PROSPECTUS
Dated April 28, 2011
Please read sections 60 and 60B of the Companies Act, 1956
100% Book Building Issue

MUTHOOT FINANCE LIMITED

Our Company was originally incorporated as a private limited company on March 14, 1997 under the provisions of the Companies Act, 1956, with the name "The Muthoot Finance Private Limited". Subsequently, by a fresh certificate of incorporation dated May 16, 2007, our name was changed to "Muthoot Finance Private Limited". Our Company was converted into a public limited company on November 18, 2008 with the name "Muthoot Finance Limited" and received a fresh certificate of incorporation consequent to change in status on December 02, 2008 from the Registrar of Companies, Kerala and Lakshadweep.

For further details regarding changes to the name and registered office of our Company, see section titled "History and Certain Corporate Matters" on page 124.

Registered and Corporate Office: Muthoot Chambers, Opposite Saritha Theatre Complex, 2nd Floor, Banerji Road, Kochi 682 018, India.
Tel: (91 484) 239 4712; **Fax**: (91 484) 239 6506; **Website**: www.muthootfinance.com; **Email**: investors@muthootfinance.com.
Company Secretary and Compliance Officer: Rajesh A.; **Tel**: (91 484) 353 5533; **Fax**: (91 484) 239 6506; **E-mail**: cs@muthootfinance.com

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

PUBLIC ISSUE OF 51,500,000 EQUITY SHARES OF FACE VALUE ₹ 10 EACH (THE "EQUITY SHARE") FOR CASH AT A PRICE OF ₹ 175 PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ 165 PER EQUITY SHARE, AGGREGATING UPTO ₹ 9,012.50 MILLION (THE "ISSUE") BY MUTHOOT FINANCE LIMITED (THE "COMPANY OR THE "ISSUER"). THE ISSUE WILL CONSTITUTE 13.85% OF THE FULLY DILUTED POST ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.
The Company, in consultation with the BRLMs and CBRLM, has decided not to offer any discount on the Issue Price to Retail Individual Bidders.

PRICE BAND: ₹ 160 TO ₹ 175 PER EQUITY SHARE OF FACE VALUE OF ₹ 10 EACH
THE FLOOR PRICE IS 16 TIMES THE FACE VALUE AND THE CAP PRICE IS 17.5 TIMES THE FACE VALUE

In case of revision in the Price Band, the Issue Period will be extended for three additional Working Days after such revision of the Price Band subject to the Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Issue Period, if applicable, will be widely disseminated by notification to the National Stock Exchange of India Limited (the "**NSE**") and the Bombay Stock Exchange Limited (the "**BSE**"), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Managers (the "**BRLMs**") and the Co-Book Running Lead Manager (the "**CBRLM**") and at the terminals of the members of the Syndicate.

This Issue is being made for less than 25% of the post-Issue share capital pursuant to Rule 19(2)(b)(ii) of the Securities Contracts (Regulation) Rules, 1957, as amended, read with Regulations 26(1) and 41(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended ("**SEBI ICDR Regulations**"). Further, this Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be available for allocation to Qualified Institutional Buyers ("**QIBs**") on a proportionate basis out of which 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Our Company may allocate up to 30% of the QIB Portion to the Anchor Investors on a discretionary basis. One third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds, subject to valid bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Any Bidder may participate in this Issue through the ASBA process by providing the details of the bank accounts in which the corresponding Bid Amounts will be blocked by the SCSBs. For further details, see section titled "Issue Procedure" on page 336.

RISKS IN RELATION TO FIRST ISSUE

This being the first public issue of the Equity Shares, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 10. The Floor Price is 16 times of the face value and the Cap Price is 17.5 times the face value. The Issue Price (has been determined and justified by the Issuer in consultation with the BRLMs and the CBRLM as stated in the section titled "Basis for Issue Price" on page 78) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Prospectus. Specific attention of the investors is invited to the section titled 'Risk Factors' on page 9.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to our Company and the Issue that 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 held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect.

IPO GRADING

This Issue has been graded by CRISIL Limited and ICRA Limited and has been assigned the "IPO Grade 4/5" by both grading agencies, in their letters dated March 09, 2011 and March 07, 2011 respectively, indicating that the fundamentals of the Issue are above average relative to other listed equity shares in India. The IPO grading is assigned on a five point scale from 1 to 5 with "IPO Grade 5/5" indicating strong fundamentals and "IPO Grade 1/5" indicating poor fundamentals. For more information, please refer to the sections titled "General Information", "Other Regulatory and Statutory Disclosures", "Annex 1 – IPO Grading Report – ICRA Limited" and "Annex 2 – IPO Grading Report – CRISIL Limited" on pages 49, 317, 412 and 429.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the NSE and the BSE. Our Company has received the in-principle approval from the NSE and the BSE for the listing of the Equity Shares pursuant to letters dated December 22, 2010 and October 15, 2010 respectively. For the purposes of this Issue, Bombay Stock Exchange Limited shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS		CO-BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
ICICI SECURITIES LIMITED H.T. Parekh Marg, Churchgate, Mumbai 400 020, India Tel: (91 22) 2288 2460, Fax: (91 22) 2282 6580 Email: mfl.ipo@icicisecurities.com Investor Grievance Email: customercare@icicisecurities.com Website: www.icicisecurities.com Contact Person: Thomas Vincent Registration No.: INM000011179	**KOTAK MAHINDRA CAPITAL COMPANY LIMITED** 1st Floor, Bakhtawar, 229, Nariman Point Mumbai 400 021, India Tel: (91 22) 6634 1100 Fax: (91 22) 2283 7517 Email:MuthootFinance.ipo@kotak.com Investor Grievance Email: kmccredressal@kotak.com Website: www.kmcc.co.in Contact Person: Chandrakant Bhole Registration No.: INM000008704	**HDFC BANK LIMITED*** Investment Banking Division Trade World 'A' Wing, First Floor, Kamala Mills, Senapati Bapat Marg, Lower Parel (W), Mumbai 400 013, India Tel: (91 22) 4080 4108, Fax: (91 22) 4080 4114 Email: paresh.soni@hdfcbank.com Investor Grievance Email: Investor.redressal@hdfcbank.com Website: www.hdfcbank.com Contact Person: Paresh Soni Registration No.: INM000011252	**LINK INTIME INDIA PRIVATE LIMITED** C-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West) Mumbai 400 078, India Tel: (91 22) 2596 0320, Fax: (91 22) 2596 0329 Toll Free: 1-800-22-0320 Email: mfl.ipo@linkintime.co.in Investor Grievance Email: mfl.ipo@linkintime.co.in Website: www.linkintime.co.in Contact Person: Sachin Achar Registration No.: INR000004058

BID/ISSUE PROGRAM**

BID/ISSUE OPENED ON APRIL 18, 2011	**BID/ISSUE CLOSED (FOR QIB BIDDERS) ON APRIL 20, 2011**
	BID/ISSUE CLOSED (FOR NON QIB BIDDERS) ON APRIL 21, 2011

**The SEBI registration of HDFC Bank Limited was valid upto January 22, 2011. HDFC Bank Limited has made an application to SEBI for renewal of their certificate of registration in the prescribed manner on November 23, 2010. The approval of SEBI in this regard is awaited.*
***The Anchor Investor Bidding Date was April 15, 2011.*

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise implies or requires, the terms and abbreviations stated hereunder shall have the meanings as assigned therewith. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

Company related terms

Term	Description
"We", "us", "our", "the Company", and "Issuer"	Muthoot Finance Limited, a public limited company incorporated under the Companies Act, and having its registered office at Muthoot Chambers, Opposite Saritha Theatre Complex, 2nd Floor, Banerji Road, Kochi 682 018, Kerala, India.
Articles / Articles of Association	The articles of association of the Company, as amended.
Auditors	The auditors of the Company, M/s. Rangamani & Co, Chartered Accountants, 17/598, 2nd Floor, Card Bank Building, West of YMCA, VCSB Road, Alleppey 688 001, Kerala, India.
Baring Investment Agreement	Investment Agreement dated July 22, 2010 between the Company and Baring India Private Equity Fund III Limited.
Board/Board of Directors	The board of directors of the Company as constituted from time to time, including any committees thereof.
Corporate Office	Muthoot Chambers, Opposite Saritha Theatre Complex, 2nd Floor, Banerji Road, Kochi 682 018, Kerala, India.
Director(s)	Director(s) on the Board of the Company, or a committee thereof, as appointed from time to time.
Group Companies	Companies, firms, ventures, etc. promoted by the Promoters of the Issuer, as enumerated in the section titled "Our Promoters and Group Companies" on page 147.
Kotak Investment Agreement	Investment agreement dated August 20, 2010 between the Company, Kotak India Private Equity Fund, and Kotak Investment Advisors Limited.
Matrix Investment Agreement	Collectively, the Investment Agreements dated July 22, 2010 and September 20, 2010, respectively between the Company and Matrix Partners India Investments LLC.
Memorandum/Memorandum of Association	The memorandum of association of the Company, as amended.
Promoters / our Promoters	M.G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot.
Promoter Group	Includes such persons and entities constituting our promoter group pursuant to Regulation 2 (1)(zb) of the SEBI ICDR Regulations.
Registered Office	Muthoot Chambers, Opposite Saritha Theatre Complex, 2nd Floor, Banerji Road, Kochi 682 018, Kerala, India.
Wellcome Investment Agreement	Investment Agreement dated September 21, 2010 between the Company, The Wellcome Trust Limited (as trustee of The Wellcome Trust, United Kingdom), M.G. George Muthoot, George Alexander Muthoot, George Jacob Muthoot, George Thomas Muthoot, Susan Thomas, Anna Alexander, Elizabeth Jacob and Sara George.

Issue related terms

Term	Description
Allotment/Allot/Allotted	The issue and allotment of the Equity Shares, pursuant to the Issue.
Allottee	The successful Bidder to whom an Allotment has been made.
Anchor Investor	A Qualified Institutional Buyer who applies under the Anchor Investor Portion with a minimum Bid of ₹ 100 million.
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated in terms of the Red Herring Prospectus and Prospectus to the Anchor Investors, which will be decided by our Company in consultation with the BRLMs and the CBRLM prior to the Bid/Issue Opening Date.
Anchor Investor Bidding Date	The date one Working Day prior to the Bid/Issue Opening Date, prior to or after which the BRLMs and the CBRLM will not accept any Bids from Anchor Investors.
AI CAN/ Anchor Investor Confirmation of Allocation Note	In relation to Anchor Investors, the note or advice or intimation of allocation of the Equity Shares sent to the successful Anchor Investors who have been allocated the Equity Shares after discovery of the Anchor Investor Allocation Price, including any revisions thereof.
Anchor Investor Portion	Up to 30% of the QIB Portion consisting of 7,725,000 Equity Shares, which may be allocated to Anchor Investors by our Company in consultation with the BRLMs and the CBRLM, on a discretionary basis.
Anchor Investor Issue Price	The final price at which Allotment is made to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be a price equal to or higher than the Issue Price but not higher than the Cap Price.
ASBA / Application Supported by Blocked Amount	Application supported by blocked amount, i.e., the application (whether physical or electronic) used by an ASBA Bidder to Bid, authorising an SCSB to block the Bid Amount in their specified bank account maintained with such SCSB.

Term	Description
ASBA Account	Account maintained with an SCSB which will be blocked by such SCSB to the extent of the appropriate Bid Amount in relation to a Bid by an ASBA Bidder.
ASBA Bid	Bid made by an ASBA Bidder.
ASBA Bidders	Any Bidder, who intends to Bid/apply through the ASBA process.
ASBA Form	The application form (whether physical or electronic) in terms of which an ASBA Bidder can make an ASBA Bid and which contains an authorisation to block the Bid Amount in an ASBA Account and which will be considered an application for Allotment, for the purposes of the Red Herring Prospectus.
ASBA Revision Form	The form used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Forms or any previous revision form(s).
Banker(s) to the Issue	Yes Bank Limited, IDBI Bank Limited, ICICI Bank Limited, IndusInd Bank Limited, Kotak Mahindra Bank, HDFC Bank Limited and Axis Bank Limited.
Basis of Allotment	The basis on which the Equity Shares will be Allotted to Bidders under the Issue and which is described in "Issue Procedure – Basis of Allotment" on page 361.
Bid	An indication to make an offer during the Issue Period by a Bidder (other than an ASBA Bidder or an Anchor Investor) or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to submission of a Bid cum Application Form to subscribe to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form or the ASBA Form, as the case may be and payable by the Bidder at the time of submission of such Bidder's Bid in the Issue.
Bid/Issue Closing Date	Except in relation to Anchor Investors, the date after which the Syndicate and the SCSBs will not accept any Bids for the Issue, which shall be notified in an English national newspaper, a Hindi national newspaper and a Malayalam newspaper, each with wide circulation in the place where our Registered Office is situated.
Bid/Issue Opening Date	Except in relation to Anchor Investors, the date on which the Syndicate and the SCSBs shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper, a Hindi national newspaper and a Malayalam newspaper, each with wide circulation in the place where our Registered Office is situated.
Bid cum Application Form	The form used by a Bidder other than an ASBA Bidder to make a Bid and which will be considered an application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form or the ASBA Form, as the case may be, including an ASBA Bidder and an Anchor Investor.
Book Building Process	Book building process as provided in Schedule XI of SEBI ICDR Regulations, in terms of which this Issue is being made.
BRLMs / Book Running Lead Managers	The book running lead managers to the Issue, being ICICI and Kotak.
Business Day/Working Day	All days except Sunday and any public holiday except during the Bidding Period,where a working day means all days other than a Saturday, Sunday or a public holiday on which banks in Mumbai are open for business.
CAN/ Confirmation of Allotment Note	The note or advice or intimation of Allotment of the Equity Shares sent to the Bidders who have been or are to be Allotted the Equity Shares after discovery of the Issue Price in accordance with the Book Building Process, including any revision thereof.
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted.
CBRLM/Co-Book Running Lead Manager	The co-book running lead manager to the Issue, being HDFC.
Controlling Branches	Such branches of the SCSBs which coordinate Bids under this Issue by the ASBA Bidders with the BRLMs, the CBRLM, the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in.
Cut-off Price	Any price within the Price Band determined by the Company in consultation with the BRLMs and CBRLM. Only Retail Individual Bidders whose Bid Amount does not exceed ₹ 200,000 are entitled to Bid at the Cut-Off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-Off Price.
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Designated Branches	Branches of the SCSBs which can collect ASBA Forms from the ASBA Bidders, 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.
Designated Date	The date on which the Escrow Collection Bank(s) transfer the funds from the Escrow Account to the Public Issue Account and the Refund Account and the SCSBs transfer the amounts blocked in the ASBA Accounts to the Public Issue Account, as the case may be, after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot the Equity Shares to successful Bidders.
Designated Stock Exchange	Bombay Stock Exchange Limited
Draft Red Herring Prospectus	The draft red herring prospectus dated September 30, 2010 filed with SEBI and issued in accordance with Section 60B of the Companies Act and the SEBI ICDR Regulations, which did not contain complete particulars of the price at which the Equity Shares are offered.
Eligible NRI	An NRI from a jurisdiction outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares Allotted herein.
Equity Shares	Equity shares of our Company, each having a face value of ₹ 10.

Term	Description
Escrow Accounts	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidders (excluding the ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	An agreement to be entered into by and amongst our Company, the Registrar to the Issue, the BRLMs, the CBRLM, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, remitting refunds of the amounts collected, to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof.
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker(s) to the Issue with whom the Escrow Account will be opened, comprising Yes Bank Limited, IDBI Bank Limited, ICICI Bank Limited, IndusInd Bank Limited, Kotak Mahindra Bank, HDFC Bank Limited and Axis Bank Limited.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form, Revision Form, the ASBA Form or the ASBA Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted.
Gross Proceeds	The proceeds of the Issue.
HDFC	HDFC Bank Limited.
ICICI	ICICI Securities Limited.
IPO Grading Agency	CRISIL Limited and ICRA Limited.
Issue	Public issue of up to 51,500,000 Equity Shares of ₹ 10 each for cash at a price of ₹ 175 per Equity Share (including a share premium of ₹ 165 per Equity Share) aggregating to ₹ 9,012.50 million.
Issue Agreement	The agreement entered into on September 29, 2010 between our Company, the BRLMs and the CBRLM.
Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders (excluding Anchor Investors) can submit their Bids, including any revisions thereof.
Issue Price	The final price at which the Equity Shares will be Allotted in the Issue, which be decided by our Company, in consultation with the BRLMs and the CBRLM on the Pricing Date.
Issue Size	Issue Price multiplied by the number of Equity Shares offered to the public.
Issue Proceeds	The proceeds of this Issue that are available to our Company.
Kotak	Kotak Mahindra Capital Company Limited.
Managers	The BRLMs and the CBRLM.
Monitoring Agency	IDBI Bank Limited
Mutual Funds	Mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Mutual Fund Portion	5% of the Net QIB Portion or at least 901,250 Equity Shares available for allocation to Mutual Funds from the Net QIB Portion.
Net Proceeds	The Gross Proceeds less the Issue expenses. For further information on the use of Gross Proceeds and Issue expenses, please refer to the section titled "Objects of the Issue" on page 76.
Net QIB Portion	The portion of the QIB Portion, less the number of the Equity Shares Allotted to the Anchor Investors.
Non Institutional Bidders	All Bidders, including sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, that are not QIBs (including Anchor Investors) or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than ₹ 200,000.
Non Institutional Portion	The portion of the Issue being not less than 15% of the Issue consisting of 7,725,000 Equity Shares of the Issue available for allocation to Non Institutional Bidders.
Pay-in Date	With respect to the Anchor Investors, be a date not later than two Working Days after the Bid/Issue Closing Date.
Price Band	Price band of a minimum price (Floor Price) and the maximum price (Cap Price) and includes revisions thereof including any revision to such Floor Price or Cap Price as may be permitted by the SEBI ICDR Regulations. The Price Band and the minimum Bid lot size for the Issue will be decided by the Company in consultation with the BRLMs and the CBRLM and advertised in an English national newspaper, a Hindi national newspaper and a Malayalam newspaper, each with wide circulation in the place where our Registered Office is situated, at least two Working Days prior to the Bid/Issue Opening Date.
Pricing Date	The date on which our Company, in consultation with the BRLMs and CBRLM, finalises the Issue Price.
Prospectus	This Prospectus which has been filed with the RoC in terms of Section 60 of the Companies Act, containing, *inter alia*, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information and including any corrigendum thereof.
Public Issue Account	Account opened with the Banker(s) to the Issue to receive monies from the Escrow Accounts on the Designated Date and where the funds shall be transferred by the SCSBs from the ASBA Accounts.
QIBs or Qualified Institutional Buyers	Public financial institutions as specified in Section 4A of the Companies Act, FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of ₹ 250 million and pension funds with minimum corpus of ₹ 250 million, the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India.
QIB Portion	The portion of the Issue being not more than 25,750,000 Equity Shares of ₹ 10 each available for allocation to QIBs.
Refund Account(s)	The account(s) opened with the Escrow Collection Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to Bidders shall be made to Bidders (excluding ASBA Bidders).
Refund Banker	Axis Bank Limited

Term	Description
Registrar to the Issue	Link Intime India Private Limited
Retail Individual Bidder(s)	Individual Bidders (including HUFs and NRIs) who have Bid for the Equity Shares of an aggregate amount less than ₹ 200,000.
Retail Portion	The portion of the Issue being not less than 35% of the Issue consisting of 18,025,000 Equity Shares available for allocation to Retail Individual Bidders.
Revision Form	The form used by Bidders, excluding ASBA Bidders, to modify the quantity of the Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s).
RHP or Red Herring Prospectus	The Red Herring Prospectus dated April 07, 2011 read in conjunction with the addendum cum corrigendum to the Red Herring Prospectus dated April 13, 2011, filed with the RoC and issued in accordance with Section 60B of the Companies Act and the SEBI ICDR Regulations, which did not contain complete particulars of the price at which the Equity Shares are offered and the size of the Issue.
Self Certified Syndicate Bank / SCSB	Banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers ASBA services, including blocking of bank accounts, a list of which is available on http://www.sebi.gov.in.
Stock Exchanges	The BSE and the NSE.
Syndicate	The BRLMs, the CBRLM and the Syndicate Members.
Syndicate Agreement	An agreement among members of the Syndicate, our Company and the Registrar to the Issue in relation to the collection of Bids in this Issue (excluding Bids from ASBA Bidders).
Syndicate Members	HDFC Securities Limited, Kotak Securities Limited and Geojit BNP Paribas Financial Services Limited.
Takeover Code	The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time.
TRS / Transaction Registration Slip	The slip or document issued by any of the members of the Syndicate or the SCSB, as the case may be, to any Bidder as proof of registration of such Bidder's Bid.
Underwriters	The BRLMs, the CBRLM and the Syndicate Members.
Underwriting Agreement	An agreement among the Underwriters and our Company to be entered into on or after the Pricing Date.

Abbreviations

Term	Description
AGM	Annual general meeting.
AS	Accounting standards issued by the Institute of Chartered Accountants of India.
AY	Assessment year.
BSE	The Bombay Stock Exchange Limited.
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
CEO	Chief Executive Officer.
CFO	Chief Financial Officer.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
EGM	Extraordinary general meeting.
EPS	Earnings per share (as calculated in accordance with AS-20).
FCNR	Foreign Currency Non Resident.
FDI	Foreign direct investment.
FEMA	The Foreign Exchange Management Act, 1999, and the related rules and regulations framed thereunder, as amended from time to time.
FII(s)	Foreign institutional investors as defined under the SEBI FII Regulations and registered with SEBI under applicable laws in India.
FIPB	Foreign Investment Promotion Board, Ministry of Finance, Government of India.
Financial Year/Fiscal/FY	Period of twelve months ending on March 31 of that particular year, unless otherwise stated.
GDP	Gross domestic product.
GIR Number	General index registration number.
GoI	Government of India.
HNI	High networth individual.
HUF	Hindu undivided family.
IPO	Initial public offer.
Mn/mn	Million.
MoU	Memorandum of Understanding.
N.A.	Not applicable.
NAV	Net asset value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of profit & loss account, divided by weighted average number of issued equity shares.
NEFT	National electronic fund transfer service.
NOC	No-objection certificate.
NR	Non-resident.
NRE Account	Non resident external account.
NRI	Non resident Indian is a person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin as defined under the Foreign Exchange Management (Deposit) Regulations, 2000.
NRO Account	Non resident ordinary account.
NSDL	National Securities Depository Limited.

Term	Description
NSE	The National Stock Exchange of India Limited.
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
P/E Ratio	Price/earnings ratio.
PAN	Permanent account number allotted under the I.T. Act.
RoC / ROC	Registrar of Companies, Kerala and Lakshadweep.
RONW	Return on net worth.
RTGS	Real time gross settlement.
Sec.	Section.
SIA	Secretariat for Industrial Assistance.
USD or $ or US $	United States Dollar.

Conventional and general terms

Term	Description
Act or Companies Act	The Companies Act, 1956 as amended.
Air Act	Air (Prevention and Control of Pollution) Act, 1981.
Depositories Act	Depositories Act, 1996 as amended.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended.
DP/Depository Participant	A depository participant as defined under the Depositories Act.
Electricity Act	The Electricity Act 2003, as amended from time to time.
IFRS	International Financial Reporting Standards
Indian GAAP	Generally accepted accounting principles in India.
I.T. Act	Income Tax Act, 1961
NECS	National Electronic Clearing Service.
RBI	Reserve Bank of India Act, 1934, as amended.
SCRA	Securities Contracts (Regulation) Act, 1956, as amended.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI Act	Securities and Exchange Board of India Act 1992, as amended.
SEBI FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended.
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.
Securities Act / U.S. Securities Act	The U.S. Securities Act, 1933, as amended.
SICA	Sick Industrial Companies (Special Provisions) Act, 1985.
Stock Exchange(s)	BSE and/or NSE depending on the context.
Sub-Account	Sub-accounts registered with SEBI under the SEBI FII Regulations.
US/USA	United States of America including its territories and possessions, any state of the United States of America and the District of Columbia.
US GAAP	Generally accepted accounting principles in the USA.
Water Act	Water (Prevention and Control of Pollution) Act, 1974.

Industry related terms

Term	Description
ALCO	Asset Liability Committee
ALM	Asset Liability Management
CRAR	Capital to Risk Adjusted Ratio
Gold Loans	Personal and business loans secured by gold jewellry and ornaments
IBPC	Inter Bank Participation Certificate
IMaCS Industry Report 2009	IMaCS Research & Analytics Industry Reports, Gold Loans Market in India, 2009
IMaCS Industry Report (2010 Update)	2010 update to the IMaCS Industry Report 2009
KYC	Know Your Customer
NBFC	Non Banking Financial Company
NBFC-ND	Non Banking Financial Company- Non Deposit Taking
NBFC-ND-SI	Non Banking Financial Company- Non Deposit Taking-Systemically Important
NPA	Non Performing Asset
NSSO	National Sample Survey Organisation
PPP	Purchasing Power Parity
RRB	Regional Rural Bank
SCB	Scheduled Commercial Banks

CERTAIN CONVENTIONS - PRESENTATION OF FINANCIALS, INDUSTRY AND MARKET DATA

Financial Data

Unless indicated otherwise, the financial data and other financial information in this Prospectus are derived from the restated financial statements of the Company prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI ICDR Regulations.

The fiscal year of the Company commences on April 01 and ends on March 31 of each year. Accordingly, unless the context otherwise implies or requires, all references to a particular fiscal year are to the twelve-month period ended March 31 of that year.

There are significant differences between Indian GAAP and U.S. GAAP. Accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information to a particular reader, is entirely dependent on the readers level of familiarity with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI ICDR Regulations on the financial statements and other financial information presented in this Prospectus should accordingly be limited. The Company has not attempted to quantify any such differences or their impact on the financial statements and other financial information included herein, and you should consult your own advisors regarding such differences and their impact on the financial statements and other financial information included herein.

For more information on the results of operations and financial condition of the Company, see the section titled "Financial Information" on page 180.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Prospectus has been obtained from industry publications and certain public sources. Industry publications generally state that the information contained in those publications have been obtained from sources believed to be reliable, but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes that the industry and market data used in this Prospectus is reliable, it has not been verified by us or any independent sources. Further, the extent to which the market and industry data presented in this Prospectus is meaningful depends on the readers familiarity with and understanding of methodologies used in compiling such data.

Presentation of Currency

This Prospectus contains translations of certain U.S. Dollar and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of Clause 2(VIII)(G) of Part A of Schedule VIII of the SEBI ICDR Regulations. These convenience translations should not be construed as a representation that those U.S. Dollar or other currency amounts could have been, or can be, converted into Indian Rupees, at any particular rate, at the rates stated below or at all.

In this Prospectus, all references to "India" are to the Republic of India, all references to "Rupees" or "₹" are to Indian Rupees, the official currency of the Republic of India, all references to "US$", "U.S. Dollar(s)" or "USD" are to United States Dollars, the official currency of the United States of America and all references to "€" or to "Euro" are to Euro's, the official currency of the European Union.

In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

The following table sets forth, for each period indicated, information concerning the number of Rupees for which one US dollar could be exchanged. The row titled 'average' in the table below is the average of the daily rate for each day in the period.

Period	Period End (in ₹)	Period Average (in ₹)
Fiscal 2008	39.97	40.24
Fiscal 2009	50.95	45.91
Fiscal 2010	45.14	47.42

(Source: RBI Reference Rate)

FORWARD-LOOKING STATEMENTS

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

- our ability to successfully sustain our growth strategy;
- timely access to capital;
- any disruption or downturn in the economy of southern India;
- our ability to control or reduce the level of non-performing assets in our portfolio;
- general political and economic conditions in India;
- change in government regulations;
- competition from our existing as well as new competitors; and
- our ability to compete with and adapt to technological advances.

For further discussion of factors that could cause our actual results to differ, see the sections titled "Risk Factors", "Our Business" and "Management's Discussion of Financial Condition and Results of Operations" on pages 9, 99 and 259 respectively.

Neither the Company, its Directors and officers, nor any of their respective affiliates or associates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company, the BRLMs and the CBRLM will ensure that investors in India are informed of material developments between the date of filing the Prospectus with the RoC and the date of allotment of the Equity Shares.

SECTION II: RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should consider all of the information in this Prospectus, including the risk and uncertainties described below and the sections "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 99 and 259, respectively, of this Prospectus before making an investment in our Equity Shares.

If any of the following risks or uncertainties actually occur, our business, prospects, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. The risks and uncertainties described below are not the only risks that the Company currently faces. Additional risks and uncertainties not presently known to the Company or that the Company currently believes to be immaterial may also have an adverse effect on the Company's business, results of operations and financial condition.

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 the considerations described below and elsewhere in this Prospectus. In making an investment decision with respect to the Issue contemplated herein, you must rely on your own examination of the Company and the terms of such Issue, including the merits and risks involved. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. The numbering of the risk factors is to facilitate ease of reading and reference and does not, in any manner, indicate a ranking of risk factors or the importance of one risk factor over another.

Internal Risk Factors

Risks Related to our Business and Company

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

   Our Company, our Directors, our Promoters and our Group Companies are defendants in legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The amounts claimed in these proceedings have been disclosed to the extent ascertainable, excluding contingent liabilities and include amounts claimed jointly and severally from us and other parties. 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. Any adverse decision may have an adverse effect on our business, results of operations and financial condition.

   Litigation against our Company, our Promoters, our Directors, and our Group Companies

Name of entity/person	Nature and number of outstanding litigations	Aggregate approximate amount involved (in ₹)
Company	43 Civil suits	2,242,554
	43 Consumer complaints	4,032,113
	4 Labour disputes	83,795
	1 Criminal dispute	N.A.
	6 Tax disputes	64,844,274
Promoters		
M. G. George Muthoot	2 Criminal prosecution	N.A.
George Thomas Muthoot	1 Criminal prosecution	N.A.
	1 Tax dispute	10,810,629
George Jacob Muthoot	1 Criminal prosecution	N.A.
	1 Tax dispute	14,524,855
George Alexander Muthoot	2 Criminal prosecution	N.A.
Director		
M. G. George Muthoot	2 Criminal prosecution	N.A.

George Thomas Muthoot	1 Criminal prosecution	N.A.
George Jacob Muthoot	1 Criminal prosecution	N.A.
George Alexander Muthoot	2 Criminal prosecution	N.A.
P. George Varghese	5 Criminal prosecutions	N.A.
	23 Consumer complaints	N.A.
	1 Insolvency proceeding	N.A.
Group Companies		
Muthoot Vehicle & Asset Finance Limited	6 Civil suits by customers	2,732,968
	24 Consumer complaints	5,880,480
	63 Arbitration appeals	20,205,706
	1 arbitration claim	1,214,400
	1 civil suit for recovery of possession and mesne profits	N.A.
	2 tax disputes	3,293,141
M. G. M. Muthoot Medical Centre Private Limited	1 Consumer complaint	93,000
	1 Civil Suit	N.A.
Mar Gregorious Memorial Muthoot Medical Centre	4 Consumer complaint	2,000,000
	5 Tax disputes	262,444,208
Muthoot M. George Chits (India) Limited	3 Civil suits	877,303
Muthoot General Finance	1 Tax dispute	75,712,040
Muthoot Properties & Investments	3 Tax disputes	63,877,421
Muthoot Bankers	1 Civil suit	N.A.
Muthoot Broadcasting Private Limited	I Civil Suit	N.A.
Muthoot Travelsmart Private Limited	1 Consumer complaint	95,627

Litigation by our Company and our Group Companies

Name of entity/person	Nature and number of outstanding litigations	Aggregate approximate amount involved (in ₹)
Company	1 Writ proceeding	N.A.
	1 Special Leave Petition	N.A.
	8 Civil suits	29,157,473
Group Companies		
Muthoot Vehicle & Asset Finance Limited	1,795 criminal complaints under Section 138 of the Negotiable Instruments Act, 1881	212,142,591
	3,164 arbitration claims	527,790,575
	1,955 execution petitions for enforcing arbitral awards	395,327,005
	1 execution petition before consumer disputes redressal forum	262,074
	39 civil suits	19,742,897
	34 execution petitions for enforcing decree of courts	19,505,597
	4 criminal prosecution	N.A.
Muthoot Bankers	11 execution petitions for enforcing decree of courts	86,744,119
	1 civil suit for recovery of money	189,150
	1 criminal prosecution under Section 138 of the Negotiable Instruments Act, 1881	N.A.
Emgee Muthoot Benefit Fund (India) Limited	1 civil suit for realisation of money	1,500,000

As indicated in the table above, there are two criminal proceedings pending against M. G. George Muthoot, one criminal proceeding against George Thomas Muthoot, one criminal proceeding against George Jacob Muthoot, two criminal proceeding against George Alexander Muthoot and five criminal proceedings against P. George Varghese. Brief particulars of the proceedings are as under, for further details , see "Outstanding Litigation and Material Developments" on page 280.

- The Forest Range Officer, Azhagiapandipuram has launched prosecution proceedings against M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot on the allegation that they have cut trees from forest land falling under the purview of the Tamil Nadu Preservation of Private Forest Act, 1949.

- M. G. George Muthoot and George Alexander Muthoot are parties to a criminal prosecution launched by The Indian Performing Rights Society Limited ("**Society**"), as 11657/2008 before the Court of the Metropolitan Magistrate XVII Saidapet, Chennai, relating to the radio business of the Company which was demerged from the Company, alleging the Company has infringed on the copyright of the Society by broadcasting songs without obtaining license or paying license fee to the Society.

- There are five criminal prosecutions pending against our director P George Varghese before various criminal courts in Kerala filed by the depositors of Integrated Finance Company Limited alleging that Integrated Finance Company Limited, of which P. George Varghese was also a director, either defaulted in paying the interests on deposits or did not pay the interest at all to it depositors.

For further details on the outstanding litigation against our Company, our Directors, our Promoters and our Group Companies, see "Outstanding Litigation and Material Developments" on page 280.

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

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

Our Company proposes to register the Muthoot Trademarks jointly in the name of our Promoters through a rectification process or irrevocably grant ownership rights by alternate, legally compliant means. Pursuant to applications filed on September 20, 2010 by our Company and our Promoters before the Trade Marks Registry, Chennai, our Promoters have stated that their father, Late Mr. M. George Muthoot, had adopted and had been using the Muthoot Trademarks since 1939 and that our Promoters had, since the demise of Late Mr. M. George Muthoot, been continuing his business and using the Muthoot Trademarks as its joint proprietors. Our Company has confirmed that our Company has, since incorporation, been using the Muthoot Trademarks as per an implied user permission granted by our Promoters and that the application for registration of the Muthoot Trademarks in the name of our Company was filed through inadvertence. Consequently, an application has been made to Trade Marks Registry, Chennai, to effect a rectification in the Register of Trademarks. Since a rectification process (by application before the Trade Marks Registry, Chennai as mentioned above) is underway, and not an assignment of the Muthoot Trademarks, no independent valuation of the Muthoot Trademarks has been conducted.

It is proposed that consequent to such rectification, the Promoters will grant our Company a non-exclusive licence to use the Muthoot Trademarks for an annual royalty equivalent to 1% of the gross income of our Company, subject to a maximum of 3% of profit before tax (after charging the royalty) and managerial remuneration payable by our Company each financial year. Subject to certain other conditions, it is proposed that this licence would continue until such time that our Promoters, together with the Promoter Group, jointly cease to hold at least 50.01% of the paid-up equity share capital of our Company.

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

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

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

The crisis in the global credit market that began in mid 2007 destabilized the prevailing lending model by banks and financial institutions. These adverse conditions reached unprecedented levels through 2008. The capital and lending markets remained highly volatile and access to liquidity had been significantly reduced. These conditions had resulted in increased borrowing costs and difficulty in accessing debt in a cost-effective manner. In addition, it became more difficult to renew loans and facilities as many potential lenders and counterparties also faced liquidity and capital concerns as a result of the stress in the financial markets. Moreover, we are a "systemically important non-deposit accepting" NBFC, and do not have access to deposits. We are also restricted from inviting interest in our secured non-convertible debentures by advertising to the public.

We also face significant maturities of unsecured debt each year. ₹ 4,087.4 million of our outstanding unsecured debt matures during the current fiscal year ending March 31, 2011. In order to retire these instruments, we either will need to refinance this debt, which could be difficult in the event of case of volatility in the credit markets, or raise equity capital or generate sufficient cash to retire the debt.

4. ***Our financial performance is particularly vulnerable to interest rate risk.***

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

Our results of operations are substantially dependent upon the level of our net interest margins. Interest rates are sensitive to many factors beyond our control, including the RBI's monetary policies, domestic and international economic and political conditions and other factors.

Our policy is to attempt to balance the proportion of our interest-earning assets, which bear fixed interest rates, with interest-bearing liabilities. A majority of our liabilities, such as our secured non-convertible debentures, subordinated debt and short term loans carry fixed rates of interest and the remaining are linked to the respective banks' benchmark prime lending rate/base rate. As of November 30, 2010, 48.16% of our borrowings were at fixed rates of interest, comprising primarily our privately placed secured non-convertible redeemable debentures, which constituted 37.04% of our total indebtedness as of November 30, 2010. However, there can be no assurance that we will be able to adequately manage our interest rate risk in the future and be able to effectively balance the proportion of our fixed rate loan assets and liabilities in the future. Further, despite this balancing, changes in interest rates could affect the interest rates charged on interest-earning assets and the interest rates paid on interest-bearing liabilities in different ways. Thus, our results of operations could be affected by changes in interest rates and the timing of any repricing of our liabilities compared with the re-pricing of our assets.

Furthermore, we are exposed to greater interest rate risk than banks or deposit-taking NBFCs. In a rising interest rate environment, if the yield on our interest-earning assets does not increase at the same time or to the same extent as our cost of funds, or, in a declining interest rate environment, if our cost of funds does not decline at the same time or to the same extent as the yield on our interest-earning assets, our net interest income and net interest margin would be adversely impacted.

Additional risks arising from increasing interest rates include:

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

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

There can be no assurance that we will be able to adequately to manage our interest rate risk in the future and, if we are unable to do so, this would have an adverse effect on our net interest margin.

5. ***We may not be able to recover the full loan amount, and the value of the collateral may not be sufficient to cover the outstanding amounts due under defaulted loans.***

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

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

6. ***We face increasing competition in our business which may result in declining margins if we are unable to compete effectively.***

Our principal business is the provision of personal loans to retail customers in India secured by gold jewellery as collateral. Historically, the Gold Loan industry in India has been largely unorganized and dominated by local jewellery pawn shops and money lenders, with very few public sector and old generation private sector banks focusing on this sector. Attractive interest rates relative to risk together with increased demand for access to capital from middle income group, previously availed predominantly by lower income group customers with limited access to other forms of borrowings, have increased our exposure to competition. The demand for Gold Loans has also increased due to relatively lower and affordable interest rates, increased need for urgent borrowing or bridge financing requirements and the need for liquidity for assets held in gold and also due to increased awareness among customers of Gold Loans as a source of quick access to funds.

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

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

7. ***We have certain contingent liabilities which may adversely affect our financial condition.***

As per the restated audited financial statements of the Company for period ended November 30, 2010, we had certain contingent liabilities not provided for, amounting to ₹ 3,623.7 million. The contingent liability amounts disclosed in our audited restated financial statements represent estimates and assumptions of our management based on advice received.

The following are the details of the contingent liabilities of the Company for the last five fiscal years, and as at November 30, 2010:

(₹ in millions)

Particulars	Period ended November 30, 2010	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007	Year ended March 31, 2006
Claims against the Company, not acknowledged as debts						
i)Service Tax demand for the period-2003-2008, pending in appeal with CESTAT *Commissioner of Central Excise, Customs and Service Tax, Cochin has raised a demand of ₹22.12 million (Previous year ₹9.19 million) as Service tax liability and equal amount as penalty. During the course of the proceedings Company paid ₹2.09 million. The Appellate Authority admitted the Appeal preferred by the company and granted stay of recovery, on pre-deposit of ₹4.30 million. Pending disposal of appeal, no provision has been made by the company during the year .*	15.73	15.73	9.19	Nil	Nil	Nil
ii) Income tax demand for Assessment Year 2004-05, pending in appeal with ITAT *Assistant Commissioner of Income Tax, Circle 1(3), Ernakulam has filed an appeal before ITAT against the order of Commissioner of Income Tax (Appeals) – II, Cochin demanding ₹5.09 million (Previous year ₹5.09 million). Pending disposal of appeal, no provision has been made by the company during the year .*	Nil	Nil	Nil	Nil	Nil	Nil
iii) Income tax demand for *Assessment Year 2006-07, pending in appeal with ITAT* *Company has filed an appeal before ITAT against the order of Commissioner of Income Tax (Appeals) – II, Cochin demanding ₹1.05 million (Previous year Nil). Pending disposal of appeal, no provision has been made by the company during the year.*	Nil	Nil	Nil	Nil	Nil	Nil
Estimated amount of contracts remaining to be executed on capital accounts and not provided for	71.1	26.9	Nil	Nil	Nil	Nil
Other money for which company is contingently liable:						
i) Counter Guarantee provided to Banks	32.3	30.3	33.37	3.07	Nil	Nil
ii) Cash collateral provided as credit enhancement for bilateral assignment of receivables	2679.25	1037.11	1313.94	813.87	Nil	Nil

iii) Over collateral provided as credit enhancement for bilateral assignment of receivables	83.73	80.12	77.51	141.18	Nil	Nil
iv) Corporate guarantee provided as credit enhancement for bilateral assignment of receivables	741.59	1500.01	Nil	Nil	Nil	Nil

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

8. ***We may not be able to successfully sustain our growth strategy.***

In recent periods, we have experienced substantial growth. Our net profit (as restated) as per the restated audited financial statements of the Company, in fiscals 2008, 2009, 2010 and in the eight months ended November 30, 2010 was ₹ 630.7 million ₹ 978.7 million, ₹ 2,285.2 million and ₹ 2,914.8 million, respectively. Our gross retail loans outstanding grew year on year by 120.78% to ₹ 74,381.5 million as of March 31, 2010, and in the eight months ended November 30, 2010, our gross retail loans outstanding increased by 74.82% to ₹ 130,036.8 million as of November 30, 2010 from ₹ 74,381.5 million as of March 31, 2010, as per our restated audited financial statements. Our growth strategy includes growing our loan book and expanding the range of products and services offered to our customers and expanding our branch network. There can be no assurance that we will be able to sustain our growth strategy successfully, or continue to achieve or grow the levels of net profit earned in recent years, or that we will be able to expand further or diversify our loan book. Furthermore, there may not be sufficient demand for such products, or they may not generate sufficient revenues relative to the costs associated with offering such products and services. Even if we were able to introduce new products and services successfully, there can be no assurance that we will be able to achieve our intended return on such investments. If we grow our loan book too rapidly or fail to make proper assessments of credit risks associated with borrowers, a higher percentage of our loans may become non-performing, which would have a negative impact on the quality of our assets and our financial condition.

We also face a number of operational risks in executing our growth strategy. We have experienced rapid growth in our Gold Loan business and our branch network also has expanded significantly, and it is entering into new, smaller towns and cities within India as part of our growth strategy. Our rapid growth exposes us to a wide range of increased risks within India, including business risks, such as the possibility that our number of impaired loans may grow faster than anticipated, and operational risks, fraud risks and regulatory and legal risks. Moreover, our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key managerial personnel, maintaining effective risk management policies, continuing to offer products which are relevant to our target base of customers, developing managerial experience to address emerging challenges and ensuring a high standard of customer service. We will need to recruit, train and integrate new employees, as well as provide continuing training to existing employees on internal controls and risk management procedures. Failure to train and integrate employees may increase employee attrition rates, require additional hiring, erode the quality of customer service, divert management resources, increase our exposure to high-risk credit and impose significant costs on us.

We also plan to expand our Gold Loan business in new geographies outside India. We have limited or no operating experience in these new geographies, and we may encounter difficulties in entering into these new geographies. This will require significant capital investments and commitment of time from our senior management, and there often is limited or no prospect of earnings in the initial years. Moreover, there is no assurance that we will be able to commence operations in accordance with our timelines, if at all, which could result in additional costs and time commitments from our senior management. There also can be no assurance that our management will be able to develop the skills necessary to successfully manage this geographical expansion. Our inability to effectively manage any of the above issues could materially and adversely affect our business and impact our future financial performance.

Furthermore, we are entering new businesses as part of our growth strategy. For example, we recently have entered into the business of distributing pension schemes as part of the New Pension Scheme of Pension Fund Regulatory & Development Authority. For further details, see section titled "History and Certain Corporate Matters" on page 124. We have little or no operating experience with these businesses, and you should consider the risks and difficulties we may encounter by entering into new lines of business. New businesses will require significant capital investments and commitments of time from our senior management, and there often is little or no prospect of earnings in a new business for several years. Moreover, there is no assurance any new business we develop or enter will commence in accordance with our timelines, if at all, which could result in additional costs and time commitments from our senior management. There also can be no assurance that our management will be able to develop the skills necessary to successfully manage these new business areas. Our inability to effectively manage any of the above issues could materially and adversely affect our business and impact our future financial performance.

9. ***We had negative net cash flows from operating and investing activities in the last three fiscal years and may continue to do so in the future.***

As per our restated audited financial statements, in fiscal 2008, 2009 and 2010, and in the eight months ended November 30, 2010, net cash used in operating activities was ₹ 2,768.4 million, ₹ 6,633.5 million, ₹ 23,866.4 million and ₹ 41,247.3 million, respectively, while net cash used in investing activities was ₹ 541.0 and ₹ 124.4 million, ₹ 348.3 million and ₹ 486.9 million, respectively. Our cash flows from operating and investing activities may continue to be negative in the future. This will be primarily on account of borrowing under financing activities for the purpose of lending under operating activities. In addition, our ability to pay dividends or to generate positive cash flows from operating activities in the future will depend upon a number of factors, including our results of operations, earnings, capital requirements and surplus, general financial conditions, contractual restrictions, applicable Indian legal restrictions and other similar factors.

10. ***We may not be in compliance with relevant state money lending laws, which could adversely affect our business***

There is ambiguity on whether or not NBFCs are required to comply with the provisions of state money lending laws that establish ceilings on interest rates. As of September 20, 2009, our Company has been specifically exempted from the provisions of the Money Lenders Act in Karnataka and there is a blanket exemption for all NBFCs in Rajasthan. Further, we have also received show cause notices from certain Government authorities in relation to compliance with relevant money lending statutes in relation to our operations in the states of Gujarat and Kerala. We also carry out operations in other states such as Andhra Pradesh, Tamil Nadu, Madhya Pradesh, and Maharashtra, where there are money lending statutes in operation. In addition, in the event the provisions any state specific regulations are extended to NBFCs in the gold loan business such as our Company, we could have increased costs of compliance and our business and operations could be adversely affected. For further details, see "Outstanding Litigation and other Material Developments" beginning on page 280. There are severe civil and criminal penalties for non-compliance with the relevant money lending statutes. In the event that the government of any state in India requires us to comply with the provisions of their respective state money lending laws, or imposes any penalty against us, our Directors or our officers, including for prior non-compliance, our business, results of operations and financial condition may be adversely affected.

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

As of February 28, 2011, 1,753 out of our 2,611 branches are located in the southern states of Tamil Nadu (593 branches), Kerala (607 branches), Andhra Pradesh (316 branches), Karnataka (230 branches) and Union Territory of Pondicherry (7 branches). Any disruption, disturbance or breakdown in the economy of southern India could adversely affect the result of our business and operations. As of November 30, 2010, the southern Indian states of Tamil Nadu, Kerala, Andhra Pradesh, Karnataka and the Union Territory of Pondicherry constituted 75.28% of our total Gold Loan portfolio. Our concentration in southern India exposes us to adverse economic or political circumstances that may arise in that region as compared to other NBFCs and commercial banks that have diversified national

presence. If there is a sustained downturn in the economy of south India, our financial position may be adversely affected.

