014 dated September 16, 2013 issued by the Reserve bank of India

Auction of Gold ornaments pledged as security in the defaulted loan accounts

Particulars	Amount
Number of Loan Accounts	549
Principal Amount outstanding at the dates of auction (₹ in lakhs)	139.75
Interest Amount outstanding at the dates of auction (₹ in lakhs)	35.30
Total (₹ in lakhs)	175.05
Value fetched (₹ in lakhs)	184.75
Surplus (₹ in lakhs)	11.98
Deficit (₹ in lakhs)	2.28

Note:
No sister concerns participated in the auctions during the year ended March 31, 2023

Note 50: Instances of Fraud and misappropriation

(a) Cash embezzlement

During the year there have been certain instances of fraud on the company by some employees at branches where misappropriations/cash embezzlements were observed. The fraud was identified by the management and immediate action was taken to recover the misappropriated amount. Out of the misappropriated cash amounting to Rs. 5 lakhs, (Outstanding as on 31/03/2022), in Kondotty Branch, Rs. 2.70 lakhs was recovered by the company during the FY 2022-2023. Additionally for an amount of Rs.2.59 lakhs was created during the current year against misappropriation of cash at Kolathupuzha branch.

(b) Spurious Gold (₹ in lakhs)

Number of cases	Loan amount	Spurious portion of Gold	Amount recovered	Amount to be recovered
59	60.07	39.39	26.06	13.333

Note 51: Additional disclosures required under Schedule III

Note 51.1: Loans and advances to promoters. KMPs, Directors and related parties

Details of loans to promoters, KMPs, Directors and other related parties during the period are as follows:

Type of borrower	As at March 31, 2023		As at March 31, 2022	
	Amount outstanding	% of total	Amount outstanding	% of total
Repayment terms are fixed				
a) Promoters	Nil	Nil	Nil	Nil
b) Directors	Nil	Nil	Nil	Nil
c) KMPs	Nil	Nil	Nil	Nil
d) Related parties	Nil	Nil	Nil	Nil
Repayable on demand				
a) Promoters	Nil	Nil	Nil	Nil
b) Directors	Nil	Nil	Nil	Nil
c) KMPs	Nil	Nil	Nil	Nil
d) Related parties	Nil	Nil	Nil	Nil
without specifying any terms or period of repayment				
a) Promoters	Nil	Nil	Nil	Nil
b) Directors	Nil	Nil	Nil	Nil
c) KMPs	Nil	Nil	Nil	Nil
d) Related parties	Nil	Nil	Nil	Nil

Note 51.2: Transactions related to Crypto-currency

The company has not traded or invested in Crypto currency or Virtual Currency during the period (previous year - Nil)

Note 51.3: Fund received from other persons/ entities for lending/ investing/ providing guarantee

The company has not received any funds from any person/entities, for the purpose of directly or indirectly lending/investing/providing guarantee/security to another person/entity, by or on behalf of the person/entity from whom such amount is received during the period in contravention of the Act or RBI guidelines.

The company has not advanced/loaned/invested funds to any person/entity for the purpose of directly or indirectly lending/ investing/ providing guarantee/ security to a third person/entity, by or on behalf of the company in contravention of the Act.

Note 51.4: Utilisation of borrowings

The Company had utilised the borrowings availed during the period for the purposes specified.

Note 51.5: Periodical reports submitted to bank on current assets

The Company has taken loans from banks/ Financial Institutions (FI) on the basis of security of assets like loans receivable.

The periodic returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.

Note 51.6: Disclosure pursuant to section 186 of the Companies Act, 2013

The Company has not given any loans/ advances/ guarantees to any related person/ entities in contravention of section 186 of the Companies Act, 2013.

Note 51.7: Details of Corporate guarantees given by the Company

The Company has not given any corporate guarantee in respect of any loan during the period

Note 51.8: Revaluation of assets

The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Assets)/ Intangible Assets during the period (previous year - Nil)

Note 51.9: Property under the Benami Transactions (Prohibition) Act, 1988

The company is not holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)

Note 51.10: Willful defaulter

The company is not wilful defaulters under guidelines on wilful defaulters issued by the Reserve Bank of India

Note 51.11: Relationship with struck-off companies

The company has no relationship and transactions with struck-off companies

Note 51.12: Delay in registration of charges

The company has not made any delay in registration of Charges during the period.

Note 51.13: Layers of investment

The company has complied with the number of layers prescribed under section 2(87) of the companies Act 2013

Note 51.14: Compromises and Arrangements

The company has not entered in scheme of arrangement under section 230 to 237 of Companies Act 2013 during the period.

Note 51.15: Transactions not recorded in the books disclosed under income tax

There are no transactions not recorded in the books of accounts, which are disclosed during the Income tax assessment/search/survey.

Note 52: Related party disclosures

a) Name of related parties

For the year ended March 31, 2023	**For the year ended March 31, 2022**
(I) Associates	
1) CDB 24 Karat Gold and diamonds Private limited.	1) CDB 24 Karat Gold and diamonds Private limited.
2) CDB 24 Karat International Jewellers Private Limited.	2) CDB 24 Karat International Jewellers Private Limited.
3) Chemmanur Gold Palace International Ltd	3) Chemmanur Gold Palace International Ltd
4) Boby Chemmanur (No.1) Chits Private Ltd	4) Boby Chemmanur (No.1) Chits Private Ltd
5) Boby Housing and Construction Private Limited	5) Boby Housing and Construction Private Limited
6) CD Boby Developers and Builders Private Ltd	6) CD Boby Developers and Builders Private Ltd
7) CDB Infrastructure Private Limited	7) CDB Infrastructure Private Limited
8) BDC Realty and Infra Private Limited	8) BDC Realty and Infra Private Limited
9) DBC Real Estate Developers Private Ltd.	9) DBC Real Estate Developers Private Ltd.
10) Boby Chemmanur Nidhi Limited	10) Boby Chemmanur Nidhi Limited
11) Boby Chemmanur International Developers LLP	11) Boby Chemmanur International Developers LLP
12) Boby Bazar Private Limited	12) Boby Bazar Private Limited
13) Phygicart e-Commerce Private Limited	13) Phygicart e-Commerce Private Limited
14) Chemmanur International Jewellers	14) Chemmanur International Jewellers
15) Chemmanur Bose Jewellers	15) Chemmanur Bose Jewellers
16) Chemmanur Fashion Jewellers, Manjery	16) Chemmanur Fashion Jewellers, Manjery
17) Chemmanur Fashion Jewellers, Sulthan Bathery	17) Chemmanur Fashion Jewellers, Sulthan bathery
18) Chemmanur International Holidays and Resorts Private Ltd	18) Chemmanur International Holidays and Resorts Private Ltd
19) Boby Chemmanur Entertainments Private Limited	19) Boby Chemmanur Entertainments Private Limited
20) Boby Chemmanur Enterprises private Limited	20) Boby Chemmanur Enterprises private Limited
21) Chemmanur International Jewellers LLP	21) Chemmanur International Jewellers LLP
22) Chemmanur International Info Solutions Pvt. Ltd.	22) Chemmanur International Info Solutions Pvt. Ltd.
23) Boby Chemmanur Airlines Private Ltd	23) Boby Chemmanur Airlines Private Ltd
24) Pushyaragam Jewellwers (Koyilandy) Pvt. Ltd	24) Pushyaragam Jewellwers (Koyilandy) Pvt. Ltd
(II) Key Managerial Personnel	
1) Mr.Boby.C.D (Chairman & MD)	1) Mr.Boby.C.D. (Chairman & MD)
2) Mrs.Anju Thomas (CS)	2) Mrs.Anju Thomas (CS)
3) Mr. Pramod.M (CFO)	3) Mr. Pramod.M (CFO)
4) Mr. T. K. Thomas (CEO) (w.e.f November 29, 2022)	

(III) Relatives of Key Managerial Personnel

1) Mrs. Smitha Boby	1) Mrs. Smitha Boby
2) Mrs. Bymi Joffy	2) Mrs. Bymi Joffy
3) Mrs.Maithri K.M	3) Mrs.Maithri K.M
4) Mr. Nishanth David Thomas	
5) Mrs.Anju Mathew	
6) Mr.Nidhin George Thomas	

(b) Related Party Transactions During the Year

(₹ in lakhs)

Particulars	Associates		Key Management Personnel		Relatives of Key Management Personnel	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Loan Repaid	-					
Loan Repaid to Mr.Boby.C.D (Chairman & MD)	-	-	-	57.00	-	-
Interest Paid						
Boby.C.D (NCD and SD purchased from other Investors)	-	-	0.92	4.98	-	-
T.K Thomas	-	-	0.39	-	-	-
Maithri K.M	-	-	-	-	1.58	1.47
Bimy Joseph	-	-	-	-	0.50	-
Anju Mathew	-	-	-	-	0.12	-
Nidhin George Thomas					0.75	
Non Convertible Debentures/Subordinated debt repayment						
Boby.C.D	-	-	8.00	60.00	-	-
Maithri KM	-	-	-	-	7.50	-
Nidhin George Thomas					7.50	
Anju Mathew	-	-	-	-	2.00	-
Rent Paid						
Boby.C.D	-	-	1.16	1.10	-	-
Commission Received						
Boby Chemmanur (No.1) Chits Private Ltd	-	0.04	-	-	-	-
Chit Collection Received						
BobyChemmanur (No.1) Chits Private Ltd	0.96	1.90	-	-	-	-
Chit Collection Repaid						
Boby Chemmanur (No.1) Chits Private Ltd	0.96	1.90	-	-	-	-
Remuneration to chairman						
Boby.C.D	-	-	108.00	84.00	-	-
Remuneration to Chief Executive Officer						
T.K Thomas	-	-	10.07	-	-	-
Remuneration to Company secretary						
Anju Thomas	-	-	8.24	8.56	-	-
Remuneration to Chief Financial						

Officer						
Pramod .M	-	-	15.93	15.32	-	-
Rent Received						
Chemmanur Gold Palace International Limited	91.53	91.53	-	-	-	-
Purchase						
Boby Bazar Pvt Ltd	1.78	0.51	-	-	-	-
NCD Issued(Private Placement)						
Maithri K.M	-	-	-	-	-	6.50
NCD Issued(Public)						
T.K Thomas	-	-	17.00	-	-	-
Maithri K.M	-	-	-	-	2.50	-
Pramod .M	-	-	5.80	-	-	-
Nishanth David Thomas	-	-	-	-	2.00	-
Subordinated Debt Issued						
Maithri K.M	-	-	-	-	8.00	-

(c) Related party Balances as at the end of the year

(₹ in lakhs)

Particulars	Associates		Key Management Personnel		Relatives of Key Management Personnel	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Due To:						
Mr.Boby.C.D (Chairman & MD):						
Non-Convertible Debenture	-	-	2.55	10.55	-	-
Subordinated Debt	-	-	5.00	5.00	-	-
T.K Thomas						
Non Convertible Debenture-Public	-	-	17.00	-	-	-
Nishanth David Thomas						
Non Convertible Debenture	-	-	-	-	2.00	-
Maithri K.M						
Non Convertible Debenture(Public)	-	-	-	-	8.30	-
Non Convertible Debenture (Private Placement)	-	-	-	-	8.95	16.45
Subordinated Debt	-	-	-	-	10.00	2.00
Bimy Joseph						
Subordinated Debt	-	-	-	-	5.00	5.00
Anju Mathew						
Non Convertible Debenture-Private Placement	-	-	-	-	-	2.00
Phygicart e- Commerce Private Limited	0.41	0.41	-	-	-	-
Due From:						
Chemmanur Gold Palace International Limited	8.24	32.95	-	-	-	-
Boby Chemmanur (No.1) Chits Private Ltd	0.02	0.02	-	-	-	-

(d) Maximum Outstanding during the year

(₹ in lakhs)

Particulars	Associates		Key Management Personnel		Relatives of Key Management Personnel	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Loan taken and Repaid made						
Loan from Mr.Boby.C.D (Chairman & MD)	-	-	-	57.00	-	-
	-	-	-	-	-	-
Non Convertible Debentures/Subordinated debt						
Boby.C.D	-	-	10.55	60.00	-	-
Maithri KM	-	-	-	-	27.25	18.45
Nidhin George Thomas					7.50	-
-						
Commission Receivable						
Boby Chemmanur (No.1) Chits Private Ltd	0.02	0.02	-	-	-	-
Rent Receivable						
Chemmanur Gold Palace International Limited	32.95	57.85	-	-	-	-
Payable						
Phygicart e- Commerce Private Limited	0.41	0.41	-	-	-	-

Note 53: Security Offered For Loans

(A). The Sanction of the Common Covid Emergency Credit Line(CCECL) limit in addition to the existing cash credit facilities availed by the company from State Bank of India

1. PRIMARY SECURITY

Hypothecation of loan receivables to the extent of Rs 48.00 crs (both present & future) of the company.

2. COLLATERAL SECURITY

(i) 784.91 Cents Of Land In Sy No. 147/197/7 ,983/1P ,985/1 ,986/1p, 987/1p ,985/1p ,147/197/8 ,147/197/3 ,984/1p, In Ollukkara Village, Thrissur Taluk, Ollukkara SRO In The Name Of M/S C.D Boby Developers And Builders Pvt Ltd

(ii) 5.93 Cents Of Land In Sy No.984/3p In Ollukkara Village, ThrissurTaluk, Ollukkara SRO In The Name Of Boby Housing And Constructions Pvt Ltd

(iii) 25.26 Cents of Land and building measuring 278.81 sq m thereon in Sy No 205/4P of Aranattukara Village, Thrissur Taluk, Ayyanthole SRO, Thrissur District in the name of C D Boby

(iv) Extension of EM over 5.56 Ares of land comprised in Sy. No. 983/1 along the side of Thrissur – Palakkad NH, 6th Stone , Vattakkalu, Mulayam, Ollukara Village, Thrissur District – Ollukara SRO in the name of M/s CDB Infrastructure Pvt Ltd.