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

As per our restated audited financial statements, as of November, 2010, we had outstanding debt of ₹ 90,829.3 million. We may incur additional indebtedness in the future. Our indebtedness could have several important consequences, including but not limited to the following:

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

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

- fluctuations in market interest rates may affect the cost of our borrowings, as some of our indebtedness are at variable interest rates;

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

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

Some of our financing agreements also include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. Failure to meet these conditions or obtain these consents could have significant consequences on our business and operations. Specifically, we may require, and may be unable to obtain, lender consents to incur additional debt, issue equity, change our capital structure, declare dividend, increase or modify our capital expenditure plans, undertake any expansion, provide additional guarantees, change our management structure, merge with or acquire other companies, or amend its charter documents, whether or not there is any failure by us to comply with the other terms of such agreements.

Any failure to comply with the requirement to obtain a consent, or other condition or covenant under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may lead to a termination of our credit facilities, acceleration of all amounts due under such facilities and trigger cross default provisions under certain of our other financing agreements, and may adversely affect our ability to conduct our business and operations or implement our business plans.

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

13. ***Our loan agreements contain restrictive covenants that may affect our business and operations, some of which we are currently in breach of or have breached in the past.***

The loan agreements that we have entered into with certain banks and financial institutions contain restrictive covenants, which among other things require us to obtain prior permission of such banks or financial institutions or to inform them with respect to various activities, including, alteration of our capital structure, changes in management, raising of fresh capital or debt, payment of dividend, undertaking new projects, or undertaking any merger or amalgamation, invest by way of share capital or lend to other companies, undertaking guarantee obligations on behalf of other companies, and creation of further charge on fixed assets. Additionally, certain loan agreements require us to meet and maintain prescribed financial ratios. Further, under these loan agreements during the subsistence of the facility, the lender has a right to appoint a nominee director on our Board from time to time.

Furthermore, some of our financing arrangements contain cross default provisions which could automatically trigger defaults under other financing arrangements, in turn magnifying the effect of an individual default. Although we attempt to maintain compliance with our covenants or obtain prospective waivers where possible, we cannot assure you that we will be continuously compliant.

We have breached in the past, and are currently in breach of, certain covenants under these loan agreements and other financing arrangements. For example, with respect to the execution of the Baring Investment Agreement, Kotak Investment Agreement, Matrix Investment Agreement and Wellcome Investment Agreement and the consequent alteration of our capital structure, we did not obtain a prior written permission from certain banks and financial institutions. Although no bank or financial institution has issued a notice of default to us, if we are held to be in breach of any financial or other covenants contained in any of our financing arrangements, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs, and because of such defaults we may be unable to find additional sources of financing. If any of these events were to occur, it would likely result in a material adverse effect on our financial condition and results of operations or even our ability to continue as a going concern.

14. ***All of the Gold Loans we offer are due within one year of disbursement, and a failure to disburse new loans may result in a reduction of our loan portfolio and a corresponding decrease in our interest income.***

All of the Gold Loans we offer are due within one year of disbursement. The relatively short-term nature of our loans means that our long-term interest income stream is less certain than if a portion of our loans were for a longer term. In addition, our existing customers may not obtain new loans from us upon maturity of their existing loans, particularly if competition increases. The potential instability of our interest income could materially and adversely affect our results of operations and financial position.

15. ***We have entered into assignment agreements to sell certain loans from our outstanding loan portfolio. If such assignment of loans is held to be unenforceable under applicable law, it could have a material adverse effect on our business, financial condition and results of operations.***

From time to time we sell and assign a group of similar loans from our outstanding loan portfolio to financial institutions in return for an upfront fixed consideration. As per our restated audited financial statements, as on November 30, 2010 the outstanding portfolio of assigned loans was ₹ 32,464.8 million constituting 24.96% of the gross loan portfolio. As a part of such transactions, we provide credit enhancement through fixed deposits with banks or issue corporate guarantees to the purchaser for an amount equal to a negotiated percentage of the value of the loans being assigned. The loan assignment agreements contain certain representations and warranties made by us regarding the assigned loans, which, if breached could result in additional costs and expenses to us. In the event that one or more of the asset assignment agreements entered into by us are helf by a court of law or declared by a statute as unenforceable, we may be required to terminate these assignment agreements and may suffer losses. In addition, if such assignments of loans are sought to be regulated, it could adversely affect our ability to raise resources through the loan assignment route. Such events may adversely affect our business, financial condition and results of our operations and our ability to assign our loans.

16. ***Our business could be adversely affected if we are not able to control or reduce the level of non-performing assets in our portfolio.***

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 matures, we may experience greater defaults in principal and/or interest repayments. Thus, if we are not able to control or reduce our level of non-performing assets, the overall quality of our loan portfolio may deteriorate and our results of operations may be adversely affected. As per our restated audited financial statements, our gross NPAs as of March 31, 2008, 2009 and 2010 and as of November 30, 2010 was ₹ 92.6 million, ₹ 161.1 million ₹ 343.6 million and ₹ 461.0 million, respectively. For further details on our non-performing assets please refer page 107 to the sub-section titled ‘Non-performing Assets'. The following table discloses the quantum of our non-performing assets in the preceding three financial years and for the eight months ended November 30, 2010:

(In ₹ million except for Net NPAs/Net Retail loans and Gross NPAs/Gross Retail Loans; as per our restated audited financial statements)

	As of March 31,			As of November 30,
	2008	**2009**	**2010**	**2010**
Gross NPAs	92.6	161.1	343.6	461.0
Provisions	9.3	16.1	37.1	50.1
Net NPAs	83.3	145.0	306.4	410.9
Net Retail loans	17,921.8	25,559.8	54,298.3	97,572.0
Net NPAs/Net Retail loans (%)	0.46%	0.57%	0.56%	0.42%
Gross Retail Loans	22,262.8	33,690.1	74,381.5	130,036.8
Gross NPAs/Gross Retail Loans (%)	0.42%	0.48%	0.46%	0.35%
Amounts Written-off	-	-	6.2	2.9

The Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 prescribe the provisioning required in respect of our outstanding loan portfolio. Should the overall credit quality of our loan portfolio deteriorate, the current level of our provisions may not be adequate to cover further increases in the amount of our non-performing assets. Furthermore, although we believe that our total provision will be adequate to cover all known losses in our asset portfolio, our current provisions may not be adequate when compared to the loan portfolios of other financial institutions. Moreover, there also can be no assurance that there will be no further deterioration in our provisioning coverage as a percentage of gross non-performing assets or otherwise, or that the percentage of non-performing assets that we will be able to recover will be similar to our past experience of recoveries of non-performing assets. In the event of any further increase in our non-performing asset portfolio, there could be an even greater, adverse impact on our results of operations.

17. ***We face difficulties in carrying out credit risk analyses on our customers, most of whom are individual borrowers***

Unlike several developed economies, a nationwide credit bureau has only recently become operational in India, so there is less financial information available about individuals, particularly our focus customer segment from the low to middle income group who typically have limited access to other financing sources. It is therefore difficult to carry out precise credit risk analyses on our customers. Although we follow certain know-your-customer procedures at the time of sanctioning a loan, we generally rely on the quality of the gold jewellery provided as collateral rather than on a stringent analysis of the credit profile of our customers. Although we believe that our risk management controls are sufficient, we cannot be certain that they will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. Failure to maintain sufficient credit assessment policies, particularly for individual borrowers, could adversely affect our credit portfolio which could have a material and adverse effect on our results of operations and financial condition.

18. ***Our customer base comprises mostly individual borrowers, who generally are more likely to be affected by declining economic conditions than large corporate borrowers.***

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

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

As per our restated audited financial statements, as of November 30, 2010, we held cash balance of ₹ 1,900.0 million and gold jewellery of 97.6 tons. Our business involves carrying out cash and gold jewellery transactions that expose us to the risk of fraud by employees, agents, customers or third parties, theft, burglary, and misappropriation or unauthorised transactions by our employees. Our insurance policies, security systems and measures undertaken to detect and prevent these risks may not be sufficient to prevent or detect such activities in all cases, which may adversely affect our operations and profitability. Further, we may be subject to regulatory or other proceedings in connection with any unauthorised transaction, fraud or misappropriation by our representatives and employees, which could

adversely affect our goodwill. The nature and size of the items provided as collateral allow these items to be misplaced or mis-delivered, which may have a negative impact on our operations and result in losses. For example, **(i)** in 2008 and 2009, we encountered two instances of staff fraud at our Millerganj, Punjab and Sakthikulangara, Kerala branches, where 497 packets of gold (pledged against a loan amount of ₹ 16,127,480) and ₹ 500,000 in cash were stolen by our employees, **(ii)** in 2009, gold ornaments pledged by two of our customers at our branches at Pettah, Trivandrum, and Thenkassi Old Bus Stand, Tamil Nadu, against loan amounts of ₹ 144,000 and ₹ 27,000, respectively, were reported to be stolen goods and seized by the police, and **(iii)** in 2009, in two separate cases, 87 grams of spurious gold and 604 grams of spurious gold were pledged, against loan amounts of ₹ 93,500 and ₹ 578,500, respectively, with our branches at Trichur West Fort, Kerala and Lajpat Nagar, New Delhi, respectively.

The total number of such incidents for the years ended March 31, 2008, March 31, 2009, March 31, 2010, and as at November 30, 2010 from April 01, 2010 are as under:

Type of incident	2007-08	2008-09	2009-10	Eight months ended November 30, 2010
Staff fraud	1	5	3	1
Stolen gold	30	43	48	69
Spurious gold	3	5	6	4

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

We are required under applicable laws and regulations to maintain a capital adequacy ratio of at least 12% of our risk-weighted assets. As per the revised norms of RBI, from March 31, 2011, we are required to maintain a capital adequacy ratio of at least 15% of our risk-weighted assets. Our capital adequacy ratio was 15.06% as of November 30, 2010, with Tier I capital comprising 10.78%. If we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to continue to meet applicable capital adequacy ratios with respect to our business of Gold Loans. There can be no assurance that we will be able to raise adequate additional capital in the future on terms favourable to us, or at all, and this may adversely affect the growth of our business.

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

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

22. ***We may experience difficulties in expanding our business into additional geographical markets in India.***

While the Gold Loans markets in the South Indian States of Kerala Tamil Nadu, Andhra Pradesh and Karnataka remains and is expected to remain our primary strategic focus, we also evaluate attractive growth opportunities in other regions in India and have expanded our operations in the northern, western and eastern states of India. We may not be able to leverage our experience in southern India to expand our operations in other regions, should we decide to further expand our operations. Factors such as competition, culture, regulatory regimes, business practices and customs, customer tastes, behavior and preferences in these cities where we may plan to expand our operations may differ from those in south Indian states of Kerala, Tamil Nadu, Andhra Pradesh and Karnataka and our experience in the States of Kerala, Tamil Nadu, Andhra Pradesh and Karnataka may not be applicable to these 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

unorganized or semi-organized lenders, who are more familiar with local conditions, business practices and customs, have stronger relationships with customers and may have a more established brand name.

If we plan to 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 local markets with which we have no previous familiarity; attracting potential customers in a market in which we do not have significant experience or visibility; being susceptible to local taxation in additional geographical areas of India; and adapting our marketing strategy and operations to different regions of India in which other languages are spoken. Our inability to expand our current operations may adversely affect our business prospects, financial conditions and results of operations.

23. ***System failures or inadequacy and security breaches in computer systems may adversely affect our business.***

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 adequately or become disabled as a result of events that are wholly or partially beyond our control, including a disruption of electrical or communications services.

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

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.

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

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

25. ***Our ability to access capital also depends on our credit ratings.***

The cost and availability of capital is also dependent on our short-term and long-term credit ratings. We have been assigned an "A1+" rating by ICRA for commercial paper and for short-term non-convertible debentures of ₹ 2,000.0 million, and a "P1+" rating by CRISIL for short term debt instruments of ₹ 20,000.0 million. We have been assigned an "AA-/Stable" rating by CRISIL for our ₹ 4,000.0 million non-convertible debentures and our ₹ 1,000.0 million subordinated debt. We have been assigned a long-term rating of "LAA-/Stable" and a short-term rating of "A1+" by ICRA for our ₹ 20,000 million line of credit. Ratings reflect a rating agency's opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. While our recent credit ratings have been positive, any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and lending markets and, as a result, would negatively affect our business. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions being added to any new or replacement financing arrangements.

26. ***We may be subject to regulations in respect of provisioning for non-performing assets that are less stringent than in some other countries.***

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 level of our provisions may not be adequate to cover further increases in the amount of our non-performing 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. For further details, see "Our Business - Non-performing Assets (NPAs) - Provisioning policy" on page 107 of the Prospectus, as also in the section "Regulations and Policies in India - Systemically Important ND-NBFCs - Prudential Norms - Provisioning Requirements" on page 115 of the Prospectus.

27. ***We may have to comply with stricter regulations and guidelines issued by regulatory authorities in India.***

We are regulated principally by and have reporting obligations to the RBI. We are also subject to the corporate, taxation and other laws in effect in India. The regulatory and legal framework governing us differs in certain material respects from that in effect in other countries and may continue to change as India's economy and commercial and financial markets evolve. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and more transparency in India's Gold Loan industry. Moreover, new regulations may be passed that restrict our ability to do business. For example, regulatory restrictions on securitization may be extended to bilateral assignment transactions, resulting in loss of arbitrage options.

We cannot assure you that we will not be subject to any adverse regulatory action in the future. Further, these regulations are subject to frequent amendments and depend upon government policy. Our present operations may not meet all regulatory requirements or subsequent regulatory amendments. The costs of compliance may be high, which may affect our profitability. If we are unable to comply with any such regulatory requirements, our business and results of operations may be materially and adversely affected.

28. ***Our loan portfolio is not classified as priority sector advances by the RBI***.

The RBI currently mandates domestic commercial banks operating in India to maintain an aggregate 40.0% (32.0% for foreign banks) of their adjusted net bank credit or credit equivalent amount of off-balance sheet exposure, whichever is higher as "priority sector advances". These include advances to agriculture, small enterprises, exports and similar sectors where the Government seeks to encourage flow of credit for developmental reasons. Banks in India that have traditionally been constrained or unable to meet these requirements organically, have relied on specialised institutions like our Company that are better positioned to or focus on originating such assets through on-lending or purchase of assets or securitised pools to comply with these targets.

As per our restated audited financial statements, our outstanding amount of sold portfolio under bilateral assignments were ₹ 4,341.0 million, ₹ 8,130.2 million and ₹ 20,083.2 million for the years ended March 31, 2008, 2009 and 2010, respectively and ₹ 32,464.8 million as of November 30, 2010. The entire portfolio sold under bilateral assignments were categorized as a priority sector advance. A recent notification issued by the RBI in February of this year, has stipulated that loans sanctioned to NBFCs for on lending to individuals or other entities against gold jewellery would not be eligible for classification as priority sector advances in the context of priority sector lending guidelines issued by RBI. Accordingly, our ability to raise capital by selling down our gold loan portfolio under bilateral assignments will be hampered in the future and impact our ability to raise funds through loans from banks, which may adversely affect our financial condition and results of operations.

29. ***Our ability to assess, monitor and manage risks inherent in our business differs from the standards of some of our counterparts in India and in some developed countries.***

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

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

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

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

- combining product offerings and entering into new markets in which we are not experienced;
- consolidating and maintaining relationships with customers;
- consolidating and rationalizing transaction processes and corporate and IT infrastructure;
- integrating employees and managing employee issues;
- coordinating and combining administrative and other operations and relationships with third parties in accordance with applicable laws and other obligations while maintaining adequate standards, controls and procedures;
- achieving savings from infrastructure integration; and
- managing other business, infrastructure and operational integration issues.

Any such acquisition may also result in earnings dilution, the amortization of goodwill and other intangible assets or other charges to operations, any of which could have a material adverse effect on our business, financial condition or results of operations. These acquisitions may give rise to unforeseen contingent risks or latent liabilities relating to these businesses that may only become apparent after the merger or the acquisition is finalised. Such acquisitions could involve numerous

additional risks, including, without limitation, difficulties in the assimilation of the operations, products, services and personnel of any acquired company and could disrupt our ongoing business, distract our management and employees and increase our expenses.

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

31. ***In order to be successful, we must attract, retain and motivate key employees, and failure to do so could adversely affect our business.***

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

32. ***Our insurance coverage may not be adequate to protect us against all potential losses to which we may be subject.***

We maintain insurance cover for our free hold real estate and tangible properties and infrastructure at all owned and leased premises which provides insurance cover against loss or damage by fire, earthquake, lightning, riot, strike, storm, flood, explosion, aircraft damage, rock slide and missile testing. Further we maintain insurance cover for employee fidelity, cash and gold in the office premises and in transit which provides insurance cover against loss or damage by employee theft, burglary, house breaking and hold up. The aggregate insured value covered by the various insurance policies we have subscribed to was ₹ 227.97 billion as of February 28, 2011. However, 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. Further, there are many events that could significantly impact our operations, or expose us to third-party liabilities, for which we may not be adequately insured. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our results of operations and financial position.

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

As of February 28, 2011, we employed 15,664 persons in our operations. Currently our employees do not belong to any labour union. We do not engage any long term contract employees. While we believe that we maintain good relationships with our employees, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations.

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

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

In addition, our branches are required to be registered under the relevant shops and establishments laws of the states in which they are located. The shops and establishment laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. Some of our

branches have not applied for such registration while other branches still have applications for registration pending. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. If we fail to comply, or a regulator claims we have not complied, with any of these conditions, our certificate of registration may be suspended or cancelled and we shall not be able to carry on such activities. For further details, see "Government and Other Approvals" on page 314.

35. ***We are subject to legal and regulatory risk which may adversely affect our business.***

As a non-deposit taking NBFC, we are subject to a wide variety of financial services laws and regulations and are supervised by a large number of regulatory and enforcement authorities in India, including the RBI. The laws and regulations governing the banking and financial services industry in India have become increasingly complex and cover a wide variety of issues, such as capital adequacy, exposure and other prudential norms, interest rates, liquidity, securitisation, investments, ethical issues, know-your-customer guidelines, money laundering and privacy, with sometimes overlapping enforcement authorities. For instance, a number of states in India have enacted laws to regulate money lending transactions. These state laws establish maximum rates of interest that can be charged by a person lending money. The RBI, however, has not established a ceiling on the rate of interest that can be charged by a NBFC in our sector of operations. Currently, the RBI requires that the board of all NBFCs adopt an interest rate model taking into account relevant factors such as the 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.

Additionally, we are required to make various filings with the RBI, the RoC and other relevant authorities pursuant to the provisions of RBI regulations, Companies Act and other regulations. If we fail to comply with these requirements, or a regulator claims we have not complied, in meeting these requirements, we may be subject to penalties and compounding proceedings. For instance, in the past, we had to approach the Company Law Board for condoning offences and had to pay certain penalties.

In addition, there may be changes in the regulatory system or in the enforcement of the laws and regulations which may require us to restructure our activities and incur additional expenses in complying with such laws and regulations, which could materially and adversely affect our business. Failure to comply with applicable Indian regulations, including unauthorised actions by employees, representatives, agents and third parties, suspected or perceived failures and media reports, and ensuing inquiries or investigations by regulatory and enforcement authorities, could result in regulatory action, including financial penalties and restrictions on or suspension of our business operations.

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

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

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.***

Under RBI Master Circular No. RBI/2010-11/68 DBOD No.Dir.BC.14/13.03.00/ 2010-11 issued on July 1, 2010, the exposure (both lending and investment, including off balance sheet exposures) of a bank to a single NBFC should not exceed 10%, of the bank's capital funds as per its last audited balance sheet. Banks may, however, assume exposures on a single NBFC up to 15%, of their capital funds provided the exposure in excess of 10% 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.

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, margins and business operations.

38. ***We have entered into certain transactions with related parties.***

We have entered into transactions with several related parties, including our Promoters, Directors and Group 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.

The following is a list of the various related party transactions entered into by us:

(₹ in Million ; as per our restated audited financial statements)

Nature of transaction	**Entities in which we have significant influence**	**Key Management Personnel**	**Relative of Key Management Personnel**
	As of November 30, 2010		
Purchase of Travel Tickets for Company Executives/Directors/Customers	4.20	-	-
Travel Arrangements for Company Executives/Customers	1.67	-	-
Marketing of Money Transfer Business Outside the Country	-	-	-
Accommodation facilities for Company Executives/Clients/Customers	0.08	-	-
Complementary Medical Health Check Ups for Customers/ Employees	1.16	-	-
Release of Advertisements in Outdoor, Print and Electronic Media	37.50	-	-
Sale of Gold Ornaments in Public Auction	-	-	-
Branding Expenses paid outside India	3.86	-	-
Interest on Hire Purchase Loan	-	-	-
Hire Purchase Loan Repayment	-	-	-
Interest to Directors/relatives	-	75.33	-
Interest on Inter Corporate Deposits	1.93	-	-
Remuneration to Directors	-	128.00	-
Remuneration to Directors' Relatives	-	-	0.88
Transaction Charges received	0.29	-	-
Loans accepted	-	169.17	-
Loans Repaid	-	272.34	-
Security Deposit Accepted	-	-	-
Inter Corporate Deposits accepted	14.40	-	-
Inter corporate Deposits repaid	12.40	-	-
Rent paid	-	2.04	-
Loans availed by the Company for which guarantee is provided by related parties	400.00	51,832.10	51,832.10
Loans availed by the Company for which collateral security is provided by related parties	400.00	135.00	-

For further details regarding our related party transactions, see "Financial Information" on page 180.

39. ***We will continue to be controlled by our Promoters and certain related entities after the completion of the Issue and they will continue to have the ability to exercise significant control over us.***

After the completion of the Issue, our Promoters along with certain related entities will control, directly or indirectly, approximately 80% of our outstanding Equity Shares. As a result, our Promoters will continue to exercise significant control over us, including being able to control the composition of our Board and determine matters requiring shareholder approval or approval of our Board. Our Promoters may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders. By exercising their control, our Promoters could delay, defer or cause a change of our control or a change in our capital structure, delay, defer or cause a merger, consolidation, takeover or other business combination involving us, discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

40. ***Certain of our Promoter Group entities have incurred losses in recent financial years.***

Certain of our Promoter Group entities have incurred losses in recent financial years, as set forth in the table below:

(₹ in Millions ; as per audited financial statements)

	Year ended March 31,		
Name of the Promoter Group Company	**2010**	**2009**	**2008**
Adams Properties Private Limited	(0.00)	(0.01)	(0.01)
Amboli Rubber & Plantations Private Limited	(0.02)	-	-
Ayurgreen Heritage Resorts Private Limited	(0.00)	(0.01)	(0.01)
Backdrop Advertising Private Limited	-	(0.04)	-
Emgee Board & Paper Mills (P) Limited	(0.01)	(0.02)	(0.01)
Geo Rubber and Plantations Private Limited	(0.02)	-	-
Maneri Rubber & Plantations Private Limited	(0.03)	-	-
Marari Beach Resorts Private Limited	(0.10)	(0.03)	(0.02)
M.G.M. Muthoot Medical Centre Private Limited	(0.15)	(0.16)	-
Muthoot Broadcasting Private Limited	(7.05)	-	-
Muthoot Commodities Limited	(1.63)	(2.10)	-
Muthoot Developers Private Limited	(0.11)	(0.04)	(0.04)
Muthoot Farms India Private. Limited	(0.01)	(0.01)	(0.01)
Muthoot Holiday Homes and Resorts Private Limited.	(0.01)	(0.01)	(0.01)
Muthoot Infotech Private Limited	(0.04)	(0.08)	(0.04)
Muthoot Leisure and Hospitality Services Private Limited	(3.67)	(0.46)	-
Muthoot M George Chits (India) Limited	(0.03)	(0.07)	(0.07)
Muthoot Securities Limited.	-	(42.42)	(1.64)
Muthoot Systems and Technologies Private Limited	(0.91)	-	(0.05)
Oxbow Properties Private Limited	(0.12)	(0.01)	(0.00)
Popkorn Advertising Private Limited	(0.01)	(0.02)	-
Rangana Rubber & Plantations Private Limited	(0.03)	-	-
Sawanthavadi Rubber And Plantation Private Limited	(0.00)	(0.03)	-
Udeli Rubber And Plantations Private Limited	(0.02)	-	-
Unisom Rubber and Plantations Private Limited	(0.02)	-	-
Unix Properties Private Limited	(0.00)	(0.01)	(0.01)
Venus Diagnostics Limited	(0.12)	(0.06)	-

In addition to the above, one of our Promoter Group companies, Muthoot M. George Chits (India) Limited, had negative networth of ₹ 1.6 million, ₹ 1.7 million and ₹ 1.7 million in the financial years ended March 31, 2008, 2009 and 2010, respectively, as per its audited financial statements.

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

We intend to use the Net Proceeds for the purposes described in the "Objects of the Issue" on page 76 of this Prospectus. We currently intend to use the Net Proceeds from the Issue to fund our growth. Our management will have broad discretion to use the Net Proceeds and you will be relying on the judgment of our management regarding the application of these Net Proceeds. Our funding requirements are based on current conditions and are subject to change in light of changes in external circumstances or in our financial condition, business or strategy. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time. Any such change in our plans may require rescheduling of our current plans or discontinuing existing plans and an increase or decrease in the fund requirements for the objects, at the discretion of the management. Pending utilization for the purposes described above, we intend to temporarily invest the funds in interest bearing liquid instruments including deposits with banks and investments in liquid (not equity) mutual funds. Such investments would be in accordance with the investment policies approved by our Board from time to time.

42. ***Our business strategy may change in the future and may be different from that which is contained herein.***

Our current business strategy is to expand our branch network and increase our Gold Loan portfolio. We cannot assure you that we will continue to follow these business strategies. In the future, we may decide to diversify into other businesses. We may also explore opportunities for expansion into new geographic markets outside India. We have stated our objectives for raising funds through the Issue and

have set forth our strategy for our future business herein. However, depending on prevailing market conditions and other commercial considerations, our business model in the future may change from what is described herein.

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

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

Companies:

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

Partnership firms:

1. Muthoot General Finance
2. Muthoot Insurance Advisory Services
3. Emgee Insurance Services
4. Geo Financial Services
5. Muthoot Bankers (Kottayam)
6. Muthoot Bankers (Quilon)
7. Muthoot Bankers (Edapally)
8. Muthoot Investments
9. Muthoot Bankers (Alleppey)
10. Muthoot M George Chitty Fund
11. Muthoot M George Bankers (Trivandrum)
12. Muthoot M George Chits (Bangalore)
13. Muthoot Bankers (Pathanapuram)
14. Muthoot Financiers (Pathanapuram)
15. Muthoot M George Financiers (Faridabad)
16. Muthoot Bankers (Faridabad)
17. Muthoot Bankers (Pathanamthitta)
18. Muthoot Bankers (Cochin)
19. Muthoot Bankers (Bangalore)

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

44. ***In the last twelve months, we have issued Equity Shares at a price that may be lower than the Issue Price.***

We have issued Equity Shares to certain persons and companies in the year preceding the Issue, which may be at a price lower than the Issue Price. The details of such issuance are set out in the table below:

Name of the Shareholder	Whether belongs to promoter Group	Number of Equity Shares	Date of Issue	Issue Price (₹)	Reasons for Issue
Matrix Partners India Investments, LLC	No	6,404,256	July 23, 2010	123	Preferential allotment to Matrix Partners India Investments, LLC pursuant to the Matrix Investment Agreement.
Baring India Private Equity Fund III Limited	No	6,404,256	July 23, 2010	123	Preferential allotment to Baring India Private Equity Fund III Limited pursuant to the Baring Investment Agreement.
Kotak India Private Equity Fund	No	3,042,022	September 8, 2010	133	Preferential allotment to Kotak India Private Equity Fund pursuant to the Kotak Investment Agreement.
Kotak Investment Advisors Limited	No	160,106	September 8, 2010	133	Preferential allotment to Kotak Investment Advisors Limited pursuant to the Kotak Investment Agreement.
Matrix Partners India Investments, LLC	No	1,440,922	September 23 , 2010	173.50	Preferential allotment to Matrix Partners India Investments, LLC pursuant to the Matrix Investment Agreement.
The Wellcome Trust Limited	No	1,761,206	September 23 , 2010	173.50	Preferential allotment to The Wellcome Trust Limited pursuant to the Wellcome Investment Agreement.

For further details, see section titled "Capital Structure" on page 61, giving details of the number of Equity Shares and the allottees thereof.

45. ***There can be no assurance that the Company will pay dividends to its shareholders in the near future.***

The Company has not paid any dividends since incorporation and there can be no assurance that dividends will be paid in the near future. The declaration and payment of any dividends in the future will be recommended by the Company's Board of Directors, in its discretion, and will depend on a number of factors, including Indian legal requirements, its earnings, cash generated from operations, capital requirements and overall financial condition.

46. ***We are significantly dependent on our management team and our ability to attract and retain talent.***

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

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

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

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

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

49. ***We do not own our branches of operation.***

Except for 14 branch offices, which are owned by us, all our branches are located on leased premises. If any of the owners of these premises does not renew an agreement under which we occupy the premises, or if any of the owners seeks to renew an agreement on terms and conditions unfavorable 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.

50. ***Some of the lease agreements entered into by our Company with respect to our immovable properties may not be duly registered or adequately stamped, which may adversely affect our operations.***

As of February 28, 2011, we had 2,611 branch offices of which 14 branch offices are located on premises owned by us. Of the remaining 2,597 branch offices that are located on leased and/or licensed premises; the lease agreements of 637 of these have been adequately stamped and duly registered. None of the other lease agreements with respect to our immovable properties have been adequately stamped or duly registered. Unless such documents are adequately stamped and duly registered, such documents may be rendered as inadmissible as evidence in a court in India or attract penalty as prescribed under applicable law, which may result in a material adverse effect on the continuance of the operations and business of our Company.

External Risk Factors

Risk Factors Related to India

51. ***Political instability or changes in the Government of India could adversely affect economic conditions in India and consequently our business.***

Our Company is incorporated in India, derive its revenues in India and all of our assets are located in India. Consequently, our performance and the market price and liquidity of the Equity Shares may be affected by changes in exchange rates and controls, interest rates, Government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business and the market price and liquidity of the Equity Shares may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and political, economic or other developments in or affecting India. Since 1991, successive governments have pursued policies of economic and financial sector liberalization and deregulation and encouraged infrastructure projects. The new Government, which has come to power in May 2009 has announced policies and taken initiatives that support the economic liberalization program pursued by previous governments. The policies of the new Government may change the rate of economic liberalization, specific laws and

policies affecting banks and financial institutions and the Gold Loan industry, foreign investment and other matters affecting investment in the Equity Shares. While the new Government is expected to continue the liberalization of India's economic and financial sectors and deregulation policies, there can be no assurance that such policies will be continued. A significant change in the Government's policies in the future, in particular, those relating to NBFCs and the Gold Loan industry in India, could affect business and economic conditions in India, and could also adversely affect our financial condition and results of operations.

52. ***If communal disturbances or riots erupt in India, or if regional hostilities increase, this would adversely affect the Indian economy, and our business, financial condition and results of operations.***

India has experienced communal disturbances, terrorist attacks and riots during recent years. If such events recur, our operational and marketing activities may be adversely affected, resulting in a decline in our income.

The Asian region has from time to time experienced instances of civil unrest and hostilities among neighbouring countries, including those between India and Pakistan. The hostilities between India and Pakistan are particularly threatening because both India and Pakistan are nuclear powers. Hostilities and tensions may occur in the future and on a wider scale. Military activity or terrorist attacks in India, such as the recent attacks in Mumbai in November 2008, as well as other acts of violence or war could influence the Indian economy by creating a greater perception that investments in India involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares. A slow down in economic growth in India could cause our business to suffer.

53. ***A slow down in the economic growth in India could cause our business to suffer.***

We derive all of our revenues from operations in India and consequently, our performance and growth is dependent on the state of the Indian economy. The Annual Policy Statement of the RBI released in April 2010 and amended in July 2010 placed real GDP growth for the fiscal year 2011 at approximately 8.5% as compared to 7.4% in fiscal year 2010 following the downturn precipitated by the global financial crisis. Any slow down in the Indian economy, and in particular in the financing requirements of our customers could adversely affect our business.

54. ***A downgrade of India's sovereign debt rating may adversely affect our ability to raise additional debt financing.***

India's sovereign debt rating could be downgraded due to various factors, including changes in tax or fiscal policy, which are outside our control. Such downgrading could cause a change in interest rates or other commercial terms and could adversely affect our ability to raise additional financing as well as our capital expenditure plans, business and financial performance. A decline in this reserve could impact the valuation of the Indian Rupee and could result in reduced liquidity and higher interest rates, which could adversely affect the availability of financing to us for our future projects.

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

According to the weekly statistical supplement released by the RBI, India's foreign exchange reserves totalled US$302,593 million as of March 4, 2011 (*Source: RBI Website*). A decline in India's foreign exchange reserves could impact the valuation of the Rupee and could result in reduced liquidity and higher interest rates which could adversely affect our future financial performance.

56. ***Companies operating in India are subject to a variety of central and state government taxes and surcharges.***

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to

change from time to time. For example, a new direct tax code has been introduced in the monsoon session of the Indian Parliament, and is expected to be effective from April 1, 2012. In addition, a new goods and services tax regime is expected to be introduced in fiscal year 2012, and the scope of the service tax is proposed to be enlarged. The statutory corporate income tax in India, which includes a surcharge on the tax and an education cess on the tax and the surcharge, is currently 33.21%. The central or state government may in the future increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business and results of operations.

57. ***Our ability to raise foreign capital may be constrained by Indian law.***

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, if at all. Limitations on raising foreign debt may have an adverse effect on our business, financial condition, and results of operations.

58. ***India is vulnerable to natural disasters that could severely disrupt the normal operation of our business.***

Parts of India are susceptible to tsunamis and earthquakes and other natural disasters. Because all of our branches and offices and employees are located in India, if any of our branches or offices are damaged by a natural disaster, our business could be interrupted or delayed. As a result, a natural disaster in India could adversely affect our results of operations.

59. ***An outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere could adversely affect our business.***

The outbreak of an infectious disease in Asia or elsewhere or any other serious public health concern, such as swine influenza, could have a negative impact on the global economy, financial markets and business activities worldwide, which could adversely affect our business. Although, we have not been adversely affected by such outbreaks in the past, we can give you no assurance that a future outbreak of an infectious disease among humans or animals or any other serious public health concerns will not have a material adverse effect on our business.

Risks Relating to the Issue

60. ***The price of our Equity Shares may be volatile, or an active trading market for our Equity Shares may not develop.***

Prior to this Issue, there has been no public market for our Equity Shares. The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the Indian Gold Loan industry and the perception in the market about investments in the Gold Loan industry, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could materially affect the price of our Equity Shares.

There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue.

61. ***The market value of investors' investments may fluctuate due to the volatility of the Indian securities markets.***

Indian securities markets are more volatile than the securities markets in certain countries which are members of the OECD. Indian stock exchanges have, in the past, experienced substantial fluctuations in the prices of listed securities. Indian stock exchanges (including the BSE and the NSE) have experienced problems which, if such or similar problems were to continue or recur, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares. These problems have included temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed companies, stock exchanges and other regulatory bodies, which in some cases may have a negative effect on market sentiment.

62. ***Economic developments and volatility in securities markets in other countries may also cause the price of our Equity Shares to decline.***

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors‘ reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. For instance, the economic downturn in the U.S. and several European countries during a part of calendar year 2007, 2008 and 2009 has adversely affected market prices in the world‘s securities markets, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general.

63. ***Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.***

Our Articles of Association, regulations of our Board of Directors and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, Directors fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as a shareholder of our Company than as a shareholder of a corporation in another jurisdiction.

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

While facts and other statistics in this Prospectus relating to India, the Indian economy as well as the Gold Loan industry has been based on various publications and reports from agencies that we believe are reliable, we cannot guarantee the quality or reliability of such materials, particularly since there is limited publicly available information specific to the Gold Loan industry. While we have taken reasonable care in the reproduction of such information, industry facts and other statistics have not been prepared or independently verified by us or any of our respective affiliates or advisers and, therefore we make no representation as to their accuracy or completeness. These facts and other statistics include the facts and statistics included in the section titled "Industry Overview" on page 92. 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.

65. ***The proposed adoption of IFRS could result in our financial condition and results of operations appearing materially different than under Indian GAAP.***

We may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for the adoption of, and convergence with, IFRS announced by the Ministry of Corporate Affairs, GoI in January 2010. The convergence of 35 Indian Accounting Standards with IFRS was notified by the Ministry of Corporate Affairs on February 25, 2010. The date of implementing such converged Indian accounting standards has not yet been determined, and will be notified by the Ministry of Corporate Affairs in due course after various tax-related and other issues are resolved.

Our financial condition, results of operations, cash flows or changes in shareholders' equity may appear materially different under IFRS than under Indian GAAP. This may have a material adverse effect on the amount of income recognized during that period and in the corresponding period in the comparative period. In addition, in our transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, our transition may be hampered by increasing competition and increased costs for the relatively small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IFRS financial statements.

66. ***Fluctuations in the exchange rate between the Rupee and the U.S. dollar could have a material adverse effect on the value of the Equity Shares, independent of our operating results.***

The Equity Shares are quoted in Rupees on the BSE and the NSE. Any dividends in respect of the Equity Shares will be paid in Rupees and subsequently converted into U.S. dollars for repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the net proceeds received by shareholders. The exchange rate between the Rupee and the U.S. dollar has changed substantially in the last two decades and could fluctuate substantially in the future, which may have a material adverse effect on the value of the Equity Shares and returns from the Equity Shares, independent of our operating results.

67. ***Any future issuance of Equity Shares by the Company or sales of the Equity Shares by any of its significant shareholders may adversely affect the trading price of the Equity Shares.***

Any future issuance of our Equity Shares by the Company could dilute your shareholding. Any such future issuance of our Equity Shares or sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. There can be no assurance that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares. Upon completion of the Issue, 20% of our post-Offer paid-up capital held by certain of our Promoters will be locked up for a period of three years from the date of allotment of Equity Shares in the Issue. For further information relating to such Equity Shares that will be locked up, please see section titled "Capital Structure" on page 61 of this Prospectus. All other remaining Equity Shares that are outstanding prior to the Offer will be locked up for a period of one year from the date of allotment of Equity Shares in the Issue.

68. ***There is no guarantee that the Equity Shares issued pursuant to the Issue will be listed on the BSE and the NSE in a timely manner, or at all.***

In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to the Issue will not be granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE and the NSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

69. ***A third party could be prevented from acquiring control of us because of anti-takeover provisions under Indian law.***

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of the Company, even if a change in control would result in the purchase of your Shares at a premium to the market price or would otherwise be beneficial to you. These provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of us. Under the takeover regulations an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of the Company. Consequently, even if a potential takeover of the Company would result in the purchase of the Shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted or consummated because of Indian takeover regulations.

70. ***Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection or a tax clearance certificate from the income tax authority. We cannot assure investors that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

71. ***There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.***

We are subject to a daily circuit breaker imposed by all stock exchanges in India which does not allow transactions beyond a certain level of volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by the SEBI on Indian stock exchanges. The percentage limit on our circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges do not inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker effectively limits upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares at a particular point in time.

72. ***After this Issue, the price of the Equity Shares may be highly volatile.***

The price of the Equity Shares on the Stock Exchanges may fluctuate after this Issue as a result of several factors, including:

- volatility in the Indian and global securities market or in the value of the Rupee relative to the U.S. dollar, the Euro and other foreign currencies;
- our profitability and performance;
- perceptions about our future performance or the performance of Indian companies in general;
- performance of our competitors and the perception in the market about investments in the Gold Loan or NBFC industry;

- adverse media reports on us or the Indian Gold Loan industry;
- changes in the estimates of our performance or recommendations by financial analysts;
- significant developments in India's economic liberalization and deregulation policies;
- significant developments in India's fiscal and environmental regulations; and
- any other political or economic factors.

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

Under current Indian tax laws and regulations, capital gains arising from the sale of Equity Shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("**STT**") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realized on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognized stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

74. ***Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.***

The amount of future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, terms and conditions of our indebtedness and capital expenditures. There can be no assurance that we will be able to pay dividends in the future.

Prominent Notes:

- Based on our audited restated financial statements, our Company's net worth as of March 31, 2009 and 2010, and as of November 30, 2010 was ₹ 3,614.5 million, ₹ 5,841.9 million and ₹ 11,314.5 million.
- Based on our audited restated financial statements, the net asset value per Equity Share having a face value of ₹ 10 each, based on our net worth of ₹ 3,614.5 million as of March 31, 2009 was ₹ 73.8, based on our net worth of ₹ 5,841.9 million as of March 31, 2010 was ₹ 19.4, and based on our net worth of ₹ 11,314.5 million as of November 30, 2010 was ₹ 35.3.
- Public Issue of 51,500,000 Equity Shares of ₹ 10 each of the Company for cash at the Issue Price, aggregating to ₹ 9,012.50 million. The Issue constitutes 13.85% of our fully-diluted post-Issue paid up capital.

- The average cost of acquisition per Equity Share by our Promoters, which has been calculated by taking the average amount paid by them to acquire our Equity Shares, is as follows:

Name of Promoter	Average Cost of Acquisition per Equity Share (in ₹)
M. G. George Muthoot	1.09
George Thomas Muthoot	0.86
George Jacob Muthoot	0.93
George Alexander Muthoot	1.13
Sara George	1.14
George M. George	4.21
Alexander M. George	3.87
Susan Thomas	0.57
Elizabeth Jacob	1.53
George M. Jacob	1.74
Anna Alexander	1.55
George M. Alexander	3.48
Eapen Alexander	3.46

- Our Company was originally incorporated as a private limited company on March 14, 1997 with the name "The Muthoot Finance Private Limited". Subsequently, by fresh certificate of incorporation dated May 15, 2007, our name was changed to "Muthoot Finance Private Limited". The Company was converted into a public limited company on November 18, 2008 with the name "Muthoot Finance Limited" and received a fresh certificate of incorporation consequent upon change in status on December 02, 2008 from the RoC. For details of changes in our name, please see the section titled "History and Certain Corporate Matters" on page 124.

- Neither a member of the Promoter Group nor a Director, nor any relative of any Director has financed the purchase by any other person of any securities of the Company during the six months immediately preceding the date of this Prospectus.

- Except as disclosed in sections titled "Objects of the Issue", "Our Management" and "Our Promoters and Group Companies" on pages 76, 133 and 147 respectively, none of the Promoter, Directors and key managerial employees have any interest in our Company except to the extent of any remuneration and reimbursement of expenses and to the extent of any Equity Shares or employee stock options held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partner and/or trustee and to the extent of the benefits arising out of such shareholding.

- The details of transactions by our Company with our Group Companies during the last year including the nature and cumulative value of the transactions, see section titled "Financial Information-Related Party Transactions" on page 216 of this Prospectus.

- For details of the Group Companies having any business interest or other interests in our Company, see sections titled "Our Promoters and Group Companies" and "Financial Information-Related Party Transactions" on page 147 and 216 of this Prospectus.

- Investors may contact any of the BRLMs and/or the CBRLM, who have submitted the due diligence certificate to SEBI, for complaints, information or clarifications pertaining to the Issue.

SECTION III: INTRODUCTION

SUMMARY OF BUSINESS

The following summary is to be read in conjunction with the section titled "Risk Factors" on page 9 of this Prospectus.

Overview

We are the largest gold financing company in India in terms of loan portfolio, according to IMaCS Industry Report (2010 Update). We provide personal and business loans secured by gold jewellery, or Gold Loans, primarily to individuals who possess gold jewellery but could not access formal credit within a reasonable time, or to whom credit may not be available at all, to meet unanticipated or other short-term liquidity requirements. According to the IMaCS Industry Report (2010 Update), as of March 31, 2010 our branch network of 1,605 branches was the largest among gold loan NBFCs in India. Our Gold Loan portfolio as of November 30, 2010 comprised approximately 4.1 million loan accounts in India that we serviced through 2,263 branches across 20 states, the national capital territory of Delhi and four union territories in India. We have since increased our branch network to 2,611 branches as of February 28, 2011, and used our branch network to serve an average of 67,953 customers per day in the month of February 2011. As of February 28, 2011, we employed 15,664 persons in our operations.

We are a "Systemically Important Non-deposit taking NBFC" headquartered in the southern Indian state of Kerala. Our operating history has evolved over a period of 70 years since M George Muthoot (the father of our Promoters) founded a gold loan business in 1939 under the heritage of a trading business established by his father, Ninan Mathai Muthoot, in 1887. Since our formation, we have broadened the scale and geographic scope of our retail lending operations so that, as of March 31, 2010, we were India's largest provider of Gold Loans. In the years ended March 31, 2008, 2009 and 2010, and in the eight months ended November 30, 2010, revenues from our Gold Loan business constituted 95.97%, 96.71% , 98.08% and 98.50%, respectively, of our total income. In addition to our Gold Loans business, we provide money transfer services through our branches as sub-agents of various registered money transfer agencies, and recently have commenced providing collection agency services. We also operate three windmills in the state of Tamil Nadu.

We issue secured non-convertible debentures called "Muthoot Gold Bonds" on a private placement basis. Proceeds from our issuance of Muthoot Gold Bonds form a significant source of funds for our Gold Loan business. We also rely on bank loans and subordinated debt instruments as our sources of funds. As per our restated audited financial statements, as of November 30, 2010, we had ₹ 33,644.5 million in outstanding Muthoot Gold Bonds and ₹ 57,184.7 million in other borrowings. We also raise capital by selling a portion of our loan receivables under bilateral assignment agreements with various banks .

Our customers are typically small businessmen, vendors, traders, farmers and salaried individuals, who for reasons of convenience, accessibility or necessity, avail of our credit facilities by pledging their gold jewellery with us rather than by taking loans from banks and other financial institutions. We provide retail loan products, primarily comprising Gold Loans. We also disburse other loans, including those secured by Muthoot Gold Bonds. Our Gold Loans have a maximum 12 month term. As per our restated audited financial statements, our average disbursed Gold Loan amount outstanding was ₹31,553 per loan account as of November 30, 2010. In the year ended March 31, 2010, our retail loan portfolio earned, on average, 1.67% per month, or 19.94% per annum, and in the eight months ended November 30, 2010 our retail loan portfolio earned, on average, 1.57% per month, or 18.92% per annum.

As per our restated audited financial statements, as of March 31, 2008, 2009 and 2010, and November 30, 2010, our portfolio of outstanding gross Gold Loans under management was ₹ 21,790.1 million, ₹ 33,000.7 million and ₹ 73,417.3 million, and ₹ 128,977.7 million, respectively, and approximately 30.1 tons, 38.9 tons and 65.5 tons, and 97.6 tons, respectively, of gold jewellery was held by us as security for our Gold Loans. Gross non-performing assets ("NPAs") were at 0.42%, 0.48% and 0.46%, and 0.35% of our gross retail loan portfolio under management as of March 31, 2008, 2009, 2010, and November 30, 2010, respectively.

As per our restated audited financial statements, in the years ended March 31, 2008, 2009 and 2010, our total income was ₹ 3,686.4 million, ₹ 6,204.0 million and ₹ 10,893.8 million, respectively, demonstrating an annual growth rate of 57.56%, 68.29% and 75.59%, respectively. As per our restated audited financial statements, in

the eight months ended November 30, 2010, our total income was ₹ 13,016.6 million. As per our restated audited financial statements, our profit after tax in the years ended March 31, 2008, 2009 and 2010 was ₹ 630.6 million, ₹ 978.7 million and ₹ 2,285.2 million, respectively, demonstrating an annual growth rate of 43.8%, 55.2% and 133.5%, respectively. As per our restated audited financial statements, our profit after tax in the eight months ended November 30, 2010 was ₹ 2,914.8 million. As per our restated audited financial statements, our networth as of March 31, 2008, 2009, 2010, and as of November 30, 2010 was ₹ 2,131.1 million, ₹ 3,614.5 million, ₹ 5,841.9 million and ₹ 11,314.5 million, respectively.

Competitive Strengths

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

Market leading position in the Gold Loan business with a strong presence in under-served rural and semi-urban markets

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

- We are the largest gold financing company in India in terms of loan portfolio, according to IMaCS Industry Report (2010 Update). As per our restated audited financial statements, our loan portfolio as of March 31, 2010 and November 30, 2010 comprised approximately 2.8 million loan accounts and approximately 4.1 million loan accounts, respectively, in India with Gold Loans outstanding of ₹ 73,417.3 million and ₹ 128,977.7 million, respectively .