3. THIRD PARTY GUARANTEES

A.	**Personal Guarantees Of**
1	Sri.C.D.Boby
2	Sri. LijoMoothedan
B.	**Corporate guarantees of**
1	M/S. C.D Boby Developers And Builders Pvt Ltd
2	M/S Boby Housing And Constructions Pvt Ltd
3	M/s CDB Infrastructure Pvt. Ltd

Rate of Interest: 10.75% per annum

(B). Sanction of Term Loan From Canara Bank

1. PRIMARY SECURITY

Exclusive charge by hypothecation of loan receivables (Standard Asset) of specific branches of the company with 25% margin and minimum- security coverage of 1.33 at all the times during the currency of the loan, after obtaining NOC from debenture trustee/SBI

2. COLLATERAL SECURITY

(i) EM over 28.29 cents (11.45 ares) of land comprised in Re sy no: 101 1B 2 of Thazhekode Village , District Kozhikode (Mukkam) in the name of Mr C D Boby realizable valued Rs 0.87 Crore (85% of value of vacent land)

(ii) EM over flat no. G2 & G3, Hema apartments with undivided share on the land , Comprised in Re sy no.: 190 extent in 3.357 cents (UDS of land) of Kasaba village, District - Kozhikode in the name of Mr C D Boby, Valued Rs 0.85 Crore

(iii) EM over15.15 ares of land and Residential building comprised in Re sy : 120/1. (120/14 as per T.P A/c 4967, 120/13 (as per T.P A/c 4966) of Kuttikkattoor village, desm Velliparamba, District Kozhikode in the name of Mr C D Boby and Smt. Smitha Boby, Valued Rs 3.52 Crore

3. THIRD PARTY GUARANTEES

A.	Personal Guarantees Of
1	Sri. C.D.Boby
2	Sri. LijoMoothedan
3	Mrs. Smitha Boby

Interest Rate: 10.80% per annum

(C). Sanction of Cash Credit from Dhanalaxmi Bank

1. PRIMARY SECURITY

Exclusive charge on entire loan receivables of 5 branches of the company (mentioned below) with 25% margin and minimum security coverage of 1.5 times at all times during the currency of loan (DP to be computed on receivables that are not overdue for 90 days and above)

2. COLLATERAL SECURITY

(i) EM of 2.5399 hectares (627.5 cents) of Land in sy No : 147/161/2 and 1225/P of Ollukkara village, Mullakkara Desom, Thrissur taluk, Thrissur District in the name of DBC Real Estate Developers Pvt Ltd

(ii) EM of 11.2 cents of residential plot with 750 Sqft residential building U/Sy No. 985/1P in Ollukara village, Thrissur taluk and District in the name of BDC Realty and Infra (P) Ltd

3. THIRD PARTY GUARANTEES

A.	Personal Guarantees Of
1	Sri. C.D.Boby
2	Sri. LijoMoothedan
B.	Corporate guarantees of
1	DBC Real Estate Developers Pvt Ltd
2	BDC Realty and Infra (P) Ltd

Rate of Interest: 10.10% per annum

Note 54: Liquidity Risk

Public disclosure on Liquidity Risk For the year ended March 31, 2023 pursuant to RBI circular dated November 04,2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies

I. Funding Concentration based on significant counter party (both deposits and borrowings)

		As on 31st March 2023			As on 31st March 2022		
Sl. No.	No of Significant Counter parties	Amount (₹ in lakhs)	% of Total Deposits	% of Total Liabilities	Amount (₹ in lakhs)	% of Total Deposits	% of Total Liabilities
1	Nil	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

II. Top 20 Large Deposits: Not Applicable

III. Top 10 Borrowings

(₹ in lakhs)

			As on 31st March 2023		As on 31st March 2022	
Sl. No.	Name of parties/holders	Nature	Amount	As a % of Total borrowing	Amount	As a % of Total borrowing
1	The State bank of India	Cash credit	2503.91	7.92%	2492.93	9.51%
2	The Canara Bank	Term loan	678.03	2.15%	1001.58	3.82%
3	The Dhanlaxmi Bank	Cash credit	410.77	1.30%	392.51	1.50%
4	Mr. Homi Farrok Kaka	NCD Public Issue	200.00	0.63%	0.00	0.00%
5	M/s.Thiruvathira Gold Palace LLP	NCD Public Issue	144.00	0.46%	0.00	0.00%
6	Mr. Perviz Farrok Kaka	NCD Private Placement	125.00	0.40%	225.00	0.86%
7	Mr.Muralidarar K R	Subordinated Debt	119.00	0.38%	69.00	0.26%
8	Mr. Siyaf M.V	Subordinated Debt	80.00	0.25%	97.00	0.37%
9	Mr.Devendhra H G	Subordinated Debt	70.00	0.22%	0.00	0.00%
10	Mr. John Abraham	Subordinated Debt	61.00	0.19%	93.00	0.35%
11	Ms.Kala S	Subordinated Debt	60.00	0.19%	0.00	0.00%
12	Ms.Rajeswari Amma Sarada	NCD Public Issue	60.00	0.19%	0.00	0.00%
13	Mr. Siyak M V	Subordinated Debt	59.00	0.19%	77.00	0.29%
14	Mr. Simpson Pennamma Chacko	Subordinated Debt	0.00	0.00%	58.00	0.22%
15	The State bank of India	Term loan	0.00	0.00%	39.72	0.15%
TOTAL			**4,570.71**		**4,545.73**	

IV. Funding Concentration based on significant instrument/product

		As on 31st March 2023		As on 31st March 2022	
SL	Name of the instrument/product	Amount (in lakhs)	% of Total Liabilities	Amount (in lakhs)	% of Total Liabilities
1	Non convertible Debentures	10,289.70	28.43%	5,021.58	16.65%
2	Subordinated Debts	17,713.95	48.95%	17,277.70	57.29%
3	Bank Borrowings	3,592.71	9.93%	3,926.73	13.02%
TOTAL		**31,596.35**		**26,226.01**	

V. Stock Ratio:

Other Short term liabilities of ₹2,137.06 lakhs as on 31st March 2023 (₹1,718.49 lakhs as on 31st March 2022) as a % of Total Public funds, Total Liabilities and Total Assets.

	31-03-2023		31-03-2022	
	Amount (₹ in lakhs)	Other Short Term Liabilities As a % Of	Amount (₹ in lakhs)	Other Short Term Liabilities As a % Of
Other Short term Liabilities:	2,137.06		1,718.49	
Public Fund	36,697.24	5.82%	30,344.00	5.66%
Total Liabilities	41,029.14	5.21%	34,228.71	5.02%
Total Assets	49,942.11	4.28%	43,045.64	3.99%

Note 55: Comparison between provision required under IRACP and impairment loss under Ind AS 109

(₹ in lakhs)

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount	Loss allowance under Ind AS 109	Net carrying amount	Provision required as per IRACP Norms	Difference between provision as per Ind AS 109 & IRACP Norms
As at March 31, 2023						
Performing assets						
Standard assets	Stage 1	40,081.87	6.05	40,075.82	100.21	(94.16)
	Stage 2	469.95	1.39	468.56	1.17	0.22
Sub-total		**40,551.82**	**7.44**	**40,544.38**	**101.38**	**(93.94)**
Non-performing assets						
Sub-standard	Stage 3	57.99	14.66	43.32	5.80	8.86
Doubtful						
- Up to 1 year	Stage 3	131.46	87.85	43.62	87.85	-
- 1 year - 3 years	Stage 3	5.29	2.19	3.10	2.19	-
- More than 3 years	Stage 3	-	-	-	-	
Total doubtful						
Loss assets	Stage 3	54.35	54.35	-	54.35	-
Sub-total for NPA		**249.09**	**159.05**	**90.04**	**150.19**	**8.86**
Other items		-	-	-	-	-
Sub-total		**40,800.91**	**166.49**	**40,634.42**	**251.57**	**(85.08)**
Total	**Stage 1**	**40,081.87**	**6.05**	**40,075.82**	**100.21**	**(94.16)**
	Stage 2	**469.95**	**1.39**	**468.56**	**1.17**	**0.22**
	Stage 3	**249.09**	**159.05**	**90.04**	**150.19**	**8.86**
	Total	**40,800.91**	**166.49**	**40,634.42**	**251.57**	**(85.08)**

(₹ in lakhs)

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount	Loss allowance under Ind AS 109	Net carrying amount	Provision required as per IRACP Norms	Difference between provision as per Ind AS 109 & IRACP Norms
As at March 31, 2022						
Performing assets						
Standard assets	Stage 1	34,626.30	5.26	34,621.04	86.57	(81.31)
	Stage 2	498.14	2.38	495.76	1.25	1.13
Sub-total		**35,124.44**	**7.64**	**35,116.80**	**87.81**	**(80.17)**
Non-performing assets						
Sub-standard	Stage 3	321.69	31.68	290.01	32.17	(0.49)
Doubtful						
- Up to 1 year	Stage 3	13.85	3.18	10.67	3.18	-
- 1 year - 3 years	Stage 3	1.18	0.80	0.38	0.80	-
- More than 3 years	Stage 3	11.06	5.53	5.53	5.53	
Total doubtful						
Loss assets	Stage 3	36.06	36.06	-	36.06	-
Sub-total for NPA		**383.84**	**77.25**	**306.59**	**77.74**	**(0.49)**
Other items		-	-	-	-	-
Sub-total		**35,508.28**	**84.89**	**35,423.39**	**165.55**	**(80.66)**
Total	**Stage 1**	**34,626.30**	**5.26**	**34,621.04**	**86.57**	**(81.31)**
	Stage 2	**498.14**	**2.38**	**495.76**	**1.25**	**1.13**
	Stage 3	**383.84**	**77.25**	**306.59**	**77.74**	**(0.49)**
	Total	**35,508.28**	**84.89**	**35,423.39**	**165.56**	**(80.65)**

Note 56: Disclosure required as per RBI Circular RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 Dated April 19, 2022.

A) Exposure

1) Sectoral Exposure

(₹ in lakhs)

Sectors	Current Year			Previous Year		
	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ Lakhs)	Gross NPAs (₹ Lakhs)	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ Lakhs)	Gross NPAs (₹ Lakhs)	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	NA	NA	NA	NA	NA	NA
2. Industry	NA	NA	NA	NA	NA	NA
3. Services	-	-	-	-	-	-
4. Personal Loans						
Gold Loan	30,190.86	54.60	0.18%	27,625.48	53.65	0.19%
Other Loans	10,610.05	194.48	1.83%	7,882.81	330.20	4.19%
Total	**40,800.91**	**249.08**		**35,508.29**	**383.85**	

B) Disclosure of complaints

1) Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

Sr. No		Particulars	2022-23	2021-22
Complaints received by the NBFC from its customers				
1		Number of complaints pending at beginning of the year	Nil	Nil
2		Number of complaints received during the year	6	6
3		Number of complaints disposed during the year	5	6
	3.1	Of which, number of complaints rejected by the NBFC	Nil	Nil
4		Number of complaints pending at the end of the year	1	0

Maintainable complaints received by the NBFC from Office of Ombudsman				
5.*		Number of maintainable complaints received by the NBFC from Office of Ombudsman	Nil	1
	5.1.	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman		
	5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman		1
	5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC		
6.*		Number of Awards unimplemented within the stipulated time (other than those appealed)		Nil

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously The Ombudsman Scheme for Non-Banking Financial Companies, 2018) and covered within the ambit of the Scheme.

* It shall only be applicable to NBFCS which are included under The Reserve Bank - Integrated Ombudsman Scheme, 2021

2) Top five grounds of complaints received by the NBFCs from customers

Grounds of complaints, (i.e. complaints relating to) (1)	Number of complaints pending at the beginning of the year (2)	Number of complaints received during the year (3)	% increase/ decrease in the number of complaints received over the previous year (4)	Number of complaints pending at the end of the year *(5)*	Of 5, number of complaints pending beyond 30 days (6)
	2022-23				
Ground - 1	-	-	-	-	-
Ground - 2	-	-	-	-	-
Ground - 3	-	-	-	-	-
Ground - 4	-	-	-	-	-
Ground - 5	-	3	-	-	-
Others	-	3	-	1	1
Total	-	6	-	1	1
	2021-22				
Ground - 1	-	-	-	-	-
Ground - 2	-	-	-	-	-
Ground - 3	-	-	-	-	-
Ground - 4	-	-	-	-	-
Ground - 5	-	3		-	-
Others	-	3	25 % Decrease	-	-
Total	-	6	25 % Decrease	-	-

Note 57: Transition to Ind AS and interim unaudited results.

The company listed its non convertible debentures on January 12, 2023. The financial statements of the Company for the year ended March 31, 2023 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101, First-Time Adoption of Indian Accounting Standards, with April 1, 2021 as the transition date from previous GAAP.

However, since the transition to Ind AS was done in last quarter of FY 2022-23, the unaudited results of 9 months ended December 31, 2022 and the comparative quarters was presented in accordance with Accounting Standards (IGAAP)notified under The Companies (Accounts) Rules, 2014 (as amended).Since the Ind AS adjustments were given effect in the final quarter of financial year 2022-23, the published unaudited results of the quarter/ nine months ending December 31, 2022 are not comparable with the audited results published for the year ended March 31, 2023.

For and on behalf of the Board

As per our report of even date attached

Boby CD	**Lijo Moothedan**	**T.K. Thomas**	**For C.M. JOSEPH & ASSOCIATES,**
Chairman and MD	**Director**	**Chief Executive Officer**	**Chartered Accountants**
DIN: 00046095	**DIN: 00877403**		**Firm Registration No. 006408S**

Pramod.M	**Anju Thomas**	
Chief Financial Officer	**Company Secretary**	**C.M.JOSEPH**
	M.No:43159	**PARTNER**
		M.No: 202800
Place : THRISSUR,		**UDIN: 23202800BGTEYJ4057**
Date : 18/09/2023.		

Schedule to the Balance Sheet of a Non-Banking Financial Company

(As required in terms of Paragraph 19 of Non-Banking Financial Company -Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016).

(₹ in lakhs)

	Particulars	**Amount Outstanding**	**Amount Overdue**
	Liability Side :		
1	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
	(a) Debentures : Secured	10,474.42	Nil
	: Unsecured - Subordinate Debt	21,016.32	Nil
	(other than falling within the meaning of public deposit)		
	(b) Deferred Credits	Nil	Nil
	(c) Term Loans	Nil	Nil
	(d) Inter – corporate loans and borrowings	Nil	Nil
	(e) Commercial Paper	Nil	Nil
	(f) public deposit	Nil	Nil
	(g) Other Loans (Specify nature)	Nil	Nil
2	Breakup of (i)(f) above (outstanding public deposit inclusive in interest accrued thereon but not paid)		
	(a) in the form of unsecured debentures	Nil	Nil
	(b) in the form of partly secured debentures i.e., debentures where there is a shortfall in the value of security	Nil	Nil
	(c) other public Deposits	Nil	Nil
	*See note 1 below		

	Asset Side:	**Amount Outstanding**
3	Break-up of Loans and Advances including bills receivables[other than those included in (4) below]:	
	(a) Secured	34,009.46
	(b) Unsecured	6,791.45
4	Break-up of Leased Assets and stock on hire and other assets counting toward AFC activities	
	(i) Lease assets including lease rentals under sundry debtors :	
	(a) Financial Lease	
	(b) Operating Lease	Nil
	(ii) Stock on hire including hire charges under sundry debtors	
	(a) Asset on Hire	
	(b) Repossessed Assets	Nil
	(iii) Other loans counting towards AFC activities	
	(a) Loans where assets have been repossessed	
	(b) Loans other than (a) above	Nil

5	Break up of Investments :	
	Current Investments:	Nil
	1. Quoted:	Nil
	(i) Shares (a) Equity	
	(b) Preference	
	(ii) Debentures and Bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (specify)	Nil
	2. Unquoted:	
	(i) Shares (a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and Bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (specify)	Nil
	Long Term Investments	
	1. Quoted:	
	(i) Shares (a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and Bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (specify)	Nil
	2. Unquoted:	
	(i) Shares (a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and Bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (specify)	Nil

6	Borrower group-wise classification of assets financed as in (3) and (4) above :			
	(see note 2 below)			
	Category	Amount net of provisions		
		Secured	Unsecured	Total
	1. Related Parties			
	(a) subsidiaries	Nil	Nil	Nil
	(b) Companies in the same group	Nil	Nil	Nil
	(c) Other related parties	Nil	Nil	Nil
	2. Other than related parties	33,854.87	6,694.47	40549.34
	Total	**33,854.87**	**6,694.47**	**40,549.34**

7	Investor group-wise classification of all investments(current and long term) in shares and securities (both quoted and unquoted);(see note 3 below)		
	Category	**Market Value/ Break up or fair value or NAV**	**Book Value**
			(Net of Provisions)
	1. Relate Parties		
	(a) Subsidiaries	Nil	Nil
	(b) Companies in the same group	Nil	Nil
	(c) Other related parties	Nil	Nil
	2. Other than related parties	Nil	Nil
	Total	**Nil**	**Nil**

8	Other Information	
	Particulars	**Amount**
	(i) Gross Non – Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	249.09
	(ii) Net Non-Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	98.90
	(iii) Assets acquired in satisfaction of debt	Nil

*Notes:
1. As defined in point xxv of paragraph 3 of Chapter -II of these Directions.

2. Provisioning norms shall be applicable as prescribed in the Non-Banking Financial (Non – Deposit Accepting of Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (4) above.

For and on behalf of the Board

As per our report of even date attached

Boby CD
Chairman and MD
DIN: 00046095

Lijo Moothedan
Director
DIN: 00877403

T.K. Thomas
Chief Executive Officer

For C.M. JOSEPH & ASSOCIATES,
Chartered Accountants
Firm Registration No. 006408S

Pramod.M
Chief Financial Officer

Anju Thomas
Company Secretary
M.No:43159

C.M.JOSEPH
PARTNER
M.No: 202800
UDIN: 23202800BGTEYJ4057

Place : THRISSUR,
Date : 18/09/2023.