- We have the largest branch network among gold loan NBFCs, according to the IMaCS Industry Report (2010 Update). As of March 31, 2010, we operated 1,605 branches across 19 states, the national capital territory of Delhi and two union territories in India. Our branch network has expanded significantly in recent years from 373 branches as of March 31, 2005 to 2,611 branches as of February 28, 2011, comprising 465 branches in northern India, 1,753 branches in southern India, 297 branches in western India and 96 branches in eastern India covering 20 states , the national capital territory of Delhi and four union territories in India. In the month of February 2011, we served an average of 67,953 customers daily.

- We believe that due to our early entry we have built a recognizable brand in the rural and semi-urban markets of India, particularly in the southern Indian states of Tamil Nadu, Kerala, Andhra Pradesh and Karnataka. As of March 31, 2010 and November 30, 2010, the southern Indian states of Tamil Nadu, Kerala, Andhra Pradesh, Karnataka and the Union Territory of Pondicherry constituted 75.38% and 75.28%, respectively of our total Gold Loan portfolio.

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

- We offer products with varying loan amounts, advance rates (per gram of gold) and interest rates. The principal loan amounts we disburse usually range from ₹ 2,000.0 to ₹ 100,000.0 while interest rates on our Gold Loans range between 12.00% to 30.00% per annum.

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

Our operating history has evolved over a period of 70 years since M George Muthoot (the father of our Promoters) founded a gold loan business in 1939. We believe that the experience, skills and goodwill acquired by our Promoters over these years cannot be easily replicated by competitors. We have a highly experienced and motivated management team that capitalizes on this heritage at both the corporate and operational levels. Our senior management team has extensive experience in the Gold Loan industry and has demonstrated the ability to grow our business through their operational leadership, strategic vision and ability to raise capital. Under the current management team, as per our restated audited financial statements, our retail loan portfolio has grown from ₹ 22,263.8 million as of March 31, 2008 to ₹ 74,381.5 million as of March 31, 2010 and ₹ 130,036.8 million as of November 30, 2010 . Our business is also well supported by our high net-worth Promoters, who are members of the Muthoot family. We believe that our track record, management expertise and Promoter

support have established a strong brand name for us in the markets we serve. A strong brand name has contributed to our ability to earn the trust of individuals who entrust us with their gold jewellery, and will be a key in allowing us to expand our growth and consolidate this fragmented industry across India.

High-quality customer service and short response time

We adhere to a strict set of market survey and location guidelines when selecting branch sites to ensure that our branches are set up close to our customers. We believe that our customers appreciate this convenience, as well as extended operating hours that we typically offer, which are often more compatible with our customers' work schedules. We provide our customers a clean, attractive and secure environment to transact their business with us. In addition to the physical environment, it is equally important to have professional and attentive staff at both the branch level and at our centralized customer support centers. Each of our branches across India is staffed with persons who possess local knowledge and understanding of customers' needs and who are adequately trained to appraise collateral and disburse loans within a few minutes. Although disbursement time may vary depending on the loan ticket size and the number of items pledged, we can generally disburse an average loan ticket size of ₹ 20,000.0 within five minutes from the time the gold is tendered to the appraiser. Furthermore, since our loans are all over-collateralized by gold jewellery, there are minimal documentary and credit assessment requirements, thereby shortening our turnaround time. We believe our high quality customer service and short response time are significant competitive strengths that differentiate our services and products from those provided by commercial banks.

Strong capital raising ability

We have a track record of successfully raising capital from various sources. We regularly issue secured redeemable non-convertible debentures to retail investors on a private placement basis as a means to access capital for our Gold Loan business. We have also issued equity shares in three tranches to institutional investors. For further information, please refer to the sections titled "History and Certain Corporate Matters" and "Capital Structure" on pages 124 and 61, respectively. As per our restated audited financial statements, as of March 31, 2008, 2009 and 2010, and as of November 30, 2010, our outstanding gross Muthoot Gold Bonds portfolio was ₹ 12,403.3 million, ₹ 19,019.8 million, ₹ 27,192.5 million, and ₹ 33,644.5 million, respectively. We have diversified our resource pool by supplementing our proceeds from the issuance of Muthoot Gold Bonds with borrowings from banks and other financial institutions. As per our restated audited financial statements, as of March 31, 2008, 2009 , 2010 and November 30, 2010, our outstanding borrowings from banks were ₹ 5,884.9 million, ₹ 11,067.6 million , ₹ 21,278.7 million and ₹ 47,085.44 million, respectively. We also raise capital by selling our receivables under bilateral assignments to banks. As per our restated audited financial statements, our outstanding amount of sold portfolio under bilateral assignments were ₹ 4,341.0 million, ₹ 8,130.2 million , ₹ 20,083.2 million and ₹32,464.8 million as of March 31, 2008, 2009 , 2010 and November 30, 2010, respectively. We have been assigned an "A1+" rating by ICRA for commercial paper and for short-term non-convertible debentures of ₹ 2,000.0 million, and a "P1+" rating by CRISIL for short term debt instruments of ₹ 20,000.0 million. We have been assigned an "AA-/Stable" rating by CRISIL for our ₹ 4,000.0 million non-convertible debentures and our ₹ 1,000.0 million subordinated debt. We have been assigned a long-term rating of "LAA-/Stable" and a short-term rating of "A1+" by ICRA for our ₹ 20,000 million line of credit.

In-house training capabilities to meet our branch expansion requirements

Our ability to timely appraise the quality of the gold jewellery collateral is critical to the business. We do not engage third parties to assess the collateral for our Gold Loans, but instead employ in-house staff for this purpose. Assessing gold jewellery quickly is a specialized skill that requires assessing jewellery for gold content and quality manually without damaging the jewellery. We have two staff training colleges, one each in Cochin and in New Delhi, and three regional training centers located in Chennai, Hyderabad and Bangalore . We use our staff training colleges and regional training centers to train new employees in appraisal skills, customer relations and communication skills. We believe that our in-house training has built up a talent pool that enables us to staff new branches with qualified and skilled personnel as we seek to grow our branch network. Our in-house training capabilities also enable us to improve the skill sets of our existing personnel.

Our Strategy

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

Expand branch network and visibility to maintain our market leadership position

We intend to continue to grow our loan portfolio by expanding our network through the addition of new branches. In order to optimize our expansion, we carefully assess potential markets by analyzing demographic, competitive and regulatory factors, site selection and availability, and growth potential. We have a long-standing presence in southern India, and are among the first organized Gold Loan providers in northern and western India. Our strategy for branch expansion includes further strengthening our market leading position in southern Indian states by providing higher accessibility to customers as well as leveraging our expertise and presence in southern India to enhance our presence in other regions of India, particularly in northern India, where we intend to open branches in most states. We have added 620 branches in the last fiscal year and 1,006 branches between April 1, 2010 and February 28, 2011, and expect this growth trend to continue in the future. At the core of our branch expansion strategy, we expect to penetrate new markets and expand our customer base to include customers who otherwise would rely on the unorganized sector. Moreover, our ethics, values and goodwill, which have established our strong brand, will continue to be important factors in our expansion. In addition to increasing the visibility of our brand by sponsoring events and publicity, we will continue to build trust among our customers and enhance our brand with quality services and safety and security of our customers' collateral.

Target new customer segments

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

Access low-cost and diversified sources of funds

We source our funds for our Gold Loan business primarily from the proceeds of private placements of debentures in India and from secured and unsecured credit facilities from banks and other financial institutions. We have been assigned a long-term rating of "LAA-/Stable" and a short-term rating of "A1+" by ICRA for our ₹ 20,000 million line of credit. We intend to increase our efforts to access low-cost funds through rated debt instruments. In this regard, we have been assigned an "A1+" rating by ICRA for commercial paper and for short-term non-convertible debentures of ₹ 2,000.0 million, and a "P1+" rating by CRISIL for short term debt instruments of ₹ 20,000 million. We also intend to raise long-term institutional funding through long-term debt instruments. We have been assigned an "AA-/Stable" rating by CRISIL for our ₹ 4,000.0 million non-convertible debentures and our ₹ 1,000.0 million subordinated debt. In addition, we intend to expand our program of selling a portion of our receivables under various bilateral assignment agreements with financial institutions. We may also consider the possibility of concluding rated securitization transactions in the future. We intend to increase the levels of our capital adequacy ratios in excess of regulatory requirements and strengthen our balance sheet with a view to have access to other sources of low-cost funds. Furthermore, we also intend to seek strong investments in our Company as another source of funding to expand our business.

Strengthen our operating processes and risk management systems

Risk management forms an integral part of our business as we are exposed to various risks relating to the Gold Loan business. The objective of our risk management systems is to measure and monitor the various risks we are subject to and to implement policies and procedures to address such risks. We intend to continue to improve our operating processes and risk management systems that will further enhance our ability to manage the risks inherent to our business. For example, we have commenced installing offsite surveillance cameras in our branches, and intend to implement this across our branch network. As of February 28, 2011, we had installed surveillance cameras in 800 branches across India.

THE ISSUE

Issue of Equity Shares[(1) (2)]	51,500,000 Equity Shares
Issue of up to 51,500,000 Equity Shares, aggregating ₹ 9,012.50 million	
Of which:	
QIB Portion[(3)]	Up to 25,750,000 Equity Shares
Anchor Investor Portion[(3)]	Up to 7,725,000 Equity Shares
Of which:	
Net QIB Portion[(3)]	
Mutual Fund Portion	901,250 Equity Shares
Balance for all QIBs, including Mutual Funds	17,123,750 Equity Shares
Non-Institutional Portion[(3)]	Not less than 7,725,000 Equity Shares available for allocation
Retail Portion[(3)]	Not less than 18,025,000 Equity Shares available for allocation
Pre and Post Issue Equity Shares	
Equity Shares outstanding as on the date of the RHP	320,212,768 Equity Shares
Equity Shares outstanding prior to the Issue	320,212,768 Equity Shares
Equity Shares outstanding after the Issue	371,712,768 Equity Shares
Use of Issue proceeds	See the section titled "Objects of the Issue" on page 76.

***Notes**:*

(1) The Issue currently comprises of an Issue of up to 13.85% of our post-Issue share capital.

(2) The Issue has been authorised by our Board by their resolution dated July 23, 2010 and by the shareholders of our Company at EGM held on September 28, 2010.

(3) This Issue is being made for less than 25% of the post-Issue capital pursuant to Rule 19(2)(b)(ii) of the SCRR, read with Regulation 41(1) of the SEBI ICDR Regulations. The Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI ICDR Regulations. Further, this Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be available for allocation to QIBs on a proportionate basis out of which 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Our Company may allocate up to 30% of the QIB Portion to the Anchor Investors on a discretionary basis. One third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds, subject to valid bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. For further details, see section titled "Issue Procedure" on page 336.

SUMMARY FINANCIAL INFORMATION

The following tables present the summary financial information of the Company and have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI ICDR Regulations. The summary financial information should be read in conjunction with the Auditor's reports and notes thereto contained in the section titled "Financial Information" on page 180 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 259.

ANNEXURE-I: RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

							₹ In Millions
	Particulars	**As at November 30, 2010**	**As at March 31, 2010**	**As at March 31, 2009**	**As at March 31, 2008**	**As at March 31, 2007**	**As at March 31, 2006**
I	**Fixed Assets**						
	Gross Block	2,034.57	1,691.09	1,482.66	1,215.25	646.37	582.34
	Less : Accumulated Depreciation / Amortization	554.04	449.04	320.76	222.74	149.48	78.51
	Net Block	1,480.53	1,242.05	1,161.90	992.51	496.89	503.83
	Capital Work in Progress	510.40	290.65	131.19	93.64	135.40	8.35
		1,990.93	**1,532.71**	**1,293.10**	**1,086.15**	**632.29**	**512.18**
II	**Investments**	**75.05**	**75.05**	**85.31**	**183.43**	**242.15**	**122.91**
III	**Deferred Tax Assets, (Net)**	**(24.43)**	**(24.84)**	**(37.87)**	**(41.73)**	**(47.31)**	**(29.61)**
IV	**Current Assets, Loans and Advances**						
	Sundry Debtors	69.21	33.45	40.95	34.92	21.66	12.85
	Cash and Bank Balances	4,606.59	5,759.92	8,825.32	2,580.38	563.21	369.28
	Other Current Assets	2,939.51	2,408.14	1,658.09	967.91	787.06	471.07
	Loans and Advances	98,104.89	54,616.99	25,735.53	18,046.59	13,893.02	7,946.56
		105,720.20	*62,818.49*	*36,259.89*	*21,629.80*	*15,264.95*	*8,799.76*
	A= (I+II+III+IV)	**107,761.75**	**64,401.41**	**37,600.43**	**22,857.65**	**16,092.08**	**9,405.24**
V	**Liabilities and Provisions**						
	Secured Loans	80,329.97	45,471.22	30,087.45	18,400.19	13,117.52	7,370.41
	Unsecured Loans	10,499.26	7,334.03	1,568.48	752.87	709.00	688.37
	Current Liabilities	4,071.13	4,524.35	1,805.57	1,224.88	459.10	322.89
	Provisions	1,546.84	1,229.90	524.46	348.65	214.43	119.24
	B=(V)	**96,447.20**	**58,559.50**	**33,985.96**	**20,726.59**	**14,500.06**	**8,500.91**
	NET WORTH A-B	**11,314.55**	**5,841.92**	**3,614.47**	**2,131.07**	**1,592.03**	**904.33**
	Net Worth Represented by						
	Share Capital						
	- Equity Shares	3,202.13	3,010.00	490.00	50.00	50.00	39.97
	- Preference Shares	-	-	-	-	-	-
	Reserves and Surplus						
	- Securities Premium	2,364.77	-	755.00	275.00	275.00	35.00
	- Statutory Reserve	1,576.64	993.67	538.52	343.08	215.89	127.93

	- Surplus/ (Deficit) in Profit and Loss Account	4,173.66	1,841.79	1,918.75	1,555.50	1,052.04	701.44
	Miscellaneous Expenditure (to the extent not written off)	(2.65)	(3.54)	(87.80)	(92.51)	(0.90)	-
	NET WORTH	**11,314.55**	**5,841.92**	**3,614.47**	**2,131.07**	**1,592.03**	**904.33**

Note:
The above statement should be read with the Notes to the Restated Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flows as appearing in Annexure IV.

As per our report of even date

PER PRO RANGAMANI & CO.
Chartered Accountants
(FRN: 003050 S)

-sd-
R .SREENIVASAN
Membership No. 20566

Place: Cochin, India
Date: January 10, 2011

For and on behalf of the Board of Directors

-sd-
George Alexander Muthoot
Managing Director

-sd-
M. G. George Muthoot
Chairman

-sd-
Oommen K. Mammen
Chief Financial Officer

-sd-
Rajesh A.
Company Secretary &
Compliance Officer

ANNEXURE-II: RESTATED SUMMARY STATEMENT OF PROFITS AND LOSSES

						₹ In Millions
Particulars	**For the period ended November 30, 2010**	**For the year ended March 31, 2010**	**For the year ended March 31, 2009**	**For the year ended March 31, 2008**	**For the year ended March 31, 2007**	**For the year ended March 31, 2006**
INCOME						
Interest Income	12,893.47	10,774.52	6,062.39	3,579.37	2,235.85	1,428.28
Other Income	123.17	119.28	141.63	107.01	103.80	52.35
Total Income	**13,016.64**	**10,893.80**	**6,204.02**	**3,686.38**	**2,339.65**	**1,480.62**
EXPENDITURE						
Interest Expense	5,825.56	4,737.28	3,097.70	1,797.99	998.95	648.17
Administrative Expenses	2,546.93	2,359.87	1,404.95	795.56	551.27	372.34
Directors Remuneration	128.00	192.23	120.90	48.90	48.90	12.90
Depreciation	105.00	148.90	98.78	74.14	70.97	33.86
Total Expenditure	**8,605.49**	**7,438.27**	**4,722.32**	**2,716.59**	**1,670.09**	**1,067.27**
Profit/(Loss) before Tax and Prior Period Items	**4,411.15**	**3,455.53**	**1,481.70**	**969.78**	**669.57**	**413.36**
Prior Period Items [Expenses / (Income)]	-	-	-	-	-	-
Net Profit/(Loss) before Tax	**4,411.15**	**3,455.53**	**1,481.70**	**969.78**	**669.57**	**413.36**
Provision for tax						
Current Tax	1,496.72	1,192.81	507.94	336.07	207.68	114.60
Deferred Tax Charge/(Credit)	(0.41)	(13.03)	(3.86)	(5.58)	17.70	24.44
Fringe Benefit Tax	-	-	0.42	3.32	4.40	3.05
Total Tax Expense/(Credit)	**1,496.31**	**1,179.78**	**504.50**	**333.82**	**229.78**	**142.09**
Net Profit/(Loss) for the period/year as per audited financials	**2,914.84**	**2,275.75**	**977.20**	**635.97**	**439.79**	**271.27**
Adjustments to the Restated Financial Statements	-	9.41	(4.46)	(5.32)	(1.23)	(2.41)
Less: Deferred Tax Impact on Adjustments considered above	-	-	-	-	-	-
Adjustment of excess provision of income tax, for earlier years written back	-	-	5.95	-	-	-
Net Adjustments (Refer note C of Annexure IV)	-	**9.41**	**1.49**	**(5.32)**	**(1.23)**	**(2.41)**
Net Profit/(Loss) as Restated	**2,914.84**	**2,285.16**	**978.69**	**630.65**	**438.56**	**268.86**
Less: Transfer to Statutory Reserve	582.97	455.15	195.44	127.19	87.96	54.25
Surplus/ (Deficit) brought forward from previous period/year, as restated	1,841.79	1,918.75	1,555.50	1,052.04	701.44	488.78
Impact of restatement of prior period expenses relating to periods prior to 01.04.2005	-	-	-	-	-	(1.95)
Surplus / (Deficit) available for Appropriation	**4,173.66**	**3,748.76**	**2,338.75**	**1,555.50**	**1,052.04**	**701.44**
Appropriation:						
Issue of Bonus Shares	-	1,765.00	420.00	-	-	-

Reduction on account of demerger of radio business	-	141.98	-	-	-	-
Surplus/ (Deficit) carried to Balance Sheet	**4,173.66**	**1,841.79**	**1,918.75**	**1,555.50**	**1,052.04**	**701.44**

Note:
The above statement should be read with the Notes to the Restated Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flows as appearing in Annexure IV.

As per our report of even date

PER PRO RANGAMANI & CO.
Chartered Accountants
(FRN: 003050 S)

-sd-
R .SREENIVASAN
Membership No. 20566

Place: Cochin, India
Date: January 10, 2011

For and on behalf of the Board of Directors

-sd-
George Alexander Muthoot
Managing Director

-sd-
Oommen K. Mammen
Chief Financial Officer

-sd-
M. G. George Muthoot
Chairman

-sd-
Rajesh A.
Company Secretary &
Compliance Officer

ANNEXURE-III: RESTATED STATEMENT OF CASH FLOWS

						₹ In Millions
Particulars	**For the period ended November 30, 2010**	**For the year ended March 31, 2010**	**For the year ended March 31, 2009**	**For the year ended March 31, 2008**	**For the year ended March 31, 2007**	**For the Year ended March 31, 2006**
Cash flow from operating activities						
Profit / (Loss) before tax	**4,411.15**	**3,455.53**	**1,481.70**	**969.78**	**669.57**	**413.36**
Adjustments for :						
Depreciation	105.00	148.90	98.78	74.14	70.97	33.86
Provision for NPA	13.04	20.98	6.85	6.91	0.75	0.44
Preliminary expenses written off	-	-	-	-	-	-
Amortisation of FM Radio License	-	7.05	9.40	2.35	-	-
Amortisation of Computer Software	0.89	1.56	1.51	0.27	0.22	-
Interest on Bank Deposits	(76.03)	(77.96)	(78.66)	(21.04)	(20.36)	(9.82)
Interest on income tax paid	25.95	-	-	-	-	-
Prior period interest on income tax written off (Non Cash)	-	9.41	-	-	-	-
Profit on Sale of Fixed Assets	-	(4.60)	(0.18)	(0.08)	(2.79)	-
Income from Investments	(0.25)	(0.03)	(10.54)	(1.40)	-	0.38
Interest paid	5,825.56	4,737.28	3,097.70	1,797.99	998.95	648.17
Operating profit before working capital changes	**10,305.30**	**8,298.13**	**4,606.54**	**2,828.92**	**1,717.31**	**1,086.39**
Movements in working capital :						
(Increase) / Decrease in Loans and Advances	(43,487.91)	(28,898.83)	(7,688.93)	(4,153.57)	(5,946.46)	(1,006.56)
(Increase) / Decrease in other receivables	(1,007.20)	(173.64)	(527.94)	(93.00)	(230.86)	(55.61)
Increase / (Decrease) in Current liabilities	(453.22)	2,722.44	580.69	765.78	136.21	34.43
Cash from/ (used in) operations	**(34,643.02)**	**(18,051.91)**	**(3,029.63)**	**(651.87)**	**(4,323.80)**	**58.65**
Financial Expenses	(5,825.56)	(4,737.28)	(3,097.70)	(1,797.99)	(998.95)	(648.17)
Taxes paid	(778.70)	(1,077.25)	(506.19)	(318.52)	(212.81)	(119.85)
Net cash from/ (used in) operating activities - (A)	**(41,247.27)**	**(23,866.43)**	**(6,633.52)**	**(2,768.38)**	**(5,535.56)**	**(709.37)**
Cash flows from investing activities						
Purchase of fixed assets	(343.47)	(326.88)	(268.60)	(570.36)	(71.45)	(233.82)
Capital Work in Progress	(219.74)	(159.46)	(37.55)	41.76	(127.05)	(8.35)
Proceeds from sale / transfer of Fixed Assets	-	50.48	0.62	0.68	10.22	0.64
Investments	-	10.26	98.12	58.73	(119.25)	(122.53)
Income from Investments	0.25	0.03	10.54	1.40	-	(0.38)
Addition to Computer Software/ FM Radio Licence Fee	-	(0.67)	(6.20)	(94.23)	(1.12)	-
Interest on Bank Deposits	76.03	77.96	78.66	21.04	20.36	9.82
Net cash (used in) investing activities - (B)	**(486.94)**	**(348.28)**	**(124.41)**	**(540.98)**	**(288.29)**	**(354.62)**
Cash flows from financing activities						
Net Proceeds from Issue of Debentures	6,452.01	8,672.68	6,616.55	3,571.15	2,651.96	250.21

Increase / (Decrease) in Loan from Directors / Relatives of Directors	(58.02)	103.49	114.24	44.97	19.53	267.89
Increase / (Decrease) in Bank Borrowings	28,406.74	10,211.09	5,070.71	1,711.52	3,095.16	721.07
Increase / (Decrease) in Unsecurred loans	(3,100.00)	-	-	-	-	-
Increase / (Decrease) in Inter Corporate Loan	2.00	14.53	2.22	(1.10)	1.10	-
Increase / (Decrease) in Subordinated debt	1,832.26	2,147.53	699.15			
Increase / (Decrease) in Commercial Paper	4,489.00	-	-	-	-	-
Proceeds from issuance of equity share capital (including securities premium)	2,556.90	-	500.00	-	250.03	-
Net cash from/ (used in) financing activities - (C)	**40,580.89**	**21,149.32**	**13,002.87**	**5,326.54**	**6,017.78**	**1,239.17**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**(1,153.32)**	**(3,065.40)**	**6,244.94**	**2,017.18**	**193.93**	**175.18**
Cash and cash equivalents as at the beginning of the year	5,759.92	8,825.32	2,580.38	563.21	369.28	194.10
Cash and cash equivalents as at the end of the year	**4,606.59**	**5,759.92**	**8,825.32**	**2,580.38**	**563.21**	**369.28**
Components of cash & cash equivalents						
Cash in Hand	939.64	1,079.49	468.51	271.65	167.38	132.81
With scheduled banks :						
On current accounts	960.36	3,552.13	1,475.80	311.26	77.57	103.64
On deposit accounts	2,706.59	1,128.30	6,881.01	1,997.47	318.26	132.83
	4,606.59	**5,759.92**	**8,825.32**	**2,580.38**	**563.21**	**369.28**

Note:

1. The above statement should be read with the Notes to the Restated Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flows as appearing in Annexure IV.
2. The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard - 3 on Cash Flow Statements of the Companies (Accounting Standard) Rules, 2006.
3. Negative figures represents Cash outflow.

As per our report of even date

PER PRO RANGAMANI & CO.
Chartered Accountants
(FRN: 003050 S)

-sd-
R .SREENIVASAN
Membership No. 20566

Place: Cochin, India
Date: January 10, 2011

For and on behalf of the Board of Directors

-sd-
George Alexander Muthoot
Managing Director

-sd-
M. G. George Muthoot
Chairman

-sd-
Oommen K. Mammen
Chief Financial Officer

-sd-
Rajesh A.
Company Secretary &
Compliance Officer

GENERAL INFORMATION

Our Company was originally incorporated as a private limited company on March 14, 1997 under the provisions of the Companies Act, 1956, with the name "The Muthoot Finance Private Limited". Subsequently, by a fresh certificate of incorporation dated May 16, 2007, our name was changed to "Muthoot Finance Private Limited". Our Company was converted into a public limited company on November 18, 2008 with the name "Muthoot Finance Limited" and received a fresh certificate of incorporation consequent to change in status on December 02, 2008 from the RoC. For further details regarding changes to the name and registered office of our Company, see the section titled "History and Certain Corporate Matters" on page 124.

Registered and Corporate Office

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

For details of change in registered office, refer to the section titled "History and Certain Corporate Matters" on page 124.

Registration number

011300

Corporate Identity Number

U65910KL1997PLC011300

Address of the RoC

The Registrar of Companies
Kerala and Lakshadweep
Company Law Bhavan
BMC Road,
Thrikkakara
Kochi 682 021
Kerala, India
Tel: (91 484) 242 3749
Fax: (91 484) 242 2327
Website: www.mca.gov.in
Email: roc.ernakulam@mca.gov.in

Board of Directors of the Issuer

Name, Designation, Occupation	Age	Address
M. G. George Muthoot Designation: Whole Time Director and Chairman Occupation: Business	61	Muthoot House G 74, East of Kailash New Delhi 110 065
George Thomas Muthoot Designation: Whole Time Director Occupation: Business	60	Muthoot House, House No. 9/324 A, Miss East Lane, Baker Junction Kottayam Kerala 686 001

Name, Designation, Occupation	Age	Address
George Jacob Muthoot Designation: Whole Time Director Occupation: Business	58	Muthoot House House No. TC/4/2515 Marappalam Pattom P. O. Thiruvananthapuram Kerala 695 004
George Alexander Muthoot Designation: Managing Director Occupation: Business	55	Muthoot House G 343, Panampilly Nagar Ernakulam Kerala 682 036
P. George Varghese Designation: Independent Director Occupation: Industrialist	62	A - 52 Choice Garden Vyttila P. O Ernakulam Kerala 682 019
K. John Mathew Designation: Independent Director Occupation: Retired High Court Judge	78	1445, Kattapurath 41 Division, Veekshanam Road, Kochi Corporation Ernakulam Kerala 682 018
John K Paul Designation: Independent Director Occupation: Business	57	Kuttukaran House St. Benedict Road Ernakulam Kerala 682 018
George Joseph Designation: Independent Director Occupation: Company Executive	61	1/362, Melazhakath House, Alanickal Estate Road Arakulam P.O. Idukki district Kerala 685 591

For further details and profile of our Directors, see the section titled "Our Management" on page 133.

Company Secretary and Compliance Officer

Rajesh A.
Muthoot Chambers
Opposite Saritha Theatre Complex
2nd Floor, Banerji Road
Kochi 682 018
Kerala, India
Tel: (91 484) 353 5533
Fax: (91 484) 2396506
E-mail: cs@muthootfinance.com

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

For all Issue related queries and for redressal of complaints, Bidders may also write to the Book Running Lead Managers and the Co-Book Running Lead Manager. All complaints, queries or comments received by SEBI shall be forwarded to the Book Running Lead Managers and the Co-Book Running Lead Manager, who shall respond to the same.

Issue Management Team

Book Running Lead Managers	
ICICI Securities Limited ICICI Centre, H.T. Parekh Marg, Churchgate Mumbai 400 020, India Tel: (91 22) 2288 2460 Fax: (91 22) 2282 6580 Email: mfl.ipo@icicisecurities.com Investor Grievance Email: customercare@icicisecurities.com Website: www.icicisecurities.com Contact Person: Thomas Vincent Registration No. : INM000011179	***Kotak Mahindra Capital Company Limited*** 1st Floor, Bakthawar, 229, Nariman Point Mumbai 400 021, India Tel: (91 22) 6634 1100 Fax: (91 22) 2283 7517 Email:MuthootFinance.ipo@kotak.com Investor Grievance Email: kmccredressal@kotak.com Website: www.kmcc.co.in Contact Person: Chandrakant Bhole Registration No. : INM000008704

Co-Book Running Lead Manager
HDFC Bank Limited Investment Banking Division Trade World 'A' Wing, First Floor Kamala Mills, Senapati Bapat Marg, Lower Parel (W) Mumbai 400 013, India Tel: (91 22) 4080 4108 Fax: (91 22) 4080 4114 Email: paresh.soni@hdfcbank.com Investor Grievance Email: Investor.redressal@hdfcbank.com Website: www.hdfcbank.com Contact Person: Paresh Soni Registration No. : INM00001252 [*The SEBI registration of HDFC Bank Limited was valid upto January 22, 2011. HDFC Bank Limited has made an application to SEBI for renewal of their certificates of registration in the prescribed manner on November 23, 2010. The approval of SEBI in this regard is awaited*]

Domestic legal advisors to the Company	
AZB & Partners AZB House, 67-4 4th Cross, Lavelle Road Bangalore 560 001, India Tel: (91 80) 2212 9782 Fax: (91 80) 2221 3947	

Domestic legal advisors to the BRLMs and the CBRLM	
Luthra & Luthra Law Offices 103, Ashoka Estate, Barakhamba Road New Delhi 110 001, India Tel: (91 11) 4121 5100 Fax: (91 11) 2372 3909	704-706, 7th Floor, Embassy Centre, Nariman Point Mumbai 400021 Tel: (91 22) 6630 3600 Fax: (91 22) 6630 3700

International legal advisors to the BRLMs and the CBRLM	
DLA Piper Singapore Pte. Ltd. 80 Raffles Place #48-01 UOB Plaza 1 Singapore 048624 Tel: (65) 6512 9595 Fax: (65) 6512 9500	

Syndicate Members	
HDFC Securities Limited I Think Techno Campus "Alpha", Bldg-B, Office Floor 8, Opp. Crompton Greaves Kanjurmarg (East) Mumbai 400 042, India Tel: (91 22) 3075 3400 Fax: (91 22) 3075 3435 Email: customercare@hdfcsec.com Website: www.hdfcsec.com Contact Person: Jyotheesh Kumar SEBI Registration No.: BSE - INB011109437 ; NSE - INB231109431	***Kotak Securities Limited*** 1st Floor, Nirlon House, Dr. Annie Besant Road Worli Mumbai 400 025, India Tel: (91 22) 6652 9191 Fax: (91 22) 6661 7041 Email: sanjeeb.das@kotak.com Website: www. kotak.com Contact Person: Sanjeeb Kumar Das SEBI Registration No.: BSE - INB01808153 NSE – INB230808130
Geojit BNP Paribas Financial Services Limited 5th Floor, Finance Towers, Kaloor, Kochi 682 017 Kerala, India Tel: (91 484) 2405501 Fax: (91 484) 2405618 Email: mailus@geojit.com Website: www.geojitbnpparibas.com Contact Person: Vipin G. S. SEBI Registration No.: BSE - INB011337236; NSE – INB231337230	

Registrar to the Issue

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound, L.B.S. Marg
Bhandup (West)
Mumbai 400 078, India
Tel: (91 22) 2596 0320
Fax: (91 22) 2596 0329
Toll Free: 1-800-22-0320
Email: mfl.ipo@linkintime.co.in
Investor Grievance Email: mfl.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Sachin Achar
Registration No.: NR000004058

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the Designated Branch where the ASBA Form was submitted.

Bankers to the Issue and Escrow Collection Banks	
Yes Bank Limited 3rd Floor, Ion House Dr. E. Moses Road, Mahalaxmi Mumbai 400 011 Tel: (91 22) 6622 9031 Fax: (91 22) 2497 4875 Email: dlbtiservices@yesbank.in Website: www.yesbank.in Contact Person: Mahesh Shirali	***IDBI Bank Limited*** Unit No.2, Corporate Park Near Swastik Chambers Sion-Trombay Road, Chembur Mumbai 400 071 Tel: (91 22) 6690 8402 Fax: (91 22) 6690 8424 Email: ipoteam@idbi.co.in Website: www.idbibank.com Contact Person: M. N. Kamat
ICICI Bank Limited Capital Market Division 30, Mumbai Samachar Marg, Fort Mumbai 400 001 Tel: (91 22) 6631 0311/13 Fax: (91 22) 2261 1138 Email: viral.bharani@icicibank.com Website: www.icicibank.com Contact Person: Viral Bharani	***IndusInd Bank Limited*** Solitaire Park, Building No. 10, Ground Floor Opp: Hotel Mirador, Andheri (E) Mumbai 400 093 Tel: (91 22) 6772 3943 Fax: (91 22) 6772 3998 Email: prasanna.vaidyanathan@indusind.com Website: www.indusind.com Contact Person: Prasanna Vaidyanathan

Kotak Mahindra Bank 5th Floor, Dani Corporate Park 158, CST Road, Kalina, Santacruz (E) Mumbai 400 098 Tel: (91 22) 6759 5336 Fax: (91 22) 6759 5374 Email: amit.kr@kotak.com Website: www.kotak.com Contact Person: Amit Kumar	***HDFC Bank Limited*** FIG – OPS Department, Lodha, I Think Techno Campus O-3, Level, Next to Kanjurmarg Railway Station Kanjurmarg (East) Mumbai 400 042 Tel: (91 22) 3075 2928 Fax: (91 22) 2579 9801 Email: deepak.rane@hdfcbank.com Website: www.hdfcbank.com Contact Person: Deepak Rane
Axis Bank Limited Ground Floor, Chicago Plaza Rajaji Road, Ernakulam, Kochi Kerala 682 035 Tel: (91 484) 442 2042 Fax: (91 484) 238 4273 Email: suraj.das@axisbank.com Website: www.axisbank.com Contact Person: Suraj Das	

Self Certified Syndicate Banks

The list of banks which have been notified by the SEBI to act as SCSBs for ASBA applications and details relating to the designated branches of the SCSBs collecting the ASBA Forms are available at http://www.sebi.gov.in/pmd/scsb.pdf.

Bankers to the Company	
HDFC Bank Limited 115, Radhakrishnan Salai Mylapore Chennai 600 004, India Tel: (91 44) 2847 7243 Fax: (91 44) 2847 7250 Email: rajesh.kumarm@hdfcbank.com Website: www.hdfcbank.com Contact Person: Rajesh Kumar	***ICICI Bank Limited*** RMAG, 2nd Floor, Andonai Towers Kadavanthra, Kochi 682 016, India Tel: (91 484) 401 1355 Fax (91 484) 401 1359 Email: basil.varkey@icicibank.com Website: www.icicibank.com Contact Person: Basil Varkey
IDBI Bank Limited Specialised Corporate Branch Panampilly Nagar, P.B. No. 4253 Kochi 682 036, India Tel: (91 484) 231 8889 Fax: (91 484) 231 9042 Email: b_george@idbi.co.in Website: www.idbi.com Contact Person: Baby George	***Kotak Mahindra Bank Limited*** Zone II, 4th Floor, Kotak Infiniti, Building No. 21 Infinity Park, General A K Vaidya Marg, Malad (East) Mumbai 400 097, India. Tel: (91 22) 6605 4140 Fax: (91 22) 6725 9063) Email: tapobrat.chaudhury@kotak.com Contact Person: Tapobrat Chaudhury
State Bank of India Commercial Branch Vankarath Towers, Padivattom Kochi 682 024 Tel: (91 484) 234 0100 Fax: (91 484) 234 1100 Email: sbi.04062@sbi.co.in Website: www.sbi.co.in Contact Person: Suraj Das	

Refund Banker

Axis Bank Limited
Ground Floor, Chicago Plaza
Rajaji Road, Ernakulam, Kochi
Kerala 682 035
Tel: (91 484) 442 2042
Fax: (91 484) 238 4273
Email: suraj.das@axisbank.com
Website: www.axisbank.com

Contact Person: Suraj Das
Website: www.axisbank.com
SEBI Registration No.: INBI00000017

Statutory Auditors

Rangamani & Co
Chartered Accountants
17/598, 2nd Floor
Card Bank Building
West of YMCA
VCSB Road
Allepey 688 011
Kerala
India
Tel: (91 477) 226 1542
Fax: (91 477) 226 1542
Email: sreenivasan2121@gmail.com

Credit rating

As this is an Issue of equity shares, credit rating is not required for this Issue.

Inter-se Responsibilities of the BRLMs and the CBRLM

The responsibilities and co-ordination roles for various activities in this Issue have been distributed among Kotak, ICICI and HDFC as under:

S.No.	Activity	Responsibility	Co-ordinator
1.	Capital Structuring with relative components and formalities such as type of instruments, etc.	ICICI, Kotak, HDFC	ICICI
2.	Due-diligence of the company including its operations / management / business plans / legal, etc. Drafting and design of the Draft Red Herring Prospectus, the Red Herring Prospectus and Prospectus, including memorandum containing salient features of the Prospectus. The BRLMs and CBRLM shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, the RoC and SEBI, including finalisation of Prospectus and RoC filing	ICICI, Kotak, HDFC	ICICI
3.	Drafting and approval of all statutory advertisements	ICICI, Kotak, HDFC	ICICI
4.	Drafting and approval of all publicity material other than statutory advertisements including corporate advertisements, corporate films, brochures, etc.	ICICI, Kotak, HDFC	Kotak
5.	Appointment of intermediaries viz., printer(s) and advertising agency, IPO Grading Agency, Monitoring Agency, Registrar to the Issue and Bankers to the Issue	ICICI, Kotak, HDFC	ICICI
6.	Preparing of road show presentation and frequently asked questions	ICICI, Kotak, HDFC	Kotak
7.	**International Institutional marketing** International Institutional marketing of the Issue, which will cover, *inter alia*, marketing in the United States and includes: ▪ Institutional marketing strategy ▪ Finalising the list and division of investors for one to one meetings, and ▪ Finalising road show schedule and investor meeting schedule	ICICI, Kotak, HDFC	Kotak
8.	**Domestic Institutional marketing** Domestic Institutional marketing of the Issue, which will cover, *inter alia*: ▪ Institutional marketing strategy ▪ Finalising the list and division of investors for one to one meetings, and	ICICI, Kotak, HDFC	Kotak

S.No.	Activity	Responsibility	Co-ordinator
	▪ Finalising road show schedule and investor meeting schedules		
9.	**Non-Institutional and Retail Marketing of the Issue**, which will cover, *inter alia*: ▪ Formulating marketing strategies, preparation of publicity budget ▪ Finalising media, marketing and public relations strategy ▪ Finalising centers for holding conferences for brokers, etc. ▪ Follow-up on distribution of publicity and Issue material including application forms, Prospectus and deciding on the quantum of the Issue material ▪ Finalising collection centres	ICICI, Kotak, HDFC	ICICI
10.	Co-ordination with Stock Exchanges for Book Building Process software, bidding terminals and mock trading	ICICI, Kotak, HDFC	Kotak
11.	Finalisation of pricing in consultation with the Company	ICICI, Kotak, HDFC	Kotak
12.	Post bidding activities including management of Escrow Accounts, co-ordination of non-institutional allocation, coordination with Registrar to the Issue and Bankers to the Issue, intimation of allocation and dispatch of refunds to Bidders, etc. The post Issue activities will involve essential follow up steps, which include the finalisation of basis of allotment, dispatch of refunds, finalisation of trading and dealing of instruments, dispatch of certificates and demat delivery of shares, with the various agencies connected with the work such as Registrar to the Issue, Bankers to the Issue and the Refund Banker(s). The BRLMs and CBRLM shall be responsible for ensuring that these agencies fulfil their functions and enable them to discharge their responsibilities through suitable agreements with the Company	ICICI, Kotak, HDFC	ICICI

IPO Grading

This Issue has been graded by ICRA Limited and has been assigned the grade of "4/5" indicating that the fundamentals of the Issue are above average relative to other listed equity securities in India, through its letter dated March 07, 2011, which is valid for a period of 6 months from the date of the letter. The IPO grading is assigned on a five point scale from 1 to 5 wherein an "IPO Grade 5" indicates strong fundamentals and an "IPO Grade 1" indicates poor fundamentals. A copy of the report provided by ICRA Limited, is annexed to this Prospectus as "Annex 1 – IPO grading report – ICRA Limited" beginning on page 412 and will also be made available for inspection at our Registered Office from 10.00 A.M. to 4.00 P.M. during the Issue Period.

This Issue has also been graded by CRISIL Limited and has been assigned the grade of "4/5" indicating that the fundamentals of the Issue are above average relative to other listed equity securities in India, through its letter dated March 09, 2011, which is valid for a period of 60 calendar days from the date of the letter. The IPO grading is assigned on a five point scale from 1 to 5 wherein an **"**IPO Grade 5" indicates strong fundamentals and an "IPO Grade 1" indicates poor fundamentals. A copy of the report provided by CRISIL Limited, is annexed to this Prospectus as "Annex 2 – IPO grading report – CRISIL Limited" beginning on page 429 and will also be made available for inspection at our Registered Office from 10.00 A.M. to 4.00 P.M. during the Issue Period.

Trustees

As this is an Issue of equity shares, the appointment of trustees is not required.

Monitoring Agency

IDBI Bank Limited
SSAD, 14th Floor
IDBI Tower, Cuffe Parade
Mumbai 400 005
Maharashtra
India
Telephone: (91 22) 6655 2239
Facsimile: (91 22) 2218 3619
E-mail: s.rajesh@idbi.co.in
Contact Person: Rajesh Swarup

Expert

Except for **(i)** Auditors report on Financial Statements included on page 180; and **(ii)** the report provided by the IPO Grading Agencies (copies of which reports will be annexed to the Prospectus at "Annex 1 – IPO Grading Report – ICRA Limited" and "Annex 2 – IPO Grading Report – CRISIL Limited"on pages 412 and 429, respectively), we have not obtained any other expert opinions.

Appraising Entity

The objects of this Issue have not been appraised by any agency. The objects of this Issue and means of finance therefore are based on internal estimates of the Company.

Book Building Process

Book building refers to the collection of Bids from investors within the Price Band, on the basis of the Red Herring Prospectus. The Issue Price will be determined by the Company in consultation with the Book Running Lead Managers and the Co-Book Running Lead Manager, after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

1. our Company;
2. the BRLMs;
3. the CBRLM;
4. the Syndicate Members;
5. the Registrar to the Issue;
6. the Escrow Collection Banks; and
7. the SCSBs.

This Issue is being made for less than 25% of the post-Issue capital pursuant to Rule 19(2)(b)(ii) of the SCRR, read with Regulation 41(1) of the SEBI ICDR Regulations. The Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI ICDR Regulations. Further, this Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be available for allocation to QIBs on a proportionate basis out of which 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Our Company may allocate up to 30% of the QIB Portion to the Anchor Investors on a discretionary basis. One third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds, subject to valid bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. For further details, see section titled "Issue Procedure" on page 336.

The Book Building Process is subject to change. Investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue. Please see section titled to the section titled "Terms of the Issue" on page 328 for more details. QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. For further details, see the section titled 'Issue Structure' on page 332. We will comply with SEBI ICDR Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, the Company has appointed the BRLMs to manage the Issue and procure subscription to the Issue.

Steps to be taken by the Bidders for making a Bid or application in this Issue:

- Check eligibility for making a Bid. For further details, see the section titled "Issue Procedure" on page 336. Specific attention of ASBA Bidders is invited to the section titled "Issue Procedure – Issue Procedure for ASBA Bidders" on page 364;
- Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form or the ASBA Form, as the case may be;

- Ensure that the Bid cum Application Form or ASBA Form is duly completed as per the instructions given in the Red Herring Prospectus and in the respective forms;
- Except for Bids on behalf of the Central or the State Government and the officials appointed by the courts, for Bids of all values, ensure that you have mentioned your PAN in the Bid cum Application Form or ASBA Form (see the section titled "Issue Procedure" on page 336). However, Bidders residing in the State of Sikkim are exempted from the mandatory requirement of PAN. The exemption is subject to the Depository Participants verifying the veracity of the claim of the Bidders, that they are residents of Sikkim, by collecting sufficient documentary evidence in support of their address;
- Ensure the correctness of your Demographic Details (as defined in the section titled "Issue Procedure – Bidder's PAN, Depository Account and Bank Account Details" on page 354), given in the Bid cum Application Form or ASBA Form, with the details recorded with your Depository Participant;
- Bids by ASBA Bidders will only have to be submitted to the SCSBs at the Designated Branches. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that their ASBA Bid is not rejected; and
- Bids by QIBs (except ASBA Bidders) must be submitted to the BRLMs, the CBRLM and/or their affiliates.

Illustration of Book Building Process and the Price Discovery Process

(Investors should note that the following is solely for the purpose of illustration and is not specific to this Issue. Further, Anchor Investor Bids do not form part of the Book Building Process.)

Bidders can bid at any price within the Price Band. For instance, assuming a Price Band of ₹ 20 to ₹ 24 per share, an issue size of 3,000 Equity Shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the Issue Period. The illustrative book as shown below indicates the demand for the shares of the issuer company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (₹)	Cumulative Quantity	Subscription
500	24.00	500	16.67%
1,000	23.00	1,500	50.00%
1,500	22.00	3,000	100.00%
2,000	21.00	5,000	166.67%
2,500	20.00	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., ₹ 22 in the above example. Our Company in consultation with the BRLMs and the CBRLM, will finalise the issue price at or below such cut-off, i.e., at or below ₹ 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Withdrawal of the Issue

Our Company in consultation with the BRLMs and the CBRLM, reserve the right not to proceed with the Issue at any time after the Bid/Issue Opening Date, but before the Board meeting for the allotment, without assigning any reasons therefor, in accordance with SEBI ICDR Regulations. However, if our Company withdraws from the Issue after the Bid/Issue Closing Date, it shall issue a public notice that shall include reasons for such withdrawal, within two days of the closure of the Bid/Issue Closing Date. The public notice shall be issued in the same newspapers where the pre-Issue advertisements had appeared and our Company shall also promptly inform the Stock Exchanges. If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh Draft Red Herring Prospectus for observations with SEBI.

In terms of the SEBI ICDR Regulations, QIBs are not permitted to withdraw their Bids after the QIB Bid/Issue Closing Date.

The Issue is also subject to obtaining final approval of the Prospectus after it is filed with the RoC. Notwithstanding the foregoing, subsequent to Allotment, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for only after Allotment.

Bid/Issue Programme

Issue Period

BID/ISSUE OPENED ON	APRIL 18,2011*
BID/ISSUE CLOSED (FOR QIB BIDDERS) ON	APRIL 20,2011
BID/ISSUE CLOSED (FOR NON QIB BIDDERS) ON	APRIL 21,2011

**Anchor Investors have submitted their Bids on April 15, 2011, the Anchor Investor Bidding Date, which is one Working Day prior to the Bid/Issue Opening Date.*

The Company has, in consultation with the BRLMs and the CBRLM, allocated 7,725,000 Equity Shares, being 30% of the QIB Portion, to the Anchor Investors in accordance with SEBI ICDR Regulations on the Anchor Investor Bidding Date.

Except in relation to Anchor Investors, bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form, in case of Bids submitted through ASBA Form, the Designated Branches, except that on the Bid/Issue Closing Date, Bids shall be accepted only between **10.00 a.m. and 3.00 p.m.** (Indian Standard Time) (excluding ASBA Bidders) and uploaded until (i) 4.00 p.m. in case of Bids by QIBs and Non-Institutional Bidders where the Bid Amount is in excess of ₹ 200,000 and (ii) until 5:00 p.m., in case of Bids by Retail Individual Bidders, where the Bid Amount is up to ₹ 200,000. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3:00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, our Company, the BRLMs, the CBRLM, the Syndicate Members, the Registrars to Issue and the SCSBs will not be responsible. Bids will only be accepted on Business Days, i.e., any day other than Saturday or Sunday or public holiday. Bids by ASBA Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the NSE and the BSE.