INDEPENDENT AUDITORS' REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2022, STATEMENT OF PROFIT AND LOSS AND CASH FLOWS STATEMENT FOR THE YEAR ENDED MARCH 31, 2022 OF CHEMMANUR CREDITS AND INVESTMENTS LIMITED

To the Board of Directors,
Chemmanur Credits and Investments Limited
Mangalodhayam Building, Round South
Thrissur - 680001

Dear Sir/Madam,

We have audited the accompanying financial statements of Chemmanur Credits and Investments Limited (the **"Company"),** which comprise the balance sheet as at March 31, 2022, and the statement of profit and loss, and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as **"financial statements").**

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended and based on the provisions of Para 33.10 of Schedule I to the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended (the **"SEBI NCS Regulations").** This also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India ("ICAI"). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or enor. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

CHEMMANUR CREDITS AND INVESTMENTS LTD. CORPORATE OFFICE THRISSUR

C.M. JOSEPH & ASSOCIATES CHARTERED ACCOUNTANTS KOCHI-25

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements are prepared in the manner so required as per Companies Act, 2013 , SEBI NCS Regulations and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and of its results of operations and its cash flows for the year then ended.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2.1 to the financial statements, which describes the basis of preparation & presentation of financial statements. The financial statements are prepared to assist the Company to meet the requirements of SEBI NCS Regulations, as amended. As a result, the financial statements may not be suitable for another purpose.

Other Matter

Chemmanur Credits and Investments Limited has prepared a separate set of financial statements for the year ended March 31, 2022, in accordance with the Accounting Standards referred to in Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended, on which M/s. V.K.S. Narayan & Co, Chartered Accountants, has issued a separate auditor's report to the shareholders of the Company dated August 09, 2022.

For C.M. Joseph & Associates
Chartered Accountants
Firm's Registration Number: **006408S**

C.M. Joseph
Partner
M. No.: 202800
UDIN: 23202800BGTEYI6465
Place: Ernakulam
Date: 18/09/2023

C.M. JOSEPH & ASSOCIATES KOCHI-25 CHARTERED ACCOUNTANTS

CHEMMANUR CREDITS AND INVESTMENTS LTD. CORPORATE OFFICE THRISSUR

Balance Sheet as at 31st March, 2022

(Presented in Rupees Lakhs other than Share data and EPS)

Amount ₹ in lakhs

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
I. EQUITY & LIABILITIES			
(1)Shareholders' funds			
(a)Share Capital	**3**	6,000.00	6,000.00
(b)Reserves and Surplus	**4**	2,804.64	2,793.62
(c)Money received against share warrants		0.00	0.00
(2)Share application money pending allotment		0.00	0.00
(3)Non-current liabilities			
(a)Long-Term Borrowings	**5**	15,200.19	16,476.58
(b)Deferred Tax Liabilities (Net)		0.00	0.00
(c)Other long term liabilities	**6**	2,216.57	2051.46
(d)Long term provision	**7**	130.04	117.95
(4)Current liabilities			
(a)Short-term borrowings	**8**	11,024.25	94,91.48
(b)Trade payables		0.00	0.00
(c)Other current liabilities	**9**	1,718.49	1,371.07
(d)Short-term provisions	**10**	200.63	196.50
TOTAL		**39,294.81**	**38,498.66**
II. ASSETS			
(1)Non-current assets			
(a)Property, Plant and Equipment and Intangible Assets			
(i) Property, Plant and Equipment	**11**	1,378.43	1,444.15
(ii)Intangible assets	**11**	22.05	30.11
(iii)Capital work-in-progress	**12**	109.59	20.62
(iv)Intangible assets under development		0.00	0.00
(b)Non-current investments			
(c) Deferred Tax Assets (Net)	**13**	46.55	36.65
(d) Long-term loans and advances	**14**	970.47	1,823.18
(e)Other Non current assets	**15**	465.05	394.74
(2)Current assets			
(a)Current investments		0.00	0.00
(b)Inventories		0.00	0.00
(c)Trade receivables		0.00	0.00
(d)Cash and cash equivalents	**16**	558.72	452.68
(e)Short-term loans and advances	**17**	34,537.82	32,315.19
(f)Other current assets	**18**	1,206.13	1,981.34
Total		**39,294.81**	**38,498.66**

For and on behalf of the Board

As per our report of even date attached
For C.M. JOSEPH & ASSOCIATES,
Chartered Accountants
Firm Registration No. 006408S

Boby CD
Chairman and MD
DIN: 00046095

Lijo Moothedan
Director
DIN: 00877403

T.K. Thomas
Chief Executive Officer

Pramod.M
Chief Financial Officer

Anju Thomas
Company Secretary
M.No:43159

Place : THRISSUR,
Date : 18/09/2023.

C.M.JOSEPH
PARTNER
M.No: 202800
UDIN: 23202800BGTEYI6465

Statement of Profit and Loss for the year ended 31st March, 2022

(Presented in Rupees Lakhs other than Share data and EPS)

Amount ₹ in lakhs

Particulars	Note No.	March 31, 2022	March 31, 2021
Income			
Revenue from operations	20	7,188.74	7,357.99
Other income	21	143.91	115.56
Total Income		**7,332.65**	**7,473.55**
Expenses			
Finance costs	22	3,237.23	2,964.45
Employee benefits expense	23	2,067.89	1,921.66
Other expenses	24	1,157.91	1,074.25
Depreciation and amortization expense	25	264.44	268.44
Total Expenses		**6,727.47**	**6,228.80**
Profit before Exceptional, Extraordinary items, and tax		**605.18**	**1,244.75**
Exceptional Items		0.00	0.00
Profit before extraordinary items and tax		**605.18**	**1,244.75**
Extraordinary Items		0.00	0.00
Profit Before Tax		**605.18**	**1,244.75**
Tax expenses			
Current tax		183.51	349.06
Deferred tax		(9.90)	(28.28)
Tax Paid for earlier years		0.55	0.00
Total tax expense		**174.16**	**320.78**
Profit for the year		**431.02**	**923.97**
Earnings per equity share [nominal value of share Rs.10-]	26		
Basic earnings per share (Rs/-)		0.72	1.54
Diluted earnings per share (Rs/-)		0.72	1.54
Summary of significant accounting policies			

For and on behalf of the Board

As per our report of even date attached

Boby CD
Chairman and MD
DIN: 00046095

Lijo Moothedan
Director
DIN: 00877403

T.K. Thomas
Chief Executive Officer

For C.M. JOSEPH & ASSOCIATES,
Chartered Accountants
Firm Registration No. 006408S

Pramod.M
Chief Financial Officer

Anju Thomas
Company Secretary
M.No:43159

C.M.JOSEPH
PARTNER
M.No: 202800
UDIN: 23202800BGTEYI6465

Place : THRISSUR,
Date : 18/09/2023.

Cash Flow Statement For The Year Ended March 31, 2022

Amount ₹ in lakhs

Particulars	March 31, 2022	March 31, 2021
A. Cash flows from operating activities		
Net Profit Before Tax	605.18	1,244.75
Add: Depreciation	264.44	268.44
Provision for Non Performing Assets	18.37	28.40
Provision for Cash Loss	5.00	0.00
Loss on Sale of Fixed Asset	7.39	4.00
Interest (Net)	3,153.83	2,902.55
Provision For Gratuity	21.18	23.38
Operating Profit before Changes in Working Capital	**4,075.39**	**4,471.52**
Changes in Working Capital:		
(Increase)/Decrease in Long Term Loans and Advances	852.70	(1,823.18)
(Increase)/Decrease in Short Term Loans and Advances	(2,222.63)	(2,319.76)
(Increase)/Decrease in Other Current Assets	949.28	(546.05)
(Increase)/Decrease in Other Non-Current Assets	(70.30)	(17.43)
Increase / (Decrease) in Other Current liabilities	512.53	1,371.17
Increase / (Decrease) in Short-term Borrowings	383.84	4.52
Cash Generated From Operations	**4,480.81**	**1,140.79**
Income Tax Paid Net of Refund	386.46	512.81
Net Cash From Operating Activities	**4,094.35**	**627.98**
B. Cash Flows From Investing Activities		
Interest received from Bank	45.23	22.01
Capital Work in Progress	(88.97)	20.02
Proceeds From Sale of Fixed Assets	3.42	2.10
Purchase of Fixed Assets	(201.46)	(140.66)
Net Cash From Investing Activities	**(241.78)**	**(96.53)**
C. Cash Flows From Financing Activities		
Interim Dividend Paid	(420.00)	0.00
Proceeds from Issue of Debentures	1,558.00	1,923.00
Repayment of Debentures	(3,278.00)	(2,979.93)
Proceeds from Issue of Unsecured Subordinate Debt	2,494.40	3,553.75
Repayment of Unsecured Subordinate Debt	(1,676.60)	(362.90)
Proceeds from/(Repayment) of Loan from Director	(57.00)	36.57
Interest Paid on Debentures & Subordinate Debt	(3,049.04)	(2,828.53)
Proceeds From Term Loan	1,000.00	250.00
Repayment of Term Loan	(168.28)	(42.01)
Interest Paid on Term Loan	(62.22)	(18.43)
Interest paid on Bank Cash Credit	(87.79)	(77.59)
Net Cash From Financing Activities	**(3,746.53)**	**(546.07)**
Net Increase in Cash and Cash Equivalents	**106.04**	**(14.62)**
Cash and Bank Balance at Beginning of Period	**452.68**	**467.30**
Cash and Bank Balance at end of Period	**558.72**	**452.68**
Components of Cash and Cash Equivalent at the end of the Period		
Current Account and FD with Banks	279.62	333.01
Cash on Hand	279.10	119.67
Total	**558.72**	**452.68**

For and on behalf of the Board

Boby CD
Chairman and MD
DIN: 00046095

Lijo Moothedan
Director
DIN: 00877403

T.K. Thomas
Chief Executive Officer

Pramod.M
Chief Financial Officer

Anju Thomas
Company Secretary
M.No:43159

Place: THRISSUR,
Date : 18/09/2023.

As per our report of even date attached
For C.M. JOSEPH & ASSOCIATES,
Chartered Accountants
Firm Registration No. 006408S

C.M.JOSEPH
PARTNER
M.No: 202800
UDIN: 23202800BGTEYI6465

NOTES TO THE FINANCIAL STATEMENTS

1. **Corporate Information**

Chemmanur Credits and Investments Limited is a Public Limited Company domiciled in India and incorporated under the provisions of The Companies Act 1956. The Company is a Non-Systemically Important Non-Deposit Taking Non-Banking Financial Company Registered under section 45IA of RBI Act, 1934. The Company is a professionally managed financial institution with all the key operational posts starting from its Branch Managers to senior positions being held by senior professionals who held key positions in major public sector banks and other leading finance companies. Performance of the company had also shown remarkable improvement over the years.

Summary of Significant accounting policies

2.1 Basis of Preparation & Presentation of Financial statements.

The Financial Statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these Financial Statements to comply in all material respects with Accounting Standards notified under The Companies (Accounting Standards) Rules, 2021 (as amended) and the relevant provisions of the Companies Act, 2013 and the guidelines issued by the Reserve Bank of India as applicable to a Non-Systemically Important Non-Deposit Accepting NBFC. The Financial Statements have been prepared on an accrual basis and under the historical cost convention except for interest on non-performing assets which are recognized on realization basis. The Accounting Policies adopted in the preparation of Financial Statements are consistent with those of previous year.

The preparation of financial statements in conformity with Indian GAAP requires the Management to make judgments, estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. The estimates and assumptions used in the financial statements are based upon the Management's evaluation of the relevant facts and circumstances as on the date of financial statements. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Although these estimates are based on the Management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

During the year ended March 31, 2022, the Company has complied with the requirements of Schedule III of Companies Act 2013 for the preparation and presentation of its financial statement. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

2.2 Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation. The cost includes purchase consideration, financing costs till commencement of commercial production and other directly attributable costs incurred to bring an Asset to its working condition for its intended use. Subsidy received towards specific assets is reduced from the cost of property, plant and equipment. Property, plant and equipment taken on Finance Lease are capitalized. The costs of Assets not ready for use as at the Balance Sheet date are disclosed under Capital Work-In-Progress

Depreciation on Property, Plant and Equipment

Depreciation on Property plant and equipment is calculated on straight line basis using the rates arrived at based on the useful lives prescribed under Schedule II to the Companies Act, 2013. The company has used the following life to provide depreciation on its fixed assets.

Asset	Useful Life
Furniture & Fittings	10 Years
Electrical Fittings	10 Years
Computer	3 Years
Plant and Equipment	15 Years
Vehicles	8 Years
Strong Room-RCC Frame Structure	60 Years

2.3 Intangible Asset

Intangible Assets are recorded at the consideration paid for acquisition less accumulated amortization and accumulated impairment, if any. Intangible assets are amortized over their estimated useful life subject to a maximum period of 10 years on straight line basis, commencing from the date the asset is available to the company for its use.

Expenditure for acquisition and implementation of software system is recognized as part of the intangible asset and amortized on straight line basis over a period of 10 years being the maximum period available for writing off of intangible asset.

2.4 Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in the Statement of Profit and Loss in the period in which they are incurred. Interest on debenture ceases to accrue on the due date of put option.

2.5 Impairment

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating units (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken in to account, if available. If no such transactions can be identified, an appropriation valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

2.6 Leases

Leases where the lessor effectively retains substantially all risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments in respect of non-cancellable leases are recognized as an expense in the profit and loss account on a straight-line basis over the lease term.

2.7 Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Quoted current investments for each category is valued at cost or market value whichever is lower. Unquoted investments in the units of mutual fund in the nature of current investment are valued at the net asset value declared by the mutual fund in respect of each particular scheme. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

2.8 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. In a situation where management believes that the recovery of interest is uncertain due to change in the price of the gold or otherwise, the Company recognizes income on such loans only to the extent it is confident of recovering interest from its customers through sale of underlying security or otherwise.

Interest income on loans given is recognized under the internal rate of return method. Such interests, where installments are overdue in respect of non-performing asset are recognized on realization basis as in accordance with the guidelines issued by Reserve Bank of India for Non-Banking Financial Companies. Any such income recognized and remaining unrealized after the installments become overdue with respect to nonperforming asset is reversed.

Revenue from fee-based activities is recognized as and when services are rendered.

Interest on deposit is recognized on a time proportion basis taking in to account the amount outstanding and the rate applicable.

2.9 Employee Benefits

Short term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as Short term employee benefits. These benefits include benefits like salaries, wages, short term compensated absence such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized as an expense during the period.

Long term Employee Benefits

Defined contribution plans:
Defined contribution plan is Provident Fund scheme administered by Government for all eligible employees. The company's contribution to defined contribution plan is recognized in the Statement of Profit & Loss in the financial year to which they relate **(Note No.36)**.

Defined benefit plans:

The Company accounts for its liability for future gratuity benefits based on actuarial valuation determined every year by consulting actuary using Projected Unit Credit Method. Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred **(Note No.37)**.

2.10 Foreign currency transaction

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period. A monetary asset or liability is termed as a long-term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of 12 months or more at the date of origination of the asset or liability.

Exchange differences on restatement/settlement of all other monetary items are recognized in the Statement of Profit and Loss.

2.11 Taxes on Income

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the income-tax Act, 1961 enacted in India.

Deferred tax charge or credit reflects the tax effects of timing difference between accounting income and taxable income for the period. The deferred tax charge of credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized, only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and are written-down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

Deferred Tax Assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

2.12 Provisions and Contingent Liabilities

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Provision policy for gold loan and other loan portfolios: Company provides for non-performing loans and advances as mentioned in Non-Banking Financial Company -Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016. Provision for standard assets is made at 0.25% as mentioned in Non-Banking Financial Company -Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 and shown in the balance sheet as ‘Contingent Provisions for standard asset’.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

2.13 Segment Reporting

The Company primarily operates in the business of "Gold Loan" and its operations are in India. Since the Company has not operated in any other reportable segments, as per AS 17 'Segment Reporting', no segment reporting is applicable.

2.14 Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

2.15 Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

2.16 Debenture Redemption Reserve

No Debenture Redemption Reserve is required to be created for privately placed debentures of Non-Banking Finance Companies.

2.17 Cash Flow Statement

Company has prepared cash flow statement using the Indirect Method, whereby net profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

2.18 Surplus on auction of pledged gold

The Company has a policy of refund of any surplus that arises on auction of gold ornaments pledged as security in the case of defaulted loan accounts in accordance with the terms of the agreement with the customers.

2.19 Dividend

Dividends on shares are recorded as liability on the date of approval by the shareholders.

NOTE: 3 **Amount ₹ in lakhs**

SHARE CAPITAL	As at March 31, 2022	As at March 31, 2021
Authorized shares		
8,00,00,000 equity shares of Rs.10/- each(Previous year 8,00,00,000 equity shares of Rs.10/- each)	8,000.00	8,000.00
2,00,000 Preference shares of Rs.1,000/- each(Previous year - 2,00,000 Preference shares of Rs.1,000/- each)	2,000.00	2,000.00
	10,000.00	**10,000.00**
Issued, subscribed and fully paid-up shares		
6,00,00,000 equity shares of Rs.10/- each(Previous year 6,00,00,000 equity shares of Rs.10/- each)	6,000.00	6,000.00
Total issued, subscribed and fully paid-up share capital	**6,000.00**	**6,000.00**

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particular	March 31, 2022		March 31, 2021	
	Nos.	Amount ₹ in lakhs	Nos.	Amount ₹ in lakhs
At the beginning of the year	6,00,00,000	6,000.00	6,00,00,000	6,000.00
Issued during the period	-	0.00	-	0.00
Outstanding at the end of the period	**6,00,00,000**	**6,000.00**	**6,00,00,000**	**6,000.00**

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having face value Rs. 10/-(PY Rs.10/-) per share. All these shares have the same rights and preferences with respect to the payment of dividend, repayment of capital and voting. The dividend proposed by your Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% shares in the Company

Particular	March 31, 2022		March 31, 2021	
	Number of Shares	% holding in the class	Number of Shares	% holding in the class
C.D. Boby	5,13,82,800	85.64%	5,12,92,800	85.49%
Chemmanur Gold Palace International Limited	70,00,000	11.67%	70,00,000	11.67%

d. Notes on splitting of shares

During the financial year 2014-15 company has split its nominal value of Equity Shares from ₹ 100 to ₹ 10

e. Shareholding of Promoters							
	March 31, 2022				March 31, 2021		
Sr No	Promoter's Name	No. of shares	% of total shares	% change during the year	No. of shares	% of total shares	% change during the year
1	C.D. Boby	5,13,82,800	85.64%	0.18%	5,12,92,800	85.49%	0.27%
2	Jose Chakkappan	55,000	0.09%	0.00%	55,000	0.09%	0.00%
3	Jisso C baby	35,000	0.06%	0.00%	35,000	0.06%	0.00%
4	Deena Lijo	30,000	0.05%	0.00%	30,000	0.05%	0.00%
5	Lijo Moothedan	35,000	0.06%	0.00%	35,000	0.06%	0.00%
6	Smitha Boby	55,000	0.09%	0.00%	55,000	0.09%	0.00%

NOTE: 4 **Amount ₹ in lakhs**

RESERVES AND SURPLUS	As at March 31, 2022	As at March 31, 2021
a)Statutory Reserve		
Balance at the beginning of the year	743.97	559.18
Add: Amount transferred from surplus in the Statement of Profit and Loss	86.20	184.79
Balance at the end of the year	**830.17**	**743.97**
b)Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	2,049.65	1,310.47
Profit/ Loss for the year	431.02	923.97
Less: Appropriations		
Dividend Paid	420.00	0.00
Transfer to Statutory reserve	86.20	184.79
Total appropriations	**506.20**	**184.79**
Net surplus in the statement of profit and loss	**1,974.47**	**2,049.65**
Total Reserves and Surplus	**2,804.64**	**2,793.62**

a) Statutory Reserve:
Statutory Reserve represents the Reserve Fund created under Section 45-IC of the Reserve Bank of India Act, 1934. An amount of Rs. 86.2 Lakhs (Previous Year – Rs 184.79 Lakhs) representing 20% of Net Profit is transferred to the Fund for the year. No appropriation was made from the Reserve Fund during the year.

NOTE: 5 **Amount ₹ in lakhs**

Long-term borrowings	As at March 31, 2022	As at March 31, 2021
Secured		
Non-convertible Debentures - Private placement (Note no.32)	657.74	1,807.83
Canara Bank Term Loan (Note no. 34)	664.00	0.00
Unsecured		
Unsecured Subordinated Debt (Note no.33)	13,878.45	14,611.75
Loans and Advances From Related Parties		
Loan from Director	0.00	57.00
Total	**15,200.19**	**16,476.58**
The above amount includes		
Secured borrowings	1,321.74	1,807.83
Unsecured borrowings	13,878.45	14,668.75
Total	**15,200.19**	**16,476.58**

NOTE:6 **Amount ₹ in lakhs**

Other long term liabilities	As at March 31, 2022	As at March 31, 2021
Non Current Portion of:		
Interest accrued on Non-Convertible Debentures	20.38	47.92
Interest accrued on Subordinated Debts	2,196.19	2,003.54
Total	**2,216.57**	**2,051.46**

NOTE: 7 **Amount ₹ in lakhs**

Long term provision	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits:		
Provision for Gratuity	130.04	117.95
Total	**130.04**	**117.95**

NOTE: 8 **Amount ₹ in lakhs**

Short Term Borrowings	As at March 31, 2022	As at March 31, 2021
Loans Repayable on Demand		
Secured		
Canara Bank Term Loan (Note no.34)	336.00	0.00
SBI Term Loan (Note no.34)	39.72	207.99
SBI Cash Credit Account	2,492.93	2,501.60
DLB Cash Credit Account	392.51	0.00
Others		
Secured		
Non-convertible Debentures (Refer note 32)	4,299.69	4,881.21
Unpaid matured NCD (Refer note 32)	64.15	52.53
	4,363.84	4,933.74

Unsecured		
Subordinated Debt (Refer note 33)	3,227.70	1,799.05
Unpaid matured Subordinated Debt (Refer note 33)	171.55	49.10
	3,399.25	1,848.15
Total	**11,024.25**	**9,491.48**
(a)Aggregate Loans Guaranteed by Directors	3,261.16	2,709.59
(b)Aggregate Loans Guaranteed by Related parties	3,261.16	2,709.59

Refer note 45 for details of collateral security offered for borrowings.

NOTE: 9 **Amount ₹ in lakhs**

Other current liabilities	As at	
	March 31, 2022	**March 31, 2021**
Current Maturities of Long-term Borrowings:		
Interest accrued on debentures	169.83	210.82
Interest accrued on Subordinated Debt	909.07	361.95
Others:		
Statutory Dues Payable (Note No:27)	62.17	66.52
Employee Related Payables	9.80	146.69
Retention Money Payable	7.86	5.67
Rent Payable	50.36	47.68
Expenses Payable	14.36	20.13
Others(Note No:28)	495.04	511.61
Total	**1,718.49**	**1,371.07**
(a) Due to Related Party	0.41	0.41

NOTE: 10 **Amount ₹ in lakhs**

Short Term Provisions	As at	
	March 31, 2022	**March 31, 2021**
Provision for employee benefits:		
Provision for Gratuity	22.08	12.99
Other provisions		
Provision for suit filed	8.00	8.00
Provision for Cash Missing	5.00	0.00
Provisions for taxation (Net of Advance tax and TDS)	0.00	28.33
Contingent Provision for Standard Assets	87.81	84.76
Provision for Non Performing Assets	77.74	62.42
Total	**200.63**	**196.50**

NOTE:11

Property Plant & Equipment

Amount ₹ in lakhs

	Gross Block				Depreciation					Net Block	
Description	**As at 01.04.2021**	**Additions**	**Deductions**	**As at 31.03.2022**	**As at 01.04.2021**	**For the Year**	**Deductions**	**Other Adjustments**	**As at 31.03.2022**	**31.03.2022**	**31.03.2021**
Furniture & Fixtures	1,972.99	126.72	0.07	2,099.64	1,398.10	185.15	0.06	0.00	1,583.19	516.45	574.89
Plant & Equipment	610.73	50.44	13.77	647.40	231.76	39.39	5.74	0.00	265.41	381.99	378.96
Computer	143.81	23.45	4.27	163.00	124.07	7.86	3.65	0.00	128.28	34.72	19.74
Electrical Fittings	153.13	0.85	0.00	153.98	108.74	14.70	0.00	0.00	123.44	30.54	44.39
Vehicles	21.93	0.00	0.00	21.93	9.62	1.60	0.00	0.00	11.22	10.71	12.32
RCC Frame Structure	536.73	0.00	2.60	534.12	122.88	7.68	0.46	0.00	130.10	404.02	413.85
TOTAL	**3,439.32**	**201.46**	**20.71**	**3,620.07**	**1,995.17**	**256.38**	**9.91**	**0.00**	**2,241.64**	**1,378.43**	**1,444.15**
Previous Year	**3,314.68**	**140.66**	**16.02**	**3,439.32**	**1,745.61**	**259.74**	**9.92**	**(0.26)**	**1,995.17**	**1,444.15**	**1,569.07**

Intangible Assets

Amount ₹ in lakhs

	Gross Block				Depreciation					Net Block	
Description	**As at 01.04.2021**	**Additions**	**Deductions**	**As at 31.03.2022**	**As at 01.04.2021**	**Additions**	**Deductions**	**Other Adjustments**	**As at 31.03.2022**	**31.03.2022**	**31.03.2021**
Software	87.00	0.00	0.00	87.00	56.89	8.06	0.00	0.00	64.95	22.05	30.11
TOTAL	**87.00**	**0.00**	**0.00**	**87.00**	**56.89**	**8.06**	**0.00**	**0.00**	**64.95**	**22.05**	**30.11**
Previous Year	**87.00**	**0.00**	**0.00**	**87.00**	**48.19**	**8.70**	**0.00**	**0.00**	**56.89**	**30.11**	**38.81**

NOTE: 12

Amount ₹ in lakhs

Capital work-in-progress	As at March 31, 2022	As at March 31, 2021
Work in Progress	109.59	20.63
Total	**109.59**	**20.63**

12.1. Ageing of Capital work in progress

As on 31.03.2022 Amount ₹ in lakhs

Particulars	Ageing period				Total
	Less than one year	1-2 years	2-3 years	More than 3 Years	
Capital Work In Progress- Branches:					
Tamilnadu	11.46	0.00	0.00	0.00	11.46
Kerala	29.51	0.00	0.00	0.00	29.51
Karnataka	68.62	0.00	0.00	0.00	68.62
TOTAL	**109.59**	**0.00**	**0.00**	**0.00**	**109.59**

As on 31.03.2021 Amount ₹ in lakhs

Particulars	Ageing period				Total
	Less than one year	1-2 years	2-3 years	More than 3 Years	
Capital Work In Progress- Branches:					
Tamilnadu	13.48	0.00	0.00	0.00	13.48
Kerala	7.15	0.00	0.00	0.00	7.15
TOTAL	**20.63**	**0.00**	**0.00**	**0.00**	**20.63**

NOTE: 13

Amount ₹ in lakhs

Deferred Tax Assets	As at March 31, 2022	As at March 31, 2021
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting.	13.08	(5.89)
Gross deferred tax liability	**13.08**	**(5.89)**
Deferred tax asset		
Provision for substandard asset	0.00	13.73
Provision for Gratuity	33.47	28.81
Gross deferred tax asset	**33.47**	**42.54**
Net Deferred Tax Asset	**46.55**	**36.65**

Note: Deferred tax on provision for standard assets and non performing assets is not considered since the company is claiming deduction under section 36(1)(viia) of the Income Tax Act 1961.

Amount ₹ in lakhs

NOTE: 14

Long Term Loans and Advances	As at March 31, 2022	As at March 31, 2021
Loan Portfolio		
Secured		
GSL Account	970.47	1,823.18
Total	**970.47**	**1,823.18**
Secured		
(a)Secured considered good	970.47	1,821.34
(b)Secured-Substandard	0.00	1.84
(c)Secured Doubtful	0.00	0.00
(d)Secured Loss asset	0.00	0.00
Unsecured		
(a)Unsecured Considered Good	0.00	0.00
(b)Unsecured-Substandard	0.00	0.00
(c)Unsecured Doubtful	0.00	0.00
(d)Unsecured Loss asset	0.00	0.00
(d)Loans and Advances due by Directors or the officers of the Company or any of them either severally of Jointly with any other person	0.00	0.00
(e)Loans and Advances due by Partnership firms or Private companies respectively in which director is a partner or a director or member	0.00	0.00

Amount ₹ in lakhs

NOTE: 15

Other Non Current Assets	As at March 31, 2022	As at March 31, 2021
Security Deposits		
Unsecured Considered Good		
Rental deposits	454.48	384.17
Other Security Deposits	10.57	10.57
Total	**465.05**	**394.74**

NOTE: 16

Amount ₹ in lakhs

Cash and bank balances	As at March 31, 2022	As at March 31, 2021
Cash and Bank Balances		
Balances with banks	279.62	333.01
Cash on hand	279.10	119.67
Total	**558.72**	**452.68**

NOTE: 17 **Amount ₹ in lakhs**

Short Term Loans and Advances	As at March 31, 2022	As at March 31, 2021
Loan Portfolio		
Secured		
Gold Loan	27,625.48	27,791.34
GSL Account	2,900.62	1,453.76
Unsecured		
Micro Finance Loan	3,063.61	2,639.14
Consumption loans	533.12	430.95
Insta Loan	414.99	0.00
Total	**34,537.82**	**32,315.19**
Secured		
(a)Secured considered good	30,297.95	29,130.87
(b)Secured-Substandard	167.13	62.96
(c)Secured Doubtful	24.96	14.94
(d)Secured Loss asset	36.06	36.33
Unsecured		
(a)Unsecured Considered Good	3,856.01	2,952.59
(b)Unsecured-Substandard	154.57	116.77
(c)Unsecured Doubtful	1.14	0.73
(d)Unsecured Loss asset	0.00	0.00
(d)Loans and Advances due by Directors or the officers of the Company or any of them either severally of Jointly with any other person	0.00	0.00
(e)Loans and Advances due by Partnership firms or Private companies respectively in which director is a partner or a director or member	0.00	0.00

NOTE: 18 **Amount ₹ in lakhs**

Other Current Asset	As at March 31, 2022	As at March 31, 2021
Interest Accrued on Loan Portfolio	924.89	1,879.27
	924.89	**1,879.27**
Prepaid Expenses	9.15	9.27
Advances Recoverable in Cash or Kind		
Unsecured, considered good		
Other Advances & Receivable*	98.02	92.8
Advance Tax and TDS (Net of Provision)	174.07	0.00
Total	**1,206.13**	**1,981.34**
*** (a) Due from Related Party**	**32.95**	**25.51**

NOTE: 19 **Amount ₹ in lakhs**

Contingent Liabilities	As at March 31, 2022	As at March 31, 2021
Claims against the Company not acknowledged as debts (Note No.43)	137.57	137.57
Total	**137.57**	**137.57**

NOTE: 20 **Amount ₹ in lakhs**

Revenue from operations	March 31, 2022	March 31, 2021
Interest Income		
- Gold loans	5,732.67	5,762.46
- Micro Finance	395.05	589.00
-GSL	593.86	678.25
-Consumption Loans	59.47	50.22
-Insta Loan	13.74	0.00
Revenue From other services		
- Commission etc.	242.82	168.16
- Service Charge, Documentation Fee etc.	151.13	109.90
Total	**7,188.74**	**7,357.99**

NOTE: 21 **Amount ₹ in lakhs**

Other Income	March 31, 2022	March 31, 2021
Interest income on Bank and other deposits	45.23	22.01
Rental Income	91.53	91.53
Auction charges recovered	0.50	0.06
Auction Loss recovery	0.07	0.00
Bad Debt Recovered	6.16	0.99
Creditors written back	0.42	0.00
Provision written back	0.00	0.97
Total	**143.91**	**115.56**

NOTE: 22 **Amount ₹ in lakhs**

Finance Cost	March 31, 2022	March 31, 2021
Interest		
- on Debentures	690.82	840.85
- on Subordinate Debts	2348.15	1,969.92
- on SBI Cash Credit	79.91	77.59
- on SBI Term Loan	8.37	18.43
- on Canara Bank Loan	53.85	0.00
- on DLB Cash Credit	7.89	0.00
- on NCD Application Money	10.07	17.76
Other borrowing cost:		
- Bank Charges	17.57	17.16
-Loan Processing Fee	5.13	13.57
- Interest on Short fall of Advance tax	0.00	8.33
- Commission paid	15.47	0.84
Total	**3,237.23**	**2,964.45**