On the Bid/Issue Closing Date, extension of time may be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders after taking into account the total number of Bids received up to the closure of the time period for acceptance of Bid cum Application Forms and ASBA Forms as stated herein and reported by the BRLMs, the CBRLM and the Syndicate Members to the Stock Exchanges within half an hour of such closure.

Our Company in consultation with the BRLMs and the CBRLM reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI ICDR Regulations. The Cap Price shall not be more than 20% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the floor price originally disclosed in the Red Herring Prospectus and the Cap Price will be revised accordingly.

In case of revision of the Price Band, the Issue Period will be extended for three additional Working Days after revision of the Price Band, subject to the Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release and also by indicating the changes on the web sites of the BRLMs, the CBRLM and at the terminals of the other members of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price, but prior to the filing of the Prospectus with the RoC, our Company will enter into the Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM and the CBRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfil their underwriting obligations. Pursuant to the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions to closing as specified therein.

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

Name and Address of the Underwriters	Indicative number of Equity Shares to be underwritten	Amount underwritten (₹ million)
ICICI Securities Limited ICICI Centre, H.T. Parekh Marg Churchgate, Mumbai 400 020 Maharashtra, India Tel: (91 22) 2288 2460 Fax: (91 22) 2282 6580 Email: mfl.ipo@icicisecurities.com	17,166,600	3,004.16
Kotak Mahindra Capital Company Limited 1st floor, Bakhtawar, 229 Nariman Point Mumbai 400 021 Maharashtra, India Tel: (91 22) 6634 1100 Fax: (91 22) 2284 0492 Email: MuthootFinance.ipo@kotak.com	17,166,400	3,004.12
Kotak Securities Limited 2nd Floor, Nirlon House Dr. Annie Besant Road Near Passport Office, Worli Mumbai 400 025 Maharashtra, India Tel: (91 22) 6740 9708 Fax: (91 22) 6662 7330 Email: sanjeeb.das@kotak.com	200	0.04
HDFC Bank Limited Investment Banking Division Trade World 'A' Wing, First Floor Kamala Mills, Senapati Bapat Marg Lower Parel (West) Mumbai 400 013 Maharashtra, India Tel: (91 22) 4080 4108 Fax: (91 22) 4080 4114 Email: paresh.soni@hdfcbank.com	17,166,400	3,004.12
HDFC Securities Limited I Think Techno Campus "Alpha", Bldg-B, Office Floor 8 Opp. Crompton Greaves Kanjurmarg (East) Mumbai 400 042 Maharashtra, India Tel: (91 22) 3075 3400 Fax: (91 22) 3075 3435 Email: customercare@hdfcsec.com	200	0.04
Geojit BNP Paribas Financial Services Limited 5th Floor, Finance Towers Kaloor, Kochi 682 017 Kerala, India Tel: (91 484) 2405501 Fax: (91 484) 2405618 Email: mailus@geojit.com	200	0.04

The above mentioned amounts are provided for indicative purposes only and will be finalised after determination of Issue Price and actual allocation.

In the opinion of the IPO Committee of the Board of Directors (based on certificates given to them by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the stock exchanges.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the Underwriters will be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default, the respective Underwriter in addition to other obligations to be defined in the underwriting agreement, will be required to procure or subscribe for Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

The underwriting arrangements mentioned above shall not apply to the subscriptions by the ASBA Bidders in this Issue.

CAPITAL STRUCTURE

Our share capital as at the date of filing of this Prospectus with SEBI is set forth below:

		Aggregate value at face value (₹)	Aggregate value at Issue Price (₹)
A	**Authorised share capital**		
	450,000,000 Equity Shares	4,500,000,000	
	5,000,000 redeemable preference shares of ₹ 1,000.00 each	5,000,000,000	
	TOTAL	**9,500,000,000**	
B	**Issued, subscribed and paid-up share capital before the Issue**		
	320,212,768 Equity Shares	3,202,127,680	
C	**Present Issue in terms of this Prospectus[(1)]**		
	Issue of up to 51,500,000 Equity Shares[(2)]	515,000,000	9,012,500,000
	Of which:		
	QIB Portion		
	Up to 25,750,000 Equity Shares	257,500,000	4,506,250,000
	Of which:		
	Mutual Fund Portion of 901,250 Equity Shares[(3)]	9,012,500	157,718,750
	Balance for all QIBs, including Mutual Funds is 17,123,750 Equity Shares[(3)]	171,237,500	2,996,656,250
	Non-institutional Portion		
	Not less than 7,725,000 Equity Shares available for allocation	77,250,000	1,351,875,000
	Retail Portion		
	Not less than 18,025,000 Equity Shares available for allocation	180,250,000	3,154,375,000
D	**Issued, subscribed and paid-up share capital after the Issue**		
	371,712,768 Equity Shares	3,717,127,680	
E	**Securities Premium Account**		
	Before the Issue	2,364,771,561	
	After the Issue	10,862,271,561	

(1) The Issue has been authorised by the Board at its meeting held on July 23, 2010 and by the shareholders of the Company at an EGM held on September 28, 2010.

(2) The Company has allocated 7,725,000 Equity Shares, being 30% of the QIB Portion, to Anchor Investors in accordance with the SEBI ICDR Regulations. For further details, see section titled "Issue Procedure" on page 336.

(3) Assuming 30% of the QIB Portion is allotted to Anchor Investors.

Details of increase in authorised share capital since incorporation

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

S.No.	Particulars of increase	Date of Shareholders' meeting	AGM/EGM
	450,000,000 equity shares of ₹ 10 each and 5,000,000 redeemable preference shares of ₹ 1,000 each.		

**This increase in authorised share capital was pursuant to the order of the High Court of Kerala, Ernakulam dated January 31, 2005 approving the scheme of arrangement and amalgamation of Muthoot Enterprises Private Limited with our Company. For further details regarding the scheme of arrangement and amalgamation, see "History and Certain Corporate Matters" on page 124.*

Notes to capital structure

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

(a) Equity Share capital history of the Company:

Date of allotment	No. of Equity Shares	Face value (₹)	Issue price (₹)	Nature of consideration	Reasons for allotment	Cumulative no. of Equity Shares	Cumulative paid-up share capital (₹)	Cumulative share premium (₹)
March 14, 1997	4,000	10	10	Cash	Subscription to the Memorandum[(1)]	4,000	40,000	-
March 30, 1998	250,000	10	10	Cash	Preferential Allotment[(2)]	254,000	2,540,000	-
March 06, 2002	1,750,000	10	30	Cash	Preferential Allotment[(3)]	2,004,000	20,040,000	35,000,000
March 21, 2005	1,993,230	10	-	Consideration other than cash, pursuant to scheme of amalgamation	Allotment pursuant to scheme of amalgamation. [(4)]	3,997,230	39,972,300	35,000,000
October 31, 2006	1,000,000	10	250	Cash	Preferential Allotment[(5)]	4,997,230	49,972,300	275,000,000
February 27, 2007	2,770	10	10	Cash	Preferential Allotment[(6)]	5,000,000	50,000,000	275,000,000
July 31, 2008	1,000,000	10	250	Cash	Preferential Allotment[(7)]	6,000,000	60,000,000	515,000,000
October 21, 2008	42,000,000	10	-	N.A.	Bonus issue in the ratio 7:1[(8)]	48,000,000	480,000,000	515,000,000
December 31, 2008	1,000,000	10	250	Cash	Preferential Allotment[(9)]	49,000,000	490,000,000	755,000,000
August 29, 2009	252,000,000	10	-	N.A.	Bonus issue in the ratio 36:7[(10)]	301,000,000	3,010,000,000	-
July 23, 2010	6,404,256	10	123	Cash	Preferential allotment to Matrix Partners India Investments, LLC pursuant to the Matrix Investment Agreement.	307,404,256	3,074,042,560	723,680,928
July 23, 2010	6,404,256	10	123	Cash	Preferential allotment to Baring India Private Equity Fund III Limited pursuant to the Baring Investment Agreement	313,808,512	3,138,085,120	1,447,361,856
September 08, 2010	3,042,022	10	133	Cash	Preferential allotment to Kotak India Private Equity Fund pursuant to the Kotak Investment Agreement.	316,850,534	3,168,505,340	1,821,530,562
September 08, 2010	160,106	10	133	Cash	Preferential allotment to Kotak Investment	317,010,640	3,170,106,400	1,841,223,600

Date of allotment	No. of Equity Shares	Face value (₹)	Issue price (₹)	Nature of consideration	Reasons for allotment	Cumulative no. of Equity Shares	Cumulative paid-up share capital (₹)	Cumulative share premium (₹)
					Advisors Limited pursuant to the Kotak Investment Agreement.			
September 23, 2010	1,440,922	10	173.50	Cash	Preferential allotment to Matrix Partners India Investments, LLC pursuant to the Matrix Investment Agreement.	318,451,562	3,184,515,620	2,076,814,380
September 23, 2010	1,761,206	10	173.50	Cash	Preferential allotment to The Wellcome Trust Limited (as trustee of The Wellcome Trust, United Kingdom) pursuant to the Wellcome Investment Agreement.	320,212,768	3,202,127,680	2,364,771,561

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

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

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

4. *Allotment of Equity Shares to M.G George Muthoot (684,700) , George Thomas Muthoot (234,366), George Alexander Muthoot (587,866), Susan Thomas (58,733), George Jacob Muthoot (340,900), Elizabeth Jacob (38,133), Anna Alexander (48,433), Paul M. George (33), George M. George (33) and George M. Alexander (33) pursuant to order of the High Court of Kerala, Ernakulam dated January 31, 2005 approving the scheme of arrangement and amalgamation of Muthoot Enterprises Private Limited with the Company whereby every shareholder of Muthoot Enterprises Private Limited is entitled to shares of the Company in the ratio of 3:1. For further details regarding the scheme of arrangement and amalgamation, see "History and Certain Corporate Matters" on page 124.*

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

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

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

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

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

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

(5,670,000), George M. Jacob (12,600,000), George M. Alexander (6,300,000), Eapen Alexander (6,300,000).

(b) Equity Shares issued for consideration other than cash

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

1. *Allotment of Equity Shares to M.G George Muthoot (684,700) , George Thomas Muthoot (234,366), George Alexander Muthoot (587,866), Susan Thomas (58,733), George Jacob Muthoot (340,900), Elizabeth Jacob (38,133), Anna Alexander (48,433), Paul M. George (33), George M. George (33) and George M. Alexander (33) pursuant to order of the High Court of Kerala, Ernakulam dated January 31, 2005 approving the scheme of arrangement and amalgamation of Muthoot Enterprises Private Limited with the Company whereby every shareholder of Muthoot Enterprises Private Limited is entitled to shares of the Company in the ratio of 3:1. For further details regarding the scheme of arrangement and amalgamation, see "History and Certain Corporate Matters" on page 124.*

Additional Subscription Shares - The Wellcome Trust Limited (as trustee of The Wellcome Trust, United Kingdom) under the Wellcome Investment Agreement

The Wellcome Trust Limited (as trustee of The Wellcome Trust, United Kingdom), a company incorporated and existing under the laws of England and Wales with its registered office at 215 Euston Road, London, NW1 2BE, United Kingdom entered into an investment agreement dated September 21, 2010 with the Company, M.G. George Muthoot, George Alexander Muthoot, George Jacob Muthoot, George Thomas Muthoot, Susan Thomas, Anna Alexander, Elizabeth Jacob and Sara George. Pursuant to the Wellcome Investment Agreement, The Wellcome Trust Limited agreed to purchase from the M.G. George Muthoot, George Alexander Muthoot, George Jacob Muthoot, George Thomas Muthoot, Susan Thomas, Anna Alexander, Elizabeth Jacob and Sara George ("**Sellers**"), by way of sale, 3,202,128 issued and fully paid-up Equity Shares of the Company on a fully diluted basis for a consideration of ₹ 173.50 per share aggregating to ₹ 555,569,240. For further details, see section titled "History and Certain Corporate Matters" on page 124.

In this regard the Company obtained approval from the RBI on January 17, 2011 for The Wellcome Trust Limited to acquire Equity Shares from the Sellers under the Wellcome Investment Agreement since as per Section I of the Master Circular on Foreign Investments in India issued by the RBI on July 01, 2010 general permission is not available for transfer of shares / debentures of an entity engaged in any activity in the financial services sector. Accordingly, 3,202,128 issued and fully paid-up Equity Shares of the Company were transferred to The Wellcome Trust Limited.

Anti-dilution right - Baring India Private Equity Fund III Limited, Matrix Partners India Investments LLC, Kotak India Private Equity Fund, Kotak Investment Advisors Limited, The Wellcome Trust Limited (as trustee of The Wellcome Trust, United Kingdom) under the Baring Investment Agreement, Matrix Investment Agreement, Kotak Investment Agreement and the Wellcome Investment Agreement

Under each of the Baring Investment Agreement, Matrix Investment Agreement, Kotak Investment Agreement and Wellcome Investment Agreement, prior to the date of issue and allotment of equity shares by the Company as part of an initial public offering of shares, in the event of any further issue of equity shares by the Company, the investor (i.e. each of Baring India Private Equity Fund III Limited, Matrix Partners India Investments LLC, Kotak India Private Equity Fund, Kotak Investment Advisors Limited and The Wellcome Trust Limited (as trustee of The Wellcome Trust, United Kingdom) shall have the right to subscribe to such number of additional equity shares of the Company at the price of such issuance, so as to maintain their respective percentage of equity shareholding in the Company, provided, however, that such anti dilution right shall not be available for any issue of equity shares by the Company to 'anchor investors' (as the term is understood under applicable securities regulations) as part of the initial public offering of equity shares by the Company, in compliance with applicable law. For further details of the terms of the Baring Investment agreement, Matrix Investment Agreement, Kotak Investment Agreement and Wellcome Investment Agreement see section titled "History and Certain Corporate Matters" on page 124.

2. ***Build up of Promoters' capital, Promoters' contribution and lock-in***

(a) History of share capital held by the Promoters:

Name of Promoter	Date of allotment / fully paid up / transfer	No. of Equity Shares issued / transferred	Cumulative no. of Equity Shares	Face value (₹)	Issue / Transfer Price / Consideration per Equity Share (₹)	% of Pre Issue equity share capital	%tage of Post Issue equity share capital*	Nature of consideration	Reasons for allotment
M.G. George Muthoot	March 14, 1997	1,000	1,000	10	10	0.00	0.00	Cash	Initial allotment on subscription to the Memorandum
	March 30, 1998	62,500	63,500	10	10	0.02	0.02	Cash	Preferential allotment
	March 06, 2002	200,000	263,500	10	30	0.06	0.05	Cash	Preferential allotment
	February 22, 2003	250,000	513,500	10	10	0.08	0.07	Cash	Transfer of Equity Shares from George Thomas Muthoot and Susan Thomas.
	March 21, 2005	684,700	1,198,200	10	Nil	0.21	0.18	Consideration other than cash	Pursuant to scheme of amalgamation **
	October 31, 2006	228,700	1,426,900	10	250	0.07	0.06	Cash	Preferential allotment
	July 31, 2008	120,000	1,546,900	10	250	0.04	0.03	Cash	Preferential allotment
	October 21, 2008	10,828,300	12,375,200	10	Nil	3.38	2.91	-	Bonus issue
	December 31, 2008	120,000	12,495,200	10	250	0.04	0.03	Cash	Preferential allotment
	July 25, 2009	(5,145,200)	7,350,000	10	10	1.61	1.38	Cash	Transfer of Equity Shares to Elizabeth Jacob, Susan Thomas, Alexander M George, Paul M George, George M George and Sara George
	August 29, 2009	37,800,000	45,150,000	10	Nil	11.80	10.17	-	Bonus issue
	January 25, 2010	2,920,732	48,070,732	10	Nil	0.91	0.79	-	Transmission of Equity Shares
	January 24, 2011	(685,600)	47,385,132	10	173.50	0.21	0.18	Cash	Transfer of Equity Shares to The Wellcome Trust Limited
TOTAL		**47,385,132**							
George Thomas Muthoot	March 14, 1997	1,000	1,000	10	10	0.00	0.00	Cash	Initial allotment on subscription to the Memorandum
	March 30, 1998	62,500	63,500	10	10	0.02	0.02	Cash	Preferential allotment

	March 06, 2002	200,000	263,500	10	30	0.06	0.05	Cash	Preferential allotment
	February 22, 2003	(200,000)	63,500	10	10	0.06	0.05	Cash	Transfer of Equity Shares to MG George Muthoot
	March 21, 2005	234,366	297,866	10	Nil	0.07	0.06	Consideration other than cash	Pursuant to scheme of amalgamation *
	October 31, 2006	228,700	526,566	10	250	0.07	0.06	Cash	Preferential allotment
	July 31, 2008	120,000	646,566	10	250	0.04	0.03	Cash	Preferential allotment
	October 21, 2008	4,525,962	5,172,528	10	Nil	1.41	1.22	-	Bonus issue
	December 31, 2008	120,000	5,292,528	10	250	0.04	0.03	Cash	Preferential allotment
	July 25, 2009	2,057,472	7,350,000	10	10	0.64	0.55	Cash	Transfer of Equity Shares from Georgie Kurien and Valsa Kurien
	August 29, 2009	37,800,000	45,150,000	10	Nil	11.80	10.17	-	Bonus issue
	January 24, 2011	(685,600)	44,464,400	10	173.50	0.21	0.18	Cash	Transfer of Equity Shares to The Wellcome Trust Limited
TOTAL		**44,464,400**							
George Jacob Muthoot	March 14, 1997	1,000	1,000	10	10	0.00	0.00	Cash	Initial allotment on subscription to the Memorandum
	March 30, 1998	62,500	63,500	10	10	0.02	0.02	Cash	Preferential allotment
	March 06, 2002	200,000	263,500	10	30	0.06	0.05	Cash	Preferential allotment
	February 22, 2003	(200,000)	63,500	10	10	0.06	0.05	Cash	Transfer of Equity Shares to George Alexander Muthoot
	March 25, 2003	(800)	62,700	10	10	0.00	0.00		Transfer of Equity Shares to George M George, George M Alexander, Alexander M George, Paul M George, George M Jacob, DM Jabhamani, Ram Meempat and Muralidharan M

	April 03, 2003	(800)	61,900	10	10	0.00	0.00	Cash	Transfer of Equity Shares to K. S. Simon/Mariamma Simon, Justin F, Susan Kurien, Alex Mathew, Sabu Thomas, P.J. Joseph, Kurien Pathrose, and M. Pathrose
	February 14, 2004	600	62,500	10	10	0.00	0.00	Cash	Transfer of Equity Shares from Muraleedharan M, K.S. Simon, Justin F, Alex Mathew, Sabu Thomas and P.J. Joseph
	March 21, 2005	340,900	403,400	10	Nil	0.11	0.09	Consideration other than cash	Pursuant to scheme of amalgamation *
	October 31, 2006	228,700	632,100	10	250	0.07	0.06	Cash	Preferential allotment
	July 31, 2008	120,000	752,100	10	250	0.04	0.03	Cash	Preferential allotment
	October 21, 2008	5,264,700	6,016,800	10	Nil	1.64	1.42	-	Bonus issue
	December 31, 2008	120,000	6,136,800	10	250	0.04	0.03	Cash	Preferential allotment
	July 25, 2009	1,213,200	7,350,000	10	10	0.38	0.33	Cash	Transfer of Equity Shares from George Alexander Muthoot, Susan Kurien and Valsa Kurien
	August 29, 2009	37,800,000	45,150,000	10	Nil	11.80	10.17	-	Bonus issue
	January 24, 2011	(685,600)	44,464,400	10	173.50	0.21	0.18	Cash	Transfer of Equity Shares to The Wellcome Trust Limited
TOTAL		**44,464,400**							
George Alexander Muthoot	March 14, 1997	1,000	1,000	10	10	0.00	0.00	Cash	Initial allotment on subscription to the Memorandum
	March 30, 1998	62,500	63,500	10	10	0.02	0.02	Cash	Preferential allotment
	March 06, 2002	250,000	313,500	10	30	0.08	0.07	Cash	Preferential allotment
	February 22, 2003	250,000	563,500	10	10	0.08	0.07	Cash	Transfer of Equity Shares from George Jacob Muthoot and Elizabeth Jacob
	March 21, 2005	587,866	1,151,366	-	Nil	0.18	0.16	-	Pursuant to scheme of amalgamation *
	October 31, 2006	228,700	1,380,066	10	250	0.07	0.06	Cash	Preferential allotment

	February 27, 2007	2,770	1,382,836	10	10	0.00	0.00	Cash	Preferential allotment
	July 31, 2008	120,000	1,502,836	10	250	0.04	0.03	Cash	Preferential allotment
	October 21, 2008	10,519,852	12,022,688	10	Nil	3.29	2.83	-	Bonus issue
	December 31, 2008	120,000	12,142,688	10	250	0.04	0.03	Cash	Preferential allotment
	August 25, 2009	(4,792,688)	7,350,000		10	1.50	1.29	Cash	Transfer of Equity Shares to Elizabeth Jacob, George M Jacob, Anna Alexander, George M Alexander, Eapen Alexander, George M Jacob and George Jacob Muthoot.
	August 29, 2009	37,800,000	45,150,000	10	Nil	11.80	10.17	-	Bonus issue
	January 24, 2011	(685,600)	44,464,400	10	173.50	0.21	0.18	Cash	Transfer of Equity Shares to The Wellcome Trust Limited
TOTAL		**44,464,400**							

***For further details regarding the scheme of arrangement and amalgamation, see "History and Certain Corporate Matters" on page 124.*

(b) Details of Promoters' contribution locked in for three years*:*

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

(i) The Equity Shares acquired during the preceding three years for consideration other than cash and revaluation of assets or capitalisation of intangible assets or bonus shares out of revaluations reserves or unrealised profits or bonus shares which are otherwise ineligible for computation of Promoters' contribution;

(ii) The Equity Shares acquired during the preceding one year, at a price lower than the price at which the Equity Shares are being offered to the public in the Issue;

(iii) The Equity Shares issued to the Promoters upon conversion of a partnership firm; and

(iv) The Equity Shares held by the Promoters that are subject to any pledge.

The Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as "Promoters" under Regulation 2 (za) of the SEBI ICDR Regulations.

The SEBI ICDR Regulations require that an aggregate of 20% of the post-Issue share capital of the Company be considered promoters' contribution and locked-in for a period of three years.

Each of (i) M.G. George Muthoot, George Thomas Muthoot and George Jacob Muthoot, our Promoters have by a written undertaking dated September 29, 2010, consented for 18,585,638 Equity Shares held by each of them, and (ii) George Alexander Muthoot, our Promoter, by a written undertaking dated September 29, 2010, consented for 18,585,640 Equity Shares held by him, together constituting 20% of the post-Issue equity share capital of our Company, to be considered as Promoters' contribution and locked-in for a period of three years from the date of Allotment/acquisition. The details of lock-in are given below:

Name of Promoter	Date on which Equity Shares were allotted	Nature of payment of consideration	Number of Equity Shares locked in	% of post-Issue paid up capital
M.G. George Muthoot	October 21, 2008	Nil	5,055,800	1.36
	December 31, 2008	Cash	27,770	0.01
	August 29, 2009	Nil	13,502,068	3.63
TOTAL			**18,585,638**	**5.00**
George Thomas Muthoot	March 21, 2005	Consideration other than cash	234,366	0.06
	October 31, 2006	Cash	70,638	0.02
	October 21, 2008	Nil	4,210,654	1.13
	December 31, 2008	Cash	27,770	0.01
	July 25, 2009	Cash	2,057,472	0.55
	August 29, 2009	Cash	11,984,738	3.22
TOTAL			**18,585,638**	**5.00**
George Jacob Muthoot	February 14, 2004	Cash	600	0.00
	March 21, 2005	Consideration other than cash	340,900	0.09
	October 31, 2006	Cash	70,638	0.02
	October 21, 2008	Nil	4,949,392	1.33
	December 31, 2008	Cash	27,770	0.01
	July 25, 2009	Cash	1,213,200	0.33
	August 29, 2009	Cash	11,983,138	3.22
TOTAL			**18,585,638**	**5.00**
George Alexander Muthoot	October 21, 2008	Nil	5,411,856	1.46
	December 31, 2008	Cash	27,770	0.01
	August 29, 2009	Nil	13,146,014	3.54
TOTAL			**18,585,640**	5.00
TOTAL			**74,342,554**	**20.00**

The Promoters have pursuant to their undertaking dated September 29, 2010, agreed not to sell or transfer or pledge or otherwise dispose of in any manner, the Equity Shares forming part of the Promoters' Contribution from the date of filing of this Prospectus until the commencement of the lock-in period specified above.

Details of share capital locked in for one year

In addition to the lock-in of the Promoter's contribution specified above, the balance pre-Issue Equity Share Capital, comprising of 245,870,214 Equity Shares will be locked in for a period of one year from the date of allotment of the Equity Shares in this Issue.

Other requirements in respect of lock-in

Pursuant to Regulation 39 read with Regulations 36(b) of the SEBI ICDR Regulations, the locked in Equity Shares held by the Promoters, as specified above, can be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such scheduled commercial banks or public financial institution, provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan.

Provided that securities locked in as Promoters' contribution for three years under Regulation 36(a) of the SEBI ICDR Regulations may be pledged only if, in addition to fulfilling the above requirement, the loan has been granted by such scheduled commercial bank or public financial institution for the purpose of financing one or more of the Objects of the Issue. For further details, see the section titled "Objects of the Issue" on page 76.

Pursuant to Regulation 40 of the SEBI ICDR Regulations, Equity Shares held by the Promoters may be transferred to and amongst the Promoters, the Promoter Group or to new promoters or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code.

Further, pursuant to Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in, along with the Equity Shares proposed to be transferred, provided that lock-in on such Equity Shares will continue for the remaining period with the transferee and such transferee shall not be eligible to transfer such Equity Shares till the lock-in period stipulated under the SEBI ICDR Regulations has ended, subject to compliance with the Takeover Code, as applicable.

The Equity Shares, if any, allotted to Anchor Investors shall be locked in for a period of 30 days from the date of allotment of such Equity Shares.

In addition, the Equity Shares subject to lock-in will be transferable subject to compliance with the SEBI ICDR Regulations and the Takeover Code, each as amended from time to time.

3. Details of Equity Shares holding of the Promoters and Promoter Group as of the date of filing this Prospectus:

	Name	Number of Equity Shares	% of paid up Equity Share Capital	Number of Equity Shares held post Issue	% of Post Issue Capital
1.	M.G. George Muthoot	47,385,132	14.80	47,385,132	12.75
2.	George Alexander Muthoot	44,464,400	13.89	44,464,400	11.96
3.	George Jacob Muthoot	44,464,400	13.89	44,464,400	11.96
4.	George Thomas Muthoot	44,464,400	13.89	44,464,400	11.96
5.	Susan Thomas	29,985,068	9.36	29,985,068	8.07
6.	Elizabeth Jacob	14,935,068	4.66	14,935,068	4.02
7.	George M. Jacob	15,050,000	4.70	15,050,000	4.05
8.	Anna Alexander	14,935,068	4.66	14,935,068	4.02
9.	Sara George	13,519,336	4.22	13,519,336	3.64
10.	Eapen Alexander	7,525,000	2.35	7,525,000	2.02
11.	George M. Alexander	7,525,000	2.35	7,525,000	2.02
12.	George M. George	6,772,500	2.11	6,772,500	1.82
13.	Alexander M. George	6,772,500	2.11	6,772,500	1.82
	TOTAL	**297,797,872**	**93.00**	**297,797,872**	**80.12**

4. Our top ten shareholders and the number of Equity Shares held by them as of the date of filing this Prospectus with SEBI is as follows:

Sr. No.	Name	No. of Equity Shares (face value of ₹ 10 each)	Pre-Issue holding %
1.	M.G. George Muthoot	47,385,132	14.80
2.	George Alexander Muthoot	44,464,400	13.89
3.	George Jacob Muthoot	44,464,400	13.89
4.	George Thomas Muthoot	44,464,400	13.89
5.	Susan Thomas	29,985,068	9.36
6.	George M. Jacob	15,050,000	4.70
7.	Elizabeth Jacob	14,935,068	4.66
8.	Anna Alexander	14,935,068	4.66
9.	Sara George	13,519,336	4.22
10.	Matrix Partners India Investments, LLC	7,845,178	2.45
	TOTAL	**277,048,050**	**86.52**

5. Our top ten shareholders and the number of Equity Shares held by them two years prior to date of filing of this Prospectus with SEBI is as follows:

Sr. No.	Name	No. of Equity Shares (face value of ₹ 10 each)	%
1.	M.G. George Muthoot	12,495,200	25.50
2.	George Alexander Muthoot	12,142,688	24.78
3.	George Jacob Muthoot	6,136,800	12.52
4.	George Thomas Muthoot	5,292,528	10.80
5.	Anna Alexander	2,295,464	4.68
6.	Elizabeth Jacob	1,813,064	3.70
7.	Susan Thomas	1,776,264	3.63
8.	Sara George	1,706,400	3.48
9.	Georgie Kurien	1,219,200	2.49
10.	Valsa Kurien	1,200,000	2.45
	TOTAL	**46,077,608**	**94.03**

6. Our top ten shareholders and the number of Equity Shares held by them, ten days prior to filing this Prospectus with SEBI, is as follows:

Sr. No.	Name	No. of Equity Shares (face value of ₹ 10 each)	%
1.	M.G. George Muthoot	47,385,132	14.80
2.	George Alexander Muthoot	44,464,400	13.89
3.	George Jacob Muthoot	44,464,400	13.89
4.	George Thomas Muthoot	44,464,400	13.89
5.	Susan Thomas	29,985,068	9.36
6.	George M. Jacob	15,050,000	4.70
7.	Elizabeth Jacob	14,935,068	4.66
8.	Anna Alexander	14,935,068	4.66
9.	Sara George	13,519,336	4.22
10.	Matrix Partners India Investments, LLC	7,845,178	2.45
	TOTAL	**277,048,050**	**86.52**

7. The shareholding pattern of our Company as on the date of filing this Prospectus is as follows:

Cate-gory code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Post-Issue		Shares pledged or otherwise encumbered
					As a percentage of (A+B)	As a percentage of (A+B+C)	No. of shares	%	No. of shares
(A)	**Shareholding of Promoter and Promoter Group**								
(1)	**Indian**								
(a)	Individuals/ Hindu Undivided Family	13	297,797,872	Nil	93.00	93.00	297,797,872	80.12	Nil
(b)	Central Government/ State Government(s)								
(c)	Bodies Corporate								
(d)	Financial Institutions/								

Cate-gory code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Post-Issue		Shares pledged or otherwise encumbered
					As a percentage of (A+B)	As a percentage of (A+B+C)	No. of shares	%	No. of shares
	Banks								
(e)	Any Other (specify)								
	Sub-Total (A)(1)	13	297,797,872	Nil	93.00	93.00	297,797,872	80.12	Nil
(2)	**Foreign**								
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)								
(b)	Bodies Corporate								
(c)	Institutions								
(d)	Any Other (specify)								
	Sub-Total (A)(2)								
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	13	297,797,872	Nil	93.00	93.00	297,797,872	80.12	Nil
(B)	**Public shareholding**						73,914,896	19.88	
(1)	**Institutions**								
(a)	Mutual Funds/ UTI								
(b)	Financial Institutions/ Banks								
(c)	Central Government/ State Government(s)								
(d)	Venture Capital Funds								
(e)	Insurance Companies								
(f)	Foreign Institutional Investors								
(g)	Foreign Venture Capital Investors								
(h)	Any Other (specify)								
	Sub-Total (B)(1)								
(2)	**Non-institutions**								
(a)	Bodies Corporate	5	22,414,896	Nil	7	7			Nil

Cate-gory code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Post-Issue		Shares pledged or otherwise encumbered
					As a percentage of (A+B)	As a percentage of (A+B+C)	No. of shares	%	No. of shares
(b)	Individuals - i. Individual shareholders holding nominal share capital up to ₹ 1.00 lakh. ii. Individual shareholders holding nominal share capital in excess of ₹ 1.00 lakh.								
(c)	Any Other (specify) Individual shareholders holding on behalf of trusts								
	Sub-Total (B)(2)	5	22,414,896	Nil	7	7			Nil
	Total Public Shareholding (B)= (B)(1)+(B)(2)	5	22,414,896	Nil	7	7			Nil
	TOTAL (A)+(B)	18	320,212,768		100	100			Nil
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**								
	GRAND TOTAL (A)+(B)+(C)	**18**	**320,212,768**	**Nil**	**100**	**100**	**371,712,768**	**100.00**	

8. All Equity Shares offered through the Issue will be fully paid up at the time of Allotment failing which no Allotment will be made.

9. Except for M. G. George Muthoot, George Alexander Muthoot, George Jacob Muthoot, George Thomas Muthoot and Alexander M George , none of our Directors or Key Management Personnel hold Equity Shares. For further details, see section “Our Management” on page 133.

10. Our Company, our Directors, the BRLMs and/or the CBRLM have not entered into any buy-back or standby / safety net arrangements for the purchase of the Equity Shares from any person.

11. There are no financing arrangements wherein the Promoter Group, the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company (other than in the ordinary course of business of the financing entity), during the period of six months immediately preceding the date of filing this Prospectus.

12. No Equity Shares have been pledged by the Promoter or the Promoter Group.

13. Other than set out in this section titled 'Capital Structure', our Company has not issued Equity Shares out of revaluation reserves or for consideration other than cash.

14. Other than as set out in this section "Capital Structure", none of our Promoter or Promoter Group have acquired/transferred Equity Shares during the period of six months immediately preceding the date of this Prospectus.

Name of Promoter	Date of allotment / fully paid up / transfer	No. of Equity Shares issued / transferred	Face value (₹)	Issue / Transfer Price / Consideration per Equity Share (₹)	Nature of consideration	Reasons for allotment
M.G. George Muthoot	January 24, 2011	(685,600)	10	173.50	Cash	Transfer of Equity Shares to The Wellcome Trust Limited
George Thomas Muthoot	January 24, 2011	(685,600)	10	173.50	Cash	Transfer of Equity Shares to The Wellcome Trust Limited
George Jacob Muthoot	January 24, 2011	(685,600)	10	173.50	Cash	Transfer of Equity Shares to The Wellcome Trust Limited
George Alexander Muthoot	January 24, 2011	(685,600)	10	173.50	Cash	Transfer of Equity Shares to The Wellcome Trust Limited

15. None of the BRLMs or the CBRLM hold any Equity Shares as on the date of filing of this Prospectus. The BRLMs, the CBRLM and their respective affiliates may engage in the transactions with and perform services for our Company in the ordinary course of business and have engaged or may in the future engage, in commercial banking and investment banking transactions with our Company, for which they have received, and may in future receive, customary compensation.

16. This Issue is being made for less than 25% of the post-Issue capital pursuant to Rule 19(2)(b)(ii) of the SCRR, read with Regulation 41(1) of the SEBI ICDR Regulations. The Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI ICDR Regulations. Further, this Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be available for allocation to QIBs on a proportionate basis out of which 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Our Company may allocate up to 30% of the QIB Portion to the Anchor Investors on a discretionary basis. One third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds, subject to valid bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. For further details, see section "Issue Procedure" on page 336.

17. The Company, in consultation with the BRLMs and CBRLM, has decided not to offer any discount on the Issue Price to Retail Individual Bidders.

18. Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any category, would be allowed to be met with spill-over from other categories or a combination of categories, at the discretion of our Company, in consultation with the BRLMs and the CBRLM.

19. Any oversubscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalising the 'Basis of Allocation'.

20. Other than as set out in this section "Capital Structure-Share Capital History", our Company has not issued any Equity Shares at a price less than the Issue Price in the last one year preceding the date of filing of this Prospectus.

21. The Equity Shares are fully paid up and there are no partly paid up Equity Shares as on the date of filing this Prospectus.

22. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws and as disclosed in this Prospectus applicable to each category of Bidder.

23. There are no outstanding convertible securities or any other right which would entitle any person any option to receive Equity Shares after the Issue.

24. Post Issue, there will be no additional rights available to or exercisable by any of the existing shareholders of the Company.

25. Our Company has not raised any bridge loan against the proceeds of the Issue.

26. As of the date of filing of this Prospectus, the total number of holders of Equity Shares are 18.

27. There will be no further issue of capital in any manner whether by way of issue of bonus shares, preferential allotment, rights issue, qualified institutions placement or in any other manner during the period commencing from filing of the Red Herring Prospectus until the Equity Shares issued/ to be issued pursuant to the Issue have been listed or all application moneys have been refunded on account of failure of the Issue.

28. We presently do not intend or propose to alter our capital structure for six months from the date of opening of the Issue, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, including any issue of bonus or rights and any further public issue of securities and any qualified institutions placement except for any issuance in terms of Rule 19(2)(b)(ii) of the SCRR for compliance with the minimum public shareholding requirements set forth thereunder.

29. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.

30. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

31. Our Company, the Directors, the Promoters, the Promoter Group and the Group Companies of our Promoters shall not make any payments, direct or indirect, discounts, commissions, allowances or otherwise under this Issue.

32. Our Promoters, our Promoter Group and our Group Companies will not participate in this Issue.

33. Our Company has not made any public issue or rights issue of any kind or class of securities since its incorporation.

34. Our Company doe not have any scheme of employee stock option or employee stock purchase.

35. Our Company will ensure that transactions in Equity Shares by our Promoter between the date of filing of the Red Herring Prospectus and the Issue Closing Date will be intimated to the Stock Exchanges within 24 hours of such transaction.

36. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares as on the date of this Prospectus.

OBJECTS OF THE ISSUE

The objects of the Issue are as follows:

- to augment our capital base to meet future capital requirements to provide for funding of loans to our customers; and
- general corporate purposes.

In addition, our Company expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges.

The main objects clause of our Memorandum enables our Company to undertake the activities for which funds are being raised in the Issue. The existing activities of our Company are within the objects clause of our Memorandum.

Means of Finance

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

Particulars	Amount (₹ in million)
Gross proceeds raised through the Issue ("Issue Proceeds")	9,012.50
Issue related expenses of our Company	350.00
Net proceeds of the Issue after deducting the Issue related expenses of our Company ("Net Proceeds")	8,662.50

Utilization of Net Proceeds

Our Company intends to utilize ₹ 8,662.50 million, being the entire amount of Net Proceeds towards augmenting our capital base to meet future capital requirements to provide for funding of loans to our customers. As per the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, every NBFC-ND-SI is presently required to maintain a minimum capital ratio consisting of Tier I Capital and Tier II Capital of not less than 12% of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items. Such minimum capital ratio has been increased to 15% effective March 31, 2011. The RBI has prescribed risk weights for various on balance sheet and off-balance sheet items ranging presently from 0% to 100%. Equity share capital and securities premium are treated as Tier I Capital. Correspondingly, post the Issue and upon increasing its Tier I Capital, our Company will be able to create more risk weighted assets, predominantly consisting of its loan portfolio. To illustrate, raising additional Tier I Capital of ₹ 100 crores will enable our Company to add a maximum of ₹ 833.33 crores of aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items. In other words, our Company can increase its business (which comprises predominantly of lending) to such a level such that after applying risk weights, the Capital Adequacy Ratio shall not be less than 12% before March 31, 2011 and not less than 15% thereafter.

As per the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 Tier II Capital shall not exceed Tier I Capital. On increase in equity share capital and securities premium, Tier I Capital increases and the Company's ability to raise Tier II Capital also correspondingly increases and thereby enhances Company's ability to create more risk weighted assets.

General Corporate Purposes

The Net Proceeds will be first utilized towards the objects mentioned above. The balance is proposed to be utilized for general corporate purposes, including strategic initiatives, brand building exercises and strengthening of our marketing capabilities, subject to compliance with the necessary provisions of the Companies Act. Our management, in accordance with the policies of the Board, will have flexibility in utilizing any surplus amounts.

Issue Expenses

The expenses of this Issue include, among others, underwriting and lead management fees, underwriting and selling commissions, SCSBs' commission/ fees, printing and distribution expenses, legal fees, advertisement expenses and marketing expenses, SEBI filing fees, bidding software expenses, IPO grading expenses, Registrar's fees, depository fees and listing fees.

The estimated Issue related expenses are as follows:

Activity	Amount (₹ in million)	% of the total Issue related expenses	% of Issue Size
Lead Management Fees, Underwriting and Selling Commission (including commission to SCSBs)	151.25	43.21	1.68
Registrar's fees and legal fees	22.25	6.36	0.25
Advertisement and marketing expenses	111.25	31.79	1.23
Stationery printing and distribution expenses (including postage and transportation charges)	40.00	11.43	0.44
IPO Grading expenses	2.75	0.79	0.03
Others (SEBI filing fees, bidding software expenses, depository charges, listing fees, etc.)	22.50	6.43	0.25
Total	**350.00**	**100.00**	**3.88**

Monitoring of Utilization of Funds

Our Board shall monitor the utilisation of the net proceeds of the Issue. We will disclose the details of the utilisation of the Net Proceeds, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchanges.

Other confirmations

No part of the Net Proceeds of the Issue will be paid by us as consideration to our Promoters, our Directors or key management personnel except in the usual course of business. No funds have been brought in as Promoters' contributions.

The Company shall disclose to the Audit Committee, the uses and application of the Net Proceeds, on a quarterly basis as a part of the quarterly declaration of financial results. Further, on an annual basis, the Company shall prepare a statement of Net Proceeds utilized for purposes other than those stated in the Prospectus, if any, and place it before the Audit Committee. Disclosure shall be made until such time that all the Net Proceeds have been fully utilized. This statement shall be certified by the statutory auditors of the Company. The Audit Committee shall make appropriate recommendations to the Board to take up steps in this matter.

Interim Use of Proceeds

Our management, in accordance with the policies established by the Board, will have flexibility in deploying the Net Proceeds. Pending utilization for the purposes described above, we intend to temporarily invest the funds in interest bearing liquid instruments including deposits with banks and investments in liquid (not equity) mutual funds. Such investments would be in accordance with the investment policies approved by our Board from time to time. We confirm that pending utilization of the Net Proceeds, we shall not use the funds for any investments in the equity markets.

Financial statements of entities in which the Net Proceeds are being invested

The restated audited financial statements are disclosed in the section titled "Financial Information" on page 180.

BASIS FOR ISSUE PRICE

The Issue Price has been determined by the Company in consultation with the BRLMs and the CBRLM on the basis of assessment of market demand by the Book Building Process and on the basis of the following qualitative and quantitative factors for the Equity Shares. The face value of the Equity Shares is ₹ 10 each and the Issue Price is 16 times the face value at the lower end of the Price Band and 17.5 times the face value at the higher end of the Price Band. Investors should review the entire Red Herring Prospectus, including the sections "Risk Factors", "Industry Overview", "Our Business" and "Financial Information" beginning on pages 9, 92, 99 and 180, respectively, of the Red Herring Prospectus to get a more informed view before making an investment decision.

Qualitative Factors

- Largest gold financing company in India in terms of loan portfolio, according to IMaCS Industry Report (2010 Update)
- "Systemically Important Non-deposit taking NBFC" with a strong brand name and track record
- Largest branch network among Gold Loan NBFCs, according to the IMaCS Industry Report (2010 Update)
- Strong presence in under-served rural and semi-urban markets
- High-quality customer service and short response time
- Track record of successfully raising capital from diversified sources
- Extensive management expertise and Promoter support
- In-house training capabilities to meet branch expansion requirements

For a detailed discussion on the qualitative factors, which form the basis for computing the price, see the sections titled "Our Business" and "Risk Factors" on pages 99 and 9, respectively of the Prospectus.

Quantitative Factors

Information presented in this section is derived from the Company's restated financial statements for the financial years ended March 31, 2008, 2009 and 2010 and the eight months ended November 30, 2010, prepared in accordance with Indian GAAP and the SEBI ICDR Regulations. Some of the quantitative factors, which form the basis for computing the Issue Price, are as follows:

1. **Weighted average Earnings per Share ("EPS") (Basic and Diluted)**

Financial Period	Basic and Diluted EPS (₹)	Weight
Financial Year 2008	2.57	1
Financial Year 2009	3.49	2
Financial Year 2010	7.59	3
Weighted Average	**5.39**	

The basic and diluted EPS for the eight months ended November 30, 2010, is ₹ 9.30 (not annualised).

Notes:

i. The figures disclosed above are based on the restated financial statements of the Company.

ii. Basic and Diluted EPS calculations have been done by dividing the net profit/(loss) after tax, as restated, by the weighted average number of Equity Shares outstanding during the year in accordance with Accounting Standard 20 'Earning per Share' issued by the Institute of Chartered Accountants of India.

iii. Weighted average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the year adjusted by the number of Equity Shares issued during the year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific Equity Shares are outstanding as a proportion of total number of days during the year.

2. **Price/Earnings ("P/E") ratio**

P/E ratio in relation to Issue Price of ₹ 175 per Equity Share of face value of ₹ 10 each:

i. Based on the basic and diluted EPS of ₹ 7.59 for the financial year ended March 31, 2010, the P/E ratio is

21.08 at the lower end of the Price Band and 23.06 at the higher end of the Price Band.

ii. Based on the weighted average basic and diluted EPS of ₹ 5.39, the P/E ratio is 29.68 at the lower end of the Price Band and 32.47 at the higher end of the Price Band.

iii. Based on the basic and diluted EPS of ₹ 7.59 for the financial year ended March 31, 2010, the P/E ratio is 23.06 at the Issue Price.

iv. Based on the weighted average basic and diluted EPS of ₹ 5.39, the P/E ratio is 32.47 at the Issue Price.

v. Industry P/E: There is only one listed company in India which is in the identical business of gold financing as the Company viz. Manappuram General Finance & Leasing Limited, the P/E ratio of which is mentioned below.

3. **Weighted average Return on Net Worth ("RoNW")**

Financial Period	RoNW (%)	Weight
Financial Year 2008	29.59%	1
Financial Year 2009	27.08%	2
Financial Year 2010	39.12%	3
Weighted Average	**33.52%**	

The RoNW for the eight months ended November 30, 2010, is 25.76% (not annualised).

Notes:

i. The RoNW has been computed by dividing the net profit/(loss) after tax, as restated, by the Net Worth as at the end of the year.

ii. Net Worth has been computed by aggregating share capital, reserves and surplus and adjusting for miscellaneous expenditure (to the extent not written off) and deferred tax assets as per the Company's restated financial statements.

4. **Minimum Return on Increased Net Worth required to maintain pre-Issue EPS**

The minimum return on increased Net Worth required to maintain pre-Issue EPS (basic and diluted) for the year ended March 31, 2010 is 14.43% at the lower end of the Price Band, 13.88% at the higher end of the Price Band and 13.88% at the Issue Price.

5. **Net Asset Value ("NAV") per Equity Share**

Particulars	Amount (in ₹)
NAV per Equity Share as of March 31, 2010	19.41
NAV per Equity Share as of November 30, 2010	35.33
NAV per Equity Share after the Issue at the Issue Price	54.68
Issue Price per Equity Share	175

NAV per Equity Share represents Net Worth, as restated, divided by the number of Equity Shares outstanding at the end of the period.

6. **Comparison with Industry Peers for the financial year ended March 31, 2010***

Name of the company	Face Value (₹)	EPS (₹)	P/E Ratio	RoNW (%)	Book Value per Share (₹)
Muthoot Finance Limited#	10	7.59	23.06^^	39.12	19.41
Peer Group					
Manappuram General Finance & Leasing Limited#	10	20.46**	45.90^	19.61	179.37

** Figures for the financial year ended March 31, 2010 have been computed on a standalone basis for both companies.*

 # EPS, RoNW and Book Value per Equity Share have been calculated from the restated financial statements for the Company and from the annual report for the financial year ended March 31, 2010 of the peer group company

*** Basic EPS; the diluted EPS of the peer group company is 20.33*

^ The P/E ratio has been calculated by dividing the market capitalisation of the peer group company (based on the closing price of its equity shares on the NSE as on April 04, 2011) by the profit after tax for the financial year ended March 31, 2010

^^ Calculated at the Issue Price

Since the Issue is being made through the 100% Book Building Process, the Issue Price has been determined on the basis of investor demand. The BRLMs and the CBRLM believe that the Issue Price of ₹ 175 is justified in view of the above qualitative and quantitative factors. For further details, see the sections titled "Risk Factors", "Our Business" and "Financial Information" on pages 9, 99 and 180 respectively of the Prospectus to have a

more informed view.