NOTE: 23 **Amount ₹ in lakhs**

Employee Benefit expense	March 31, 2022	March 31, 2021
Salaries, Wages, Exgratia and Bonus	1,827.78	1,648.45
Contribution to Provident Fund, ESI etc.	78.34	71.19
Incentive	127.66	161.47
Gratuity	32.87	39.64
Staff welfare expenses	1.24	0.91
Total	**2,067.89**	**1,921.66**

NOTE: 24 **Amount ₹ in lakhs**

Other expenses	March 31, 2022	March 31, 2021
Electricity	64.32	65.49
AMC Charges	15.29	23.84
Software Maintenance	19.51	15.07
Rent	622.02	582.49
Rates and Taxes	8.45	5.95
Insurance	6.44	6.32
Repairs and Maintenance	26.08	32.82
Advertising and Sales Promotion	13.13	12.74
Office Expenses	101.26	88.51
Travelling and conveyance	98.46	71.64
Communication Costs	61.42	57.04
Printing and Stationery	24.13	21.80
Payment to Auditors:		
Statutory audit fee	4.20	4.20
Legal and Professional fees	28.00	24.06
Security Charges	8.05	9.36
Provision for Standard Asset & NPA (Note no. 38)	18.37	28.40
Provision for Cash Missing	5.00	0.00
CSR Expense	23.30	18.46
Loss on sale of Fixed Asset	7.39	4.00
Miscellaneous Expenses	3.09	2.06
Total	**1,157.91**	**1,074.25**

NOTE: 25 **Amount ₹ in lakhs**

Depreciation and amortization expense	March 31, 2022	March 31, 2021
Depreciation of Tangible Assets	256.38	259.74
Amortization of Intangible Assets	8.06	8.70
Total	**264.44**	**268.44**

26.Earnings Per Share

Amount ₹ in lakhs

Particulars		Before Extra-ordinary Item		After extraordinary items	
		31 March 2022	**31 March 2021**	**31 March 2022**	**31 March 2021**
(a) Basic					
Profit after tax (in Lakh)		431.02	923.97	431.02	923.97
Less : Transfer to Appropriation		0.00	0.00	0.00	0.00
Adjusted Net Profit for the year	A	431.02	923.97	431.02	923.97
Weighted Average Number of Shares Outstanding	B	6,00,00,000	6,00,00,000	6,00,00,000	6,00,00,000
Basic EPS (Rs)	**A/B**	**0.72**	**1.54**	**0.72**	**1.54**
(b) Diluted					
Profit after tax (in Lakh)	A	431.02	923.97	431.02	923.97
Less : Transfer to Appropriation	B	0.00	0.00	0.00	0.00
Add: Interest expense on convertible debentures (net of tax)	C	0.00	0.00	0.00	0.00
Adjusted net profits for the year	D=A-B+C	431.02	923.97	431.02	923.97
Weighted average number of shares outstanding	E	6,00,00,000	6,00,00,000	6,00,00,000	6,00,00,000
Add: Weighted average number of potential equity shares on account of employee stock options	F	0.00	0.00	0.00	0.00
Add: Weighted average number of potential equity shares on account of convertible debentures	G	0.00	0.00	0.00	0.00
Weighted average number of shares outstanding for diluted EPS	H	6,00,00,000	6,00,00,000	6,00,00,000	6,00,00,000
Diluted EPS (Rs)	D/H	**0.72**	**1.54**	**0.72**	**1.54**
Face value per share (Rs 10)		10.00	10.00	10.00	10.00

27. Statutory dues Payable:

Amount ₹ in lakhs

Particulars	As on 31.03.2022	As on 31.03.2021
Goods & Service Tax	23.56	21.83
Employee State Insurance & Provident fund	10.92	10.84
Tax Deducted at Source	26.38	32.90
Others	1.31	0.95
TOTAL	**62.17**	**66.52**

28. Other current liabilities - Others

Amount ₹ in lakhs

Particulars	As on 31.03.2022	As on 31.03.2021
Insurance Premium on Loans	73.21	46.21
Advance EMI Collected	362.48	310.75
NCD Matured Payable	5.53	0.00
Auction Surplus Payable	*27.69	1.03
Others	26.13	153.63
TOTAL	**495.04**	**511.62**

* Of this, Rs: 23.17 lakhs represents cheques given to borrowers for the surplus on auction, but not presented in bank by them. Corresponding figure of previous year is Rs: 22.80 lakhs which is included in the bank balances of the previous year and appearing as a reconciling item.

29. Micro, Medium and Small Enterprises:

Based on and to the extent of the information received by the company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act,2006 (MSMED Act) and relied upon by the auditors, there are no amounts due to MSME as at 31 March 2022.

The relevant particulars as at the year-end as required under the MSMED Act are furnished here below:

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
(a) Principal amount due and remaining unpaid to suppliers as at the year end	0.00	0.00
(b) Interest accrued and due to suppliers on the above amount as at the year end	0.00	0.00
(c) Interest paid to suppliers in terms of section 16 of the MSMED Act	0.00	0.00
(d) Payment made to suppliers (other than interest) beyond the appointed day, during the year	0.00	0.00
(e) Interest paid to suppliers (other than section 16 of the MSMED Act)	0.00	0.00
(f) Interest due and payable to suppliers for payments already made (for the period of delay, if any)	0.00	0.00
(g) Interest accrued and remaining unpaid at the year end	0.00	0.00
(h) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	0.00	0.00
Total	**0.00**	**0.00**

30. The Honourable Supreme Court, in the case of Nedumpilly Finance Company Ltd v State of Kerala & ORS, has ruled that the Kerala Moneylenders Act 1958 is not applicable for NBFCs registered under the RBI

31.Analytical Ratios

Sl. No.	Ratio	Numerator	Denominator	Current Period	Previous Period	% Variance	Reason for Variance
1	Current Ratio	Current Asset	Current Liability	2.80	3.14	(10.83%)	
2	Debt Service Coverage Ratio	Earnings Available for debt services	Debt Service	0.49	0.70	(30.00%)	Note 1
3	Capital Turnover Ratio	Turnover	Average Working Capital	0.31	0.32	(3.13%)	
4	Net Profit Ratio	Net Profit	Turnover	0.06	0.12	(50.00%)	Note 1
5	Return Capital Employed(Pre-Tax)	EBIT	Capital Employed	0.10	0.11	(9.09%)	
6	Return on Equity	(PAT-Pref. Dividend)	Net Worth	0.05	0.11	(54.55%)	Note 1
7	Cash Ratio	Cash & Cash Equivalents	Current Liability	0.04	0.04	0.00%	
8	Debt Ratio	Total Outside Liability	Net Worth	3.43	3.34	2.69%	
9	Debt To Total Asset Ratio	Total Outside Liability	Total Assets	0.77	0.76	1.32%	
10	Interest Coverage Ratio	EBIT	Interest	1.19	1.43	(16.78%)	
11	Tier I capital	Tier I capital	Risk Weighted Assets	0.23	0.23	0.00%	
12	Tier II capital	Tier II capital	Risk Weighted Assets	0.12	0.12	0.00%	
13	CRAR	Tier I Capital+ Tier II capital	Risk Weighted Assets	0.35	0.35	0.00%	

Note 1. During the year there was a drop in revenues on account of a mix of factors including lower loan off take and COVID 19 related setbacks. There was an excess of idle funds which could not be disbursed in time on account of lockdown restrictions and hence the borrowing cost was higher during the year. These factors along with others resulted in lower earnings and profit before tax as compared to the previous year.

32. Notes on Non-Convertible Debentures (NCDs) issued under Private Placement.

i. Nature of Securities

Debentures Secured by a floating charge on the book debts of the company on loan receivables & other unencumbered assets having a market value equivalent to 110% of outstanding balance of debentures.

ii. Classification of Debentures as Current and Non-Current

Company has classified the debentures as current and non-current based on the earliest put option available to debenture holders. The actual redemption pattern may be different since the debenture holders have the right to waive their put option. If they are classified as current and non-current based on the original maturity, current maturity may be less than the amount what we have recognized now.

iii. Details of rate of interest and maturity pattern from the date of the balance sheet are as under:

As on 31st March 2022 **Amount ₹ in lakhs**

Redeemable at par within	**<=13.5%**	**>13.5%<=14.5%**	**>14.5%<=16.1%**	**>16.1%<=30%**	**Total**
Long-term Borrowings					
2-3years	150.50	0.00	0.00	0.00	150.50
1-2 years	507.18	0.00	0.00	0.06	507.24
Total	**657.68**	**0.00**	**0.00**	**0.06**	**657.74**
Current maturities of Long-term Borrowings					
Less than one year	4,357.73	0.41	0.10	5.60	4,363.84
Total	**4,357.73**	**0.41**	**0.10**	**5.60**	**4,363.84**
Grand Total	**5,015.41**	**0.41**	**0.10**	**5.66**	**5,021.58**

As on 31st March 2021 **Amount ₹ in lakhs**

Redeemable at par within	**<=13.5%**	**>13.5%<=14.5%**	**>14.5%<=16.1%**	**>16.1%<=30%**	**Total**
Long-term Borrowings					
Above 4 years	0.00	0.00	0.00	0.00	0.00
3-4 years	0.00	0.00	0.00	0.00	0.00
2-3years	312.47	0.00	0.00	0.06	312.53
1-2 years	1,494.71	0.00	0.00	0.59	1495.30
Total	**1,807.18**	**0.00**	**0.00**	**0.65**	**1,807.83**
Current maturities of Long-term Borrowings					
Less than one year	4,923.02	0.44	5.20	5.09	4,933.74
Total	**4,923.02**	**0.44**	**5.20**	**5.09**	**4,933.74**
Grand Total	**6,730.20**	**0.44**	**5.20**	**5.74**	**6,741.57**

iv. Non-Convertible Debentures series wise outstanding balance as on Balance sheet Date

Amount ₹ in lakhs

Particulars	**2021-2022**	**2020-2021**
NCD 2012/05	0.29	0.38
NCD 2012/06	47.56	114.04
NCD 2012/07	424.63	715.30
NCD 2012/08	105.56	194.25
NCD 2012/09	1103.16	1340.25
Sub Total	**1681.20**	**2364.22**
NCD 2013/10	189.13	193.23
Sub Total	**189.13**	**193.23**
NCD 2015/XII	0.00	39.00
NCD 2015/XIIIA	0.00	136.00
NCD 2015/XIIIC	0.00	15.00
NCD 2015/XIIID	0.00	51.00
NCD 2015/XIIIE	3.00	216.89
Sub Total	**3.00**	**457.89**
NCD 2016/XVA	25.00	25.00
NCD 2016/XVB	55.00	67.00
NCD 2016/XVC	56.00	56.00

NCD 2016/XVE	50.00	60.00
NCD 2016/XVF	63.25	116.55
Sub Total	**249.25**	**324.55**
NCD 2017/XVIB	27.25	27.25
NCD 2017/XVIC	25.10	33.60
NCD 2017/XVID	74.50	80.50
NCD 2017/XVIE	23.50	28.50
Sub Total	**150.35**	**169.85**
NCD 2018-19/17A	15.00	15.00
NCD 2018-19/17B	0.00	18.00
NCD 2018-19/17C	0.00	70.00
Sub Total	**15.00**	**103.00**
NCD 2019-20/18A	320.00	374.00
NCD 2019-20/18B	57.00	87.00
Sub Total	**377.00**	**461.00**
19-20 –DEMAT - XIV	0.00	35.00
19-20 –DEMAT - XV	0.00	20.50
19-20 –DEMAT - XVI	47.10	47.10
19-20 –DEMAT - XVII	13.00	13.00
19-20 –DEMAT - XVIII	0.00	150.00
19-20 –DEMAT - XIX	0.00	50.00
19-20 –DEMAT - XXI	0.00	18.00
19-20 –DEMAT - XXII	0.00	31.50
19-20 –DEMAT - XXIII	29.00	29.00
19-20 –DEMAT - XXIV	32.70	32.70
19-20 –DEMAT - XXV	0.00	150.00
19-20 –DEMAT -XXVII	0.00	84.50
19-20 –DEMAT - XXVIII	0.00	6.00
19-20 –DEMAT - XXIX	15.00	15.00
19-20 –DEMAT - XXX	10.00	10.00
Sub Total	**146.80**	**692.30**
20-21- DEMAT -I	0.00	115.35
20-21- DEMAT -II	20.00	20.00
20-21- DEMAT -III	27.00	27.00
20-21- DEMAT -IV	23.50	23.50
20-21- DEMAT-V	0.00	167.00
20-21 DEMAT-VI	41.75	41.75
20-21 - DEMAT- VII	30.00	30.00
20-21 –DEMAT - VIII	29.00	29.00
20-21–DEMAT – IX	6.00	6.00
20-21- DEMAT -X	0.00	299.20
20-21- DEMAT -XI	0.00	10.00
20-21- DEMAT -XII	39.00	39.00
20-21- DEMAT –XIII	17.00	17.00
20-21- DEMAT -XIV	37.00	37.00
20-21- DEMAT -XV	10.00	10.00
20-21 DEMAT-XVI	0.00	235.05

20-21 DEMAT-XVII	4.00	4.00
20-21 DEMAT-XVIII	10.00	10.00
20-21 DEMAT-XIX	20.00	20.00
20-21 DEMAT-XX	7.45	7.45
20-21 DEMAT-XXI	0.00	95.00
20-21 DEMAT-XXII	94.00	94.00
20-21 DEMAT -XXIII	100.00	100.00
20-21 DEMAT-XXIV	0.00	413.70
20-21 DEMAT-XXV	25.00	25.00
20-21 DEMAT-XXVI	35.00	35.00
20-21 DEMAT-XXVII	12.00	12.00
Sub Total	**587.70**	**1923.00**
21-22 DEMAT-I	287.50	0.00
21-22 DEMAT-II	34.00	0.00
21-22 DEMAT-III	19.50	0.00
21-22 DEMAT-IV	10.00	0.00
21-22 DEMAT-V	21.50	0.00
21-22 DEMAT-VI	7.00	0.00
21-22 DEMAT-VII	372.50	0.00
21-22 DEMAT-VIII	72.50	0.00
21-22 DEMAT-IX	27.50	0.00
21-22 DEMAT-X	8.00	0.00
21-22 DEMAT-XI	67.00	0.00
21-22 DEMAT-XII	10.00	0.00
21-22 DEMAT-XIII	128.00	0.00
21-22 DEMAT-XIV	10.00	0.00
21-22 DEMAT-XV	10.00	0.00
21-22 DEMAT-XVI	7.00	0.00
21-22 DEMAT-XVII	5.00	0.00
21-22 DEMAT -XVIII	149.00	0.00
21-22 DEMAT- XIX	23.00	0.00
21-22 DEMAT- XX	17.00	0.00
21-22 DEMAT- XXI	15.00	0.00
21-22 DEMAT -XXII	14.00	0.00
21-22 DEMAT XXIII	86.00	0.00
21-22 DEMAT XXIV	135.00	0.00
21-22 DEMAT XXV	11.00	0.00
21-22 DEMAT XXVI	11.00	0.00
Sub Total	**1558.00**	**0.00**
Total	**4957.43**	**6689.04**
Matured but not paid	64.15	52.53
Grand Total	**5021.58**	**6741.57**

33. Notes on Subordinated Debt Certificates (issued under Private Placement)

Details of rate of interest and maturity pattern from the date of the balance sheet are as under:

As on 31st March 2022 — **Amount ₹ in lakhs**

Redeemable at par within	<=13.5%	>13.5%<=14.5%	>14.5%<=16.1%	>16.1%<=30%	Total
Long-term Borrowings					
Above 5 years	854.60	0.00	0.00	0.00	854.60
4-5 Years	2,676.30	0.00	0.00	0.00	2,676.30
3-4 years	3,889.60	0.00	531.85	8.70	4,430.15
2-3 Years	2,871.45	0.00	418.25	25.00	3,314.70
1-2 years	2,597.70	0.00	5.00	0.00	2,602.70
Total	**12,889.65**	**0.00**	**955.10**	**33.70**	**13,878.45**
Current maturities of Long-term Borrowings					
Less than one years	3,390.90	1.00	7.35	0.00	3,399.25
Total	**3,390.90**	**1.00**	**7.35**	**0.00**	**3,399.25**
Grand Total	**16,280.55**	**1.00**	**962.45**	**33.70**	**17,277.70**

As on 31st March 2021 — **Amount ₹ in lakhs**

Redeemable at par within	<=13.5%	>13.5%<=14.5%	>14.5%<=16.1 %	>16.1%<=30%	Total
Long-term Borrowings					
Above 5 years	1,039.00	0.00	0.00	0.00	1,039.00
4-5 Years	3,887.10	0.00	531.85	8.70	4,427.65
3-4 years	2,871.45	0.00	418.25	25.00	3,314.70
2-3 Years	2,597.70	0.00	5.00	0.00	2,602.70
1-2 years	3,227.70	0.00	0.00	0.00	3,227.70
Total	**13,622.95**	**0.00**	**955.10**	**33.70**	**14,611.75**
Current maturities of Long-term Borrowings					
Less than one years	1,837.70	1.00	9.45	0.00	1,848.15
Total	**1,837.70**	**1.00**	**9.45**	**0.00**	**1,848.15**
Grand Total	**15,460.65**	**1.00**	**964.55**	**33.70**	**16,459.90**

34.Long term Borrowings (Term Loan)

Amount ₹ in lakhs

Particulars	March 31, 2022			March 31, 2021		
	Current	Non-Current	Total	Current	Non-Current	Total
Canara Bank	336.00	664.00	**1,000.00**	0.00	0.00	**0.00**
State Bank of India	39.72	0.00	**39.72**	207.99	0.00	**207.99**
TOTAL	**375.72**	**664.00**	**1,039.72**	**207.99**	**0.00**	**207.99**

35. During the year Company has repaid loan of amount Rs 57 lakhs to Mr. Boby C.D, Director and Chairman of the Company. An agreement was executed on March 30th,2019 between Mr. Boby C.D and the Company containing terms and conditions governing loan availed by the Company from Mr. Boby C.D. As per this agreement Mr. Boby C.D has waived his right to receive interest on loan. Therefore, no interest is charged on loan accepted from Mr. Boby C.D during the year.

36. Disclosure as per AS-15

i. Defined Contribution Plan

Amount ₹ in lakhs

Particulars	31 March 2022	31 March 2021
Contribution to Employee's Provident Fund	45.10	38.97
Contribution to Employee's State Insurance	32.01	30.19
Contribution to Employee's Group Insurance	1.23	2.03
TOTAL	**78.34**	**71.19**

37. Defined Benefit Plan Disclosure as per AS-15

Project Unit Credit Actuarial Method was applied to assess the Plan liabilities owing to all forms of admissible exit. The benefit was taken as defined in terms of Payments of Gratuity Act or the Company Gratuity Rules whichever more favourable to the beneficiaries. Gratuity ceiling limit was taken at Rs 20 lakhs.

A) Key Assumptions	As on 31 March 2022	As on 31 March 2021
Mortality Table	Indian Assured Lives Mortality [2012-14] Ultimate	Indian Assured Lives Mortality [2012-14] Ultimate
Attrition Rate Less than or equal to 4 years Above 4 Year	30.00% 5.00%	30.00% 5.00%
Discount Rate	6.96% p.a	6.57% p.a
Rate of increase in compensation level	5.00% p.a.	5.00% p.a.
Rate of Return on Plan Assets	Not Applicable	Not Applicable
Expected Average Remaining Working Lives of Employees (years)	8.64	8.73

Reconciliation of opening and closing balances of the present value of the defined benefit obligation and plan assets:

Amount ₹ in lakhs

Particulars	As on 31 March 2022	As on 31 March 2021
A) Changes in Present Value Obligations		
Present Value of Obligation at the beginning of the period	130.94	107.55
Interest Cost	8.21	6.40
Past Service Cost (Non-Vested)	0.00	0.00
Past Service Cost (Vested)	0.00	0.00
Current Service Cost	27.24	24.39
Benefits Paid	(11.69)	(16.25)
Actuarial (Gain)/Loss	(2.58)	8.85
Defined Benefit Plan at the end of the Year	**152.12**	**130.94**

B) Changes in the Fair Value of Plan Assets	March 2022	March 2021
Fair Value of the Plan Assets at the beginning of the Period	0.00	0.00
Acquisition Adjustments	0.00	0.00
Expected Return on Plan Assets	0.00	0.00
Contributions	0.00	0.00
Benefits Paid	0.00	0.00
Actuarial Gain/(Loss) on Plan Assets	0.00	0.00
Fair Value of Plan Assets at the end of the Period	**0.00**	**0.00**

C) Fair Value of Plan Assets	March 2022	March 2021
Fair Value of Plan Assets at the Beginning of the Period	0.00	0.00
Acquisition Adjustments	0.00	0.00
Actual Return on Plan Assets	0.00	0.00
Contributions	0.00	0.00
Benefits Paid	0.00	0.00
Fair Value of Plan Assets at the end of the period	0.00	0.00
Present Value of Obligations at the end of the Period	152.12	130.94
Funded Status	**(152.12)**	**(130.94)**

D) Actuarial Gain/(Loss) Recognized

Actuarial Gain/(Loss) for the Period – Obligation	2.58	(8.85)
Actuarial Gain/(Loss) for the Period – Plan Assets	0.00	0.00
Total Gain/(Loss) For the Period	2.58	(8.85)
Actuarial Gain/(Loss) recognized in the Period	2.58	(8.85)
Unrecognized actuarial gains/(Losses) at the end of the period	**0.00**	**0.00**

E) The Amounts to be Recognised in Balance Sheet and Statement of Profit and Loss

Defined benefit Obligation	152.12	130.94
Fair Value of Planned assets	0.00	0.00
Funded status-(surplus)/deficit	152.12	130.94
Unrecognised past service (cost)/credit	0.00	0.00
Liability /(Asset) recognised in balance sheet	152.12	130.94

F) Expense Recognized in the Statement of Profit and Loss

Current Service Cost	27.24	24.39
Past Service Cost	0.00	0.00
Interest Cost	8.21	6.40
Expected Return on Plan Asset	0.00	0.00
Curtailment Cost /(Credit)	0.00	0.00
Settlement Cost /(Credit)	0.00	0.00
Net Actuarial (Gain)/Loss Recognized in the period	(2.58)	8.85
Expenses Recognized in the statement of Profit and Loss	**32.87**	**39.64**

G) Movements in Liability Recognized in the Balance sheet		
Opening Net Liability	130.94	107.55
Expenses as above	32.87	39.64
Contributions / Benefits Paid	(11.69)	(16.25)
Closing Net Liability	**152.12**	**130.94**

ii. Note on provision for gratuity

Particulars	As on 31 March 2022	As on 31 March 2021
Short Term Liability Value (current)	22.08	12.99
Long Term Liability value (Non-current)	130.04	117.95
Total value of the obligation	**152.12**	**130.94**

38. Provision for Standard and Non-Performing Assets as per Prudential Norms.

In terms of Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016, Company has made provisions for Standard Assets as well as Non-Performing Assets as per the table below:

a) Gold Loan

Amount ₹ in lakhs

Particulars	Gross Loan Outstanding		Provision For Assets		Net Loan Outstanding	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Standard Assets	27,571.83	27,737.64	68.93	69.34	27,502.90	27,668.29
Sub Standard Assets	5.72	3.19	0.57	0.32	5.15	2.87
Doubtful Asset	11.87	14.18	5.69	7.05	6.18	7.14
Loss Asset	36.06	36.33	36.06	36.33	0.00	0.00
Total	**27,625.48**	**27,791.34**	**111.25**	**113.04**	**27,514.23**	**27,678.30**

b) Other Loans

Amount ₹ in lakhs

Particulars	Gross Loan Outstanding		Provision For Assets		Net Loan Outstanding	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Standard Assets	7,552.61	6,167.16	18.88	15.42	7,533.73	6,151.75
Sub Standard Asset	315.97	178.38	31.60	17.84	284.38	160.54
Doubtful Asset	14.23	1.49	3.82	0.88	10.41	0.60
Loss Asset	0.00	0.00	0.00	0.00	0.00	0.00
Total	**7,882.81**	**6,347.03**	**54.30**	**34.14**	**7,828.52**	**6,312.89**

c) Total - Gold and Other Loans

Amount ₹ in lakhs

Particulars	Gross Loan Outstanding		Provision For Assets		Net Loan Outstanding	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Standard Assets	35,124.44	33,904.80	87.81	84.76	35,036.63	33,820.04
Sub Standard Asset	321.69	181.57	32.17	18.16	289.52	163.41
Doubtful Asset	26.10	15.67	9.51	7.93	16.59	7.74
Loss Asset	36.06	36.33	36.06	36.33	0.00	0.00
Grand Total - All Loans	**35,508.29**	**34,138.37**	**165.55**	**147.18**	**35,342.74**	**33,991.19**

• Provision on Loans and Advances

Amount ₹ in lakhs

Particulars	March 31, 2022	March 31, 2021
Opening balance	147.18	118.78
Add: Provided During the year:		
Provision for Standard asset & NPA	18.37	28.40
Less: Excess provision for standard Asset Reversed	0.00	0.00
Closing balance	**165.55**	**147.18**

• Gross and Net Non-performing Asset

Particulars	31 March 2022		31 March 2021	
	Amount ₹ in lakhs	% on Total Loans	Amount ₹ in lakhs	% on Total Loans
Gross Nonperforming Asset	383.85	1.08%	233.57	0.68%
Less: Provision for Non-performing Asset	(77.74)	-	(62.42)	-
Net Non-performing Asset	306.11	0.86%	171.15	0.50%

39.Capital to Risk Asset Ratio [CRAR]

Amount ₹ in lakhs

Particulars	31 March 2022	31 March 2021
Tier I Capital	8,736.04	8,726.86
Tier II Capital	4,455.81	4,447.76
Total	**13,191.85**	**13,174.62**
Risk Weighted Assets	37,600.46	37,900.83
CRAR	35.08%	34.76%
CRAR - Tier I capital	23.23%	23.03%
CRAR - Tier II capital	11.85%	11.74%

Calculation of Tier I Capital

Particulars	31 March 2022	31 March 2021
Paid Up Share Capital	6,000.00	6,000.00
Capital Reserve	0.00	0.00
Statutory Reserve	830.17	743.97
General Reserve	0.00	0.00
Profit & Loss Account	1,974.47	2,049.65
Total	**8,804.64**	**8,793.62**
Less:		
Intangible Asset	22.05	30.11
Deferred Tax Asset	46.55	36.65
Total	**68.60**	**66.76**
Tier I Capital	**8,736.04**	**8,726.86**

Calculation of Tier II Capital

Particulars	31 March 2022	31 March 2021
Subordinate Debt	4,368.00	4,363.00
Provision for standard assets	87.81	84.76
Tier II Capital	**4,455.81**	**4,447.76**

Calculation of Risk Weighted Assets

Weighted risk assets - On Balance Sheet items		**Value of Asset**	**% of Weight**	**Risk Weighted Asset**
1. On-Balance Sheet Assets				
	(i) Cash and bank balances including fixed deposits and certificates of deposits with banks	558.72	0%	0.00
	(ii) Investments			
a.	Approved Securities	0.00	0%	0.00
b.	Bonds of public sector banks	0.00	20%	0.00
c.	Fixed deposits / certificates of deposits /bonds of public financial institutions	0.00	100%	0.00
d.	Shares of all companies and debentures / bonds/ commercial papers of all companies and units of all mutual funds	0.00	100%	0.00
	(iii) Current Assets			
a.	Stock on hire (net book value)	0.00	100%	0.00
b.	Intercorporate loans / deposits	0.00	100%	0.00
c.	Loans and advances fully secured against deposits held by the company itself	0.00	0%	0.00
	Loans to staff	0.00	0%	0.00

d.				
e.	Other secured loans and advances considered good (Net of Provision)	30,386.79	100%	30,386.79
f.	Bills purchased / discounted	0.00	100%	0.00
g.	Others :			
	Advances	0.00	100%	0.00
	Other current & non current assets	1,671.17	100%	1,671.17
	Other Loans and advance(Net of provision)	3,985.48	100%	3,985.48
	(iv) Fixed Assets (net of depreciation)			
a.	Assets leased out (net book value)	0.00	100%	0.00
b.	Premises	0.00	100%	0.00
c.	Furniture & Fittings	516.45	100%	516.45
d.	Other Fixed Assets	861.98	100%	861.98
	(v) Other Assets			
a.	Income tax deducted at source(Net of Provision)	226.80	0%	0.00
b.	Advance tax paid	125.00	0%	0.00
c.	Interest due on Government Securities	0.00	0%	0.00
d.	Deferred Tax Asset	46.55	0%	0.00
e.	Intangible Asset	22.05	0%	0.00
f.	Capital Work In Progress	109.59	100%	109.59
2. Off Balance Sheet Items				
	(i) Credit Against the Company not acknowledged as debt	137.57	50%	69.00
	Total	**38,648.15**		**37,600.46**

40. Loan to Asset Value

Amount ₹ in lakhs

Particulars	**31 March 2022**	**31 March 2021**
Gold Loan	27,625.48	27,791.34
Total Assets	39,294.81	38,470.38
% of Gold Loan to total Assets	**70.30%**	**72.24%**

41. Leverage Ratio

Amount ₹ in lakhs

Particulars	**31 March 2022**	**31 March 2021**
Total Liabilities	39,294.81	38,498.67
Less: Share Capital	6,000.00	6,000.00
Less: Reserves & Surplus	2,804.64	2,793.63
Less: Provision	200.62	196.50
Total Outside Liabilities (A)	**30,289.55**	**29,508.54**
Share Capital	6,000.00	6,000.00
Reserves and Surplus	2,804.64	2,793.63
Less: Differed revenue expenditure	9.15	9.27
Less: Intangible Asset	22.05	30.11
Less: Deferred Tax Asset	46.55	36.65
Total Owned Funds (B)	**8,726.89**	**8,717.60**
Leverage Ratio (A) / (B)	**3.47**	**3.38**

42. Additional disclosures as required by circular no DNBS.CC.PD.No.356/03.10.01/2013-2014 dated September 16, 2013 issued by the Reserve Bank of India:

Auction of Gold ornaments pledged as security in the defaulted loan accounts

Number of Loan Accounts	Principal Amount outstanding at the dates of auction (Rs in Lakhs)	Interest Amount outstanding at the dates of auction (Rs in Lakhs)	Total (Rs in Lakhs)	Value fetched (Rs in Lakhs)	Surplus (Rs in Lakhs)	Deficit (Rs in Lakhs)
6184	2,821.48	1026.50	3,847.98	3,459.42	7.61	396.17

Note:
No sister concerns participated in the auctions during the year ended March 31, 2022

43. Pending Litigations on the Financial position of the Company

Claims against the Company not acknowledge as debts.	March 31, 2022	March 31, 2021
(i)Income Tax demand for the A.Y. 2012-13	0.00	0.00
Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2012-2013. Appeal is filed by the company against the order under sec 143(3) of the Income Tax act 1961, issued by the income tax officer, ward1(2), Thrissur making an addition by disallowing various expenditures. The addition did not increase the tax liability of the company but it has reduced the carry forward losses to the subsequent years. The total amount of addition is Rs: 95.87 Lakhs		
(ii)Income Tax demand for the A.Y. 2013-14	0.00	0.00
Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2013-2014. Appeal is filed by the company against the order under sec 143(3) of the Income Tax act 1961, issued by the Assistant Commissioner of Income-Tax, Circle-1(1), Thrissur making an addition by disallowing expenditure. The addition did not increase the tax liability of the company but it has reduced the carry forward losses to the subsequent years. The total amount of addition is Rs: 98.59 Lakhs		
(iii)Income Tax demand for the A.Y. 2014-15	0.00	0.00
Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2014-2015. Appeal is filed by the company against the order under sec 143(3) of the Income Tax act 1961, issued by the Assistant Commissioner of Income-Tax, Circle-1(1), Thrissur making an addition by disallowing expenditure. The addition did not increase the tax liability of the company but it has reduced the carry forward losses to the subsequent years. The total amount of addition is Rs: 126.55 Lakhs.		
(v)Income Tax demand for the A.Y. 2017-18	137.57	137.57
Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2017-18. Appeal is filed by the company against the order under sec 143(3) of the Income Tax act 1961, issued by the Assistant Commissioner of Income-Tax, Circle-1(1), Thrissur making an addition by disallowing expenditure. The total tax impact on the addition is Rs: 137.57 Lakhs. Against this demand company paid 10% of total demand amounting to Rs. 13.76 Lakhs and stay granted for the balance 90% of the demand till the disposal of the appeal by the commissioner of income tax(Appeals)		

Case filed against the company

Sl. No	Statute	Nature of Due	Year to which it pertains	Amount ₹ in lakhs	Amount Deposited in ₹ in lakhs	Forum where dispute is pending
1	Civil Case	GL Receivable (Party filed to stop Auction of Gold)	2019	1.70	0.00	MUNSIFF'S MAGISTRATE COURT, MAVELIKKARA (OS.97/2019, I.A.619/2019)
2	Consumer case	Claim for additional interest on NCD	2020	0.08	0.00	CC100/2020 CONSUMER DISPUTE REDRESSAL FORUM, ERNAKULAM.
3	Civil Case (Succession case)	As per court decision CCIL hold the investments (5 NCD's 20.50 Lakh each). Dispute between claimants of investments (i.e. Nominee Vs Other claimants) CCIL included as Respondent in this case.	2020	102.50	0.00	SUB COURT, VADAKARA - (SOP.3/2020)

Case filed by the company

Sl. No.	Statute	Nature of Due	Year to which it pertains	Amount ₹ in lakhs	Amount Deposited in ₹ in lakhs	Forum where dispute is pending
1	Criminal case under NI Act.	CCIL (Cheque return case under sec 138 of NI Act) Against Mr.Shaji Joseph	2016	0.11	0.00	JUDICIAL FIRST CLASS MAGISTRATE COURT-3, THRISSUR(CC.4722/16)
2	Criminal case under NI Act.	CCIL (Cheque return case under sec 138 of NI Act) Against Mr.Shaji Joseph	2017	0.11	0.00	JUDICIAL FIRST CLASS MAGISTRATE COURT-3, THRISSUR(CC.150/17)
3	Criminal case under NI Act.	CCIL (Cheque return case under sec 138 of NI Act) Against Mr.Shaji Joseph	2017	0.11	0.00	JUDICIAL FIRST CLASS MAGISTRATE COURT-1, THRISSUR(CC.435/17)
4	Criminal case under NI Act.	CCIL (Cheque return case under sec 138 of NI Act) Against Mr.Shaji Joseph	2017	0.11	0.00	JUDICIAL FIRST CLASS MAGISTRATE COURT-2, THRISSUR(CC.1316/17)
5	Criminal case under NI Act.	CCIL (Cheque return case under sec 138 of NI Act) Against Mr.Shaji Joseph	2017	0.11	0.00	JUDICIAL FIRST CLASS MAGISTRATE COURT-1, THRISSUR(CC.689/17)
6	Criminal case under NI Act.	CCIL (Cheque return case under sec 138 of NI Act) Against Mr.Shaji Joseph	2017	0.11	0.00	JUDICIAL FIRST CLASS MAGISTRATE COURT-1, THRISSUR(CC.69

						0/17)
7	Criminal case under NI Act.	CCIL (Cheque return case under sec 138 of NI Act) Against Mr.Shaji Joseph	2017	0.11	0.00	JUDICIAL FIRST CLASS MAGISTRATE COURT-3, THRISSUR(CC.720/17)
8	Criminal case under NI Act.	CCIL (Cheque return case under sec 138 of NI Act) Against Mr.Shaji Joseph	2017	0.12	0.00	JUDICIAL FIRST CLASS MAGISTRATE COURT-MUVATTUPUZHA (CC.1927/17)
9	Criminal case under NI Act.	CCIL (Cheque return case under sec 138 of NI Act) Against Mr.Shiju	2017	1.00	0.00	CC.660/2017,JFCM-II COURT, THRISSUR
10	Criminal case under NI Act.	CCIL (Cheque return case under sec 138 of NI Act) Against Mr.Shiju	2017	1.00	0.00	CC.1012/2017,JFCM-II COURT, THRISSUR
11	Criminal case under NI Act.	CCIL (Cheque return case under sec 138 of NI Act) Against Mr.Shiju	2017	1.00	0.00	CC.1364/2017,JFCM-I COURT, THRISSUR
12	Criminal case under NI Act.	CCIL (Cheque return case under sec 138 of NI Act) Against Mr.Somasekharan Nair	2017	2.00	0.00	CC.1011/2017,JFCM-II COURT, THRISSUR
13	Civil Case	Civil suit filed against Mrs.Deepa P G and Mrs. Beenu Shiju	2019	5.00	0.00	OS 367/2019 MUNSIFF'S MAGISTRATE COURT, PERUMBAVOOR
14	Criminal case	Private Complaint, under Sec.408,418,420 r/w 34 of IPC. Later as per court direction police filed FIR 107/2018 in CC-275/2019 against Ajesh, Mukesh	2019	14.41	0.00	JUDICIAL FIRST CLASS MAGISTRATE COURT, PONNANI
15	Consumer Complaint	Claim for deficiency of service against Insurance Company (United India Insurance Co.Ltd)-Fidelity Claim	2021	14.41	0.00	CONSUMER DISPUTE REDRESSAL COMMISSION,THRISSUR
16	Criminal case	Private complaint under Sec.406, 420 r/w 34 of IPC against Jayasree, Chandu and Sujith Chandran	2019	8.00	0.00	CC-291/2019 JUDICIAL FIRST CLASS MAGISTRATE COURT-1, PALAKKAD

44. Disclosure of related party's transaction in accordance with Accounting Standard (AS-18) "Related Party Disclosures". To comply with the disclosure requirements of Companies (Accounting Standard) Rules 2021, the following transactions with related parties are shown as per AS 18 Related Party Disclosures.

a) Related Parties

Relationship	Sl. No	As on 31-03-2022		As on 31-03-2021
Associates	1	CDB 24 Karat Gold and diamonds Private limited.	1	CDB 24 Karat Gold and diamonds Private limited.
	2	CDB 24 Karat International Jewellers Private Limited.	2	CDB 24 Karat International Jewellers (Manjeri) Pvt. Ltd
	3	Chemmanur Gold Palace International Ltd	3	CDB 24 Karat International Jewellers Private Limited.
	4	Boby Chemmanur (No.1) Chits Private Ltd	4	Chemmanur Gold Palace International Ltd
	5	Boby Housing and Construction Private Limited	5	Boby Chemmanur (No.1) Chits Private Ltd
	6	CD Boby Developers and Builders Private Ltd	6	Boby Housing and Construction Private Limited
	7	CDB Infrastructure Private Limited	7	CD Boby Developers and Builders Private Ltd
	8	BDC Realty and Infra Private Limited	8	CDB Infrastructure Private Limited
	9	DBC Real Estate Developers Private Ltd.	9	BDC Realty and Infra Private Limited
	10	Boby Chemmanur Nidhi Limited	10	DBC Real Estate Developers Private Ltd.
	11	Boby Chemmanur International Developers LLP	11	Boby Chemmanur Nidhi Limited
	12	Boby Bazar Private Limited	12	Boby Chemmanur International Developers LLP
	13	Phygicart e-Commerce Private Limited	13	Boby Bazar Private Limited
	14	Chemmanur International Jewellers	14	Phygicart e-Commerce Private Limited
	15	Chemmanur Bose Jewellers	15	Chemmanur International Jewellers
	16	Chemmanur Fashion Jewellers, Manjery	16	Chemmanur Bose Jewellers
	17	Chemmanur Fashion Jewellers, Sulthan bathery	17	Chemmanur Fashion Jewellers, Manjery
	18	Chemmanur International Holidays and Resorts Private Ltd	18	Chemmanur Fashion Jewellers, Sulthan bathery
	19	Boby Chemmanur Entertainments Private Limited	19	Chemmanur International Holidays and Resorts Private Ltd
	20	Boby Chemmanur Enterprises private Limited	20	Boby Chemmanur Entertainments Private Limited
	21	Chemmanur International Jewellers LLP		
	22	Chemmanur International Info Solutions Pvt. Ltd.		
	23	Boby Chemmanur Airlines Private Ltd		
	24	Pushyaragam Jewellwers (Koyilandy) Pvt. Ltd		
Key Management Personnel	1	Mr.Boby.C.D (Chairman & MD)	1	Mr.Boby.C.D (Chairman & MD)
	2	Mrs.Anju Thomas (CS)	2	Mrs.Anju Thomas (CS)
	3	Mr. Pramod.M (CFO)	3	Mr.Jisso C Baby (WTD)
			4	Mr. Pramod.M (CFO)
Relatives of Key Management Personnel	1	Mrs. Smitha Boby	1	Mrs. Smitha Boby
	2	Mrs. Bymi Joffi	2	Mrs. Bymi Joffi
	3	Mrs.Maithri K.M	3	Mrs.Maithri K.M

(b) Related Party transactions during the year

Amount ₹ in lakhs

Particulars	Associates		Key Management Personnel		Relatives of Key Management Personnel	
	FYE March 2022	FYE March 2021	FYE March 2022	FYE March 2021	FYE March 2022	FYE March 2021
Loan taken and Repaid made	-					
Loan Repaid to Mr.Boby.C.D (Chairman & MD)	0.00	0.00	57.00	20.43	0.00	0.00
Loan taken from Mr.Boby.C.D (Chairman & MD)	0.00	0.00	0.00	57.00	0.00	0.00
Interest Paid						
Boby.C.D (NCD and SD purchased from other Investors)	0.00	0.00	4.98	9.43	0.00	0.00
Bymi Joffy	0.00	0.00	0.00	0.00	0.00	0.62
Maithri K.M	0.00	0.00	0.00	0.00	1.47	0.63
Non Convertible Debentures/Subordinated debt repayment						
Boby.C.D	0.00	0.00	60.00	3.00	0.00	0.00
Rent Paid						
Boby.C.D	0.00	0.00	1.10	1.01	0.00	0.00
Commission Received						
Boby Chemmanur (No.1) Chits Private Ltd	0.04	0.16	0.00	0.00	0.00	0.00
Chit Collection Received						
Boby Chemmanur (No.1) Chits Private Ltd	1.90	3.80	0.00	0.00	0.00	0.00
Chit Collection Repaid						
Boby Chemmanur (No.1) Chits Private Ltd	1.90	3.80	0.00	0.00	0.00	0.00
Remuneration to chairman						
Boby.C.D	0.00	0.00	84.00	60.00	0.00	0.00
Remuneration to Whole time Director						
Jisso C Baby **Note:** Ceased to be a related party as on 31-03-2021	0.00	0.00	0.00	11.15	0.00	0.00
Remuneration to Company secretary						
Anju Thomas	0.00	0.00	8.56	7.68	0.00	0.00
Remuneration to Chief Financial Officer						
Pramod .M	0.00	0.00	15.32	13.50	0.00	0.00
Rent Received						
Chemmanur Gold Palace International Limited	91.53	91.53	0.00	0.00	0.00	0.00
Purchase						
Boby Bazar Pvt Ltd	0.51	0.84	0.00	0.00	0.00	0.00
NCD Issued						
Maithri K.M	0.00	0.00	0.00	0.00	6.50	9.95

(c) Related party Balances as at the end of the year

Amount ₹ in lakhs

Particulars	Associates		Key Management Personnel		Relatives of Key Management Personnel	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Amounts due to related parties						
Mr.Boby.C.D (Chairman & MD)						
Non Convertible Debenture	0.00	0.00	10.55*	12.55	0.00	0.00
Subordinated Debt	0.00	0.00	5.00	55.00	0.00	0.00
Others	0.00	0.00	0.00	57.00	0.00	0.00
Maithri K.M	0.00	0.00	0.00	0.00	16.45	9.95
Phygicart e- Commerce Private Limited	0.41	0.41	0.00	0.00	0.00	0.00
Amounts due from related parties						
Chemmanur International Holidays and Resorts Private Ltd	0.00	0.23	0.00	0.00	0.00	0.00
Chemmanur Gold Palace International Limited	32.95	25.28	0.00	0.00	0.00	0.00
Boby Chemmanur (No.1) Chits Private Ltd	0.02	0.04	0.00	0.00	0.00	0.00

* During the year Mr. C.D Boby bought Non Convertible Debenture of Rs:8.00 lakhs from an existing holder.

d) Guarantees provided by related parties.

(i) 784.91 cents of land in Thrissur Taluk, Ollukkara SRO in the name of M/s. C.D Boby Developers and Builders Pvt Ltd offered as collateral for cash credit from State Bank of India

(ii) 5.93 cents of land in Thrissur Taluk, Ollukkara SRO in the name of Boby Housing and Constructions Pvt. Ltd offered as collateral for cash credit from State Bank of India

(iii) 10.23 Cents of Land and building thereon comprised in Sy No 205/4P of Aranattukara Village, Thrissur Taluk, Ayyanthole SRO, Thrissur District in the Name of C D Boby offered as collateral for cash credit from State Bank of India.

45. Securities Offered for Loans

A. The sanction of the Common Covid Emergency Credit Line (CCECL) limit in addition to the existing Cash credit facilities availed by the company from State Bank Of India

1. Primary Security

Hypothecation of loan receivables to the extent of Rs 48.00 crs (both present & future) of the company.

2. Collateral Security

a) Immovable Property

(i) 784.91 Cents Of Land In Sy No. 147/197/7 ,983/1P ,985/1 ,986/1p, 987/1p ,985/1p ,147/197/8 ,147/197/3 ,984/1p, In Ollukkara Village, ThrissurTaluk, ollukkara SRO In The Name Of M/S C.D Boby Developers And Builders Pvt Ltd

(ii) 5.93 Cents Of Land In Sy No.984/3p In Ollukkara Village, ThrissurTaluk, Ollukkara SRO In The Name Of Boby Housing And Constructions Pvt Ltd

(iii) 25.26 Cents of Land and building admeasuring 278.81 sq M thereon comprised in Sy No 205/4P of Aranattukara Village, Thrissur Taluk, Ayyanthole SRO, Thrissur District. In the Name of C D Boby

3. Third Party Guarantees

A. Personal Guarantees of
1.Sri. C.D. Boby

2. Sri. LijoMoothedan
3. Sri. Jisso C Baby

B. Corporate guarantees of
1.M/S. C.D Boby Developers and Builders Pvt Ltd
2. M/S. Boby Housing And Construction Pvt Ltd

Rate of Interest: 10.75 % Per annum

B. Sanction of Term Loan from Canara Bank

1. Primary Security

Exclusive charge by hypothecation of loan receivables (Standard Asset) of specific branches of the company with 25% margin and minimum- security coverage of 1.33 at all the times

2. Collateral Security

(i) EM over 28.29 cents (11.45 are) of land comprised in Re sy no: 101 1B 2 of Thazhekode Village ,District Kozhikode (Mukkam) in the name of Mr C D Boby realizable valued Rs 0.87 Crore (85% of value of vacant land).

(ii) EM over flat no. G2 & G3, Hema apartments with undivided share on the land , Comprised in Re sy no.: 190 extent in 3.357 cents (UDS of land) of Kasaba village, District - Kozhikode in the name of Mr C D Boby, Valued Rs 0.85 Crore.

(iii) EM over15.15 ares of land and Residential building comprised in Re sy : 120/1. (120/14 as per T.P A/c 4967, 120/13 (as per T.P A/c 4966) of Kuttikkattoor village, desm Velliparamba, District Kozhikode in the name of Mr C D Boby , Smt. Smitha Boby and Anna Boby , Valued Rs 3.52 Crore.