STATEMENT OF TAX BENEFITS

To

The Board of Directors
Muthoot Finance Limited
Muthoot Chambers,
Opp. Saritha Theatre Complex,
Banerji Road,
Ernakulam – 682 018, India

Dear Sirs,

Statement of possible Tax Benefits available to Muthoot Finance Limited and its shareholders

We hereby report that the enclosed statement provides the possible tax benefits available to Muthoot Finance Limited ('the Company') under the Income-tax Act, 1961 presently in force in India and to the shareholders of the Company under the Income Tax Act, 1961 and Wealth Tax Act, 1957 and the Gift Tax Act, 1958, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

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

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

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

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

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.

Yours sincerely,

Per Pro M/s Rangamani & Co
Chartered Accountants
(FRN: 003050 S)

R. Sreenivasan FCA
M. No. 020566

Date: **April 04, 2011**
Place: **Alleppey, India**

Special Income Tax Benefits available to the Company under Income-tax Act, 1961 ('IT Act')

1. Deduction under Section 80-IA of the Income tax Act, 1961

   As per the provisions of Section 80-IA of the IT Act, the company is entitled for a deduction of the entire profits derived from, its undertaking generating power for a period of 10 consecutive year falling within the first 15 years, beginning with the initial assessment year it started generating power.

General Tax Benefits to the Company under the Income-tax Act, 1961 ('IT Act")

1. Dividends earned are exempt from tax in accordance with and subject to the provisions of section 10(34) read with section 115-O of the Act. However, as per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

2. In accordance with and subject to the provisions of section 35(1)(i) and (iv) of the Act, the Company would be entitled to deduction in respect of revenue or capital expenditure incurred (other than expenditure on the acquisition of land), laid out or expended on scientific research related to the business. Subject to conditions as specified, the Company would also be entitled to a weighted deduction to the extent of one and three-fourth times of the sum paid to a research association, which has as its objects, the undertaking of scientific research in accordance with section 35(1)(ii), and a weighted deduction to the extent of one and one-fourth times of the sum paid to any approved university, college or other institution, to be used for research in social science or statistical research, in accordance with section 35(1)(iii). Subject to the conditions as prescribed, the Company would also be entitled to claim capital expenditure incurred on scientific research related to its business in accordance with the section 35(i)(iv). Furthermore, in accordance with section 35(2AB) of the Act and subject to the compliance of the conditions, the Company would be entitled to claim a deduction of a sum equal to two times of the expenditure incurred (except capital expenditure on land and building) on in-house scientific research and development facility, as approved by the prescribed authority.

3. The Company will be entitled to amortize certain preliminary expenditure, specified under section 35D(2) of the IT Act, subject to the limit specified in Section 35D(3). The deduction is allowable for an amount equal to one-fifth of such expenditure for each of five successive assessment years beginning with the assessment year in which the business commences.

4. Income by way of interest, premium on redemption or other payment on notified securities, bonds, certificates issued by the Central Government is exempt from tax under section 10(15) of the Income-tax Act, 1961 (herein after referred to as 'the Act') in accordance with and subject to the conditions and limits as may be specified in notifications.

5. Under section 32 of the Act, the Company is entitled to claim depreciation subject to the conditions specified therein, at the prescribed rates on its specified assets used for its business.

6. The amount of tax paid under Section 115JB by the company for any assessment year beginning on or after 1st April 2006 will be available as credit for ten years succeeding the Assessment Year in which MAT credit becomes allowable in accordance with the provisions of Section 115JAA.

7. Under Section 115BBD , any income by way of dividend received by the company from the foreign subsidiary company, if any, shall be taxable at a reduced rate of 15%. However no allowance or expenditure shall be allowed against such dividends.

8. In accordance with and subject to the conditions of section 80G of the Act, the Company will be entitled for a deduction of a qualifying amount in respect of specified donations.

9. In accordance with and subject to the conditions prescribed, the Company will be entitled for a deduction under section 80-IC of the Act in respect of any of its undertaking if established at notified areas. As per section 80-IC, the eligible amount of deduction is 100% in respect of profits and gains derived from such undertaking for a period of first five assessment years and 30% in respects of profits and gains derived from such undertaking for next 5 years.

10. In case of loss under the head "Profit and Gains from Business or Profession", it can be set-off against other income and the excess loss after set-off can be carried forward for set-off - against business income of the next eight Assessment Years.

11. The unabsorbed depreciation, if any, can be adjusted against any other income and can be carried forward indefinitely for set-off against the income of future years.

12. If the company invests in the equity shares of another company, as per the provisions of Section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to Securities Transaction Tax.

13. According to the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. Deduction under section 54EC of the Act is restricted to ₹ 5 million during any financial year. However, if the said bonds are transferred or converted into money within a period of three years from the date of their 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.

14. Income earned from investment in units of a specified Mutual Fund is exempt from tax under section 10(35) of the Act. However, as per section 94(7) of the Act, losses arising from the sale/ redemption of units purchased within three months prior to the record date (for entitlement to receive income) and sold within nine months from the record date, will be disallowed to the extent such loss does not exceed the amount of income claimed exempt.

15. Further, as per section 94(8) of the Act, if an investor purchases units within three months prior to the record date for entitlement of bonus, and is allotted bonus units without any payment on the basis of holding original units on the record date and such person sells/ redeems the original units within nine months of the record date, then the loss arising from sale/ redemption of the original units will be ignored for the purpose of computing income chargeable to tax and the amount of loss ignored shall be regarded as the cost of acquisition of the bonus units.

16. Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units of the Unit Trust of India or units of a mutual fund specified under section 10(23D) of the Act or Zero-Coupons bonds will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".

17. Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains [other than gains on transfer of bonds or debentures (other than capital indexed bonds issued by the government)], it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

18. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of:

    (a) 20 per cent (plus applicable surcharge and education cess[1]) of the capital gains as computed after indexation of the cost; or

[1] Education Cess will include Secondary and Higher Education Cess

(b) 10 per cent (plus applicable surcharge and education cess) of the capital gains as computed without indexation.

19. In accordance with Section 111A, the tax on capital gains arising from the transfer of a short term asset being an equity share in a company or a unit of an equity oriented fund, is chargeable to tax at the rate of 15% (plus applicable surcharge and education cess), where such transaction is chargeable to Securities Transaction Tax. And if the provisions of Section 111A are not applicable to the short term capital gains, in case of non chargeability to Securities Transaction Tax, then the tax will be chargeable at the rate of 30% (plus applicable surcharge and education Cess) as applicable.

20. Under section 36(1)(vii), any bad debt or part thereof written off as irrecoverable in the accounts is allowable as a deduction from the total income.

21. Under section 36(1)(viii) of the Act, subject to the conditions specified therein, a deduction is allowable in respect of an amount not exceeding 20% of the profits derived from eligible business [viz., providing long-term finance for industrial or agricultural development or development of infrastructure facility in India or development of housing in India] provided such amount is transferred to a special reserve account created and maintained for this purpose. Provided that where the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid up share capital and general reserves, no further deduction shall be allowable in respect of such excess.

22. Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which do not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income is not a tax deductible expenditure.

Section 115-O

Tax rate on distributed profits of domestic companies (DDT) is 15%, the surcharge on Income tax is at 5%, and the education cess is at 3%.

Tax Rates

The tax rate is 30%. The surcharge on Income tax is 5%, only if the total income exceeds ₹ 10.00 million. Education cess is 3%.

General Tax Benefits to the Shareholders of the Company

(I) Under the Income-tax Act

A) Residents

1. Dividends earned on shares of the company are exempt from tax in accordance with and subject to the provisions of section 10(34) read with section 115-O of the Act. However, as per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

2. Under Section 10(32) of the IT Act, any income of minor children who is a shareholder of the Company clubbed in the total income of the parent under Section 64(1A) of the IT Act, will be exempt from tax to the extent of ₹ 1,500 per minor child whose income is so included in the income of the parent.

3. Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units of the Unit Trust of India or units of a mutual fund specified under section 10(23D) of the Act or Zero-Coupons bonds will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as “long term capital gains”. Capital gains arising on sale of these assets held for 12 months or less are considered as “short term capital gains”.

4. Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains [other than gains on transfer of bonds or debentures (other than capital indexed bonds issued by the government)], it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

5. Long term capital gain arising on sale of shares is fully exempt from tax in accordance with the provisions of section 10(38) of the Act, where the sale is made on or after October 1, 2004 on a recognized stock exchange and the transaction is chargeable to securities transaction tax.

6. Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which do not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income (ie dividend/exempt long-term capital gains) is not tax deductible expenditure.

7. Under section 36(1)(xv) of the Act, securities transaction tax paid by a shareholder in respect of taxable securities transactions entered into in the course of its business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and gains of business or profession".

8. As per the provision of Section 71(3), if there is a loss under the head "Capital Gains", it cannot be set-off with the income under any other head. Section 74 provided that the short term capital loss can be set-off against both Short term and Long term capital gain. But Long term capital loss cannot be set-off against short term capital gain. The unabsorbed short term capital loss can be carried forward for next eight assessment years and can be set off against any capital gains in subsequent years. The unabsorbed long term capital loss can be carried forward for next eight assessment years and can be set off only against long term capital gains in subsequent years

9. Taxable long term capital gains would arise [if not exempt under section 10(38) or any other section of the Act] to a resident shareholder where the equity shares are held for a period of more than 12 months prior to the date of transfer of the shares. In accordance with and subject to the provisions of section 48 of the Act, in order to arrive at the quantum of capital gains, the following amounts would be deductible from the full value of consideration:

   (a) Cost of acquisition/ improvement of the shares as adjusted by the cost inflation index notified by the Central Government; and

   (b) Expenditure incurred wholly and exclusively in connection with the transfer of shares

10. Under section 112 of the Act, taxable long-term capital gains are subject to tax at a rate of 20% (plus applicable surcharge and education cess[2]) after indexation, as provided in the second proviso to section 48 of the Act. However, in case of listed securities or units, the amount of such tax could be limited to 10% (plus applicable surcharge and education cess), without indexation, at the option of the shareholder.

11. Short term capital gains on the transfer of equity shares, where the shares are held for a period of not more than 12 months would be taxed at 15% (plus applicable surcharge and education cess), where the sale is made on or after October 1, 2004 on a recognized stock exchange and the transaction is chargeable to securities transaction tax. In all other cases, the short term capital gains would be taxed at the normal rates of tax (plus applicable surcharge and education cess) applicable to the resident investor. Cost indexation benefits would not be available in computing tax on short term capital gain.

12. Under section 54EC of the Act, long term capital gain arising on the transfer of shares of the Company [other than the sale referred to in section 10(38) of the Act] is exempt from tax to the extent the same is invested in certain notified bonds within a period of six months from the date of such transfer (upto a maximum limit of ₹ 5.0 million) for a minimum period of three years.

[2] Education Cess will include Secondary and Higher Education Cess

13. In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the Company held by an individual and on which Securities Transaction Tax is not payable, shall be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years. Such benefit will not be available if the individual-

- owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
- purchases another residential house within a period of one year after the date of transfer of the shares; or
- constructs another residential house within a period of three years after the date of transfer of the shares; and
- the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

14. If an individual or HUF receives any property, which includes shares, without consideration, the aggregate fair market value of which exceeds ₹ 50,000, the whole of the fair market value of such property will be considered as income in the hands of the recipient. Similarly, if an individual or HUF receives any property, which includes shares, for consideration which is less than the fair market value of the property by an amount exceeding ₹ 50,000, the fair market value of such property as exceeds the consideration will be considered as income in the hands of the recipient

Tax Rates

For Individuals, HUFs, BOI and Association of Persons:

Slab of income (₹)	Rate of tax (%)
0 – 180,000	Nil
180,001 – 500,000	10%
500,001 – 8,00,000	20%
800,001 and above	30%

Notes:

(a) In respect of women residents below the age of 60 years, the basic exemption limit is ₹ 190,000.

(b) In respect of senior citizens (individuals above the age of 60 years but less than 85 years) resident in India, the basic exemption limit is ₹ 250,000.

(c) In respect of very senior citizens (individuals above the age of 85 years) resident in India, the basic exemption limit is ₹ 5,00,000.

(d) Education Cess[3] will be levied at the rate of 3% on income tax.

[3] Education Cess will include Secondary and Higher Education Cess

B) Non-Residents

1. Dividends earned on shares of the Company are exempt in accordance with and subject to the provisions of section 10(34) read with Section115-O of the Act. However, as per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt

2. Under Section 10(32) of the IT Act, any income of minor children who is a shareholder of the Company clubbed in the total income of the parent under Section 64(1A) of the IT Act, will be exempt from tax to the extent of ₹ 1,500 per minor child whose income is so included in the income of the parent.

3. Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units of the Unit Trust of India or units of a mutual fund specified under section 10(23D) of the Act or Zero-Coupons bonds will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".

4. Long term capital gain arising on sale of Company's shares is fully exempt from tax in accordance with the provisions of section 10(38) of the Act, where the sale is made on or after October, 1 2004 on a recognized stock exchange and the transaction is chargeable to securities transaction tax.

5. In accordance with section 48, capital gains arising out of transfer of capital assets being shares in the company shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and the full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilised in the purchase of the shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/arising from every reinvestment thereafter in, and sale of, shares and debentures of, an Indian company including the Company.

6. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to Securities Transaction Tax, held as long term capital assets will be at the rate of 10% (plus applicable surcharge and education cess). A non-resident will not be eligible for adopting the indexed cost of acquisition and the indexed cost of improvement for the purpose of computation of long-term capital gain on sale of shares.

7. In accordance with Section 111A, the tax on capital gains arising from the transfer of a short term asset being an equity share in a company or a unit of an equity oriented fund, is chargeable to tax at the rate of 15% (plus applicable surcharge and education cess), where such transaction is chargeable to Securities Transaction Tax. If the provisions of Section 111A are not applicable to the short term capital gains, then the tax will be chargeable at the applicable normal rates plus surcharge and education cess as applicable.

8. Under section 54EC of the Act, long term capital gain arising on the transfer of shares of the Company [other than the sale referred to in section 10(38) of the Act] is exempt from tax to the extent the same is invested in certain notified bonds within a period of six months from the date of such transfer (upto a maximum limit of ₹ 5.0 million) for a minimum period of three years.

9. In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the Company held by an individual and on which Securities Transaction Tax is not payable, shall be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years subject to regulatory feasibility. Such benefit will not be available if the individual-

- owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
- purchases another residential house within a period of one year after the date of transfer of the shares; or
- constructs another residential house within a period of three years after the date of transfer of the shares; and
- the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

10. As per the provisions of Section 90, the Non Resident shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant country for avoidance of double taxation of income.

C) Non-Resident Indians

Further, a Non-Resident Indian has the option to be governed by the provisions of Chapter XII-A of the Income-tax Act, 1961 which reads as under:

1. Non-Resident Indians [as defined in Section 115C(e) of the Act], being shareholders of an Indian Company, have the option of being governed by the provisions of Chapter XII-A of the Act, which inter alia entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange

2. According to the provisions of section 115D read with Section 115E of the Act and subject to the conditions specified therein, long term capital gains arising on transfer of an Indian company's shares, will be subject to tax at the rate of 10 percent (plus applicable surcharge and education cess), without indexation benefit. Further, short term capital gains arising on transfer of an Indian company's shares, will be subject to tax at the rate of 20 percent (plus applicable surcharge and education cess).

3. Further, if the specified asset or savings certificate in which the investment has been made is transferred / converted into money within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred / converted.

4. In accordance with section 115E, income from investment or income from long-term capital gains on transfer of assets other than specified asset shall be taxable at the rate of 20% (plus education cess). Income by way of long term capital gains in respect of a specified asset (as defined in Section 115C(f) of the Income-tax Act, 1961), shall be chargeable at 10% (plus education cess).

5. In accordance with section 115F, subject to the conditions and to the extent specified therein, long-term capital gains arising from transfer of shares of the company acquired out of convertible foreign exchange, and on which Securities Transaction Tax is not payable, shall be exempt from capital gains tax, if the net consideration is invested within six months of the date of transfer in any specified new asset.

6. In accordance with section 115G, it is not necessary for a Non-Resident Indian to file a return of income under section 139(1), if his total income consists only of investment income earned on shares of the company acquired out of convertible foreign exchange or income by way of long-term capital gains earned on transfer of shares of the company acquired out of convertible foreign exchange or both, and the tax deductible has been deducted at source from such income under the provisions of Chapter XVII-B of the Income-tax Act, 1961.

7. Under Section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

8. In accordance with section 115-I, where a Non-Resident Indian opts not to be governed by the provisions of Chapter XII-A for any assessment year, his total income for that assessment year (including income arising from investment in the company) will be computed and tax will be charged according to the other provisions of the Income-tax Act, 1961.

9. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to Securities Transaction Tax.

10. In accordance with section 10(34), dividend income declared, distributed or paid by the Company (referred to in section 115-O) will be exempt from tax

11. In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company or a unit of an equity oriented fund where such transaction has suffered Securities Transaction Tax is chargeable to tax at the rate of 15% (plus applicable surcharge and education cess). If the provisions of Section 111A are not applicable to the short term capital gains, then the tax will be chargeable at the applicable normal rates plus surcharge and education cess.

12. Under section 54EC of the Act, long term capital gain arising on the transfer of shares of the Company [other than the sale referred to in section 10(38) of the Act] is exempt from tax to the extent the same is invested in certain notified bonds within a period of six months from the date of such transfer (upto a maximum limit of ₹ 5.0 million) for a minimum period of three years.

13. In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family on which Securities Transaction Tax is not payable, shall be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years subject to regulatory feasibility. Such benefit will not be available if the individual or Hindu Undivided Family-

    - owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or

    - purchases another residential house within a period of one year after the date of transfer of the shares; or

    - constructs another residential house within a period of three years after the date of transfer of the shares; and

    - the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head “Income from house property”.

    If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

14. As per the provisions of Section 90, the NRI shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant country for avoidance of double taxation of income.

D) Foreign Institutional Investors (FIIs)

1. In accordance with section 10(34), dividend income declared, distributed or paid by the Company (referred to in section 115-O) will be exempt from tax in the hands of Foreign Institutional Investors (FIIs). In accordance with section 115AD, FIIs will be taxed at 10% (plus applicable surcharge and education cess) on long-term capital gains (computed without indexation of cost and foreign exchange fluctuation), if Securities Transaction Tax is not payable on the transfer of the shares and at 15% (plus applicable surcharge and education cess) in accordance with section 111A on short-term capital gains arising on the sale of the shares of the Company which is subject to Securities Transaction Tax. If the provisions of Section 111A are not applicable to the short term capital gains, then the tax will be charged at the rate of 30% plus applicable surcharge and education cess, as applicable.

2. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to Securities Transaction Tax.

3. Under section 196D (2) of the Income-tax Act, 1961, no deduction of tax at source will be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD.

4. Under section 54EC of the Act, long term capital gain arising on the transfer of shares of the Company [other than the sale referred to in section 10(38) of the Act] is exempt from tax to the extent the same is invested in certain notified bonds within a period of six months from the date of such transfer (upto a maximum limit of ₹ 5.0 million) for a minimum period of three years.

5. As per the provisions of Section 90, the Non Resident shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant country for avoidance of double taxation of income.

E) Persons carrying on business or profession in shares and securities.

1. Under section 36(1)(xv) of the Act, securities transaction tax paid by a shareholder in respect of taxable securities transactions entered into in the course of its business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and gains of business or profession".

2. A non resident taxpayer has an option to be governed by the provisions of the Income-tax Act, 1961 or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial (section 90(2) of the Income- tax Act, 1961).

F) Mutual Funds

Under section 10(23D) of the Act, exemption is available in respect of income (including capital gains arising on transfer of shares of the Company) of a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 or such other Mutual fund set up by a public sector bank or a public financial institution or authorized by the Reserve Bank of India and subject to the conditions as the Central Government may specify by notification.

G) Venture Capital Companies/Fund

In terms of section 10(23FB) of the IT Act, income of:-

- Venture Capital company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992; and

- Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992, from investment in a Venture Capital Undertaking, is exempt from income tax,

Exemption available under the Act is subject to investment in domestic company whose shares are not listed and which is engaged in certain 'specified' business/ industry.

(II) Under the Wealth Tax and Gift Tax Acts

1. "Asset" as defined under section 2(ea) of the Wealth-tax Act, 1957 does not include shares held in a Company and hence, these are not liable to wealth tax.

2. Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Any gift of shares of the Company is not liable to gift-tax. However, in the hands of the Donee the same will be treated as income unless the gift is from a relative as defined under Explanation to Section 56(vi) of Income-tax Act, 1961.

(III) Security Transaction Tax (STT)

1. STT in respect of any taxable securities transaction shall be collected from the seller or the buyer, on the value of such transaction, by every recognized stock exchange in India or the prescribed person in case of any Mutual Fund, at the rate specified in section 98 of the Finance (No0. 2) Act, 2004.

(IV) Tax Deduction at Source

1. No income-tax is deductible at source from income by way of capital gains under the present provisions of the IT Act, in case of residents. However, as per the provisions of section 195 of the IT Act, any income by way of capital gains, payable to non residents (other than long-term capital gains exempt under section 10(38) of the IT Act), may be eligible to the provisions of with-holding tax, subject to the provisions of the relevant tax treaty. Accordingly income tax may have to be deducted at source in the case of a non- resident at the rate under the domestic tax laws or under the tax treaty, whichever is beneficial to the assessee unless a lower withholding tax certificate is obtained from the tax authorities. As per section 196D, no tax is to be deducted from any income, by way of capital gains arising from the transfer of shares payable to Foreign Institutional Investor.

2. As per the provisions of Section 206AA of the IT Act, notwithstanding anything contained in any other provisions of this Act, any person entitled to receive any sum or income or amount, on which tax is deductible under Chapter XVIIB shall furnish his Permanent Account Number to the person responsible for deducting such tax, failing which tax shall be deducted at the higher of the following rates, namely:
   (i) at the rate specified in the relevant provisions of this Act,

   (ii) at the rate or rates in force,

   (iii) at the rate of twenty percent.

   The characterization of the gains/losses in the hands of the shareholder, arising from sale of shares, as capital gains or business income would depend on the nature of holding and various other factors.

Notes:

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 shares.

2. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.

3. The above statement of possible tax benefits are as per the current direct tax laws relevant for the assessment year 2011-12. Several of these benefits are dependent on the Company or its shareholder fulfilling the conditions prescribed under the relevant tax laws.

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

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

6. 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.

SECTION IV: ABOUT US

INDUSTRY OVERVIEW

The following information includes extracts from publicly available information, data and statistics derived from reports prepared by third party consultants, including the IMaCS Industry Report 2009 and the IMaCS Industry Report (2010 Update), private publications, and industry reports prepared by various trade associations, as well as other sources, which have not been prepared or independently verified by the Company, the Book Running Lead Managers, the Co-Book Running Lead Manager or any of their respective affiliates or advisors. Such information, data and statistics may be approximations or may use rounded numbers. Certain data has been reclassified for the purpose of presentation and much of the available information is based on best estimates and should therefore be regarded as indicative only and treated with appropriate caution.

Overview of the Indian Economy

India is the fifth largest economy in the world after the European Union, the United States, China and Japan with an estimated GDP of approximately US$3.56 trillion in 2009, on a purchasing power parity ("PPP") basis, *(Source: CIA World Factbook)*. India is also one of the fastest growing economies in the world. According to the Central Statistical Organization, India's GDP grew at a rate of 7.4% in fiscal 2010.

According to India Brand Equity Foundation, India is one of the largest bullion markets in the world. India is also the largest consumer of gold jewellery in the world (approximately 20% of global gold consumption), and the largest importer of gold in the world. Gold imports were approximately 739 tonnes in fiscal 2010. *(Source: IBEF, http://www.ibef.org/industry/gemsjewellery.aspx)*

Overview of the Indian Consumer Credit Market

The consumer credit market in India has undergone a significant transformation over the last decade and experienced rapid growth due to consumer credit becoming cheaper, more widely available and increasingly a more acceptable avenue of funding for consumers. The consumer credit market has developed in India due to the following factors:

- increased focus by banks and financial institutions on consumer credit resulting in a market shift towards regulated lenders from unregulated moneylenders/financiers;
- increasing trend of Indian consumers to acquire assets such as cars, goods and houses on credit;
- fast emerging middle class and growing number of households in our target segment;
- improved terms of credit as interest rates in India fall in line with global interest rates;
- legislative changes that offer greater protection to lenders against fraud and potential default increasing the incentive to lend;
- growth in assignment and securitisation arrangements for consumer loans has enabled non deposit based entities to access wholesale funding and compete solely on their ability to originate, underwrite and service consumer loans.

Credit availability, affordability and consumer confidence are the key drivers for consumer loan growth.

A variety of financial intermediaries in the public and private sectors participate in India's consumer lending sector, including the following:

- commercial banks;
- long-term lending institutions;
- NBFCs, including housing finance companies;
- other specialized financial institutions and state-level financial institutions; and
- lenders in the unorganized sector.

Commercial Banks

As of March 31, 2008, there were 166 scheduled commercial banks ("SCBs"), (including regional rural banks ("RRBs") in India (*Source: RBI, Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks, December 2009)*. The number of banked centres served by SCBs was 34,731 of which 28,021 were single office centres and 64 centres had 100 or more bank offices *(Source: RBI publication, Highlights as on April 19, 2010 http://www.rbi.org.in/scripts/PublicationsView.aspx?id=12260).* Scheduled commercial banks are banks that are listed in a schedule to the Reserve Bank of India Act, 1934, and may be further categorised as public sector banks, private sector banks and foreign banks.

Non-Banking Finance Companies

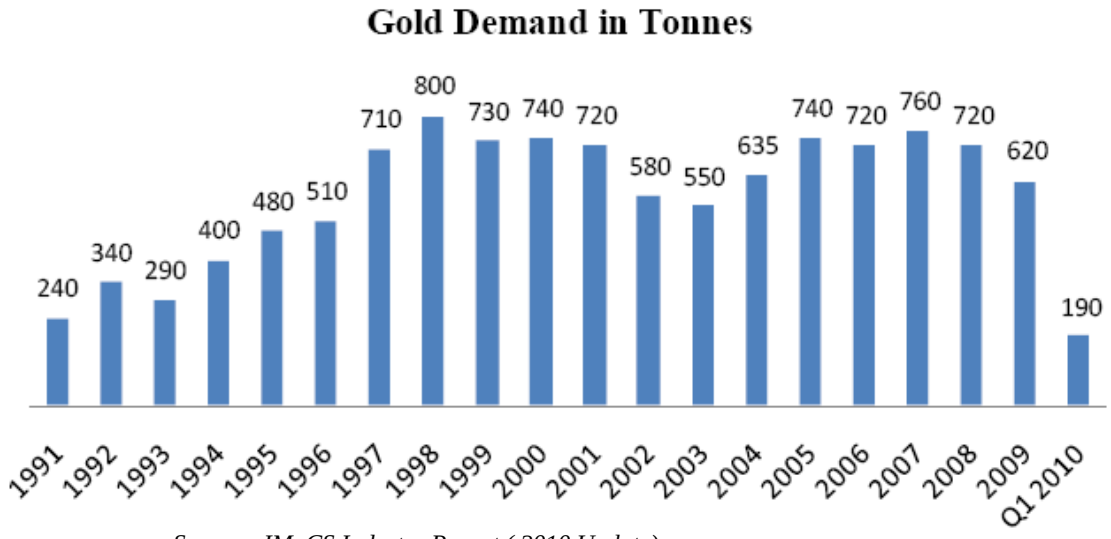
A non-banking finance company ("NBFC") is a company registered under the Companies Act, 1956 and is engaged in the business of loans and advances, acquisition of shares/stock/bonds/debentures/securities issued by Government or local authority or other securities of like marketable nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of agriculture activity, industrial activity, sale/purchase/construction of immovable property. A non-banking institution which is a company and which has its principal business of receiving deposits under any scheme or arrangement or any other manner, or lending in any manner is also a non-banking financial company (Residuary non-banking company). It is mandatory that every NBFC should be registered with RBI to commence or carry on any business of non-banking financial institution as defined in clause (a) of Section 45 I of the RBI Act, 1934. All NBFCs are not entitled to accept public deposits. Only those NBFCs holding a valid Certificate of Registration with authorisation to accept Public Deposits can accept/hold public deposits. NBFCs authorised to accept/hold public deposits besides having minimum stipulated net owned fund should also comply with the directions such as investing part of the funds in liquid assets, maintain reserves, rating etc. issued by the Bank *(Source: RBI, FAQ_NBFC http://www.rbi.org.in/scripts/FAQView.aspx?Id=71).* As of June, 2009 there were 12,740 NBFCs in India, mostly in the private sector *(Source: RBI Press Release dated October, 2009)*.

Gold Finance Industry in India

India is one of the largest markets for gold and as of fiscal 2010, accounts for approximately 10% of the total world gold stock with an annual demand of approximately 700 tonnes (*Source: IMaCS Industry Report (2010 Update))*. Several gold based financial products have been made available to retail consumers in the Indian market from time to time with a view to bring the gold holdings to the core financial market.

Lending against gold has been one of the most popular instruments based on gold, and it works well with the Indian rural population, which typically views gold as an important savings instrument that is liquid and can be into converted into cash instantly to meet their urgent cash requirements. Moreover, traditionally gold owners in southern India are more open than elsewhere in the country to accept and exercise the option of pledging gold to borrow money (Source: IMaCS Industry Report 2009).

The following chart illustrates gold demand trends in India



Source: IMaCS Industry Report (2010 Update)

Indian consumers have an affinity for gold that emanates from various social and cultural factors. Furthermore, the low level of financial inclusion and poor access to financial products and services make gold a safe and attractive investment proposition. In an effort to tap the market for gold related investment and services, companies in the financial sector have launched several products such as gold coins and bars, exchange traded gold funds and lending against gold. Gold Loans in India, have largely been concentrated in southern India, which holds the largest proportion of India's gold portfolio, and is typically more open to borrowing against gold as compared to consumers in the northern and western regions of India *(Source: IMaCS Industry Report 2009)*.

Gold Loans have emerged as key gold based financial products, and in the year ended March 31, 2010, the organized Gold Loans market in India was estimated at between ₹ 350 billion and ₹ 400 billion with a CAGR of approximately 40% during fiscal 2002 to fiscal 2010. Notwithstanding the above, the organized Gold Loans portfolio accounted for merely 1.2% of the value of total gold stock in India. The Gold Loans market is significantly under-penetrated and is expected to continue growing at the rate of 35-40% in the future. *(Source: IMaCS Industry Report (2010 Update).*

Gold Demand in India

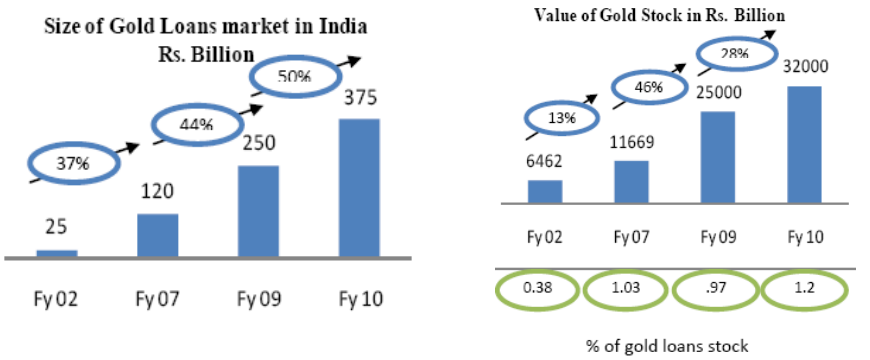
- **Demand is relatively price in-elastic:** Demand for gold has not been adversely impacted by rising prices. Despite increases in gold prices from ₹ 15,026 to ₹ 51,150 per ounce during the period from 2002 to 2009, the demand for gold has risen from 580 tonnes in 2002 to 620 tonnes in 2009 *(Source: IMaCS Industry Report (2010 Update))*.

- **South India constitutes the largest market for gold**: Southern India has been the largest market accounting for approximately 40% of the gold demand, followed by the western region at approximately 25%, the northern region at 20-25%, and the eastern region at approximately 10-15% of India's annual gold demand. *(Source: IMaCS Industry Report 2009).*

- **Demand is further concentrated in rural pockets of India**: Rural India is estimated to hold around 65% of total gold stock as this section of the population views gold as a secure and easily accessible savings vehicle along with its consumption purpose *(Source: IMaCS Industry Report 2009).*

In addition to a growing organized Gold Loans market in India, there is a large long-operated, unorganised Gold Loans market which includes numerous pawnbrokers, money lenders and cooperative societies, operating primarily in rural areas of India, and providing loans against jewellery to families at interest rates in excess of 30%. These operators have a strong understanding of the local customer base and offer an advantage of immediate liquidity to customers in need, without requiring elaborate formalities and documentation.

Trend of market size of Gold Loans demand and gold stock value



Source: IMaCS Industry Report (2010 Update)

The southern region of India accounts for 85-90% of the Gold Loans market in India. Recently, large specialized NBFCs such as Muthoot Finance and Manappuram Finance have started expanding their businesses in northern and western India, and it is expected that there will be a gradual increase in the acceptability of Gold Loans product in these regions due to the concentrated marketing efforts of large NBFCs *(Source: IMaCS Industry Report 2009).*

Drivers of Growth in Gold Loans Market in India

i. **Regulatory incentives to lenders**: The the prescribed risk weight on Gold Loans has been approximately 50% for commercial banks, further reducing the associated capital costs *(Source: IMaCS Industry Report 2009).*

ii. **Policy focus**: The Government of India views Gold Loans as an effective means to meet the potential micro- finance demand in India. In fiscal 2007, the Government of the state of Tamil Nadu set a jewellery loans target of ₹ 60 billion (75% of the total loan disbursement target) for co-operatives in Tamil Nadu *(Source: IMaCS Industry Report 2009).*

iii. **Increasing interest of the lenders in the segment:** Considering the recent rise in default rates (expected to vary from 8-10% in fiscal 2009) in personal loans, banks have started focusing on the Gold Loans segment because it offers attractive returns (although lower than personal loans) with very low levels of defaults. Several private sector banks have started participating in the segment by getting into bilateral sale agreements with NBFCs that specialize in Gold Loan. A few private sector banks have also initiated efforts to tap into such segments *(Source: IMaCS Industry Report 2009).*

iv. **High levels of indebtedness:** The National Sample Survey Organisation (NSSO) 2003 survey on situational assessment of farmers' indebtedness in the country has estimated that 60.4% of rural households in India were farmer households, out of which 48.6% were indebted. The incidence of indebtedness was highest in the state of Andhra Pradesh (82%) followed by Tamil Nadu (74.5%), Punjab (65.4%), Kerala (64.4%), Karnataka (61.6%) and Maharashtra (54.8 %) *(Source: IMaCS Industry Report 2009).*

v. **Changing customer attitudes and preferences**: Indian customers have demonstrated a change in their traditionally debt-averse psychology, promoting the creation of assets through growth in financial liabilities which has been reflected in an annual growth of more than 30-35% in retail credit between fiscal 2002 and fiscal 2009. *(Source: IMaCS Industry Report 2009).*

Economics of the gold finance industry in India

NBFCs and banks operate with different underlying objectives in the Gold Loans segment which has been reflected in the margins and profitability for different category of lenders. NBFCs view Gold Loans as their primary business and have invested significantly in building their service offerings and typically command premium yields and attractive profitability. Historically banks viewed Gold Loans for agriculture as a safer means to meet their priority lending targets which typically offer low returns with high defaults. However, ecent changes in regulatory norms have precluded gold loans from being classified under the agriculture sector, thereby making such loans ineligible to meet banks' priority lending targets. Despite this banks usually are unable to offer the level of flexibility and rapid disbursals as compared to the specialised NBFCs.

Economics of Gold Loans business for NBFCs and Banks

Key Ratios (as a % of average assets)	Specialised NBFCs*	Banks- Gold Loans for agri**	Banks- Gold Loans for non-agri***
Interest Income	22-23%	10% (includes govt subvention)	11-12%
Interest Expense	11-12%	7-8%	7-8%
Net Interest Margin	11%	2-3%	4% (approx)
Operating Expenses	5.5% (approx)	1.5%	1.5%
Provisions for bad debts	0.2%	0.1%	0.1%
Return on Assets (post tax)	3.3-3.5%	0.4-1.4%	2.2 % (approx)
Return on Net Worth	27-30%	2-7%	16-18% (approx)

**Risk Weightage of 100%, Capital Adequacy Ratio of 12%*
*** Risk Weightage of 50%, Capital Adequacy Ratio of 10%*
**** Risk Weightage of 100%, Capital Adequacy Ratio of 10%*

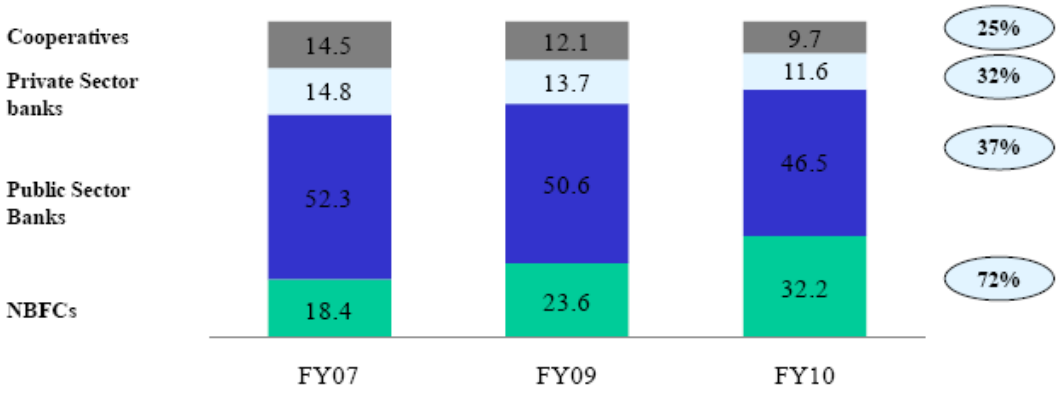
Source: IMaCS Industry Report 2009

Competition

The Gold Loans market has been dominated by SCBs focused on southern India, and NBFCs with market shares of approximately 58% and 32%, respectively in fiscal 2010, while the remaining market share has been held by small co-operative banks. In addition, there has been a rapid expansion in the market Gold Loans between fiscal 2002 and fiscal 2010 *(Source: IMaCS Industry Report (2010 Update)).*

NBFCs offer flexibility, quick disbursal and an informal environment to their customers in return for a premium on the rates of interest offered. The loan-to-value ratio for 22 carat jewellery piece typically varies from 55-65% by banks while it varies from 70-80% by NBFCs, which may be further adjusted subject to the purity of gold. Further, the interest rates charged by the banks vary from 8-10% in case of loans for agricultural purposes and approximately 12-13% on loans for non-agricultural purposes while NBFCs charge interest rates between 22% and 26% *(Source: IMaCS Industry Report 2009)*. However, recent changes in regulatory norms have precluded gold loans from being classified under the agriculture sector, thereby increasing the cost of funds of gold loan companies, including our Company.

Market share of Gold Loan lenders and respective growth rates



Source: IMaCS Industry Report (2010 Update)

The estimated Gold Loan portfolio and the market share of key gold finance companies for fiscal 2007, fiscal 2009 and fiscal 2010 are set out below:

Gold Loans Provider	Estimated Gold Loans Portfolio (Rs. Billion)			Gold Loans Market Share (%)		
	FY 07	FY 09	FY 10	FY 07	FY 09	FY 10
Muthoot Finance	14.2	33.0	73.42	11.0%	13.4%	19.5%
Muthoot Fincorp	4.7	11.8	22.2	3.6%	4.8%	5.9%
Manappuram *	4.8	12.0	25.6	3.7%	4.9%	6.8%
Indian Bank	17.0	32.5	39.2	13.2%	13.2%	10.4%
Indian Overseas Bank	16.9	31.0	52.2	13.1%	12.6%	13.9%
Federal Bank	6.0	10.7	8.6	4.7%	4.3%	2.3%
South Indian Bank	6.0	15.0	23.5	4.7%	6.1%	6.3%
State Bank Of Travancore	11.4	16.0	19.3	8.9%	6.4%	5.1%
Andhra Bank	4.0	9.0	14.0	3.1%	3.6%	3.7%

**Including Manappuram Finance Tamil Nadu Limited (MAFIT)*

Source: IMaCS Industry Report (2010 Update)

Role of NBFC's in the competitive landscape of the gold finance industry in India

A typical Gold Loan customer expects high loan-to-value ratios, easy access, low levels of documentation and formalities, quick approval and disbursal of loans, lockers to ensure safety of their pledged gold and a team of expert valuers. Specialized NBFCs have created a niche in the Gold Loans capabilities by meeting these requirements of the typical Gold Loan customers, who require Gold Loans primarily to meet their urgent cash requirements*(Source: IMaCS Industry Report 2009)*.

NBFCs specializing in Gold Loans continue to perform strongly in the Gold Loans market and the overall statistics demonstrate that the relative share of traditional gold finance NBFCs in the market has not changed significantly over the last three years. In fiscal 2010, the Gold Loans market was largely concentrated between two categories of lenders: south India based SCBs and NBFCs specializing in Gold Loans which held approximately 58% and 32%, respectively, of the total market. The rest of the Gold Loans portfolio was held by several small co-operative banks. *(Source: IMaCS Industry Report 2009)*.

Outlook of the Gold Loans Market in India

Based on the assessment of the emerging dynamics and competitive landscape, the Gold Loans market is expected to grow at between 35% and 40% over the next three years. Moreover, as the market is currently under-penetrated, it is expected that the Gold Loans market will offer enough opportunities for portfolio expansion and retain attractive margins for all existing specialised NBFCs, banks and new entrants *(Source: IMaCS Industry Report 2009).*

The branch expansion and marketing initiatives of various specialized NBFCs are anticipated to give a strong boost to the acceptability of Gold Loans and lead to further growth in the Gold Loans market.

NBFCs in the Indian Gold Loans market

Serial No:ing ng	Parameters	Sub Parameters	Traditional NBFCs	Traditional old private and public	Co-operative Banks	New private sector banks	New NBFC entrants*
1	Focus on Gold Loans		High	Medium	Medium	Low	Medium
2	Branch Network in high potential geographies		High	High	Low	Low	Medium
3	Understanding of target customer segments		High	Low	Medium	Low	Medium
4	Capabilities and service Offerings	Product features	High	Medium	Medium	Medium	Medium
		Service	High	Low	Low	Low	Medium
		Infrastructure	High	Medium	Low	Low	Low
5	Ability to offer competitive rates	Interest charged	Low	High	Medium	Medium	Low

Expected Threats to Specialised NBFCS

Key areas of strength of Specialised NBFCs

Source: IMaCS Industry Report 2009

In addition, it is anticipated that the large public sector banks in southern India will continue to be amongst the leading lenders, but considering the various regulatory and operational processes, it would be challenging for the banks to match the flexible service regime of the specialised NBFCs (Source: IMaCS Industry Report 2009).

New NBFC entrants in the market are currently in a cautious preparatory mode to enter the Gold Loans market but it will take some time for these NBFCs to emerge as formidable competitors to specialized existing NBFCs. This is because it will take time for these new NBFCs to build the requisite focus, infrastructure (valuers, lockers, etc,) and branch network (Source: IMaCS Industry Report 2009).

Specialized NBFCs are expected to continue to hold their share of the Gold Loans market with their ability to provide superior and niche servicing capabilities to their exiting and future customers. The following factors will be crucial in contributing to the continued growth of specialized NBFCs:

- ability to maintain their strong hold in the southern India markets in terms of reach and customer services;
- strengthening brand image in the target customer segments with a special emphasis on markets beyond the southern region in India;
- developing related products such as education loans and offering fee based services such as money transfers or financial products distribution; and
- capturing a strong market position in other regions of India, including in the northern and western regions *(Source: IMaCS Industry Report 2009).*

OUR BUSINESS

Overview

We are the largest gold financing company in India in terms of loan portfolio, according to IMaCS Industry Report (2010 Update). We provide personal and business loans secured by gold jewellery, or Gold Loans, primarily to individuals who possess gold jewellery but could not access formal credit within a reasonable time, or to whom credit may not be available at all, to meet unanticipated or other short-term liquidity requirements. According to the IMaCS Industry Report (2010 Update), as of March 31, 2010 our branch network was the largest among gold loan NBFCs in India. Our Gold Loan portfolio as of November 30, 2010 comprised approximately 4.1 million loan accounts in India that we serviced through 2,263 branches across 20 states, the national capital territory of Delhi and four union territories in India. We have since increased our branch network to 2,611 branches as of February 28, 2011, and used our branch network to serve an average of 67,953 customers per day in the month of February 2011. As of February 28, 2011, we employed 15,664 persons in our operations.

We are a "Systemically Important Non-deposit taking NBFC" headquartered in the southern Indian state of Kerala. Our operating history has evolved over a period of 70 years since M George Muthoot (the father of our Promoters) founded a gold loan business in 1939 under the heritage of a trading business established by his father, Ninan Mathai Muthoot, in 1887. Since our formation, we have broadened the scale and geographic scope of our retail lending operations so that, as of March 31, 2010, we were India's largest provider of Gold Loans. In the years ended March 31, 2008, 2009 and 2010, and in the eight months ended November 30, 2010, revenues from our Gold Loan business constituted 95.97%, 96.71% , 98.08% and 98.50%, respectively, of our total income. In addition to our Gold Loans business, we provide money transfer services through our branches as sub-agents of various registered money transfer agencies, and recently have commenced providing collection agency services. We also operate three windmills in the state of Tamil Nadu.

We issue secured non-convertible debentures called "Muthoot Gold Bonds" on a private placement basis. Proceeds from our issuance of Muthoot Gold Bonds form a significant source of funds for our Gold Loan business. We also rely on bank loans and subordinated debt instruments as our sources of funds. As per our restated audited financial statements, as of November 30, 2010, we had ₹ 33,644.5 million in outstanding Muthoot Gold Bonds and ₹ 57,184.7 million in other borrowings. We also raise capital by selling a portion of our loan receivables under bilateral assignment agreements with various banks .

Our customers are typically small businessmen, vendors, traders, farmers and salaried individuals, who for reasons of convenience, accessibility or necessity, avail of our credit facilities by pledging their gold jewellery with us rather than by taking loans from banks and other financial institutions. We provide retail loan products, primarily comprising Gold Loans. We also disburse other loans, including those secured by Muthoot Gold Bonds. Our Gold Loans have a maximum 12 month term. As per our restated audited financial statements, our average disbursed Gold Loan amount outstanding was ₹31,553 per loan account as of November 30, 2010. In the year ended March 31, 2010, our retail loan portfolio earned, on average, 1.67% per month, or 19.94% per annum, and in the eight months ended November 30, 2010 our retail loan portfolio earned, on average, 1.57% per month, or 18.92% per annum.

As per our restated audited financial statements, as of March 31, 2008, 2009 and 2010, and November 30, 2010, our portfolio of outstanding gross Gold Loans under management was ₹ 21,790.1 million, ₹ 33,000.7 million and ₹ 73,417.3 million, and ₹ 128,977.7 million, respectively, and approximately 30.1 tons, 38.9 tons and 65.5 tons, and 97.6 tons, respectively, of gold jewellery was held by us as security for our Gold Loans. Gross non-performing assets ("NPAs") were at 0.42%, 0.48% and 0.46%, and 0.35% of our gross retail loan portfolio under management as of March 31, 2008, 2009, 2010, and November 30, 2010, respectively.

As per our restated audited financial statements, in the years ended March 31, 2008, 2009 and 2010, our total income was ₹ 3,686.4 million, ₹ 6,204.0 million and ₹ 10,893.8 million, respectively, demonstrating an annual growth rate of 57.56%, 68.29% and 75.59%, respectively. As per our restated audited financial statements, in the eight months ended November 30, 2010, our total income was ₹ 13,016.6 million. As per our restated audited financial statements, our profit after tax in the years ended March 31, 2008, 2009 and 2010 was ₹ 630.6 million, ₹ 978.7 million and ₹ 2,285.2 million, respectively, demonstrating an annual growth rate of 43.8%, 55.2% and 133.5%, respectively. As per our restated audited financial statements, our profit after tax in the eight months ended November 30, 2010 was ₹ 2,914.8 million. As per our restated audited financial statements, our

networth as of March 31, 2008, 2009, 2010, and as of November 30, 2010 was ₹ 2,131.1 million, ₹ 3,614.5 million, ₹ 5,841.9 million and ₹ 11,314.5 million, respectively.

Competitive Strengths

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

Market leading position in the Gold Loan business with a strong presence in under-served rural and semi-urban markets

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

- We are the largest gold financing company in India in terms of loan portfolio, according to IMaCS Industry Report (2010 Update). As per our restated audited financial statements, our loan portfolio as of March 31, 2010 and November 30, 2010 comprised approximately 2.8 million loan accounts and approximately 4.1 million loan accounts, respectively, in India with Gold Loans outstanding of ₹ 73,417.3 million and ₹ 128,977.7 million, respectively .

- We have the largest branch network among gold loan NBFCs, according to the IMaCS Industry Report (2010 Update). As of March 31, 2010, we operated 1,605 branches across 19 states, the national capital territory of Delhi and two union territories in India, and in the month of February 2011. Our branch network has expanded significantly in recent years from 373 branches as of March 31, 2005 to 2,611 branches as of February 28, 2011, comprising 465 branches in northern India, 1,753 branches in southern India, 297 branches in western India and 96 branches in eastern India covering 20 states , the national capital territory of Delhi and four union territories in India. In the month of February 2011 , we served an average of 67,953 customers daily.

- We believe that due to our early entry we have built a recognizable brand in the rural and semi-urban markets of India, particularly in the southern Indian states of Tamil Nadu, Kerala, Andhra Pradesh and Karnataka. As of March 31, 2010 and November 30, 2010, the southern Indian states of Tamil Nadu, Kerala, Andhra Pradesh, Karnataka and the Union Territory of Pondicherry constituted 75.38% and 75.28%, respectively of our total Gold Loan portfolio.

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

- We offer products with varying loan amounts, advance rates (per gram of gold) and interest rates. The principal loan amounts we disburse usually range from ₹ 2,000.0 to ₹ 100,000.0 while interest rates on our Gold Loans range between 12.00% to 30.00% per annum.

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

Our operating history has evolved over a period of 70 years since M George Muthoot (the father of our Promoters) founded a gold loan business in 1939. We believe that the experience, skills and goodwill acquired by our Promoters over these years cannot be easily replicated by competitors. We have a highly experienced and motivated management team that capitalizes on this heritage at both the corporate and operational levels. Our senior management team has extensive experience in the Gold Loan industry and has demonstrated the ability to grow our business through their operational leadership, strategic vision and ability to raise capital. Under the current management team, as per our restated audited financial statements, our retail loan portfolio has grown from ₹ 22,263.8 million as of March 31, 2008 to ₹ 74,381.5 million as of March 31, 2010 and ₹ 130,036.8 million as of November 30, 2010 . Our business is also well supported by our high net-worth Promoters, who are members of the Muthoot family. We believe that our track record, management expertise and Promoter support have established a strong brand name for us in the markets we serve. A strong brand name has contributed to our ability to earn the trust of individuals who entrust us with their gold jewellery, and will be a key in allowing us to expand our growth and consolidate this fragmented industry across India.

High-quality customer service and short response time

We adhere to a strict set of market survey and location guidelines when selecting branch sites to ensure that our branches are set up close to our customers. We believe that our customers appreciate this convenience, as well as extended operating hours that we typically offer, which are often more compatible with our customers' work schedules. We provide our customers a clean, attractive and secure environment to transact their business with us. In addition to the physical environment, it is equally important to have professional and attentive staff at both the branch level and at our centralized customer support centers. Each of our branches across India is staffed with persons who possess local knowledge and understanding of customers' needs and who are adequately trained to appraise collateral and disburse loans within a few minutes. Although disbursement time may vary depending on the loan ticket size and the number of items pledged, we can generally disburse an average loan ticket size of ₹ 20,000.0 within five minutes from the time the gold is tendered to the appraiser. Furthermore, since our loans are all over-collateralized by gold jewellery, there are minimal documentary and credit assessment requirements, thereby shortening our turnaround time. We believe our high quality customer service and short response time are significant competitive strengths that differentiate our services and products from those provided by commercial banks.

Strong capital raising ability

We have a track record of successfully raising capital from various sources. We regularly issue secured redeemable non-convertible debentures to retail investors on a private placement basis as a means to access capital for our Gold Loan business. We have also issued equity shares in three tranches to institutional investors. For further information, please refer to the sections titled "History and Certain Corporate Matters" and "Capital Structure" on pages 124 and 61, respectively. As per our restated audited financial statements, as of March 31, 2008, 2009 and 2010, and as of November 30, 2010, our outstanding gross Muthoot Gold Bonds portfolio was ₹ 12,403.3 million, ₹ 19,019.8 million, ₹ 27,192.5 million, and ₹ 33,644.5 million, respectively. We have diversified our resource pool by supplementing our proceeds from the issuance of Muthoot Gold Bonds with borrowings from banks and other financial institutions. As per our restated audited financial statements, as of March 31, 2008, 2009 , 2010 and November 30, 2010, our outstanding borrowings from banks were ₹ 5,884.9 million, ₹ 11,067.6 million , ₹ 21,278.7 million and ₹ 47,085.44 million, respectively. We also raise capital by selling our receivables under bilateral assignments to banks. As per our restated audited financial statements, our outstanding amount of sold portfolio under bilateral assignments were ₹ 4,341.0 million, ₹ 8,130.2 million , ₹ 20,083.2 million and ₹32,464.8 million as of March 31, 2008, 2009 , 2010 and November 30, 2010, respectively. We have been assigned an "A1+" rating by ICRA for commercial paper and for short-term non-convertible debentures of ₹ 2,000.0 million, and a "P1+" rating by CRISIL for short term debt instruments of ₹ 20,000.0 million. We have been assigned an "AA-/Stable" rating by CRISIL for our ₹ 4,000.0 million non-convertible debentures and our ₹ 1,000.0 million subordinated debt. We have been assigned a long-term rating of "LAA-/Stable" and a short-term rating of "A1+" by ICRA for our ₹ 20,000 million line of credit.

In-house training capabilities to meet our branch expansion requirements

Our ability to timely appraise the quality of the gold jewellery collateral is critical to the business. We do not engage third parties to assess the collateral for our Gold Loans, but instead employ in-house staff for this purpose. Assessing gold jewellery quickly is a specialized skill that requires assessing jewellery for gold content and quality manually without damaging the jewellery. We have two staff training colleges, one each in Cochin and in New Delhi, and three regional training centers located in Chennai, Hyderabad and Bangalore . We use our staff training colleges and regional training centers to train new employees in appraisal skills, customer relations and communication skills. We believe that our in-house training has built up a talent pool that enables us to staff new branches with qualified and skilled personnel as we seek to grow our branch network. Our in-house training capabilities also enable us to improve the skill sets of our existing personnel.

Our Strategy

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

Expand branch network and visibility to maintain our market leadership position

We intend to continue to grow our loan portfolio by expanding our network through the addition of new branches. In order to optimize our expansion, we carefully assess potential markets by analyzing demographic, competitive and regulatory factors, site selection and availability, and growth potential. We have a long-standing presence in southern India, and are among the first organized Gold Loan providers in northern and western India. Our strategy for branch expansion includes further strengthening our market leading position in southern Indian states by providing higher accessibility to customers as well as leveraging our expertise and presence in southern India to enhance our presence in other regions of India, particularly in northern India, where we intend to open branches in most states. We have added 620 branches in the last fiscal year and 1,006 branches between April 1, 2010 and February 28, 2011,, and expect this growth trend to continue in the future. At the core of our branch expansion strategy, we expect to penetrate new markets and expand our customer base to include customers who otherwise would rely on the unorganized sector. Moreover, our ethics, values and goodwill, which have established our strong brand, will continue to be important factors in our expansion. In addition to increasing the visibility of our brand by sponsoring events and publicity, we will continue to build trust among our customers and enhance our brand with quality services and safety and security of our customers' collateral.

Target new customer segments

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

Access low-cost and diversified sources of funds

We source our funds for our Gold Loan business primarily from the proceeds of private placements of debentures in India and from secured and unsecured credit facilities from banks and other financial institutions. We have been assigned a long-term rating of "LAA-/Stable" and a short-term rating of "A1+" by ICRA for our ₹ 20,000 million line of credit. We intend to increase our efforts to access low-cost funds through rated debt instruments. In this regard, we have been assigned an "A1+" rating by ICRA for commercial paper and for short-term non-convertible debentures of ₹ 2,000.0 million, and a "P1+" rating by CRISIL for short term debt instruments of ₹ 20,000 million. We also intend to raise long-term institutional funding through long-term debt instruments. We have been assigned an "AA-/Stable" rating by CRISIL for our ₹ 4,000.0 million non-convertible debentures and our ₹ 1,000.0 million subordinated debt. In addition, we intend to expand our program of selling a portion of our receivables under various bilateral assignment agreements with financial institutions. We may also consider the possibility of concluding rated securitization transactions in the future. We intend to increase the levels of our capital adequacy ratios in excess of regulatory requirements and strengthen our balance sheet with a view to have access to other sources of low-cost funds. Furthermore, we also intend to seek strong investments in our Company as another source of funding to expand our business.

Strengthen our operating processes and risk management systems

Risk management forms an integral part of our business as we are exposed to various risks relating to the Gold Loan business. The objective of our risk management systems is to measure and monitor the various risks we are subject to and to implement policies and procedures to address such risks. We intend to continue to improve our operating processes and risk management systems that will further enhance our ability to manage the risks inherent to our business. For example, we have commenced installing offsite surveillance cameras in our branches, and intend to implement this across our branch network. As of February 28, 2011, we had installed surveillance cameras in 800 branches across India.

Gold Loan Business



Our core business is disbursement of Gold Loans, which are typically small ticket loans collateralized by gold jewellery. As per our restated audited financial statements, as of March 31, 2010 and November 30, 2010, we had approximately 2.8 million and approximately 4.1 million loan accounts, respectively, representing an aggregate principal balance of ₹ 73,417.3 million and ₹ 128,977.7 million, respectively. In the year ended March 31, 2010, our retail loan portfolio earned, on average, 1.67% per month, or 19.94% per annum, and in the eight months ended November 30 , 2010 our retail loan portfolio earned, on average, 1.57% per month, or 18.92% per annum. In the years ended March 31, 2008, 2009 and 2010, and in the eight months ended November 30, 2010, income from interest earned on our Gold Loans constituted 95.97%, 96.71% and 98.08%, and 98.50%, respectively, of our total income.

Loan disbursement process

The principal form of collateral accepted by us is gold jewellery. The amount that we finance against the security of gold jewellery is typically based on a fixed rate per gram of gold content in the jewellery. We value the gold jewellery brought by our Gold Loan customers based on our centralized policies and guidelines. We generally lend between 60.0% and 90% of the price fixed internally for per gram of gold, which is generally lower than the market price of gold at that time. Within this range, the actual loan amount varies according to the type of jewellery pledged. While jewellery can be appraised based on a variety of factors, such as total weight, weight of gold content, production cost, style, brand and value of any gemstones, we appraise the jewellery collateral solely based on the weight of its gold content. Our Gold Loans are therefore well collateralized because the actual value of the collateral in all cases will be higher than our appraised value.

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

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

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

Loan appraisal process

Our Gold Loan approval process is generally linked with the appraisal of gold jewellery that serves as collateral, which takes only a few minutes. Each of our branches is staffed with persons who have been trained and have experience in appraising the gold content of jewellery. The appraisal process begins with weighing the jewellery using calibrated weighing machines. Jewellery is then subject to prescribed primary tests for the quality of gold, including stone tests and acid tests, followed by additional tests, if required, such as salt tests, sound tests, weight tests, pointed scratching tests, flexibility tests, color tests, smell tests, usability tests, magnifying glass tests and finishing tests. Once the jewellery passes these tests, loans are disbursed based on the rates per gram of gold approved by the corporate office, with small levels of discretion given to the branch manager. Although disbursement time may vary depending on the loan ticket size and the number of items pledged, we can generally disburse an average loan ticket size of ₹ 20,000.0 in five minutes from the time the gold is tendered to the appraiser. While our customers are provided the option to accept loan disbursements in cash or by cheque, almost all of our customers prefer disbursements in cash.

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

Where the responsibility for compliance with applicable law relating to loan appraisal and disbursement lies with the Company, the Company is in compliance with the Income Tax Act and other related provisions.

Post-disbursement process

Custody of gold collateral

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

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

Inventory control

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

Branch security and safety measures

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

Burglar alarms: Burglar alarms are installed in all branches .

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

Release of the pledge

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

When a loan is repaid, we give the customer an option to pledge the security again and obtain another loan. The procedure of re-pledging entails the same procedure as that of a pledge and is accompanied by the same mode of

documentation that a pledge entails. If the loan is not repaid when the loan falls due, we are able to sell the gold collateral in satisfaction of the amount due to us.

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

Other Business Initiatives

Money transfer services

We provide fee based services including money transfer and foreign exchange services. As per our restated audited financial statements, in the years ended March 31, 2008, 2009, 2010 and in the eight months ended November 30, 2010, our money transfer services business generated ₹ 51.1 million, ₹ 62.9 million , ₹ 64.1 million, and ₹39.9 million, respectively, or 1.39%, 1.01% and 0.59%, and 0.31% respectively, of our total income. We act as sub-agents to Indian representatives and enter into representation agreements for inward money transfer remittance. Under these agreements, we are entitled to receive a commission for the services provided depending on the number of transactions or the amount of money transferred and the location from which the money is transferred to us. In terms of applicable law governing the provision of money transfer services in India, as a sub-agent, the Company is not required to obtain any regulatory approvals for engaging in such business.

Collection services

We recently commenced providing collection agency services to clients. We act as collection agents by receiving money for and on behalf of our clients who issue invoices to their customers for goods sold or service rendered. We receive commissions for each invoice for which remittance by a customer is made and money is collected by us. We commenced our collection services business in the current fiscal, and accordingly have not generated any revenues in prior financial years. As per our restated audited financial statements, in the eight months ended November 30, 2010, we generated ₹ 1.1 million from our collection services business.

Wind mills business

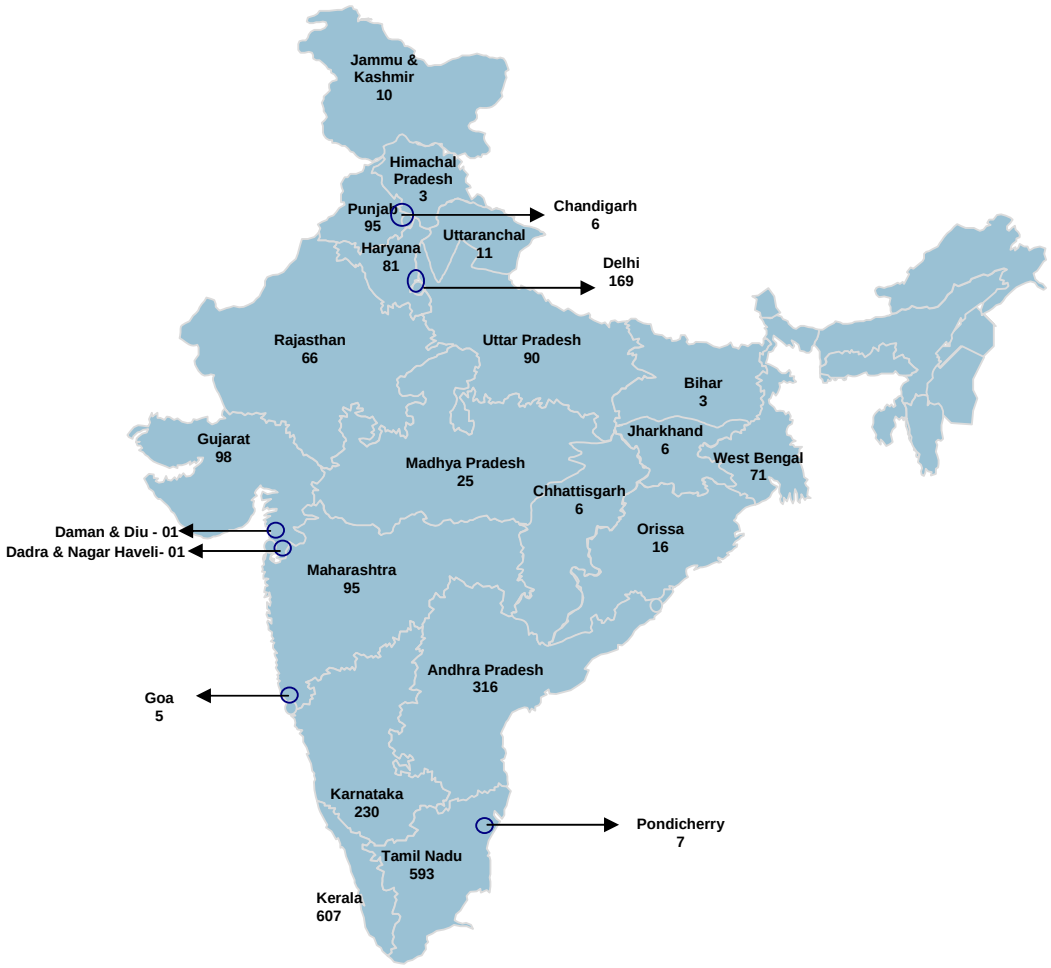
We operate three windmills of 1.25 MW each in the southern Indian state of Tamil Nadu. As per our restated audited financial statements, in the years ended March 31, 2008, 2009, 2010 and for the eight months ended November 30, 2010, income from our wind mills was ₹ 17.4 million, ₹ 22.1 million, ₹ 25.1 million and ₹ 21.4 million, respectively, or 0.47%, 0.36%, 0.23% and 0.16% , respectively, of total income.

Branch Network and Customer Service

As of February 28, 2011, we had 2,611 branches located in 20 states, the national capital territory of Delhi and four union territories in India. The distribution of branches across India by region as of March 31, 2008, 2009 and 2010 and as of February 28, 2011 is as set out in the following table:

	As of March 31,			**As of February 28,,**
	2008	**2009**	**2010**	**2011**
Northern India	56	100	266	465
Southern India	602	796	1,119	1,753
Western India	41	71	166	297
Eastern India	8	18	54	96
Total Branches	**707**	**985**	**1,605**	**2,611**

A diagrammatic representation of the branch network across India, as of February 28 , 2011 is as set out below:



In addition to our branches, we have more than 900 customer relation executives in charge of carrying out customer loyalty programs and a Customer Relations Department which provides support over the phone servicing the needs of our customers.

Marketing, Sales and Customer Care

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

Our sales and marketing efforts are led by a team of 30 managers who guide the marketing and sales efforts of their respective regions and who are supported by more than 249 marketing executives and more than 900 customer relation executives. Marketing executives make personal visits and direct their sales efforts at high net-worth clients. Customer relation executives are responsible for product promotion and telemarketing. In addition, we carry out advertising campaigns with TV ads, print ads and road roadshows to increase the visibility of our brand and our Gold Loans products.

Future Expansion

We have expanded by establishing new locations, and our business strategy is to continue expanding our lending business within our existing geographic markets and into other markets that meet our risk/reward considerations. We have added 620 branches in the last fiscal year and 1,006 branches between April 1, 2010 and February 28, 2011. Our Board believes that such expansion will continue to provide economies of scale in supervision, administration and marketing by decreasing the overall average cost of such functions per branch. By concentrating on multiple lending units in regional and local markets, we seek to expand market penetration, enhance brand recognition and reinforce marketing programs.

A new branch can be ready for business within four to six weeks. The construction of a new location involves construction of secured counters and installation of strong rooms or safe and security systems. Our branches are generally established on leased premises, thus requiring a lower set-up cost. The set-up cost required for furnishing the premises and purchasing equipment generally ranges between ₹ 0.5 million to ₹ 1.0 million. As per our restated audited financial statements, the average set-up cost per location was ₹ 0.65 million for the eight months ended November 30, 2010.

Regional Credit Exposure

The table below sets forth an analysis of our Gold Loan portfolio by region as of March 31, 2008, 2009, 2010, and as of November 30, 2010.

(₹in million ; as per our restated audited financial statements)

	As of March 31,			As of November 30
	2008	**2009**	**2010**	**2010**
Northern India	2,912.4	4,494.6	10,664.2	18,112.5
Southern India	17,778.5	26,393.2	55,340.6	97,090.8
Western India	933.7	1,647.4	5,736.7	10,362.3
Eastern India	165.5	465.4	1,675.8	3,412.2
Total Credit Exposure	**21,790.1**	**33,000.7**	**73,417.3**	**128,977.7**

Non-performing Assets (NPAs)

Based on the existing RBI guidelines for asset classification, details of the classification of our gross NPAs as of March 31, 2008, 2009, 2010 and as of November 30, 2010 are set forth below:

(₹ in million ; as per our restated audited financial statements)

Asset Type	As of March 31,			As of November 30
	2008	**2009**	**2010**	**2010**
Sub-standard [1]	92.6	161.01	324.6	437.3
Doubtful [2]	-	-	18.9	23.8
Loss [3]	-	-	-	-
Gross NPA	92.6	161.1	343.6	461.0

1. Sub-standard assets are assets which have been classified as an NPA for a period of 18 months or less, or where the terms of the agreement regarding interest and/or principal have been renegotiated or rescheduled or restructured after commencement of operations until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms.

2. Doubtful assets are assets which have been classified as an NPA for a period exceeding 18 months.

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

Provisioning policy

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

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

Sub-standard assets: A general provision of 10.0% of the total outstanding assets is required to be made.

Doubtful assets: 100.0% provision to the extent to which the advance is not covered by the realizable value of the security to which the NBFC has a valid recourse is required to be made. The realizable value is to be estimated on a realistic basis. In addition to the foregoing, depending upon the period for which the asset has remained doubtful, provision is required to be made as follows:

- if the asset has been considered doubtful for up to one year, provision to the extent of 20.0% of the secured portion is required to be made;

- if the asset has been considered doubtful for one to three years, provision to the extent of 30.0% of the secured portion is required to be made; and

- if the asset has been considered doubtful for more than three years, provision to the extent of 50.0% of the secured portion is required to be made.

Loss assets: The entire asset is required to be written off. If the assets are permitted to remain in the books for any reason, 100.0% of the outstanding assets should be provided for.

In a notification on January 17, 2011, the RBI introduced a general provision of 0.25% on outstanding standard assets.

For further information on RBI guidelines on provisioning and write-offs, please refer the section titled "Regulations and Policies" on page 114.

No specific provisions in respect of our NPAs were made as at March 31, 2010 and at November 30, 2010. However, as per our restated audited financial statements, we have written-off ₹ 6.2 million and ₹ 2.9 million as of March 31, 2010 and November 30, 2010, respectively. As per the provisioning norms prescribed by RBI, as per our restated audited financial statements, as of March 31, 2010 and November 30, 2010, we have made a total provision of ₹ 37.1 million and ₹ 50.1 million , which constituted 10.8% and 10.9% of our NPAs. Details of provisions and amounts written off as of March 31, 2008, 2009 and 2010 are set out in the table below:

(₹ in million ; as per our restated audited financial statements)

	As of March 31,			As of November 30,
	2008	**2009**	**2010**	**2010**
Gross NPAs	92.6	161.1	343.6	461.0
Provisions	9.3	16.1	37.1	50.1
Net NPAs	83.3	145.0	306.4	410.9
Net Retail loans	17,921.8	25,559.8	54,298.3	97,572.0
Net NPAs/Net Retail loans (%)	0.46%	0.57%	0.56%	0.42%
Gross Retail Loans	22,262.8	33,690.1	74,381.5	130,036.8
Gross NPAs/Gross Retail Loans (%)	0.42%	0.48%	0.46%	0.35%
Amounts Written-off	-	-	6.2	2.9

Capital Adequacy Ratio

We are subject to the capital adequacy requirements of the RBI. With effect from April 1, 2010, RBI has increased the minimum capital adequacy ratio to 12.0% and to 15.0% from March 31, 2011. We maintain a capital adequacy ratio above the minimum levels prescribed by the RBI and had a capital adequacy ratio of 12.56%, 16.30% and 14.79%, and 15.06% as of March 31, 2008, 2009, 2010, and November 30, 2010, respectively.

Treasury Operations

Our treasury department undertakes liquidity management by seeking to maintain an optimum level of liquidity and monitors cash and bank balances. The objective is to ensure the sufficient cash reserves at all our branches while at the same time avoid holding cash in excess of what may be required in the ordinary course. Since almost all disbursements are made in cash, we maintain an average of ₹ 0.5 million in cash across our branches. Each regional office has the primary responsibility for directing branches within the region to move surplus funds to deficit branches. If there is a surplus of funds in the region as a whole, such surpluses are deposited in cash credit/overdraft accounts at the corporate level. Deficits at a region level are managed by cash transfers from our treasury department. We monitor cash and balances on daily basis using our management information systems, and have arrangements with various banks for the transfer of bank balances between locations. Cost of movement of cash also is taken into consideration while deciding optimum cash levels in each location. We use a real time gross settlement ("RTGS") facility if the remitting and receiving banks are different, or through internal transfer if both the branches belong to the same bank.

Risk Management

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

Collateral risk

Collateral risk arises from the decline in the value of the gold collateral due to fluctuation in gold prices. This risk is in part mitigated by the 10% to 40% margin we build in to our rate per gram used to calculate the loan amount. Furthermore, we could further reduce this risk because the price of gold jewellery is higher given the production costs, design cost and the gemstones associated with making the item, but we appraise the collateral and fund loans solely based on the weight of its gold content. In addition, the sentimental value of the gold jewellery to the customers may induce repayment and redemption of the collateral even if the value of the collateral falls below the value of the repayment amount.

Credit risk

Credit risk is the possibility of loss due to the failure of any counterparty to abide by the terms and conditions of any financial contract with us. We aim to reduce credit risk through a rigorous loan approval and collateral appraisal process, as well as a strong NPA monitoring and collection strategy. This risk is diminished because the gold jewellery used as a collateral for our loans can be readily liquidated, and there is only a remote possibility of recovering less than the amounts due to us.

Operational risk

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

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

Market risk

Market risk refers to potential losses arising from the movement in market values of interest rates in our business. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss and to reduce our exposure to the volatility inherent in financial instruments. The majority of our borrowings, and all the loans and advances we make, are at fixed rates of interest. Our interest rate risk is therefore minimal at present.

Liquidity risk

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

Business cycle risk

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

NPA Recovery

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

The following table sets forth information relating to recovery from NPA accounts, written-off accounts and other overdue accounts for the last three years ended March 31, 2008, 2009, 2010 and for the eight months ended November 30, 2010:

(₹ in million ; as per our restated audited financial statements)

	Year ended March 31,			Eight months ended November, 30
Recoveries From	**2008**	**2009**	**2010**	**2010**
NPA, overdue and written off accounts	221.2	521.2	911.9	343.1

Funding Sources

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

(₹ in million ; as per our restated audited financial statements)

Secured loans	As of March 31			As of November 30, 2010
	2008	2009	2010	
Redeemable non-convertible debentures	12,403.3	19,019.8	27,192.5	33,644.5
Term loans from banks	385.0	468.0	451.0	442.1
Cash credit from banks including working capital demand loans	5,499.9	10,599.6	17,827.7	46,243.3
Collaterised Borrowing and Lending Obligation from Banks	112.0	-	-	-
Total	**18,400.2**	**30,087.5**	**45,471.2**	**80,330.0**

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

Since our inception, we have relied on the proceeds of secured non-convertible debentures called "Muthoot Gold Bonds" placed through our branches. These debentures are issued on a private placement basis and are subscribed by retail investors.

We also raise capital by selling our receivables under bilateral assignment agreements with banks. As per our restated audited financial statements, as of March 31, 2008, 2009 and 2010, and November 30, 2010, the outstanding amount of capital raised from selling our receivables were ₹ 4,341.0 million, ₹ 8,130.2 million and ₹ 20,083.2 million, and ₹ 32,464.8 million, respectively. We have been assigned an "A1+" rating by ICRA for commercial paper and for short-term non-convertible debentures of ₹ 2,000.0 million, and a "P1+" rating by CRISIL for short term debt instruments of ₹ 20,000.0 million. Further, CRISIL has assigned "AA-/Stable" to our ₹ 4,000.0 million non-convertible debentures and to our ₹ 1,000.0 million subordinated debt. Further, ICRA has assigned a long term rating of "LAA-/Stable" and a short term rating of "A1+" to our ₹ 20,000 million line of credit.

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

Asset and Liability Management

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

Technology

We use information technology as a strategic tool for our business operations to improve our overall productivity and efficiency. We believe that through our information systems currently in place, we are able to manage our nationwide operations efficiently, market effectively to our target customers, and effectively monitor and control risks. We believe that this system has improved customer service by reducing transaction time and has allowed us to manage loan-collection efforts better and to comply with regulatory record-keeping and reporting requirements.

As of February 28, 2011, all our branches are computerised. Our business does not require a real time connection to a central server since a customer must necessarily return to the same branch to redeem the gold jewellery collateral. At the close of each working day, all our branches send records of transactions to a central server through file transfer protocols for branch data to be consolidated. In the case of inter-branch reconciliation, branches connect to our central server from time to time, and relevant data is transferred between the branches. At the branch level, we have automated systems to backup data in all client machines in the branch. In addition, we back-up our central database.

Security

The security threats we face can be broadly classified as external and internal threats. The principal security risks to our operations are robbery (external threat) and employee theft or fraud (internal threat). We have

extensive security and surveillance systems and dedicated security personnel to counter external security threats. To mitigate internal threats, we undertake careful pre-employment screening, including obtaining references before appointment. We also have installed management information systems to minimize the scope for employee theft or fraud. We also have started installing offsite surveillance cameras across our branches, which will be connected to a centrally located database and allow the corporate office to remotely monitor the branches.

To protect against robbery, all branch employees work behind wooden, glass and steel counters, and the back office, strong-room and computer areas are locked and closed to customers. Each branch's security measures include strong rooms with concrete walls, strong room door made of iron bars, burglary alarm systems, controlled entry to teller areas, and the tracking of employee movement in and out of secured areas. While we provide around the clock armed security guards for risk prone branches, the majority of our branches do not require security guards as the gold jewellery are stored securely in strong rooms.

Since we handle high volumes of cash and gold jewellery at our locations, daily monitoring, spot audits and immediate responses to irregularities are critical to our operations. We have an internal auditing program that includes unannounced branch audits and cash counts at randomly selected branches. We have an internal audit team of 603 persons who conduct audits on branches either weekly or fortnightly or monthly depending on the size of the branch.

Competition

Although the business of making loans secured by gold is a time-honored industry (unorganized pawn-broking shops being the main participants), the Gold Loan industry in India remains very fragmented. Our Board believes that we can achieve economies of scale and increased operating efficiencies by increasing the number of branches under operation and utilizing modern point-of-sale systems and proven operating methods. We operate in largely un-tapped markets in various regions in India where banks operate actively in the Gold Loan business. We compete with pawnshops and financial institutions, such as consumer finance companies. Other lenders may lend money on an unsecured basis, at interest rates that may be lower than our service charges and on other terms that may be more favorable than ours. We believe that the primary elements of competition are the quality of customer service and relationship management, branch location and the ability to loan competitive amounts at competitive rates. In addition, we believe the ability to compete effectively will be based increasingly on strong general management, regional market focus, automated management information systems and access to capital.

Our main competition is from Manappuram General Finance & Leasing Limited, various Kerala based banks, including Federal Bank, South Indian Bank and Catholic Syrian Bank, and from other Gold Loan NBFCs, including deposit accepting NBFCs.

Insurance Coverage

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

Employees

As of February 28, 2011 we employed 15,664 persons in our operations. Our employee strength has grown to its present size from 2,999 persons as of March 31, 2008, 5,979 persons as of March 31, 2009 and 9,745 persons as of March 31, 2010. None of our employees is represented by a labor union, and we believe that our relations with our employees are good.

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

Training

Our ability to timely appraise the quality of the gold jewellery collateral is critical to the business, and requires us to employ persons possessing specialized skill sets in our various branches. We provide extensive training to our branch employees through training programs that are tailored to appraising the gold content in gold jewellery. A new employee is introduced to the business through an orientation program and through training programs covering job-appropriate topics. The experienced branch employee receives additional training and an introduction to the fundamentals of management to acquire the skills necessary to move into management positions within the organization. Manager training involves a program that includes additional management principles and more extensive training in topics such as income maximization, business development, staff motivation, customer relations and cost efficiency. We have two staff training colleges, one each in Cochin and in New Delhi, and three regional training centers located in Chennai, Hyderabad and in Bangalore, and we are in the process of establishing staff training colleges at our other regional locations.

Litigation

Except as disclosed elsewhere in this Prospectus, we have no material litigation pending against us, our Promoters or Directors. For details, please see the section titled "*Outstanding Litigation and Material Developments*".

Intellectual Property Rights

The brand and trademark "Muthoot", as also related marks and associated logos ("**Muthoot Trademarks**") are currently registered in the name of our Company. Our Company proposes to register the Muthoot Trademarks jointly in the name of our Promoters through a rectification process or an assignment (or irrevocably grant ownership rights by alternate, legally compliant means). For further details see "Risk Factors" on page 9.

Property

Our registered and corporate office is located in Ernakulam, Kerala, and is owned by us. We have acquired land in New Delhi, where we are constructing an office building to serve as an administrative base for our operations in the northern states of India. Except for 14 branch offices, which are owned by us, all our other branch offices are located at premises leased or licensed to us. We also own 22 guest houses all across India for use by our employees. We also hold 13 other properties used for various purposes by the Company.

REGULATIONS AND POLICIES IN INDIA

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to the Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice.

The Company is a systemically important NBFC which does not accept public deposits. As such, our business activities are regulated by RBI regulations applicable to non-public deposit accepting NBFCs ("**ND-NBFC**"). The Company also carries out the business of wind power generation at certain locations in India.

Following are the significant regulations that affect our operations:

I. NBFC regulations

The Reserve Bank of India Act

The RBI regulates and supervises activities of NBFCs. Chapter III B of the Reserve Bank of India Act of 1934 ("**RBI Act**") empowers the RBI to regulate and supervise the activities of all NBFCs in India. The RBI Act defines an NBFC under Section 45-I (f)

(i) "a financial institution which is a company;

(ii) a non-banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner;

(iii) such other non-banking institution or class of such institutions as the RBI may, with the previous approval of the Central Government and by notification in the Official Gazette, specify."

Section 45-I(c) of the RBI Act, further defines "financial institution" to mean any non-banking institution which, among other things, carries on the business or part of its business of making loans or advances.

The RBI has clarified through a press release (Ref. No. 1998-99/ 1269) dated April 08, 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide its principal business. The company will be treated as an NBFC if (**a**) its financial assets are more than 50 per cent of its total assets (netted off by intangible assets); and (**b**) income from financial assets should be more than 50 per cent of the gross income. Both these tests are required to be satisfied as the determinant factor for principal business of a company.

The RBI Act mandates that no NBFC, which comes into existence after the commencement of the Reserve Bank of India (Amendment) Act shall commence or carry on the business of a nonbanking financial institution without obtaining a certificate of registration. Furthermore, such an NBFC must also have a net owned fund of ₹ 2,500,000 or such other amount not exceeding ₹ 20,000,000.

Under Section 45 – IC of the RBI Act, every NBFC must create a reserve fund and transfer thereto a sum not less than 20 per cent of its net profit every year, as disclosed in the profit and loss account and before any dividend is declared. Such a fund is to be created by every NBFC irrespective of whether it is a ND-NBFC or not. Further, no appropriation can be made from the fund for any purpose by the NBFC except for the purposes specified by the RBI from time to time and every such appropriation shall be reported to the RBI within 21 days from the date of such appropriation.

Systemically Important ND-NBFCs

All ND-NBFCs with an asset size of ₹ 1000,000,000 or more as per the last audited balance sheet will be considered as a systemically important ND-NBFC. RBI by a notification dated June 04, 2009 has clarified that once an NBFC reaches an asset size of ₹ 1000,000,000, or above, it shall come under the regulatory requirement for systemically important ND-NBFC, despite not having such assets on the date of the last balance sheet.

All systemically important NBFCs are required to maintain a minimum Capital to Risk-Weighted Assets Ratio ("**CRAR**") of 10%. Further the CRAR should not be less than 12% by March 31, 2010 and 15% by March 31, 2011.

Rating of NBFCs

The RBI has instructed that all NBFCs with an asset size of ₹ 1,000 million shall furnish information about downgrading or upgrading of the assigned rating of any financial product issued by them within 15 days of a change in rating.

Prudential Norms

The Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended, (the "**Prudential Norms**"), amongst other requirements prescribe guidelines on ND-NBFCs regarding income recognition, asset classification, provisioning requirements, constitution of audit committee, capital adequacy requirements, concentration of credit/investment and norms relating to infrastructure loans. .

Provisioning Requirements

A NBFC-ND, after taking into account the time lag between an account becoming non performing, its recognition, the realization of the security and erosion overtime in the value of the security charged, shall make provisions against sub-standard assets, doubtful assets and loss assets in the manner provided for in the Prudential Norms Directions.

Capital Adequacy Norms

Every systemically important ND-NBFC should maintain, with effect from April 01,2007, a minimum capital ratio consisting of Tier I and Tier II capital of not less than 10% of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items is required to be maintained. Also, the total of the Tier II capital of a ND-NBFC shall not exceed 100% of the Tier I capital

Tier – I Capital means, owned funds as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10% of the owned fund and perpetual debt instruments issued by a systemically important ND-NBFC in each year to the extent it does not exceed 15% of the aggregate Tier I capital of such company as on March 31 of the previous accounting year.

Owned Funds means, paid-up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account; capital reserve representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of assets; less accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

Tier – II Capital means to include the following (**a**) preference shares other than those which are compulsorily convertible into equity; (**b**) revaluation reserves at discounted rate of 55%; (**c**) general provisions and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one-and-one-fourth per cent of risk weighted assets; (**d**) hybrid debt capital instruments; and (**e**) subordinated debt to the extent the aggregate does not exceed Tier – I capital; and (**f**) perpetual debt instrument issued by a systemically important ND-NBFC, which is in excess of what qualifies for Tier I Capital to the extent that the aggregate Tier-II capital does not exceed 15% of the Tier – I capital.

Hybrid debt means, capital instrument, which possess certain characteristics of equity as well as debt.

Subordinated debt means a fully paid up capital instrument, which is unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority of the NBFC. The book value of such instrument is subjected to discounting as prescribed.

Exposure Norms

In order to ensure better risk management and avoidance of concentration of credit risks, the RBI has, in terms of the Prudential Norms, prescribed credit exposure limits for financial institutions in respect of their lending to single/ group borrowers. Credit exposure to a single borrower shall not exceed 15% of the owned funds of the systemically important ND-NBFC, while the credit exposure to a single group of borrowers shall not exceed 25% of the owned funds of the systemically important ND-NBFC. Further, the systemically important ND-NBFC may not invest in the shares of another company exceeding 15% of its owned funds, and in the shares of a single group of companies exceeding 25% of its owned funds. However, this prescribed ceiling shall not be applicable on a NBFC-ND-SI for investments in the equity capital of an insurance company to the extent specifically permitted by the RBI. Any NBFC-ND-SI not accessing public funds, either directly or indirectly may make an application to the RBI for modifications in the prescribed ceilings Any systemically important ND-NBFC classified as asset finance company by RBI, may in exceptional circumstances, exceed the above ceilings by 5% of its owned fund, with the approval of its Board of Directors. The loans and investments of the systemically important ND-NBFC taken together may not exceed 25% of its owned funds to or in single party and 40% of its owned funds to or in single group of parties. A systemically important ND-NBFC may, make an application to the RBI for modification in the prescribed ceilings.

Asset Classification

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

(i) Standard assets;

(ii) Sub-standard assets;

(iii) Doubtful assets; and

(iv) Loss assets.

Further, such class of assets would not be entitled to be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for such upgradation.

Ratings of NBFCs

Pursuant to the RBI circular DNBS (PD) CC. No.134/03.10.001 / 2008-2009 dated February 04, 2009, all NBFCs with an assets size of ₹ 1,000 million and above are required to furnish at the relevant regional office of the RBI, within whose jurisdiction the registered office of the NBFC is functioning, information relating to the downgrading and upgrading of assigned rating of any financial products issued by them within 15 days of such change.

Other stipulations

All NBFCs are required to frame a policy for demand and call loan that includes provisions on the cut-off date for recalling the loans, the rate of interest, periodicity of such interest and periodical reviews of such performance.

The Prudential norms also specifically prohibit NBFCs from lending against its own shares.

KYC Guidelines

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

Corporate Governance Guidelines

Pursuant to a RBI Circular dated May 08, 2007, all ND NBFCs- are required to adhere to certain corporate governance norms including constitution of an audit committee, a nomination committee, a risk management committee and certain other norms in connection with disclosure, transparency and connected lending.

Financing of NBFCs by bank

The RBI has issued guidelines vide a circular dated bearing number DBOD No. FSD. BC.46/24.01.028/2006-07 dated December 12, 2006 relating to the financial regulation of systemically important NBFC-NDs and the relationship of banks with such institutions. In particular, these guidelines prohibit banks from lending to NBFCs for the financing of certain activities, such as (i) bill discounting or rediscounting, except where such discounting arises from the sale of commercial vehicles and two wheelers or three wheelers, subject to certain conditions; (ii) unsecured loans or corporate deposits by NBFCs to any company; (iii) investments by NBFCs both of current and long term nature, in any company; (iv) further lending to individuals for the purpose of subscribing to an initial public offer.

Norms for excessive interest rates

In addition, the RBI has introduced vide a circular bearing reference number RBI/ 2006-07/ 414 dated May 24, 2007 whereby RBI has requested all NBFCs to put in place appropriate internal principles and procedures in determining interest rates and processing and other charges. In addition to the aforesaid instruction, the RBI has issued a Master Circular on Fair Practices Code dated July 01, 2010 for regulating the rates of interest charged by the NBFCs. These circulars stipulate that the board of each NBFC is required to adopt an interest rate model taking into account the various relevant factors including cost of funds, margin and risk premium. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers are required to be disclosed to the borrowers in the application form and expressly communicated in the sanction letter. Further, this is also required to be made available on the NBFCs website or published in newspapers and is required to be updated in the event of any change therein. Further, the rate of

interest would have to be an annualized rate so that the borrower is aware of the exact rates that would be charged to the account.

Supervisory Framework

In order to ensure adherence to the regulatory framework by systemically important ND-NBFCs, the RBI has directed such NBFCs to put in place a system for submission of an annual statement of capital funds, and risk asset ratio etc. as at the end of March every year, in a prescribed format. This return is to be submitted electronically within a period of three months from the close of every financial year. Further, a NBFC is required to submit a certificate from its statutory auditor that it is engaged in the business of non-banking financial institution requiring to hold a certificate of registration under the RBI Act. This certificate is required to be submitted within one month of the date of finalization of the balance sheet and in any other case not later than December 30 of that particular year. Further, in addition to the auditor's report under Section 227 of the Companies Act, 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

Asset Liability Management

The RBI has prescribed the Guidelines for Asset Liability Management ("**ALM**") System in relation to NBFCs ("**ALM Guidelines**") that are applicable to all NBFCs through a Master Circular on Miscellaneous Instructions to All Non-Banking Financial Companies dated July 1, 2010. As per this Master Circular, the NBFCs (engaged in and classified as equipment leasing, hire purchase finance, loan, investment and residuary non-banking companies) meeting certain criteria, including, an asset base of ₹ 1,000 million, irrespective of whether they are accepting / holding public deposits or not, are required to put in place an ALM system. The ALM system rests on the functioning of ALM information systems within the NBFC, ALM organization including an Asset Liability Committee ("**ALCO**") and ALM support groups, and the ALM process including liquidity risk management, management of marketing risk, funding and capital planning, profit planning and growth projection, and forecasting/ preparation of contingency plans. It has been provided that the management committee of the board of directors or any other specific committee constituted by the board of directors should oversee the implementation of the system and review its functioning periodically. The ALM Guidelines mainly address liquidity and interest rate risks. In case of structural liquidity, the negative gap (i.e. where outflows exceed inflows) in the 1 to 30/ 31 days time-bucket should not exceed the prudential limit of 15% of outflows of each time-bucket and the cumulative gap of up to one year should not exceed 15% of the cumulative cash outflows of up to one year. In case these limits are exceeded, the measures proposed for bringing the gaps within the limit should be shown by a footnote in the relevant statement.

Anti Money Laundering

The RBI has issued a Master Circular dated July 1, 2010 to ensure that a proper policy frame work for the Prevention of Money Laundering Act, 2002 ("**PMLA**") is put into place. The PMLA seeks to prevent money laundering and provides for confiscation of property derived from, or involved in money laundering and for other matters connected therewith or incidental thereto. It extends to all banking companies, financial institutions, including NBFCs and intermediaries. Pursuant to the provisions of PMLA and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record (i) for all cash transactions of value of more than ₹ 1 million; (ii) all series of cash transactions integrally connected to each other which have been valued below ₹ 1 million where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds ₹ 1 million. Further, all NBFCs are required to take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, NBFCs are also required to maintain for at least ten years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

Additionally, NBFCs should ensure that records pertaining to the identification of their customers and their address are obtained while opening the account and during the course of business relationship, and that the same are properly preserved for at least ten years after the business relationship is ended. The identification records and transaction data is to be made available to the competent authorities upon request.

II. Power generation regulations

The Ministry of New and Renewable Energy ("MNRE") regulations

The MNRE is the Central Government ministry with the mandate for formulating schemes and policies for the research, development, commercialisation and deployment of renewable energy systems/devices for various applications in rural, urban, industrial and commercial sector. The MNRE has issued a number of guidelines and schemes on power generation through renewable sources, including a 'Special Programme on Small Wind Energy and Hybrid Systems'. In order to ensure quality of wind farm projects and equipments, the MNRE introduced the "Revised Guidelines for wind power projects" ("**MNRE Guidelines**") on June 13, 1996 for the benefit of state electricity boards, manufacturers, developers and end-users of energy to ensure proper and orderly growth of the wind power sector. The MNRE Guidelines are periodically updated and issued. The MNRE Guidelines among other things makes provision for proper planning, siting, selection of quality equipment, implementation and performance monitoring of wind power projects. The MNRE Guidelines lay down guidelines for the planned development and implementation of wind power projects.

The MNRE Guidelines set out the conditions that are required to be met for establishing wind farms and manufacturing and supplying equipment for wind power projects. These conditions include submission of detailed project reports, approval of sites for wind power installations, type certification by independent testing and certification agencies (either the Centre of Wind Energy Technology, Chennai or the International certification agency). Further, all installations are to be carried out only on sites that are approved for wind power projects by the MNRE. The MNRE Guidelines stipulate that a no objection certificate will be issued only after analysing the wind data to ensure adequate availability of wind at the specific site. Also, no approval will be granted for a wind power project which involves the installation of used wind turbines imported into India.

The Indian Renewable Energy Development Agency Limited ("IREDA")

The IREDA is a public limited government company under the administrative control of the MNRE and in engaged in encouraging the production of energy through renewable sources. In this respect, the IREDA offers financial support to specific projects and schemes for generating electricity, and promotes the energy conservation through by improving the efficiency of systems, processes and resources engaged in energy production and distribution. In particular, the IREDA offers scheme and incentives for the promotion of wind based energy production.

Electricity Act, 2003

Under the Electricity Act, 2003, which repealed all the earlier enactments pertaining to this sector, the activity of generation of wind power does not require any license or permission. Persons engaged in the generation of electricity from wind power are required to register the project being undertaken with State Nodal Agency and obtain permission for inter-grid connectivity from the utility. The government has also announced National Electricity Policy in 2005 to guide the development of the electricity sector in India.