3. Third Party Guarantees

A. Personal Guarantees of
1.Sri. C.D. Boby
2. Sri. Lijo Moothedan
3. Mrs. Smitha Boby

Interest Rate at 10.80% per annum

C. Sanction of cash credit from Dhanlaxmi Bank

1. Primary Security

Exclusive charge on entire loan receivables of 5 branches of the company (mentioned below) with 25% margin and minimum security coverage of 1.5 times at all times during the currency of loan (DP to be computed on receivables that are not overdue for 90 days and above)

2. Collateral Security

(i) EM of 2.5399 hectares (627.5 cents) of Land in sy No : 147/161/2 and 1225/P of Ollukkara village, Mullakkara Desom, Thrissur taluk, Thrissur District in the name of DBC Real Estate Developers Pvt Ltd.

(ii) EM of 11.2 cents of residential plot with 750 Sqft residential building U/Sy No. 985/1P in Ollukara village, Thrissur taluk and District in the name of BDC Realty and Infra (P) Ltd.

3. Third Party Guarantees

A. Personal Guarantees of
1.Sri. C.D. Boby
2. Sri. LijoMoothedan

B. Corporate guarantees of
1.M/S. DBC Real Estate Developers Pvt Ltd
2. M/S. BDC Realty and Infra Pvt Ltd

Interest Rate at 10.10% per annum

46.Corporate Social Responsibility

Consequent to the requirements of Section 135 and Schedule VII of the Companies Act, 2013, the Company is required to contribute 2% of its average net profits during the immediately three preceding financial years. The Company has constituted a CSR committee in accordance with the provisions of the Companies Act, 2013. The details of expenditure incurred towards CSR is provided below

Amount ₹ in lakhs

Particulars	Year ended	
	31-03-2022	**31-03-2021**
(i) Amount required to be spent by the company during the year	23.25	18.46
(ii) Amount of expenditure incurred	23.30	18.46
(iii) Shortfall at the end of the year	0.00	0.00
(iv) Total of previous years shortfall	0.00	0.00
(v) Details of related party transactions, e.g. contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	0.00	18.46
(vi) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year	NA	NA

Note:

The following charity activities are carried out during the year by the management,

(i) Rendering services required for the benefit, upliftment and prosperity of weaker sections of people.
(ii) Rendering assistance to the people who had suffered from accidents and diseases.
(iii) Providing free ambulance service to poor and destitute patients.

47. Impact of COVID-19

The Company has considered the possible effects that may result from COVID-19 on the carrying amounts of financials assets, receivables, advances, property plant and equipment, Intangibles etc. as well as liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal and external information such as current contract terms, financial strength of partners, loan profile, future volume estimates from the business etc. Having reviewed the underlying data and based on current estimates the Company expects the carrying amount of these assets will be recovered and there is no significant impact on liabilities accrued. The impact of COVID-19 on the Company’s financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

48. Instances of Fraud and misappropriation

b) Cash embezzlement

During the year there have been certain instances of fraud on the Company by some employees at branches where misappropriations / cash embezzlements were observed. The fraud was identified by the management and immediate action was taken to recover the misappropriated amount. Out of the misappropriated cash amounting to Rs 5 Lakhs, Rs 1.70 lakhs was recovered by the company as on the date of this report. A provision has been created in the books as on March 31, 2022 for Rs 5 lakhs.

c) Spurious Gold

The company has observed instances of spurious gold being offered as collateral and has taken the necessary steps for recovery. The total loan disbursed against such collateral and the amount recovered as on March 31, 2022 and the balance amounts to be recovered are as below:

Amounts in ₹ in lakhs

No of Cases	Loan Amount	Spurious portion of Gold	Amount Recovered	Amount to be Recovered
40	22.28	15.11	15.11	Nil

49. Other Matters

a) The Company has not traded or invested in Crypto currency or Virtual currency during the financial years ended March 31, 2022 and March 31, 2021.

b) No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder in the financial years ended March 31, 2022 and March 31, 2021.

c) The Company has not been declared as a wilful defaulter by any bank or financial institution or other lender in the financial years ended March 31, 2022 and March 31, 2021

d) The company does not have any transactions with struck off companies for the financial years ended March 31, 2022 and March 31, 2021.

50. Pursuant to RBI circular RBI/2021-22/125 DO R/STR/REC.68/21.04.048/2021-22 dated November 12, 2021, on 'Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications', the Company is in the process of implementing the process of asset classification for flagging borrower accounts as overdue as part of the day-end processes for the due date. The impact on provisioning on account of the change in asset classification process on loans other than Gold loans could not be ascertained on account of the inherent complexity. The company is in the process of making the necessary changes in the IT systems and software to comply with the said circular.

RBI has vide circular no DOR.STR.REC.85/21.04.048/2021-22 dated February 15, 2022 granted time till 30/09/2022 to put in place necessary system to implement the provisions set forth in paragraph 10 the above cited circular, REC.68/21.04.048/2021-22, dated November 12.

51. Liquidity Risk

Public Disclosure on Liquidity Risk for the year ended March 31, 2022 pursuant to RBI circular dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

I. Funding concentration based on significant counter party (both deposits and borrowings)

		As on 31st March 2022			As on 31st March 2021		
SL	**No of significant counter parties**	**Amount (in crore)**	**% of Total Deposits**	**% of Total Liabilities**	**Amount (in crore)**	**% of Total Deposits**	**% of Total Liabilities**
1	NIL	NA	NA	NA	NA	NA	NA

II. Top 20 large deposits : Not Applicable

III. Top 10 Borrowings

Amount In Rs Crore

SL	Name of parties/holders	Nature	As on 31st March 2022		As on 31st March 2021	
			Amount (in Rs crore)	**% of Total borrowings**	**Amount (in Rs crore)**	**% of Total borrowings**
1	The State bank of India	Cash credit	24.93	9.51%	25.02	9.63%
2	The State bank of India	Term loan	0.40	0.15%	2.08	0.80%
3	The Canara Bank	Term loan	10.00	3.81%	0.00	0.00%
4	The Dhanlaxmi Bank	Cash credit	3.93	1.50%	0.00	0.00%
5	Mr. Perviz Farrok Kaka	Non Convertible Debenture	2.25	0.86%	3.50	1.35%
6	Mr. Homi Farrok Kaka		1.00	0.38%	3.50	1.35%
7	Mr. Siyaf M.V	Subordinated Debt	0.97	0.37%	0.85	0.33%
8	Mr. John Abraham		0.93	0.35%	1.00	0.38%
9	Mr. Siyak M V		0.77	0.29%	0.75	0.29%
10	Mr.Muralidarar K R		0.69	0.26%	0.00	0.00%
11	M/s Bently Hotels		0.00	0.00%	0.65	0.25%
12	Mr. Simpson Pennamma Chacko		0.58	0.22%	0.58	0.22%
TOTAL			**46.44**		**37.92**	

IV. Funding Concentration based on significant instrument/product

Amount In Rs Crore

SL	Name of the instrument/product	As on 31st March 2022		As on 31st March 2021	
		Amount (in Rs crore)	**% of Total Liabilities**	**Amount (in Rs crore)**	**% of Total Liabilities**
1	Non convertible Debentures (Privately placed)	50.22	16.65%	67.42	22.94%
2	Subordinated Debts	172.78	57.29%	164.60	56.00%
3	Bank Borrowings	39.25	13.01%	27.67	9.41%
TOTAL		**262.24**		**259.68**	

V. Stock Ratio:

Other short term liabilities of Rs. 17.18 crore as on 31st March 2022 (Rs. 13.71 crore as on 31st March 2021) as a % of Total Public Funds, Total Liabilities and Total Assets

Amount In Rs Crore

	31-03-2022		31-03-2021	
	Amount (In Rs Crore)	**Other Short Term Liabilities As % of**	**Amount (In Rs Crore)**	**Other Short Term Liabilities As % of**
Public Fund	262.24	6.55%	259.68	5.28%
Total Liabilities	301.59	5.70%	293.91	4.67%
Total Assets	392.95	4.37%	384.99	3.56%
TOTAL	**973.97**		**952.28**	

VI. Institutional set-up for liquidity risk management:

1) The Asset Liability Management Committee (ALCO) is supervising the liquidity risk management of the company. This committee comprises of following.

Name	Designation on Committee	Designation on Board
Lijo Moothedan	Chairman	Director
T.K. Thomas	Member	Chief Executive Officer
Pramod. M	Member	Chief Financial Officer
Suresh S	Member	Head – Operations& RM and Internal Auditor
Subi G Nair	Member	Head- Sales, Marketing & Recovery

The Overall functions of ALCO are the following:

a. Monitoring the market risk levels of the company by ensuring adherence to various the risk-limits set by the Board;
b. Articulating the current interest rate view and a view on future direction of interestrate movements and base its decisions for future business strategy on this view as also on other parameters considered relevant.
c. Deciding the business strategy of the company both - on the assets and liabilitiessides, consistent with the interest rate view, budget and pre-determined riskmanagement objectives which will include,
   i. determining the desired maturity profile and mix of the assets and liabilities;
   ii. product pricing for both - assets as well as liabilities side;
   iii. deciding the funding strategy i.e. the source and mix of liabilities or sale ofassets; the proportion of fixed vs floating rate funds, wholesale ys retail fund, money market vs capital market funding, domestic vs foreign currency funding, etc.,
   iv. reviewing the results of and progress in implementation of the decisions madein the previous meetings

2) The Risk Management Committee of the Board overlooks the activities of the Asset Liability Management Committee (ALCO). This Committee comprises of following.

Name	Designation on Committee	Designation on Board
E. Habeebul Rahiman	Chairman	Independent Director
P.M. Rajagopal	Member	Independent Director
Chemmanur Devassykutty Boby	Member	Managing Director
Lijo Moothedan	Member	Non-Executive Director

The Overall functions of Risk Management Committe are the following:

a. to overlook the activities and functions of ALCO;

b. In addition, the committee reviews the business strategy of the Company both on the assets side and the liabilities side, consistent with the interest rate view, budget and pre-determined risk management objectives which will include:

   i. Determining the desired maturity profile and mix of the assets and liabilities.

   ii. Product pricing for both assets side as well as liabilities side.

52. Previous year's figures have been regrouped/reclassified wherever necessary, to conform to current year's classification.

53. Additional Information to the Statement of Profit and Loss

Amount ₹ in lakhs

Particulars	March 31, 2022	March 31, 2021
(a)Value of Imports calculated on C.I.F basis by the company during the Financial Year in respect of -		
I. Raw Materials	0.00	0.00
II. Components and Spare Parts;	0.00	0.00
III. Capital Goods	0.00	0.00
(b) Expenditure in Foreign currency during the financial year on account of Royalty, Know how, professional and consultation fees, interest and other matters	0.00	0.00
(c) Total value if all imported raw materials, spare parts and components consumed during the financial year and the total value of all indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total components	0.00	0.00
(d) The amount remitted during the year in foreign currencies on account of dividends with a specific mention of the total number of non-resident shareholders, the total number of shares held by them on which the dividends were due and the year to which the dividends related	0.00	0.00
(e) Earnings in foreign exchange classified under the following heads namely: -		
I. Export of goods calculated on F.O.B basis	0.00	0.00
II. Know-how, professional and consultation fees;	0.00	0.00
III. Interest and Dividend;	0.00	0.00
IV. Other Income, indicating the nature thereof	0.00	0.00

For and on behalf of the Board

As per our report of even date attached

Boby CD
Chairman and MD
DIN: 00046095

Lijo Moothedan
Director
DIN: 00877403

T.K. Thomas
Chief Executive Officer

For C.M. JOSEPH & ASSOCIATES,
Chartered Accountants
Firm Registration No. 006408S

Pramod.M
Chief Financial Officer

Anju Thomas
Company Secretary
M.No:43159

C.M.JOSEPH
PARTNER
M.No: 202800
UDIN: 23202800BGTEYI6465

Place : THRISSUR,
Date : 18/09/2023.

Schedule to the Balance Sheet of a Non-Banking Financial Company

(As required in terms of Paragraph 19 of Non-Banking Financial Company -Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016).

(Amount ₹ in lakhs)

	Particulars		
	Liability Side :		
1	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:	**Amount Outstanding**	**Amount Overdue**
	(a) Debentures : Secured	5,211.79	Nil
	: Unsecured - Subordinate Debt	20,386.92	Nil
	(other than falling within the meaning of public deposit)		
	(b) Deferred Credits	Nil	Nil
	(c) Term Loans	Nil	Nil
	(d) Inter – corporate loans and borrowings	Nil	Nil
	(e) Commercial Paper	Nil	Nil
	(f) public deposit	Nil	Nil
	(g) Other Loans (Specify nature)	Nil	Nil
2	Breakup of (i)(f) above (outstanding public deposit inclusive in interest accrued thereon but not paid)		
	(a) in the form of unsecured debentures	Nil	Nil
	(b) in the form of partly secured debentures i.e., debentures where there is a shortfall in the value of security	Nil	Nil
	(c) other public Deposits	Nil	Nil

*See note 1 below

	Asset Side:	**Amount Outstanding**
3	Break-up of Loans and Advances including bills receivables[other than those included in (4) below]:	
	(a) Secured	31,496.57
	(b) Unsecured	4,011.72
4	Break-up of Leased Assets and stock on hire and other assets counting toward AFC activities	
	(i) Lease assets including lease rentals under sundry debtors : (a) Financial Lease (b) Operating Lease	Nil
	(ii) Stock on hire including hire charges under sundry debtors (a) Asset on Hire (b) Repossessed Assets	Nil
	(iii) Other loans counting towards AFC activities	

	(a) Loans where assets have been repossessed (b) Loans other than (a) above	Nil
5	Break up of Investments :	
	Current Investments:	Nil
	1. Quoted:	Nil
	(i) Shares (a) Equity	
	(b) Preference	
	(ii) Debentures and Subordinate Debt	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (specify)	Nil
	2. Unquoted:	
	(i) Shares (a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and Subordinate Debt	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (specify)	Nil
	Long Term Investments	
	1. Quoted:	
	(i) Shares (a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and Subordinate Debt	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (specify)	Nil
	2. Unquoted:	
	(i) Shares (a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and Subordinate Debt	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (specify)	Nil

6	Borrower group-wise classification of assets financed as in (3) and (4) above :	
	(see note 2 below)	

	Category	Amount net of provisions		
		Secured	Unsecured	Total
	1. Related Parties			
	(a) subsidiaries	Nil	Nil	Nil
	(b) Companies in the same group	Nil	Nil	Nil
	(c) Other related parties	Nil	Nil	Nil
	2. Other than related parties	31,357.26	3,985.48	35,342.74
	Total	**31,357.26**	**3,985.48**	**35,342.74**

7	Investor group-wise classification of all investments(current and long term) in shares and securities (both quoted and unquoted);(see note 3 below)		
	Category	Market Value/Break up or fair value or NAV	Book Value (Net of Provisions)
	1. Relate Parties		
	(a) Subsidiaries	Nil	Nil
	(b) Companies in the same group	Nil	Nil
	(c) Other related parties	Nil	Nil
	2. Other than related parties	Nil	Nil
	Total	**Nil**	**Nil**

8	Other Information	
	Particulars	Amount
	(i) Gross Non – Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	383.85
	(ii) Net Non-Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	306.11
	(iii) Assets acquired in satisfaction of debt	Nil

*Notes:

1. As defined in point xxv of paragraph 3 of Chapter -II of these Directions.

2. Provisioning norms shall be applicable as prescribed in the Non-Banking Financial (Non – Deposit Accepting of Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (4) above.

For and on behalf of the Board

As per our report of even date attached

Boby CD	**Lijo Moothedan**	**T.K. Thomas**	**For C.M. JOSEPH & ASSOCIATES,**
Chairman and MD	**Director**	**Chief Executive Officer**	**Chartered Accountants**
DIN: 00046095	**DIN: 00877403**		**Firm Registration No. 006408S**

Pramod.M	**Anju Thomas**	
Chief Financial Officer	**Company Secretary**	**C.M.JOSEPH**
	M.No:43159	**PARTNER**
		M.No: 202800

Place : THRISSUR, **UDIN: 23202800BGTEYI6465**

Date : 18/09/2023