The electricity generated from the wind power project can be used for captive consumption, sale to utility or for transaction under open access as per the prevailing state policy as well as regulatory orders, if any. Various states have announced administrative policies relating to wheeling, banking and buy-back of power.

Further, the Electricity Act, 2003 also mandates that all regulatory commissions should procure certain percentage of power generation from renewable energy sources by all distribution companies. As far as the tariff and wheeling charges are concerned, it is stipulated that they should be decided by respective regulatory commissions as provided under the Electricity Regulatory Commissions Act, 1998.

The regulations governing operation of wind electricity generators in Tamil Nadu are applicable to our Company. Under the policy formulated by the Government of Tamil Nadu, our Company is required to sell all the power generated to the Tamil Nadu Electricity Board, as a fixed price of ₹ 2.70 per unit of power. Further, a 5% wheeling and transmission charge is applicable, should the Company opt to take the assistance of the Tamil Nadu Electricity Board for wheeling. The policy permits the Company to bank all the power generated by the wind-mills. However, a 5% banking charge is applicable on all power banked by the Company on a bi-monthly basis.

Electricity Regulatory Commissions

Electricity Act retains the two-level regulatory system for the power sector. At the central level, the Central Electricity Regulatory Commission ("**CERC**") is responsible for regulating tariff of generating stations owned by the central government, or those involved ingenerating or supplying in more than one states, and regulating inter-state transmission of electricity. The State Electricity Regulatory Commissions ("**SERCs**") on the other hand regulate intra-state transmission and supply of electricity within the jurisdiction of each state. CERC and the SERCs are guided by the National Electricity Policy, 2005, Tariff Policy, 2006 and the National Electricity Plan while discharging their functions under Electricity Act. The Electricity Regulatory Commissions are also guided by any direction given by the central government for CERC or the state government for the SERC pertaining to any policy involving public interest. The decision of the government is final and non-challengeable with respect to the question that whether directions pertain to policy involving public interest or not. The commissions have been entrusted with a variety of functions including determining tariff, granting licensees, settling disputes between the generating companies and the licensees. The Electricity Regulatory Commissions are a quasi-judicial authority with powers of a civil court and an appeal against the orders of the Commissions lie to the Appellate Tribunal.

The CERC has recently notified the CERC (Terms and Conditions for Recognition and Issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations on January, 14, 2010 to the promotion of power generation through renewable sources of energy. In this respect, these regulations contemplate two categories of certificates, solar and non-solar certificate. The CERC has designated the National Load Dispatch Center to issue registration certificates and undertakes to provide for the floor price (minimum) and forbearance price (maximum) for non-solar certificates.

Kyoto Protocol and Carbon Credits

The Kyoto Protocol is a protocol to the International Framework Convention on Climate Change with the objective of reducing greenhouse gases ("**GHG**") that cause climate change. The Kyoto Protocol was entered into force on February 16, 2005. India ratified the Kyoto Protocol on August 22, 2006. The Kyoto Protocol defines legally binding targets and timetables for reducing the GHG emissions of industrialised countries that ratified the Kyoto Protocol. Governments have been separated into developed nations (who have accepted GHG emission reduction obligations) and developing nations (who have no GHG emission reduction obligations). The protocol includes "flexible mechanisms" which allow developed nations to meet their GHG emission limitation by purchasing GHG emission reductions from elsewhere. These can be bought either from financial exchanges, from projects which reduce emissions in developing nations under the CDM, the Joint Implementation scheme or from developed nations with excess allowances. Typical emission certificates are:

- Certified Emission Reduction (CER);
- Emission Reduction Unit (ERU); and
- Voluntary or Verified Emission Reductions (VER).

CERs and ERUs are certificates generated from emission reduction projects, under the CDM for projects implemented in developing countries, and under Joint Implementation ("**JI**") for projects implemented in developed countries, respectively. These mechanisms are introduced within the Kyoto

Protocol. For projects which cannot be implemented as CDM or JI, but still fulfil the required standards, VERs can be generated. VERs, however, cannot be used for compliance under the Kyoto Protocol.

III. Foreign Investment Regulations

Foreign direct investment (including foreign institutional investment, investments by non-resident Indians, persons of Indian origin and overseas corporate bodies) ("**FDI**") in an Indian company is governed by the provisions of the Foreign Exchange Management Act, 1999 ("**FEMA**") read with the Consolidated Foreign Direct Investment Policy effective from April 01, 2010 ("**FDI Policy**") issued by the Department of Industrial Promotion and Policy, Ministry of Commerce, Government of India ("**DIPP**"). FDI is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which FDI is sought to be made. Under the automatic route, no prior Government approval is required for the issue of securities by Indian companies/ acquisition of securities of Indian companies, subject to the sectoral caps and other prescribed conditions. Investors are required to file the required documentation with the RBI within 30 days of such issue/ acquisition of securities. However, if the foreign investor has any previous joint venture/ tie-up or a technology transfer/ trademark agreement in the "same field" in India, prior approval from the FIPB is required even if that activity falls under the automatic route, except as otherwise provided.

Under the approval route, prior approval from the FIPB 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, the following are the relevant norms applicable for FDI in NBFCs:

(a) FDI investments upto 100% of the paid-up share capital of the NBFC is allowed under the automatic route in the following NBFC activities:

(i) Merchant banking;
(ii) Underwriting;
(iii) Portfolio Management Services;
(iv) Investment Advisory Services;
(v) Financial Consultancy;
(vi) Stock Broking;
(vii) Asset Management;
(viii) Venture Capital;
(ix) Custodial Services;
(x) Factoring;
(xi) Credit rating Agencies;
(xii) Leasing and Finance;
(xiii) Housing Finance;
(xiv) Forex Broking;
(xv) Credit card business;
(xvi) Money changing Business;
(xvii) Micro Credit; and
(xviii) Rural Credit.

(b) Minimum Capitalisation Norms for fund based NBFCs:

(i) For FDI up to 51% - US$ 0.5 million to be brought upfront.

(ii) For FDI above 51% and up to 75% - US $ 5 million to be brought upfront.

(iii) For FDI above 75% and up to 100% - US $ 50 million out of which US $7.5 million to be brought upfront and the balance in 24 months

(c) Minimum capitalisation norm of US $ 0.5 million is applicable in respect of all permitted non-fund based NBFCs with foreign investment, subject to the condition that such company would will not set up any subsidiary for any other activity nor will it participate in the equity of an NBFC holding or operating company Non-fund based activities would include investment advisory services, financial consultancy, forex broking , money changing business and credit rating agencies.

(d) Foreign investors can set up 100% operating subsidiaries without the condition to disinvest a minimum of 25% of its equity to Indian entities, subject to bringing in US$ 50 million as at (b) (iii) above.

(e) Joint venture operating NBFCs that have 75% or less than 75% foreign investment will also be allowed to set up subsidiaries for undertaking other NBFC activities, subject to the subsidiaries also complying with the applicable minimum capital inflow i.e. (b)(i) and (b)(ii) above.

(f) Where FDI is allowed on an automatic basis without FIPB approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where FIPB approval is obtained, no approval of the RBI is required except with respect to fixing the issue price, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company. The foregoing description applies only to an issuance of shares by, and not to a transfer of shares of, Indian companies. Every Indian company issuing shares or convertible debentures in accordance with the RBI regulations is required to submit a report to the RBI within 30 days of receipt of the consideration and another report within 30 days from the date of issue of the shares to the non-resident purchaser.

FDI is allowed under the automatic route upto 100 % in respect of projects relating to electricity generation, transmission and distribution, other than atomic reactor power plants. There is no limit on the project cost and the quantum of foreign direct investment.

IV. Labour Regulations

Shops and establishments regulations

The Company is governed by the shops and establishments laws as applicable in the various states where it has branches. These laws regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work, among other things.

Provident fund contributions

The Company is governed by the provisions of the Employees' Provident Funds Act, 1952 and is accordingly required to make periodic contributions to the Employees' Provident Fund Scheme and the Employees' Pension Scheme as applicable. The Company is also required to make contributions under the Employees' State Insurance Act, 1948.

Miscellaneous

The Company is also required to comply with the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Payment of Wages Act, 1936 and the Payment of Gratuity Act, 1972.

V. Intellectual property regulations

Trade Marks Act

The Trade Marks Act, 1999 (the "**Trademark Act**") governs the statutory protection of trademarks in India. In India, trademarks enjoy protection under both statutory and common law. Indian trademarks law permits the registration of trademarks for goods and services. Certification trademarks and collective marks are also registerable under the Trademark Act.

An application for trademark registration may be made by any person claiming to be the proprietor of a trademark and can be made on the basis of either current use or intention to use a trademark in the future. The registration of certain types of trade marks are absolutely prohibited, including trademarks that are not distinctive and which indicate the kind or quality of the goods.

Applications for a trademark registration may be made for in one or more international classes. Once granted, trademark registration is valid for ten years unless cancelled. If not renewed after ten years, the mark lapses and the registration for such mark has to be obtained afresh.

While both registered and unregistered trademarks are protected under Indian law, the registration of trademarks offers significant advantages to the registered owner, particularly with respect to proving infringement. Registered trademarks may be protected by means of an action for infringement, whereas unregistered trademarks may only be protected by means of the common law remedy of passing off. In case of the latter, the plaintiff must, prior to proving passing off, first prove that he is the owner of the trademark concerned. In contrast, the owner of a registered trademark is prima facie regarded as the owner of the mark by virtue of the registration obtained.

HISTORY AND CERTAIN CORPORATE MATTERS

History of the Company

Our Company was originally incorporated as a private limited company on March 14, 1997 with the name "The Muthoot Finance Private Limited" under the Companies Act. Subsequently, by fresh certificate of incorporation dated May 16, 2007, our name was changed to "Muthoot Finance Private Limited". The Company was converted into a public limited company on November 18, 2008 with the name "Muthoot Finance Limited" and received a fresh certificate of incorporation consequent upon change in status on December 02, 2008 from the RoC.

Merger with Muthoot Enterprises Private Limited

Our Company, along with Muthoot Enterprises Private Limited, filed a composite scheme of arrangement bearing C.P. Nos. 48 and 50 of 2004 under the Companies Act before the High Court of Kerala ("**Scheme of Amalgamation**"). The Scheme of Amalgamation was approved by the board of directors of our Company through the board resolution dated April 28, 2004.

Pursuant to the approval of the Scheme of Amalgamation by the High Court of Kerala by an order dated January 31, 2005, Muthoot Enterprises Private Limited was merged with our Company, with effect from April 01, 2004 and the High Court of Kerala had instructed all the parties to comply with the statutory and other legal requirements to make the Scheme of Amalgamation effective.

The company on March 22, 2005 filed a certified copy of the order of the High Court of Kerala with the RoC. With the successful implementation of the Scheme of Amalgamation, the undertaking of Muthoot Enterprises Private Limited along with its assets and liabilities was transferred to and vested in our Company.

Changes in the Registered Office

At the time of incorporation, the Company's registered office was situated at Supremo Complex, Toll Junction, Edapally, Kochi 682 024. With effect from November 20, 2001, the registered office of the Company was shifted to its present registered office, at Muthoot Chambers, 2nd Floor, Opposite Saritha Theatre Complex, Banerji Road, Kochi 682 018, India, for administrative convenience.

Changes in the activities of our Company during the last five years

Demerger of the FM radio business

Our Company filed a scheme of de-merger dated March 17, 2010 under Sections 391 to 394 of the Companies Act, with the High Court of Kerala at Ernakulam for the demerger of the radio business of the Company to Muthoot Broadcasting Private Limited. By an order dated April 09, 2010, the High Court of Kerala sanctioned the scheme of demerger. In terms of the scheme of merger, all existing properties, rights, powers, liabilities and assets as detailed in the scheme, duties of the radio business of the Company, have been transferred to Muthoot Broadcasting Private Limited with effect from January 01, 2010, which is the appointed date as per the scheme of arrangement. Further, in terms of the order, all proceedings pending by or against the Company relating to radio business will be continued by or against Muthoot Broadcasting Private Limited. Thereafter, pursuant to order of the Ministry of Information and Broadcasting dated July 20, 2010, the Company obtained approval for the transfer of the FM radio licence to Muthoot Broadcasting Private Limited subject to certain conditions.

Except as otherwise stated herein and in the sections titled "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", on pages 99 and 259, respectively, there have been no changes in the activities of our Company during the last five years preceding the date of this Prospectus, which may have had a material effect on our profits or loss, including discontinuance of our lines of business, loss of agencies or markets and similar factors.

Key events, milestones and achievements

Year	Particulars
2001	RBI license obtained to function as an NBFC.
2004	Obtained highest rating of F1 from Fitch Ratings for short term debt of ₹ 200 million.
2005	▪ Retail loan and debenture portfolio of the Company exceeds ₹ 5 billion. ▪ Merger of Muthoot Enterprises Private Limited with the Company. ▪ F1 rating obtained from Fitch Ratings affirmed with an enhanced short term debt of ₹ 400 million.
2006	▪ Retail loan and debenture portfolio crosses ₹ 7 billion and ₹ 6 billion respectively. ▪ Overall credit limits from banks crosses ₹ 1 billion.
2007	▪ Retail loan portfolio of the Company crosses ₹ 10 billion. ▪ RBI accords status of Systemically Important ND-NBFC. ▪ Branch network of the Company crosses 500 branches. ▪ Net owned funds of the Company crosses ₹ 1 billion.
2008	▪ Retail loan and debenture portfolio crosses ₹ 20 billion and ₹ 10 billion respectively. ▪ Net owned funds of the Company crosses ₹ 2 billion. ▪ F1 rating obtained from Fitch Ratings affirmed with an enhanced short term debt of ₹ 800 million. ▪ Overall credit limits from lending banks crosses ₹ 5 billion. ▪ Conversion of the Company into a public limited company. ▪ Fresh RBI license obtained to function as an NBFC without accepting public deposits, consequent to change in name.
2009	▪ Retail loan and debenture portfolio crosses ₹ 30 billion and ₹ 15 billion respectively. ▪ Net owned funds of the Company crosses ₹ 3 billion. ▪ Gross annual income crosses ₹ 5 billion. ▪ Overall credit limits from lending banks crosses ₹ 10 billion. ▪ Branch network of the Company crosses 1,000 branches.
2010	▪ Retail loan and debenture portfolio crosses ₹ 74 billion and ₹ 27 billion respectively. ▪ Net owned funds of the Company crosses ₹ 5 billion. ▪ Overall credit limits from lending banks crosses ₹ 20 billion. ▪ ICRA assigns 'A1+' rating for short term debt of ₹ 2 billion. ▪ CRISIL assigns 'P1+' rating for short term debt of ₹ 4 billion. ▪ Branch network of the Company crosses 2,000 branches. ▪ Demerger of the FM radio business into Muthoot Broadcasting Private Limited. ▪ Private equity investment of an aggregate of ₹ 1,575.45 million from Matrix Partners India Investments, LLC and Baring India Private Equity Fund III Limited. ▪ Private equity investment of an aggregate of ₹ 425.83 million from Kotak India Private Equity Fund and Kotak Investment Advisors Limited. ▪ Private equity investment of an aggregate of ₹ 555.57 million from Matrix Partners India Investments, LLC and The Wellcome Trust Limited (as trustee of The Wellcome Trust, United Kingdom).
2011	▪ Retail loan and debenture portfolio crosses ₹ 130 billion and ₹ 33 billion respectively. ▪ CRISIL assigns "AA-/Stable" rating for ₹ 4 billion non convertible debenture issue. ▪ CRISIL assigns "AA-/Stable" rating for ₹ 1 billion subordinated debts issue ▪ ICRA assigns long term rating of "LAA-/Stable" and short term rating of "A1+" for ₹ 20 billion line of credit of the Company. ▪ Branch network crossed 2,500 branches. ▪ Overall credit limits from lending banks crosses ₹ 60 billion.

Capital raising (Debt / Equity)

Except as set out in the section titled "Capital Structure" on page 61, the Company has not raised any capital in the form of Equity Shares or Debentures.

Main objects

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

1. To carry on the business of money lending and financing, whether by making loans or advances or by purchasing, discounting or accepting bills of exchange, promissory notes or other negotiable instruments or by giving guarantees or otherwise, for any industrial, trade, commercial, agricultural or economic activities of individuals, firms, companies, associations of persons or bodies of individuals, whether incorporated or not.

2. To carry on the business as acceptance houses, confirming houses, venture capital funds, merchant bankers, underwriters or investors. However, the Company shall not carry on the business of banking as defined under the Banking Regulation Act, 1949.

3. To carry on the business of marketing and dealing of financial products.

4. To engage in micro finance activities and thereby provide financial assistance to that segment of the population belonging to the rural and urban poor so as to enable them to engage themselves in productive ventures and thus uplift their overall well being.

Changes in our Memorandum of Association

The following changes have been made to our Memorandum of Association since incorporation:

Date of Shareholders' Approval	Particulars of Changes
November 20, 2001	Change in authorized capital of the Company from ₹ 6,000,000 divided into 600,000 equity shares of ₹ 10 each to ₹ 26,000,000 divided into 2,600,000 equity shares of ₹ 10 each.
March 30, 2004	The main objects of the Company were altered to include after the existing sub-clause ii of clause III A pertaining to the main objects of the Company, and sub-clause iii
March 30, 2004	The other objects of the Company were altered to include after the existing sub-clause ix of clause III C pertaining to the other objects of the Company, clause 10.
August 21, 2004**	Change in the authorised capital of the Company from ₹ 26,000,000 divided into 2,600,000 equity shares of ₹ 10 each to ₹ 86,000,000 divided into 8,600,000 equity shares of ₹ 10 each.*
November 28, 2005	The other objects of the Company were altered to include after the existing sub-clause x of clause III C pertaining to the other objects of the Company, clauses 11 to 14, permitting the Company to undertake the businesses of windmill power generation and radio broadcasting.
September 10, 2008	Change in authorized capital of the Company from ₹ 86,000,000 divided into 8,600,000 equity shares of ₹ 10 each to ₹ 500,000,000 divided into 50,000,000 equity shares of ₹ 10 each.
November 18, 2008	The Company was converted from a private limited company to a public limited company. Consequently, the Company adopted a new set of articles.
August 24, 2009	The main objects of the Company were altered to include after the existing clause iii of clause III A pertaining to the main objects of the Company, sub-clause iv. sub-clause i of section III A was also amended and replaced.
August 24, 2009	Change in authorized capital of the Company from ₹ 500,000,000 divided into 50,000,000 equity shares of ₹ 10 each to ₹ 3,500,000,000 divided into 350,000,000 equity shares of ₹ 10 each.
September 21, 2010	Change in authorized capital of the Company from ₹ 3,500,000,000 divided into 350,000,000 equity shares of ₹ 10 each to ₹ 4,500,000,000 divided into 450,000,000 equity shares of ₹ 10 each
March 7, 2011	Change in authorized capital of the Company from ₹ 4,500,000,000 divided into 450,000,000 equity shares of ₹ 10 each to ₹ 9,500,000,000 divided into 450,000,000 equity shares of ₹ 10 each and 5,000,000 redeemable preference shares of ₹ 1,000 each.

*This increase in authorised share capital was pursuant to the order of the High Court of Kerala, Ernakulam, dated January 31, 2005, approving the scheme of arrangement and amalgamation of Muthoot Enterprises Private Limited with our Company.
**This is the date on which the meeting of the shareholders was convened under the direction of the High Court of Kerala

Material agreements

1. ***Investment agreement between our Company and Baring India Private Equity Fund III Limited – The Baring Investment Agreement***

   Our Company has entered into an investment agreement with Baring India Private Equity Fund III Limited ("**Baring**") on July 22, 2010.

   As per the terms of the Baring Investment Agreement, Baring has agreed to subscribe to 6,404,256 equity shares of our Company, representing no less than 2% of the issued, subscribed and paid up equity share capital of our Company at ₹ 123 per share for a total consideration of ₹ 787,723,488. Baring has agreed and acknowledged that our Company intends to issue and allot 12,808,512 equity shares to third party investors at a price of not less than ₹ 123 per equity share. Baring has agreed that its anti-dilution rights under this agreement shall not be applicable to such allotments made by our Company.

   As per the terms of the Baring Investment Agreement, Baring is subject to a lock-in of 14 months or, in the event of an initial public offer by our Company, to the extent prescribed by law, with respect to the shares subscribed to by Baring under this agreement. Under the Baring Investment Agreement, Baring, prior to the date of issue and allotment of equity shares by our Company as part of an initial public offering of shares, in the event of any further issue of equity shares by our Company, shall have the right to subscribe to such number of additional equity shares of our Company at the price of such issuance, so as to maintain its percentage of equity shareholding in our Company, provided, however, that such anti-dilution rights shall not be available for any issue of equity shares by our Company to

'anchor investors' (as the term is understood under applicable securities regulations) as part of the initial public offering of equity shares by our Company, in compliance with applicable law. Our Company is obligated to ensure that the price of such issuances will not be less than the price per equity share determined in terms of applicable pricing norms prescribed by the Reserve Bank of India for issue of equity shares to non-residents. All such shares acquired by Baring, pursuant to its anti-dilution rights under the Baring Investment Agreement shall also be subject to the lock-in. Provided that where shares are allotted at any time during the lock-in they shall be subject to lock-in restrictions for the remainder of the lock-in period only.

The Baring Investment Agreement provides that our Company and Baring shall indemnify each other against all damage that may arise out of or be payable by virtue of any falsity, incompleteness, default, breach or inaccuracy of the warranties or default or breach of any covenants and obligations in the agreement by either party.

2. ***Investor rights agreement between the promoters of our Company, and Baring India Private Equity Fund III Limited***

In furtherance to the Baring Investment Agreement, the promoters of our Company have entered into an investor rights agreement with Baring on July 22, 2010 to govern the rights of the shares subscribed to under the investment agreement entered into by our Company with Baring on July 22, 2010.

As per the agreement, if the initial public offer of our Company is not completed before June 30, 2011, then, subject to the lock-in clause of 14 months contained in the Baring Investment Agreement and prior to the expiry of 4 years from the closing date of the agreement, the promoters of our Company have a right of first refusal over the shares of our Company held by Baring in the event that Baring wishes to transfer the shares to any third party.

The agreement also provides that, subject to the lock-in of 14 months contained in the Baring Investment Agreement, anytime between the 4th and the 6th anniversary of the agreement, the promoters of our Company shall have the right to require Baring to sell to them all the shares held by them in our Company (**call option**) or Baring would have the right to require the Promoters to purchase all the shares held by them in our Company (**put option**). While exercising the call or put options, the price of the shares would have to be such, so as to provide Baring with an internal rate of return of 18% per annum on their investment, till the date of payment.

Notwithstanding the lock-in, in the event that the promoters propose to cause, or execute any agreement that would result in, a change in control of our Company, then Baring shall have the right to transfer all (but not some), of its equity shares, on terms no less favourable than the terms offered to the Promoters.

The agreement also provides that the promoters of our Company and Baring shall indemnify each other against all damage that may arise out of or be payable by virtue of any falsity, incompleteness, default, breach or inaccuracy of the warranties or default or breach of any covenants and obligations in the agreement by either party.

3. ***First Investment agreement between our Company and Matrix Partners India Investments LLC***

Our Company has entered into an investment agreement with Matrix Partners India Investments LLC ("**Matrix**") on July 22, 2010.

As per the terms of the agreement, Matrix has agreed to subscribe to 6,404,256 equity shares of our Company at ₹ 123 per share for a total consideration of ₹ 787,723,488. Matrix has agreed and acknowledged that our Company intends to issue and allot 12,808,512 equity shares to third party investors at a price of not less than ₹ 123 per equity share. Matrix has agreed that its anti-dilution rights under this agreement shall not be applicable to such allotments made by our Company.

As per the terms of the agreement, Matrix is subject to a lock-in of 14 months or, in the event of an initial public offer by our Company, to the extent prescribed by law, with respect to the shares subscribed to by Matrix under this agreement. Under the agreement, Matrix, prior to the date of issue and allotment of equity shares by our Company as part of an initial public offering of shares, in the event of any further issue of equity shares by our Company, shall have the right to subscribe to such number of additional equity shares of our Company at the price of such issuance, so as to maintain its percentage of equity shareholding in our Company, provided, however, that such anti-dilution rights shall not be available for any issue of equity shares by our Company to 'anchor investors' (as the term is understood under applicable securities regulations) as part of the initial public offering of equity shares by our Company, in compliance with applicable law. Our Company is obligated to ensure that the price of such issuances will not be less than the price per equity share determined in terms of applicable pricing norms prescribed by the Reserve Bank of India for issue of equity shares to non-residents. All such shares acquired by Matrix, pursuant to its anti-dilution rights under the agreement shall also be subject to the lock-in.

The agreement also provides that our Company and Matrix shall indemnify each other against all damage that may arise out of or be payable by virtue of any falsity, incompleteness, default, breach or inaccuracy of the warranties or default or breach of any covenants and obligations in the agreement by either party.

4. ***Second Investment Agreement between our Company and Matrix Partners India Investments LLC***

Our Company has entered into an investment agreement with Matrix on September 20, 2010.

As per the terms of the agreement, Matrix has agreed to subscribe to 1,440,922 equity shares of our Company at ₹ 173.50 per share for a total consideration of ₹ 250,000,000.

As per the terms of the agreement, Matrix is subject to a lock-in of 14 months or, in the event of an initial public offer by our Company, to the extent prescribed by law, with respect to the shares subscribed to by Matrix under this agreement. Under the agreement, Matrix, prior to the date of issue and allotment of equity shares by our Company as part of an initial public offering of shares, in the event of any further issue of equity shares by our Company, shall have the right to subscribe to such number of additional equity shares of our Company at the price of such issuance, so as to maintain its percentage of equity shareholding in our Company, provided, however, that such anti-dilution right shall not be available for any issue of equity shares by our Company to 'anchor investors' (as the term is understood under applicable securities regulations) as part of the initial public offering of equity shares by our Company, in compliance with applicable law. Our Company is obligated to ensure that the price of such issuances will not be less than the price per equity share determined in terms of applicable pricing norms prescribed by the Reserve Bank of India for issue of equity shares to non-residents. All such shares acquired by Matrix, pursuant to its anti-dilution rights under the agreement shall also be subject to the lock-in.

The agreement also provides that our Company and Matrix shall indemnify each other against all damage that may arise out of or be payable by virtue of any falsity, incompleteness, default, breach or inaccuracy of the warranties or default or breach of any covenants and obligations in the agreement by either party.

5. ***Investor rights agreement between the promoters of our Company and Matrix Partners India Investments LLC***

In furtherance to the first investment agreement with Matrix dated July 22, 2010 (detailed at 3 above), the promoters of our Company entered into an investor rights agreement with Matrix on July 22, 2010 to govern the rights of the shares subscribed to under the first investment agreement. Subsequently in furtherance of the second investment agreement with Matrix dated September 20, 2010 (detailed at 4 above), Matrix and our Company entered into a second investor rights agreement dated September 20, 2010 to govern the rights of the shares subscribed to under the first investment agreement and the second investment agreement. Accordingly this agreement superceded the first investor rights agreement dated July 22, 2010 between Matrix and Company.

As per the agreement, if the initial public offer of our Company is not completed by June 30, 2011, then, subject to the lock-in of 14 months contained in the investment agreement and prior to the expiry of 3 years from the date of the agreement, the promoters of our Company have a right of first refusal over the shares held by Matrix in the event that Matrix wishes to transfer the shares held by them in our Company to any third party.

The agreement provides that, if the initial public offer of our Company is not completed by June 30, 2011, then, subject to the lock-in of 14 months contained in the investment agreement, anytime between the 3rd and the 5th anniversary of the closing date under the agreement, the promoters of our Company shall have the right to require Matrix to sell to them all the shares held by Matrix in our Company (**call option**) or Matrix would have the right to require our Company to purchase all the shares held by them in our Company (**put option**). The agreement provides that while exercising the call or put options, the price of the shares should be such, so as to provide Matrix with an internal rate of return of 18% per annum on their investment, till the date of transfer of shares.

The agreement also provides that the promoters of our Company and Matrix shall indemnify each other against all damage that may arise out of or be payable by virtue of any falsity, incompleteness, default, breach or inaccuracy of the warranties or default or breach of any covenants and obligations in the agreement by either party.

6. ***Investment agreement between our Company, Kotak India Private Equity Fund, and Kotak Investment Advisors Limited – The Kotak Investment Agreement***

Our Company has entered into an investment agreement with Kotak India Private Equity Fund ("**Kotak India**") and Kotak Investment Advisors Limited ("**Kotak Investments**") on August 20, 2010.

As per the terms of the Kotak Investment Agreement, Kotak India has agreed to subscribe to 3,042,022 equity shares of our Company, and Kotak Investments has agreed to subscribe to 160,106 equity shares of our Company at ₹ 133 per share for a total consideration of ₹ 425,833,024 collectively.

As per the terms of the Kotak Investment Agreement, Kotak India, and Kotak Investments are subject to a lock-in of 14 months from the closing date or, in the event of an initial public offer by our Company, to the extent prescribed by law, with respect to the shares subscribed to by Kotak India and Kotak Investments under this agreement. Under the Kotak Investment Agreement, Kotak India, and Kotak Investments, prior to the date of issue and allotment of equity shares by our Company as part of an initial public offering of shares, in the event of any further issue of equity shares by our Company, shall each have the right to subscribe to such number of additional equity shares of our Company at the price of such issuance, so as to maintain their percentage of equity shareholding in our Company, provided, however, that such anti-dilution rights shall not be available for any issue of equity shares by our Company to 'anchor investors' (as the term is understood under applicable securities regulations) as part of the initial public offering of equity shares by our Company, in compliance with applicable law. Anti-dilution rights will not apply to the extent of allotment of 3,202,128 Equity Shares to any third party at a price not less than ₹ 133 per share. Our Company is obligated to ensure that the price of such issuances will not be less than the price per equity share determined in terms of applicable pricing norms prescribed by the Reserve Bank of India for issue of equity shares to non-residents.

The Kotak Investment Agreement also provides that our Company and, Kotak India and Kotak Investments shall indemnify each other against all damage that may arise out of or be payable by virtue of any falsity, incompleteness, default, breach or inaccuracy of the warranties or default or breach of any covenants and obligations in the agreement by either party.

7. ***Investor rights agreement between the promoters of our Company and Kotak India Private Equity Fund, and Kotak Investment Advisors Limited***

In furtherance to the Kotak Investment Agreement, the promoters of our Company have entered into an investor rights agreement with Kotak India and Kotak Investments on August 20, 2010 to govern the rights of the shares subscribed to under the Kotak Investment Agreement.

As per the agreement, subject to the lock-in of 14 months contained in the Kotak Investment Agreement and prior to the expiry of 3 years from the date of the agreement, the promoters of our Company have a right of first refusal over the shares held by each of Kotak India and Kotak Investments in the event that either Kotak India, or Kotak Investments or both wishing to transfer the shares held by them in our Company to any third party.

The agreement provides that, if the initial public offer of our Company is not completed by June 30, 2011, then, subject to the lock-in of 14 months contained in the Kotak Investment Agreement, anytime prior to the expiry of three years from the date of closing under the agreement, the promoters of our Company shall have the right to require Kotak India and/or Kotak Investments to sell to them all the shares held by Kotak India and/or Kotak Investments in our Company (**call option**) or Kotak India and/or Kotak Investments would have the right to require our Company to purchase all the shares held by them in our Company (**put option**). The agreement provides that while exercising the call or put options, the price of the shares should be such, so as to provide Kotak India and/or Kotak Investments with an internal rate of return of 18% per annum on their investment, till the date of payment.

The agreement also provides that the promoters of our Company, and Kotak India and/or Kotak Investments shall indemnify each other against all damage that may arise out of or be payable by virtue of any falsity, incompleteness, default, breach or inaccuracy of the warranties or default or breach of any covenants and obligations in the agreement by either party.

8. ***Investment agreement between our Company, The Wellcome Trust Limited (as trustee of The Wellcome Trust, United Kingdom) and*** *(i)* ***M. G. George Muthoot,*** *(ii)* ***George Thomas Muthoot,*** *(iii)* ***George Jacob Muthoot,*** *(iv)* ***George Alexander Muthoot,*** *(v)* ***Sara George,*** *(vi)* ***Susan Thomas,*** *(vii)* ***Elizabeth Jacob, and*** *(viii)* ***Anna Alexander. – The Wellcome Investment Agreement***

Our Company has entered into an investment agreement with The Wellcome Trust Limited ("**Wellcome Trust**") and **(i)** M. G. George Muthoot, **(ii)** George Thomas Muthoot, **(iii)** George Jacob Muthoot, **(iv)** George Alexander Muthoot, **(v)** Sara George, **(vi)** Susan Thomas, **(vii)** Elizabeth Jacob, **(viii)** Anna Alexander ("**Sellers**") on September 21, 2010.

As per the terms of the Wellcome Investment Agreement, Wellcome Trust has agreed to subscribe to 1,761,206 equity shares of our Company, and to purchase 3,202,128 equity shares of our Company, from the Sellers in the proportion set out in the agreement dated September 21, 2010. Wellcome Trust has agreed to subscribe shares of our Company at ₹ 173.50 per share for a total consideration of ₹ 305,569,241. Wellcome Trust has also agreed to purchase shares of our Company from the Sellers at ₹ 173.50 per share for a total consideration of ₹ 555,569,240. Wellcome Trust has agreed and acknowledged that our Company intends to issue and allot 1,440,922 equity shares to third party investors at a price of not less than ₹ 173.50 per equity share. Wellcome Trust has agreed that its anti-dilution rights under this agreement shall not be applicable to such allotments made by our Company.

As per the terms of the Wellcome Investment Agreement, Wellcome Trust is subject to a lock-in of 14 months or, in the event of an initial public offer by our Company, to the extent prescribed by law, with respect to the shares subscribed to by Wellcome Trust under this agreement. Under the Wellcome Investment Agreement, Wellcome Trust, prior to the date of issue and allotment of equity shares by our Company as part of an initial public offering of shares, in the event of any further issue of equity shares by our Company, shall have the right to subscribe to such number of additional equity shares of our Company at the price of such issuance, so as to maintain its percentage of equity shareholding in our Company, provided, however, that such anti-dilution rights shall not be available for any issue of equity shares by our Company to 'anchor investors' (as the term is understood under applicable securities regulations) as part of the initial public offering of equity shares by our Company, in compliance with applicable law. Our Company is obligated to ensure that the price of such issuances will not be less than the price per equity share determined in terms of applicable pricing norms prescribed by the Reserve Bank of India for issue of equity shares to non-residents. All such shares acquired by Wellcome Trust, pursuant to its anti-dilution rights under the agreement shall also be subject to the lock-in.

The agreement also provides that our Company and the Wellcome Trust shall indemnify each other against all damage that may arise out of or be payable by virtue of any falsity, incompleteness, default, breach or inaccuracy of the warranties or default or breach of any covenants and obligations in the agreement by either party.

9. ***Investor rights agreement between the promoters of our Company and The Wellcome Trust Limited***

In furtherance to the Wellcome Investment Agreement, the promoters of our Company have entered into an investor rights agreement with Wellcome Trust on September 21, 2010 to govern the rights of the shares subscribed to under the Wellcome Investment Agreement.

As per the agreement, subject to the lock-in of 14 months contained in the Wellcome Investment Agreement and prior to the expiry of 3 years from the date of the agreement, the promoters of our Company have a right of first refusal over the shares held by each of Wellcome Trust in the event that Wellcome Trust wishes to transfer the shares held by them in our Company to any third party.

The agreement provides that, if the initial public offer of our Company is not completed by June 30, 2011, then, subject to the lock-in of 14 months contained in the Wellcome Investment Agreement, anytime after the expiry of three years from the date of closing under the Wellcome Investment Agreement, and prior to the expiry of five years from the date of closing of the Wellcome Investment Agreement, the promoters of our Company shall have the right to require the Wellcome Trust to sell to them, all the shares held by the Wellcome Trust in our Company (**call option**) or the Wellcome Trust would have the right to require our Company to purchase all the shares held by them in our Company (**put option**). The agreement provides that while exercising the call or put options, the price of the shares should be such, so as to provide the Wellcome Trust with an internal rate of return of 18% per annum on their investment, till the date of payment.

The agreement also provides that the promoters of our Company, and Wellcome Trust shall indemnify each other against all damage that may arise out of or be payable by virtue of any falsity, incompleteness, default, breach or inaccuracy of the warranties or default or breach of any covenants and obligations in the agreement by either party.

Acquisition of business / undertakings

We do not acquire business / undertakings, in the ordinary course of business. Further, our Company has neither acquired any entity, business or undertakings nor undertaken any mergers, amalgamations, revaluation of assets in the last fiscal year.

Managerial competence

For details on managerial competence, see section titled "Our Management" beginning on page 133.

Defaults or rescheduling of borrowings

There are no rescheduling of borrowings except as provided to in the section titled "Financial Indebtedness" on page 223. Further, none of our loans have been converted into Equity Shares.

Injunctions or restraining orders, if any, with possible implications

As on the date of this Prospectus, apart from the disclosures in the section titled "Outstanding Litigation and Material Developments" on page 280, there are no injunctions / restraining orders that have been passed against our Company.

Shareholders of our Company

As on the date of this Prospectus, our Company has 18 shareholders.

Strategic and Financial Partners

We have no strategic or financial partners.

Standing of our Company vis-a- vis its prominent competitors

For details of the standing of our Company with reference to its prominent competitors, see section titled "Our Business" beginning on page 99.

Details of our holding company

As on date of this Prospectus, we do not have any holding company.

Details of our subsidiaries

As on date of this Prospectus, we do not have any subsidiaries.

OUR MANAGEMENT

Board of Directors

Under the Articles of Association, we are required to have not less than three Directors and not more than 12 Directors. We currently have eight Directors on the Board. Refer "History and Certain Corporate Matters" and "Main Provisions of the Articles of Association" on pages 124 and 377, respectively.

The following table sets forth details of the Board of Directors as of the date of this Prospectus:

Name, father's name, nationality, address, designation, occupation and term	Date of Appointment	Age	Other directorships
M. G. George Muthoot Son of M. George Muthoot Nationality: Indian Address: Muthoot House G 74, East of Kailash New Delhi 110 065 Designation: Whole Time Director and Chairman Occupation: Business Term: 5 years from date of appointment, i.e. April 01, 2010. Director Identification Number: 00018201	April 01, 2010	61	***Companies*** Muthoot Gold Funds Limited M.G.M Muthoot Medical Centre Private Limited Muthoot Farms India Private Limited Muthoot Vehicle & Asset Finance Limited Muthoot Broadcasting Private Limited Emgee Board and Paper Mills Private Limited Muthoot M George Chits (India) Limited Marari Beach Resorts Private Limited Muthoot Securities Limited Muthoot Commodities Limited
George Thomas Muthoot Son of M. George Muthoot Nationality: Indian Address: Muthoot House House No. 9/324 A, Miss East Lane, Baker Junction, Kottayam Kerala 686 001 Designation: Whole Time Director Occupation: Business Term: 5 years from date of appointment, i.e. April 01, 2010. Director Identification Number: 00018281	April 01, 2010	60	***Companies*** Emgee Muthoot Benefit Fund (India) Limited Muthoot Leisure and Hospitality Services Private Limited M.G.M Muthoot Medical Centre Private Limited Muthoot Holiday Homes and Resorts Private Limited Muthoot Vehicle & Asset Finance Limited Unisom Rubber and Plantations Private Limited Muthoot Broadcasting Private Limited Muthoot M George Chits (India) Limited Muthoot Travelsmart Private Limited Muthoot Investment Advisory Services Private Limited Marari Beach Resorts Private Limited Venus Diagnostics Limited Adams Properties Private Limited
George Jacob Muthoot Son of M. George Muthoot Nationality: Indian Address: Muthoot House House No. TC/4/25154 Marappalam, Pattom P. O. Thiruvananthapuram Kerala 695 004 Designation: Whole Time Director Occupation: Business	April 01, 2010	58	***Companies*** Geo Bros Muthoot Funds (India) Limited Muthoot Leisure and Hospitality Services Private Limited Muthoot Infotech Private Limited Muthoot Insurance Brokers Private Limited Muthoot Exchange Company Private Limited M.G.M Muthoot Medical Centre Private Limited Muthoot Holiday Homes and Resorts Private Limited Muthoot Marketing Services Private Limited Muthoot Vehicle & Asset Finance Limited Muthoot Broadcasting Private Limited Muthoot Systems and Technologies Private Limited Emgee Board and Paper Mills Private Limited Muthoot M George Chits (India) Limited

Name, father's name, nationality, address, designation, occupation and term	Date of Appointment	Age	Other directorships
Term: 5 years from date of appointment, i.e. April 01, 2010. Director's Identification Number: 00018235			Marari Beach Resorts Private Limited Muthoot Developers Private Limited Udeli Rubber and Plantations Private Limited Venus Diagnostics Limited Muthoot Securities Limited Muthoot Commodities Limited Adams Properties Private Limited Oxbow Properties Private Limited Muthoot Global Money Transfers Private Limted
George Alexander Muthoot Son of M. George Muthoot Nationality: Indian Address: Muthoot House G 343, Panampilly Nagar, Ernakulam Kerala 682 036 Designation: Managing Director Occupation: Business Term: 5 years from date of appointment, i.e. April 01, 2010. Director Identification Number: 00016787	April 01, 2010	55	***Companies*** Muthoot M George Permanent Fund Limited Muthoot Infotech Private Limited Muthoot Exchange Company Private Limited M.G.M Muthoot Medical Centre Private Limited Muthoot Insurance Brokers Private Limited Muthoot Vehicle & Asset Finance Limited Muthoot Broadcasting Private Limited Muthoot Systems and Technologies Private Limited Muthoot M George Chits (India) Limited Marari Beach Resorts Private Limited Adams Properties Private Limited Rangana Rubber and Plantations Private Limited Maneri Rubber and Plantations Private Limited Amboli Rubber and Plantations Private Limited Ayurgreen Heritage Resorts Private Limited Unix Properties Private Limited Oxbow Properties Private Limited Muthoot Developers Private Limited Venus Diagnostics Limited Muthoot Securities Limited Muthoot Commodities Limited Sawanthavadi Rubber And Plantation Private Limited Muthoot Marketing Services Private Limited
P. George Varghese Son of P. George Varghese Sr. Nationality: Indian Address: A - 52 Choice Garden, Vyttila P. O, Ernakulam Kerala 682 019 Designation: Independent Director Occupation: Industrialist Term: Liable to retire by rotation Director's Identification Number: 00317319	January 23, 2008	62	***Companies*** FCI OEN Connectors Limited FCI Technology Services Limited Geomaths Stocks & Shares Trading Private Limited Yoj-Ujar Stocks & Shares Trading Private Limited Prima Components Limited Prime Business Private Limited
K. John Mathew Son of K. Mathew Nationality: Indian Address: 1445, Kattapurath 41 Division, Veekshanam Road, Kochi Corporation, Ernakulam Kerala 682 018 Designation: Independent Director	January 23, 2008	78	Nil

Name, father's name, nationality, address, designation, occupation and term	Date of Appointment	Age	Other directorships
Occupation: Retired High Court Judge Term: Liable to retire by rotation Director's Identification Number: 00371128			
John K. Paul Son of K.P. Paul, Nationality: Indian Address: Kuttukaran House St Benedict Road, Ernakulam Kerala 682 018 Designation: Independent Director Occupation: Business Term Liable to retire by rotation Director Identification Number: 00016513	July 21, 2010	57	***Companies*** Popular Vehicles and Service Limited Popular Kuttukaran Cars Private Limited Popular Mega Motors (India) Limited Popular Auto Dealers Private Limited Popular Auto Spares Private Limited Popular Autoworks Private Limited
George Joseph Son of Joseph Thomas Nationality: Indian Address: 1/362, Melazhakath House, Alanickal Estate Road, Arakulam P.O.,Idukki district Kerala 685 591 Designation: Independent Director Occupation: Company Executive Term: Liable to retire by rotation Director Identification Number: 00253754	July 21, 2010	61	Nil

Brief profiles of our Directors

M.G. George Muthoot is a graduate in engineering from Manipal University, and is a businessman by profession. He is the National Executive Committee Member of the Federation of Indian Chamber of Commerce and Industry ("**FICCI**") and the current Chairman of FICCI-Kerala State Council. He was conferred the Mahatma Gandhi National Award for social service for the year 2001 by the Mahatma Gandhi National Foundation. He is an active member of various social organisations including the Delhi Malayalee Association, Kerala Club, Rotary Club, National Sports Club and has been chosen for several awards by the Rotary International and the Y's Mens International for community development and social service. He has been the member of the Managing Committee of Malankara Orthodox Syrian Church for over 31 years and is presently the lay trustee of the Malankara Orthodox Syrian Church and a member of the working committee of the Indian Orthodox Church. Recently, he was conferred the HH Baselios Mathew I Award by Catholicate of the Syrian Orthodox Church Mathews the First Foundation for the year 2008 for his services to the Church.

George Thomas Muthoot is a businessman by profession. He is an undergraduate. He has over 30 years of experience in managing businesses operating in the field of financial services.

George Jacob Muthoot has a degree in civil engineering from Manipal University and is a businessman by profession. He is a member of the Trivandrum Management Association, the Confederation of Real Estate Developers Association of India (Trivandrum) and the Trivandrum Agenda Task Force. He is also a member of the Rotary Club, Trivandrum (South), governing body member of the Charitable and Educational Society of Trivandrum Orthodox Diocese, Ulloor, Trivandrum, Finance Committee Member, Mar Diocese College of Pharmacy, Althara, Trivandrum and Mar Gregorious Orthodox Christian Mercy Fellowship, Trivandrum.

George Alexander Muthoot is a chartered accountant who qualified with a first rank in Kerala and ranked 20th overall in India, in 1978. He has a bachelor degree in Commerce from Kerala University where he was a rank holder and gold medallist. He was also awarded the Times of India group Business Excellence Award in customised Financial Services in March 2009. He served as the Chairman of the Kerala Non-banking Finance Companies Welfare Association from 2004 to 2007 and is currently its Vice Chairman. He is also the Member Secretary of Finance Companies Association, Chennai. He is the founder member for The Indus Entrepreneurs International, Kochi Chapter and is now a member of the Core Committee of The Indus Entrepreneurs International Kochi Chapter.

K. John Mathew is a graduate in law from the Government Law College, Ernakulam and is a retired judge of the High Court of Kerala. He has served as the Chairman of the Cochin Stock Exchange and was a SEBI nominee director of the Cochin Stock Exchange from 2002 to 2007. He is currently the President of the Peoples Council for Social Justice, Kerala.

P. George Varghese is a graduate in mechanical engineering from Kerala University and holds a masters degree in business administration from Cochin University of Science and Technology. He is the managing director of FCI OEN Connectors Limited and FCI Technology Services Limited. He is a trustee of the IMA Blood Bank, Kochi and is a member of the governing council of DC School of Management and Technology. He has served as the vice-president of the Kerala Management Association from 2006 to 2007 and has been on the managing committee of the Indo American Chamber of Commerce from 1992 to 1999. He is also a member of the CII-Kerala.

John K Paul is a graduate in engineering from the Regional Engineering College, Kozhikode and a businessman by profession. He is a director of Popular Automobiles Limited, Popular Vehicles & Services Limited, in Kerala and of Popular Mega Motors (India) Limited., the dealer for TATA Commercial Vehicles. He is trustee of the Kuttukaran Institute for HRD, which is a leading institution offering professional courses. He was the president of the Kerala Chamber of Commerce and Industry from 2005 to2006. He was also the president of both the Kerala Hockey Association from 2005 onwards and the Ernakulam District Hockey Association from 2004 onwards.

George Joseph, is a first rank holder commerce graduate from Kerala University. He is also a certified associate of the Indian Institute of Banking and Finance. He is the former chairman and managing director of Syndicate Bank. He joined Syndicate Bank as an executive director on April 01, 2006 and was elevated to the post of Chairman and Managing Director on August 02, 2008 and subsequently retired from office on April 30, 2009. Before joining the Syndicate Bank, George Joseph was employed with Canara Bank for over 36 years.

Terms and Conditions of Employment of Executive Directors

M. G. George Muthoot was appointed for a period of 5 years, with effect from April 01, 2010 as the whole-time director of the Company by a resolution of the Board dated March 01, 2010, approval of the members dated July 21, 2010 and duly executed employment agreement with the Company dated March 31, 2010.

The remuneration paid to M. G. George Muthoot for Fiscal 2010 is ₹ 48,000,000.

George Thomas Muthoot was appointed for a period of 5 years, with effect from April 01, 2010 as the whole-time director of the Company by a resolution of the Board dated March 01, 2010, approval of the members dated July 21, 2010 and duly executed employment agreement with the Company dated March 31, 2010.

The remuneration paid to George Thomas Muthoot for Fiscal 2010 is ₹ 48,000,000.

George Jacob Muthoot was appointed for a period of 5 years, with effect from April 01, 2010 as the whole-time director of the Company by a resolution of the Board dated March 01, 2010, approval of the members dated July 21, 2010 and duly executed employment agreement with the Company dated March 31, 2010.

The remuneration paid to George Jacob Muthoot for Fiscal 2010 is ₹ 48,000,000.

George Alexander Muthoot was appointed for a period of 5 years, with effect from April 01, 2010 as the managing director of the Company by a resolution of the Board dated March 01, 2010, approval of the members dated July 21, 2010 and duly executed employment agreement with the Company dated March 31, 2010.

The remuneration paid to George Alexander Muthoot for Fiscal 2010 is ₹ 48,000,000.

The general terms of the employment agreements executed with the Managing Director and each of the whole-time Directors are as under:

Sl No	Category	Description
	Remuneration	
1.	Basic salary	₹ 1,000,000 per month with such increments as may be decided by the Board from time to time, subject to a ceiling of 25% per annum.
2.	Special allowance	₹ 1,000,000 per month with such increments as may be decided by the Board from time to time, subject to a ceiling of 25% per annum.
3.	Annual performance incentive	₹ 18,000,000 per annum or 1% of profit before tax before charging annual performance incentive whichever is higher, payable quarterly or at other intervals, subject to a maximum amount as may be decided by the Board from time to time.
	Perquisites	
1.	Residential accommodation	Company's owned / hired / leased accommodation or house rent allowance @ 50% of the basic salary in lieu of Company provided accommodation.
2.	Expenses relating to residential accommodation	Reimbursement of expenses on actuals, pertaining to gas, fuel, water, electricity and telephones as also reasonable reimbursement of upkeep and maintenance expenses in respect of residential accommodation.
3.	Others	Other perquisites such as furnishing of residential accommodation, security guards at residence, attendants at home, reimbursement of medical expenses for self and family, travelling expenses, leave travel allowance for self and family, club fees, personal accident insurance, provident fund contribution and superannuation fund, gratuity contribution, encashment of earned/privilege leave, cars and conveyance facilities, provision for driver or driver's salary and other policies and benefits that may be introduced from time to time by the Company shall be provided to the whole time Director as per the rules of the Company subject to approval of the Board.

Terms and Conditions of Employment of Non-Executive Directors

Subject to powers conferred under Article 105 and 106 of the Articles of Association and pursuant to a resolution passed at the meeting of the Board of the Company on July 23, 2010 a sitting fees of ₹ 10,000 is payable to Non-Executive Directors for attending each meeting of the Board and a sitting fees of ₹ 5,000 is payable to Non-Executive Directors for attending each meeting of a Committee. Further, if any Director is called upon to advice the Company as an expert or is called upon to perform certain services, the Board is entitled to pay the director such remuneration as it thinks fit. Save as provided in this section, except for the sitting fees and any remuneration payable for advising the Company as an expert or for performing certain services, our non-executive directors are not entitled to any other remuneration from the Company.

In accordance with the resolution of the members dated July 21, 2010, the Directors (excluding the Managing Director and Whole Time Directors) are entitled to an aggregate sum not exceeding 1% per annum of the net profits of the Company calculated in accordance with the provisions of the Act. Subject to the above, payments and distribution amongst the Directors shall be at the discretion of the Board and such payments are payable in respect of the profits of the Company for each year of the period of five years commencing from August 01, 2010.

Contingent and deferred compensation payable to Directors

There is no contingent or deferred compensation which has accrued to any of the Directors for this year.

Other confirmations

None of our Directors have been or are presently directors on the boards of listed companies whose shares have been / were suspended from being traded on the Stock Exchanges during the last five years preceding the date of filing of this Prospectus.

Except as mentioned below, none of our Directors have been or are presently directors on the boards of listed companies whose shares have been delisted from the Stock Exchange(s).

P. George Varghese is a director on the board of FCI OEN Connectors Limited, a company whose shares have been delisted from the Stock Exchange(s), details of which are as below:

Name of the Company(ies)	FCI OEN Connectors Limited
Listed on	BSE, NSE and Cochin Stock Exchange Limited
Date of delisting on the Stock Exchange(s)	Delisted from both the BSE and the NSE on September 17, 2007 and delisted from the Cochin Stock Exchange Limited on September 27, 2007
Compulsory or voluntary delisting	Voluntary
Reasons for delisting	Decision of the promoters
Whether relisted	No
Term (alongwith relevant dates) of Director in the above company(ies)	December 11, 1986 to date

We confirm that none of our Directors are associated with the securities market in any manner, except as directors and shareholders of Muthoot Securities Limited, which is a SEBI registered stock broker and is engaged in the business of stock broking, depository participant and portfolio management services. No enquiries or investigation have been conducted at any time, or penalties imposed, by SEBI at any time, in relation to Muthoot Securities Limited or our Directors.

Borrowing powers of the Board

Pursuant to a resolution passed by the shareholders at an EGM held on July 21, 2010, in accordance with the provisions of the Companies Act, our Board has been authorised to borrow sums of money for the business of the Company, whether unsecured or secured, in Indian or foreign currency, or by way of issue of debentures/bonds or any other securities, from time to time, from any banks / financial institutions or any other institutions(s), firms, body corporates(s) or other persons, in India or abroad, apart from temporary loans obtained/ to be obtained from the Company's bankers in the ordinary course of business, provided that the sum(s) so borrowed under this resolutions and remaining outstanding at any time shall not exceed the aggregate of ₹ 250,000 million in excess of and in addition to the paid up capital and free reserves of the Company for the time being.

Corporate Governance

We have complied with the requirements of corporate governance contained in the Listing Agreements to be entered into with the Stock Exchanges, particularly those in relation to the composition of the Board of Directors, constitution of committees such as audit committee, remuneration committee and investor/shareholders grievance committee. We have also adopted the corporate governance code in accordance with Clause 49 of the Listing Agreements to be entered into with the Stock Exchanges, as would be applicable to the Company upon the listing of its Equity Shares. In addition, pursuant to a RBI Circular dated May 08, 2007, all NBFC-ND-SIs are required to adhere to certain corporate governance norms including constitution of an audit committee, a nomination committee, a risk management committee and certain other norms in connection with disclosure and transparency and connected lending. We have complied with these corporate governance requirements.

The Company undertakes to take all necessary steps to comply with all the requirements of the SEBI ICDR Regulations on corporate governance and adopt the corporate governance code as per Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges.

Currently our Board has eight Directors, and the Chairman of the Board is an executive Director. In compliance with the requirements of Clause 49 of the Listing Agreement, our Board consists of (i) not less than 50% non-executive Directors and (ii) at least one-half independent Directors. Our Board has constituted the following committees:

(a) Audit committee;

(b) Shareholders'/investors' grievance committee;

(c) Remuneration committee;

(d) IPO committee;

(e) Asset Liability Management Committee;

(f) Risk Management Committee; and

(g) Nomination Committee.

Audit Committee

The Audit Committee of our Board was reconstituted by our Directors by a board resolution dated July 23, 2010 pursuant to Section 292A of the Companies Act. The Audit Committee comprises of:

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

Terms of reference of the Audit Committee include:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act
- Changes, if any, in accounting policies and practices and reasons for the same
- Major accounting entries involving estimates based on the exercise of judgment by management
- Significant adjustments made in the financial statements arising out of audit findings
- Compliance with listing and other legal requirements relating to financial statements
- Disclosure of any related party transactions
- Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors on any significant findings and follow up there on.

- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- To approve the appointment of Chief Financial Officer, if any.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee was constituted by our Directors by a board resolution dated July 23, 2010 and comprises of:

Name of the Director	Designation in the Committee	Nature of Directorship
K John Mathew	Chairman	Independent Director
John K Paul	Member	Independent Director
George Thomas Muthoot	Member	Whole Time Director

Terms of reference of the Shareholders'/Investors' Grievance Committee include the following:

- To approve or otherwise deal with applications for transfer, transmission, transposition and mutation of shares and certificates including duplicate, split, sub-division or consolidation of certificates and to deal with all related matters; and also to deal with all the matters related to de-materialisation or re-materialisation of shares, change in the beneficial holders of de-mat shares and granting of necessary approvals wherever required.
- To look into and redress shareholders / investors grievances relating to:
  - Transfer/Transmission of shares
  - Non-receipt of declared dividends
  - Non-receipt of annual reports
  - All such complaints directly concerning the shareholders / investors as stakeholders of the Company
  - Any such matters that may be considered necessary in relation to shareholders and investors of the Company.

Remuneration Committee

The Remuneration Committee was reconstituted by our Directors by a board resolution dated July 23, 2010 and comprises of:

Name of the Director	Designation in the Committee	Nature of Directorship
K John Mathew	Chairman	Independent Director
P George Varghese	Member	Independent Director
John K Paul	Member	Independent Director

Terms of reference of the Remuneration Committee include the following:

- Determine and agree with the Board the framework for broad policy for the remuneration of executive and non-executive directors of the Company;

- Review the on-going appropriateness and relevance of the remuneration policy;

- Ensure that contractual terms of the agreement that Company enters into with Directors as part of their employment in the Company are fair to the individual and the Company.

- Ensure that all provisions regarding disclosure of remuneration as required under the Companies Act, 1956 or such other acts, rules, regulations or guidelines are complied with.

IPO Committee

The IPO Committee of the Company was constituted by the Directors at their Board meeting held on July 23, 2010 and handles matters related to the proposed IPO of the Company such as the appointment of various intermediaries including merchant bankers, registrars, printers, advertisement and publicity agents, legal counsels and bankers to the Issue, submission of applications and documents to statutory and other authorities from time to time, determination of the price band and the issue price and other aspects related thereto, as may be delegated by the Board in this regard. The present constitution of the IPO Committee is as under:

Name of the Director	Designation in the Committee	Nature of Directorship
George Alexander Muthoot	Chairman	Managing Director
George Thomas Muthoot	Member	Whole Time Director
George Jacob Muthoot	Member	Whole Time Director

Asset Liability Management Committee

The Asset Liability Management Committee was reconstituted by a board resolution dated July 23, 2010 and comprises of:

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

Terms of reference of the Asset Liability Management Committee includes the following:

- To ensure that the asset liability management strategy and Company's market risk management policies are implemented;
- To provide a strategic framework to identify, asses, quality and manage market risk, liquidity risk, interest rate risk, price risk etc.
- To ensure adherence to the risk limits;
- To articulate current interest rate view of the Company and base its decisions on future business strategy on this view;
- To decide product pricing, desired maturity profile of assets and liabilities and also the mix of incremental assets and liabilities such as fixed versus floating rate funds, domestic vs. foreign currency funds etc;
- To monitor the risk levels of the Company;
- To review the results of and progress in implementation of the decisions;
- To report to the Board of Directors on the adequacy of the Company's systems and controls for managing risk, and for recommending any changes or improvements, as necessary;
- To ensure that all activities are within the overall regulatory framework and government regulation;
- To ensure proper management within defined control parameters set by the Board, of the Company's net interest income and its structural exposure to movements in external environment;
- To review and assess the management of funding undertaken by Company and formulate appropriate actions;

- To review and assess the management of the Company's liquidity with the framework and policies established by the Board, as the case may be, and formulate appropriate actions to be taken;

- To consider the significance of ALM of any changes in customer behaviour and formulate appropriate actions;

- To consider, if appropriate, the composition of the Company's capital structure, taking account of future regulatory requirements and rating agency views and formulate actions wherever required

Risk Management Committee

Risk Management Committee was reconstituted by a board resolution dated July 23, 2010 and comprises of:

Name of the Director	Designation in the Committee	Nature of Directorship
P George Varghese	Chairman	Independent Director
K John Mathew	Member	Independent Director
George Jacob Muthoot	Member	Whole Time Director

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

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

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

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

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

Nomination Committee

Nomination Committee was reconstituted by a board resolution dated July 23, 2010 and comprises of:

Name of the Director	Designation in the Committee	Nature of Directorship
John K Paul	Chairman	Independent Director
K John Mathew	Member	Independent Director
George Jacob Muthoot	Member	Whole Time Director

The terms of reference of Nomination Committee includes the following:

- Regularly review the structure, size and composition including skills, knowledge and experience required of the Board compared to its current position and make recommendations to the Board with regard to any changes;

- Ensure persons proposed to be appointed on the Board does not suffer any disqualifications for being appointed as a director under the Companies Act, 1956;

- Ensure that the proposed appointees have given their consent in writing to the Company;

- Plan for the succession planning for directors in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;

- Be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;

- Keep under review the leadership needs of the organization, both executive and non-executive, with a view to ensuring the continued ability of the organization to compete efficiently in the market place;

- Ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of committee services and involvement outside board meetings

Shareholding of our Directors in the Company

As per our Articles of Association, our Directors are not required to hold any qualification Equity Shares in the Company. Save and except as stated below, our Directors do not hold any Equity Shares in the Company, in their personal capacity, as of the date of filing of this Prospectus:

Name of Directors	No. of Equity Shares	% of pre-Issue equity share capital
M. G. George Muthoot	47,385,132	14.80
George Alexander Muthoot	44,464,400	13.89
George Jacob Muthoot	44,464,400	13.89
George Thomas Muthoot	44,464,400	13.89

Interest of our Directors

All our Directors, including 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, to the extent of other remuneration and reimbursement of expenses payable to them pursuant to our Articles of Association. In addition, save for our Independent Directors, our Directors would be deemed to be interested to the extent of interest receivable on loans advanced by the Directors, rent received from the Company for lease of immovable property and to the extent of remuneration paid to them for services rendered as officers of the Company.

Our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or that may be subscribed for and allotted to them pursuant to the Issue in terms of the Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Our Directors, excluding independent directors, may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trusts, in which they are interested as directors, members, partners or trustees and promoters pursuant to this Issue.

Some of our Directors may be deemed to be interested to the extent of consideration received/paid or any loans or advances provided to any body corporate, including companies, firms, and trusts, in which they are interested as directors, members, partners or trustees. For details, refer "Financial Information" beginning on page 180.

Except as disclosed hereinabove and the section titled "Risk Factors" on page 9, the Directors do not have an interest in any venture that is involved in any activities similar to those conducted by the Company.

Except as stated in the section titled 'Financial Information' and to the extent of compensation and commission if any, and their shareholding in the Company, our Directors do not have any other interest in our business.

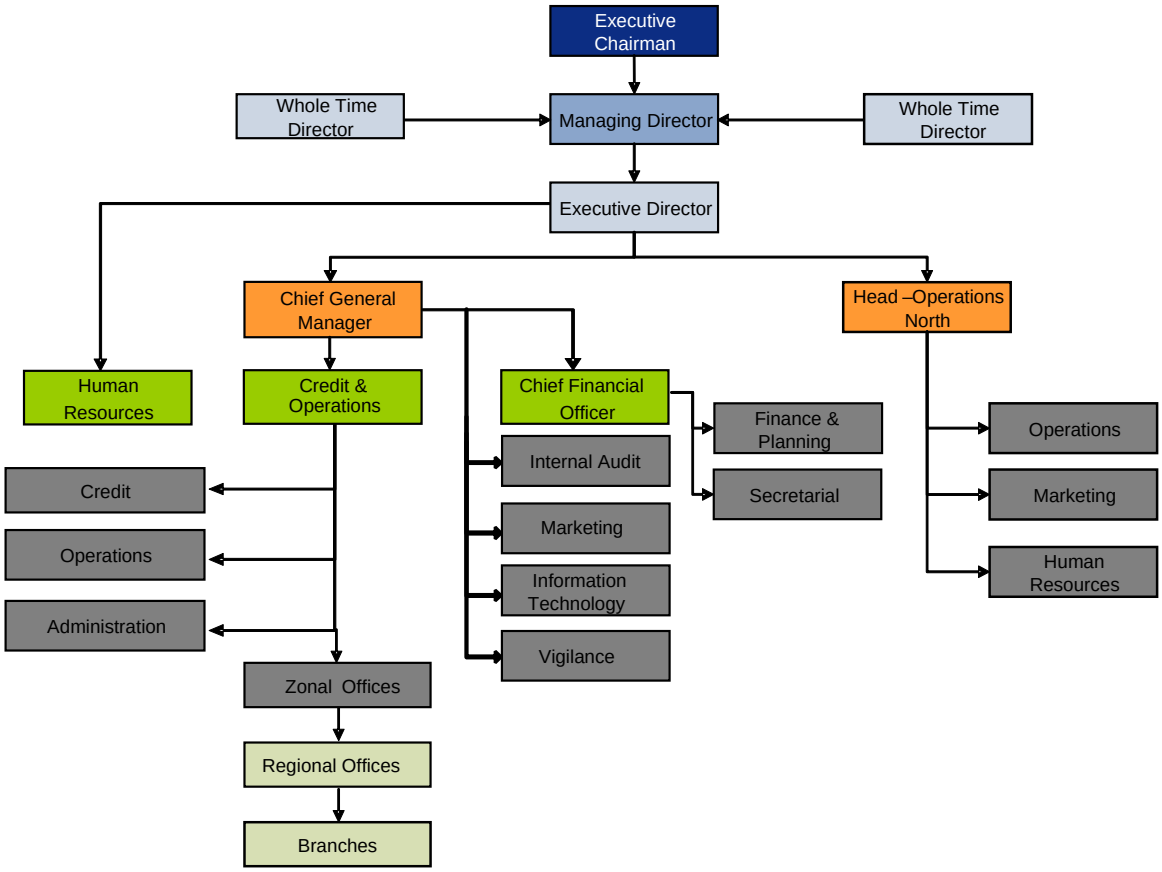
Our Directors have no interest in any property acquired or proposed to be acquired by the Company in the preceding two years of filing this Prospectus with the RoC nor do they have any interest in any transaction regarding the acquisition of land, construction of buildings and supply of machinery, etc. with respect to the Company.

M.G. George Muthoot, George Alexander Muthoot, George Jacob Muthoot and George Thomas Muthoot are our Promoters as well as executive Directors.

Changes in our Board in the three years preceding the date of filing of this Prospectus are as follows:

Name of the Director	Date of appointment	Date of cessation	Reason
Sara George	July 28, 2000	July 21, 2010	Resignation
Anna Alexander	November 30, 2001	July 21, 2010	Resignation
George M. Alexander	April 28, 2004	July 25, 2009	Resignation
George Alexander Muthoot	April 01, 2010	N.A	Change in designation
M G George Muthoot	April 01, 2010	N.A	Change in designation
George Jacob Muthoot	April 01, 2010	N.A	Change in designation
George Thomas Muthoot	April 01, 2010	N.A	Change in designation
George Joseph	July 21, 2010	N.A	Appointment
John K. Paul	July 21, 2010	N.A	Appointment

Management organisational structure



Our Key Management Personnel

All our Key Managerial Personnel are permanent employees of the Company. Except for certain statutory benefits, there are no other benefits accruing to our Key Management Personnel.

Brief details of our Key Management Personnel other than our Managing Director and whole time directors are set forth below. The Key Management Personnel have been selected, based on the criteria set out in Regulation 2(s) of the SEBI ICDR Regulations.

K P Padmakumar, our executive director, is a Banker with over 36 years of experience in commercial banking. He completed his Bachelors of Science degree in Agriculture from Kerala University, and is a Certified Associate of the Indian Institute of Bankers. Starting his career with State Bank of India as a Probationary Officer, he served SBI in various capacities in India and abroad for over 27 years including 4 years as Manager-Treasury with SBI's Offshore Banking Unit at Bahrain during the period 1984 to 1989 and as Fund Manager of SBI's Fund Management for 5 years from 1990 to 1995. He was Chairman of the Federal Bank Limited during the period 1999 to 2004. He was recipient of Management Leadership Award from Kerala Management Association in the year 2004. He joined the Company on March 16, 2005. He currently is the operational head overseeing the human resources, credit and operations, finance and planning, and secretarial departments of the Company. For fiscal 2010, the remuneration paid to K. P. Padmakumar was ₹ 1,029,000.

K. R. Bijimon, our Chief General Manager is a Fellow member of the Institute of Chartered Accountants of India, New Delhi. He has over 15 years of experience in the fields of financial services and is employed in the Company since inception. He oversees credit and operations of zonal offices, and the internal audit, marketing, and information technology and vigilance departments of the Company. He was previously employed as Senior Manager, Finance at Muthoot Bankers. For fiscal 2010, the remuneration paid to K. R. Bijimon was ₹ 802,000.

Alexander M George, our Head-Operations (North), is a post graduate degree holder in International Management from Thunderbird, The Garvin School of International Management, Glendale, Arizona, United States of America with specialization in marketing. He also holds an Advanced Diploma in Business Administration from Florida International University Miami, Florida, United States of America. He heads the operations of the Company in Northern India region. He started his career by joining the Company on March 01, 2006. For fiscal 2010, the remuneration paid to Alexander M. George was ₹ 588,000.

Oommen K. Mammen our Chief Financial Officer is a Fellow member of the Institute of Chartered Accountants of India, New Delhi. He is also a Certified Associate of Indian Institute of Banking and Finance, Mumbai. He has over 12 years of experience in the industry and joined the Company on August 01, 2001. He oversees finance and planning, and secretarial functions in the Company. He was previously employed as Manager, Finance of Muthoot Bankers. For fiscal 2010, the remuneration paid to Oommen K. Mammen was ₹ 663,000.

Shareholding of our Key Management Personnel

Alexander M. George holds 6,772,500, or 2.11% of the Equity Shares in the Company. None of our other Key Management Personnel hold Equity Shares in the Company.

There is no bonus or profit sharing plan for the Key Management Personnel of the Company.

Interest of Key Management Personnel

Except as provided at the heading "Shareholding of our Key Management Personnel" above, none of our Key Management Personnel have any interest in the Company except to the extent of remuneration, benefits and reimbursement of expenses incurred by them in the ordinary course of business. None of our Key Management Personnel have been appointed pursuant to any arrangement or understanding with the Company's major shareholders, customers or suppliers or others.

Employee Stock Option/Purchase Scheme

The Company does not have any employee stock option or purchase schemes.

Arrangements and Understanding with Major Shareholders

None of our Key Management Personnel or Directors have been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.

Changes in our Key Management Personnel

There has been no change in our Key Management Personnel during the last three years preceding the date of filing this Prospectus.

OUR PROMOTERS AND GROUP COMPANIES

Our Promoters

The following individuals are the original and current Promoters of the Company:

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

For details of the build-up of our Promoters shareholding in our Company, see section titled "Capital Structure – Notes to Capital Structure" on page 61.

The details of our Promoters are provided below:



M.G. George Muthoot

Voter ID Number: ARE0335588
Driving License: P03092001281725



George Thomas Muthoot

Voter ID Number: KL/13/090/048241
Driving License: 5/2968/1983



George Jacob Muthoot

Voter ID Number: KL/20/134/123133
Driving License: 3/190/1984



George Alexander Muthoot

Voter ID Number: BXD1345453
Driving License: 3/730/1973

For additional details on the age, background, personal address, educational qualifications, experience, experience in the business of the Company, positions/posts held in the past, terms of appointment as Directors and other directorships of our Promoters, see section titled "Our Management" on page 133.

Other understandings and confirmations

We confirm that the PAN, bank account numbers and passport numbers of the Promoters have been submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus with the Stock Exchanges.

Our Promoters, the members of the Group Companies and relatives of the Promoters (as per the Companies Act) have confirmed that they have not been identified as wilful defaulters by the RBI or any other governmental authority.

No violations of securities laws have been committed by our Promoters or members of our Promoter Group or any Group Companies in the past or are currently pending against them. None of (i) our Promoters, Promoter Group or the Group Companies or persons in control of or on the boards of bodies corporate forming part of our Group Companies (ii) the Companies with which any of the Promoters are or were associated as a promoters, directors or persons in control, are debarred or prohibited from accessing the capital markets or restrained from buying, selling, or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority or refused listing of any of the securities issued by any such entity by any stock exchange in India or abroad.

Common Pursuits of Promoters and Group Companies

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

Companies:

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

Partnership firms:

9. Muthoot General Finance
10. Muthoot Insurance Advisory Services
11. Emgee Insurance Services
12. Geo Financial Services
13. Muthoot Bankers (Kottayam)
14. Muthoot Bankers (Quilon)
15. Muthoot Bankers (Edapally)
16. Muthoot Investments
17. Muthoot Bankers (Alleppey)
18. Muthoot M George Chitty Fund
19. Muthoot M George Bankers (Trivandrum)
20. Muthoot M George Chits (Bangalore)
21. Muthoot Bankers (Pathanapuram)
22. Muthoot Financiers (Pathanapuram)
23. Muthoot M George Financiers (Faridabad)
24. Muthoot Bankers (Faridabad)
25. Muthoot Bankers (Pathanamthitta)
26. Muthoot Bankers (Cochin)
27. Muthoot Bankers (Bangalore)

The Company has not adopted any measures for mitigating such conflict situations For further details on the related party transactions, to the extent of which the Company is involved, see section titled "Financial Information" beginning on page 180.

Interest of our Promoters

The shareholding of our Promoters in the Company is set forth in the section titled "Capital Structure" beginning on page 61. Except as disclosed below, other than as our shareholders, Promoters, to the extent of the dividend that may be declared by our Company and to the extent of the remuneration received by them in their capacity as executive Directors, our Promoters do not have any other interest in the Company. Further, our Promoters have given certain personal guarantees in relation to loan facilities availed by our Company. For details see "Financial Indebtedness" on page 223.

Name of Promoter	Nature of interest
M. G. George Muthoot	1. Agreement dated April 04, 2009 between the Company and, M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Hauz Khas Branch, Delhi. 2. Agreement dated April 04, 2009 between the Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for the lease of Andheri Branch, Mumbai.

	3. Agreement dated April 04, 2009 between the Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Vashi Branch, Mumbai. 4. Agreement dated April 04, 2009 between the Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Edapallykotta Branch. 5. Agreement dated April 04, 2009 between the Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Kozhancherry Branch, Kerala. 6. Agreement dated March 01, 2010 between the Company and M.G George Muthoot, George Alexander Muthoot, George Jacob Muthoot, George Thomas Muthoot for the lease of the Karuganappally Branch, Kerala. 7. Agreement dated March 01, 2010 between the Company and, M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Chavara Branch, Kerala. 8. Agreement dated April 04, 2009 between the Company and George Alexander Muthoot for lease of the guest house of the Company in Mumbai. 9. Agreement dated April 04, 2009 between the Company and George Thomas Muthoot for lease of the guest house of the Company in Cochin. 10. Agreement dated March 01, 2010 between and the Company and George Jacob Muthoot for the lease of the Kulasekharam Branch, Tamil Nadu.
George Thomas Muthoot	1. Agreement dated April 04, 2009 between the Company and, M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Hauz Khas Branch, Delhi. 2. Agreement dated April 04, 2009 between the Company and, Muthoot Properties & Investments represented by George Jacob Muthoot, Managing Partner for lease of Kottayam Zonal Office and Regional office. 3. Agreement dated April 04, 2009 between Muthoot Properties & Investments represented by George Jacob, Managing Partner and the Company for lease of the Kollam Regional Office and Vadayattukotta Branch. 4. Agreement dated April 04, 2009 between the Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for the lease of Andheri Branch, Mumbai. 5. Agreement dated April 04, 2009 between the Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Vashi Branch, Mumbai. 6. Agreement dated April 04, 2009 between the Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Edapallykotta Branch. 7. Agreement dated April 04, 2009 between the Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Kozhancherry Branch, Kerala. 8. Agreement dated March 01, 2010 between the Company and M.G George Muthoot, George Alexander Muthoot, George Jacob Muthoot, George Thomas Muthoot for the lease of the Karuganappally Branch, Kerala. 9. Agreement dated April 04, 2009 between the Company and George Thomas Muthoot for lease of the guest house of the Company in Cochin. 10. Agreement dated April 04, 2009 between the Company and George Jacob Muthoot for lease of the Thycadu Branch, Kerala. 11. Agreement dated March 01, 2010 between the Company and, M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Chavara Branch, Kerala. 12. Agreement dated April 04, 2009 between the Company and George Alexander Muthoot for lease of the guest house of the Company in Mumbai.

	13. Agreement dated March 01, 2010 between and the Company and George Jacob Muthoot for the lease of the Kulasekharam Branch, Tamil Nadu.
George Jacob Muthoot	1. Agreement dated April 04, 2009 between the Company and, M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Hauz Khas Branch, Delhi. 2. Agreement dated April 04, 2009 between the Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for the lease of Andheri Branch, Mumbai. 3. Agreement dated April 04, 2009 between the Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Vashi Branch, Mumbai. 4. Agreement dated April 04, 2009 between the Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Edapallykotta Branch. 5. Agreement dated April 04, 2009 between the Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Kozhancherry Branch, Kerala. 6. Agreement dated March 01, 2010 between and the Company and George Jacob Muthoot for the lease of the Kulasekharam Branch, Tamil Nadu. 7. Agreement dated March 01, 2010 between the Company and M.G George Muthoot, George Alexander Muthoot, George Jacob Muthoot, George Thomas Muthoot for the lease of the Karuganappally Branch, Kerala. 8. Agreement dated April 04, 2009 between the Company and George Jacob Muthoot for lease of the Thycadu Branch, Kerala. 9. Agreement dated March 01, 2010 between the Company and, M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Chavara Branch, Kerala. 10. Agreement dated April 04, 2009 between the Company and George Thomas Muthoot for lease of the guest house of the Company in Cochin.
George Alexander Muthoot	1. Agreement dated April 04, 2009 between the Company and, M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Hauz Khas Branch, Delhi. 2. Agreement dated April 04, 2009 between the Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for the lease of Andheri Branch, Mumbai. 3. Agreement dated April 04, 2009 between the Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Vashi Branch, Mumbai. 4. Agreement dated April 04, 2009 between the Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Edapallykotta Branch. 5. Agreement dated April 04, 2009 between the Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Kozhancherry Branch, Kerala. 6. Agreement dated March 01, 2010 between the Company and M.G George Muthoot, George Alexander Muthoot, George Jacob Muthoot, George Thomas Muthoot for the lease of the Karuganappally Branch, Kerala. 7. Agreement dated April 04, 2009 between the Company and George Alexander Muthoot for lease of the guest house of the Company in Mumbai. 8. Agreement dated March 01, 2010 between the Company and, M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Chavara Branch, Kerala. 9. Agreement dated March 01, 2010 between and the Company and George Jacob Muthoot for the lease of the Kulasekharam Branch, Tamil Nadu. 10. Agreement dated April 04, 2009 between the Company and George Thomas Muthoot for lease of the guest house of the Company in Cochin.

Interest of our Promoters in the promotion of the Company

For details regarding the terms of these shareholder agreements, see the section "History and Certain Corporate Matters" beginning on page 124.

Interest of our Promoters in Property, Land and Construction

Except as stated in this section "Our Promoters and Group Companies" and the section titled "Financial Information" beginning on page 180, our Promoters and the Group Companies do not have any interest in any property acquired by the Company within two years preceding the date of filing this Prospectus with the RoC or any property proposed to be acquired by the Company or in any transaction with respect to the acquisition of land, construction of building or supply of machinery.

Payment of benefits to our Promoters or Promoter Group during the last two years

Except as stated in this section "Our Promoters and Group Companies" and the section titled "Financial Information – Related Party Transaction" beginning on page 216, there has been no amounts or benefits paid or given or intended to be paid or given to our Promoters or the Promoter Group within the two years preceding the date of filing of this Prospectus with the RoC. Further, as on the date of the Prospectus, there is no bonus or profit sharing plan for our Promoters.

Litigation

For details regarding litigation involving our Promoters and Group Companies, see section titled "Outstanding Litigation and Material Developments", beginning on page 280 and "Risk Factors beginning on page 9.

Related Party Transactions

For details of (i) payments or benefits to the Promoters and the Promoter Group during the two years preceding the date of filing of the RHP (ii) sales or purchases between the Company and the Group Companies where such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of the Company; and (iii) business interests of Group Companies, see the section titled "Financial Information – Related Party Transactions" on page 216.

Disassociation by the Promoters in the last three years

Our Promoters have not disassociated from any company or firm in the last three years.

Relationship of Promoters with each other and with the Directors/Key Managerial Personnel

M. G. George Muthoot, George Alexander Muthoot, George Thomas Muthoot and George Jacob Muthoot, Promoter Directors of the Company are related to each other as brothers. Alexander M. George is the youngest son of M. G. George Muthoot, our Chairman, Promoter Director. Except as stated herein, none of the Directors or the Key Management Personnel are related to each other.

Group Companies

Top five Group Companies based on turnover are as follows:

(i) Muthoot Exchange Company Private Limited;

(ii) Muthoot Vehicle & Asset Finance Limited;

(iii) M.G.M Muthoot Medical Centre Private Limited;

(iv) Muthoot Leisure and Hospitality Services Private Limited; and

(v) Muthoot Insurance Brokers Private Limited

Certain details of our Group Companies are as provided below.

Other confirmations

Muthoot Exchange Company Private Limited and Muthoot Securities Limited are associates of our Company and our Company has no other associates.

Except as stated below, none of our Group Companies have any contingent liabilities that have not been disclosed. Further, none of our Group Companies have any significant notes to accounts made by the auditors in the audited financial statements for Fiscals 2010, 2009 and 2008.

Other than in respect of their shareholding and representation on the board, the Promoters do not have any interest in any of the Group Companies.

Except as disclosed in the sections titled "Risk Factors" and "Financial Information" at pages 9 and 180 respectively, the Group Companies do not have any other business interests in the Company.

The financial information given below for the Group Companies has been derived from their audited financial statements.

1. ***Muthoot Exchange Company Private Limited***

Muthoot Exchange Company Private Limited was incorporated on September 04, 2000 as a private limited company. The registered office of Muthoot Exchange Company Private Limited is located at Third Floor, Muthoot Chambers, Opposite Saritha Theatre, Banerji Road, Ernakulam 682 018. The company was incorporated with the main object of carrying out the business of full-fledged money changers and money transferors. Muthoot Exchange Company Private Limited is registered as a Category II Authorised Dealer with the RBI. Currently, Muthoot Exchange Company Private Limited is engaged in the business of purchasing and selling foreign currencies.

Shareholding pattern as on date

Shareholders	No. of equity shares	% shareholding
The Company	4,500,000	45.00
Muthoot Marketing Services Private Limited	2,000,000	20.00
Muthoot Insurance Brokers Private Limited	750,000	7.50
George Alexander Muthoot	615,000	6.15
M.G.George Muthoot	590,000	5.90
George Jacob Muthoot	590,000	5.90
George Thomas Muthoot	590,000	5.90
Anna Alexander	365,000	3.65
Total	**10,000,000**	**100**

Directors as on date

1. George Alexander Muthoot
2. Anna Alexander
3. George Jacob Muthoot

Financial performance

The financial performance of Muthoot Exchange Company Private Limited for Fiscals 2010, 2009, and 2008 (as derived from the audited financial results) are set forth below:

(In ₹Million except Earnings per share)

	March 31, 2010	March 31, 2009	March 31, 2008
Equity capital [(1)]	100.00	100.00	100.00
Reserves and surplus (excluding revaluation reserves)	84.99	54.11	23.88
Sales / Turnover	3,242.32	1,635.80	1,145.48
Profit / (Loss) after tax	30.88	30.22	17.42

	March 31, 2010	March 31, 2009	March 31, 2008
Earnings per share (Basic and Diluted) (₹)	3.09	3.02	1.74
Net Asset Value	184.99	154.11	123.88

(1) The face value of each equity share is ₹ 10.

The financial statements of Muthoot Exchange Company Private Limited have been audited by Mathew Philip, FCA, Chartered Accountant.

Muthoot Exchange Company Private Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

2. ***Muthoot Vehicle & Asset Finance Limited***

Muthoot Vehicle & Asset Finance Limited was incorporated on June 08, 1992 as Muthoot Leasing and Finance Limited. The name of the company was changed on September 18, 2008 to Muthoot Vehicle & Asset Finance Limited. The registered office of Muthoot Vehicle & Asset Finance Limited is located at Muthoot Chambers, Opposite Saritha Theatre Complex, Banerji Road, Ernakulam 682 018. The company was incorporated with the main object of carrying out the business of providing finance for vehicles and assets, including hire-purchase. Currently, the company is engaged in the business of asset financing.

Shareholding pattern as on date

Shareholders	No. of equity shares	% shareholding
George Alexander Muthoot	6,957,328	27.83
M.G.George Muthoot	6,194,496	24.78
Anna Alexander	2,259,676	9.04
Sara George	2,259,676	9.04
Valsa Kurien	2,259,676	9.04
Georgie Kurien	2,153,344	8.61
George Jacob Muthoot	722,760	2.89
George Thomas Muthoot	636,604	2.55
Susan Thomas	628,472	2.51
Elizabeth Jacob	540,108	2.16
Public	387,860	1.55
Total	**25,000,000**	**100**

Directors as on date

1. M.G.George Muthoot
2. George Thomas Muthoot
3. George Jacob Muthoot
4. George Alexander Muthoot
5. Anna Alexander
6. Jose Mathew
7. K.P. Padmakumar
8. K.J. Joseph

Financial performance

The financial performance of Muthoot Vehicle & Asset Finance Limited for Fiscals 2010, 2009, and 2008 (as derived from the audited financial results) are set forth below:

(In ₹Million except Earnings per share)

	March 31, 2010	March 31, 2009	March 31, 2008
Equity capital [(1)]	250.00	250.00	250.00
Reserves and surplus (excluding revaluation reserves)	246.35	211.24	158.42
Sales / Turnover	307.90	358.19	286.76
Profit / (Loss) after tax	496.91	65.84	67.75
Earnings per share (Basic and Diluted) (₹)	19.89	2.63	2.71
Net Asset Value	496.35	461.24	408.42

(1) The face value of each equity share is ₹ 10.

Muthoot Vehicle & Asset Finance Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

3. ***M.G.M Muthoot Medical Centre Private Limited***

M.G.M Muthoot Medical Centre Private Limited was incorporated on November 13, 2000 as a private limited company. The registered office of MGM Muthoot Medical Centre Private Limited is located at Building No. XXI/354(3), Ring Road, Pathanamthitta, Kozhencherry, Kerala 689 641. The company was incorporated with the main object of establishing and operating medical hospitals. Currently, MGM Muthoot Medical Centre Private Limited is engaged in the business of operating a medical hospital at Pathanamthitta, Kerala.

Shareholding pattern as on date

Shareholders	No. of equity shares	% shareholding
George Jacob Muthoot	480,000	27.83
George Thomas Muthoot	480,000	27.83
George Alexander Muthoot	135,000	7.83
Anna Alexander	125,000	7.25
Elizabeth Jacob	125,000	7.25
Susan Thomas	125,000	7.25
Sara George	125,000	7.25
Valsa Kurien	125,000	7.25
M.G.George Muthoot	5,000	0.29
Total	**1,725,000**	**100**

Directors as on date

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

Financial performance

The financial performance of M.G.M. Muthoot Medical Centre Private Limited for Fiscals 2010, 2009, and 2008 (as derived from the audited financial results) are set forth below:

(In ₹ Million except Earnings per share)

	March 31, 2010	March 31, 2009	March 31, 2008
Equity capital [(1)]	17.25	17.25	17.25
Reserves and surplus (excluding revaluation reserves)	(11.11)	(10.96)	(10.80)
Sales / Turnover	126.88	114.87	94.03
Profit / (Loss) after tax	(0.15)	(0.16)	2.51
Earnings per share (Basic and Diluted) (₹)	(0.09)	(0.09)	1.46
Net Asset Value	6.14	6.29	6.45

(1) The face value of each equity share is ₹ 10.

M.G.M Muthoot Medical Centre Private Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

4. ***Muthoot Leisure and Hospitality Services Private Limited***

Muthoot Leisure and Hospitality Services Private Limited was incorporated on March 04, 1998 as Cardamom County Parks and Hotels Private Limited. The name of the company was changed to Muthoot Leisure and Hospitality Services Private Limited on August 02, 2006. The registered office of Muthoot Leisure and Hospitality Services Private Limited is located at 41/4108D, 2nd Floor, Kurien Towers, Opposite Saritha Theatre Complex, Banerji Road, Ernakulam 682 018. The company was incorporated with the main object of establishing and operating hotels and resorts. Currently, Muthoot Leisure and Hospitality Services Private Limited is engaged in the business of operating a resort in Thekkady, Kerala and backwater cruises in Allepey, Kerala.

Shareholding pattern as on date

Shareholders	No. of equity shares	% shareholding
George Thomas Muthoot	75,347	25.12
George Jacob Muthoot	75,151	25.05
Elizabeth Jacob	75,148	25.05
Susan Thomas	74,318	24.78
Total	**299,964**	**100**

Directors as on date

1. George Jacob Muthoot
2. George Thomas Muthoot
3. Elizabeth Jacob
4. George.M.George

Financial performance

The financial performance of Muthoot Leisure and Hospitality Services Private Limited for Fiscals 2010, 2009, and 2008 (as derived from the audited financial results) are set forth below:

(In ₹Million except Earnings per share)

	March 31, 2010	March 31, 2009	March 31, 2008
Equity capital [(1)]	30.00	30.00	30.00
Reserves and surplus (excluding revaluation reserves)	5.64	9.32	9.78
Sales / Turnover	57.07	69.15	62.22
Profit / (Loss) after tax	(3.67)	(0.46)	5.83
Earnings per share (Basic and Diluted) (₹)	(12.25)	(1.55)	19.42
Net Asset Value	35.64	39.31	39.78

(1) The face value of each equity share is ₹ 100.

Muthoot Leisure and Hospitality Services Private Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

5. ***Muthoot Insurance Brokers Private Limited***

Muthoot Insurance Brokers Private Limited was incorporated on January 23, 2002 as Emgee Muthoot Insurance Consultancy Services Private Limited. The name of the company was subsequently changed to Muthoot Insurance Consultancy Services Private Limited on February 28, 2006 and later on changed to Muthoot Wealth Management Services Private Limited on October 30, 2006 and finally to Muthoot Insurance Brokers Private Limited on October 14, 2009. The registered office of Muthoot Insurance Brokers Private Limited is located at 3rd Floor, Kurien Towers, Opposite Saritha Theatre Complex, Banerji Road, Ernakulam 682 018. The company was incorporated with the main object of carrying out the business of life and non-life insurance brokers. Currently, Muthoot Insurance Brokers Private Limited is in the process of obtaining a license to operate as an insurance broker from the Insurance Regulatory and Development Authority.

Shareholding pattern as on date

Shareholders	No. of equity shares	% shareholding
George Alexander Muthoot	200,000	40.00
George Jacob Muthoot	100,000	20.00
Anna Alexander	100,000	20.00
George.M.Alexander	100,000	20.00
Total	**500,000**	**100**

Directors as on date

1. George Alexander Muthoot
2. George Jacob Muthoot
3. George. M.George

Financial performance

The financial performance of Muthoot Insurance Brokers Private Limited for Fiscals 2010, 2009, and 2008 (as derived from the audited financial results) are set forth below:

(In ₹Million except Earnings per share)

	March 31, 2010	March 31, 2009	March 31, 2008
Equity capital (1)	5.00	5.00	5.00
Reserves and surplus (excluding revaluation reserves)	36.65	31.82	26.77
Sales / Turnover	18.12	26.47	38.95
Profit / (Loss) after tax	4.83	5.05	8.37
Earnings per share (Basic and Diluted) (₹)	9.67	10.11	16.75
Net Asset Value	41.65	36.82	31.77

(1) The face value of each equity share is ₹ 10.

Muthoot Insurance Brokers Private Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

6. ***Muthoot Securities Limited***

Muthoot Securities Limited was incorporated on January 08, 2008 as a public limited company and obtained Certificate of Commencement of business on January 28, 2008. The registered office of Muthoot Securities Limited is located at 41/4108, Muthoot Chambers, Opposite Saritha Theatre Complex, Banerji Road, Ernakulam 682 018. Currently, Muthoot Securities Limited is a SEBI registered stock broker and is engaged in the business of stock broking, depository participant and portfolio management services.

Shareholding pattern as on date

Shareholders	No. of equity shares	% shareholding
The Company	3,000,000	25.00
Muthoot Vehicle & Asset Finance Limited	2,000,000	16.67
M.G.George Muthoot	1,000,000	8.33
George Jacob Muthoot	1,000,000	8.33
George Thomas Muthoot	1,000,000	8.33
George Alexander Muthoot	1,000,000	8.33
Anna Alexander	600,000	5.00
Elizabeth Jacob	600,000	5.00
Susan Thomas	600,000	5.00
George.M.Alexander	600,000	5.00
George.M.George	600,000	5.00
Total	**12,000,000**	**100**

Directors as on date

1. M.G.George Muthoot
2. George Jacob Muthoot
3. George Alexander Muthoot
4. K.P.Padmakumar
5. Ragesh.G.R
6. Manoj Jacob
7. K.R.Bijimon

The financial statements of Muthoot Securities Limited have been audited by M/s Tom & Jim, Chartered Accountants.

Muthoot Securities Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

7. ***Muthoot Commodities Limited***

Muthoot Commodities Limited was incorporated on August 14, 2008 as a public limited company and obtained Certificate of Commencement of Business on September 11, 2008. The registered office of Muthoot Commodities Limited is located at 41/4108, Muthoot Chambers, Opposite Saritha Theatre Complex, Banerji Road, Ernakulam 682 018. The company was incorporated with the main object of trading in agricultural products, precious metals, diamonds, petroleum, energy and all other commodities and securities in spot market and in futures and all kinds of derivates of such commodities. Currently, Muthoot Commodities Limited is engaged in the business of commodity broking.

Shareholding pattern as on date

Shareholders	No. of equity shares	% shareholding
Muthoot Vehicle & Asset Finance Limited	1,000,000	33.33
M.G.George Muthoot	250,000	8.33
George Jacob Muthoot	250,000	8.33
George Thomas Muthoot	250,000	8.33
George Alexander Muthoot	250,000	8.33
Susan Thomas	200,000	6.67
Elizabeth Jacob	200,000	6.67
Anna Alexander	200,000	6.67
George.M.Alexander	200,000	6.67
George.M.George	200,000	6.67
Total	**3,000,000**	**100**

Directors as on date

1. M.G.George Muthoot
2. George Jacob Muthoot
3. George Alexander Muthoot
4. K.P.Padmakumar
5. Ragesh.G.R
6. Manoj Jacob
7. K.R.Bijimon

Muthoot Commodities Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

8. ***Muthoot M George Chits (India) Limited***

Muthoot M George Chits (India) Limited was incorporated on April 21, 1979 as a public limited company. The registered office of Muthoot M George Chits (India) Limited is located at 107, Sector 25, Faridabad, Haryana 121 001. The company was incorporated with the main object of establishing and carrying out the business of chit funds. Currently, Muthoot M George Chits (India) Limited is not carrying on any commercial activities.

Shareholding pattern as on date

Shareholders	No. of equity shares	% shareholding
Sara George	11,020	22.01
M.G.George Muthoot	8,265	16.51
George Thomas Muthoot	8,265	16.51
George Jacob Muthoot	8,250	16.48
George Alexander Muthoot	8,250	16.48
Leela Zachariah	6,010	12.00
P.K.Malhotra	5	0.01
Total	**50,065**	**100**

Directors as on date

1. M.G.George Muthoot
2. George Thomas Muthoot
3. George Jacob Muthoot
4. George Alexander Muthoot
5. Sara George

Muthoot M George Chits (India) Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, and it is not under winding- up. Muthoot M George Chits (India) Limited had a negative net worth of ₹ 1,610,150 as of March 31, 2008, ₹ 1,675,268 as of March 31, 2009, and ₹ 1,705,211 as of March 31, 2010.

Financial performance

The financial performance of Muthoot M George Chits (India) Limited for Fiscals 2010, 2009, and 2008 (as derived from the audited financial results) are set forth below:

(*In ₹Million except Earnings per share*)

	March 31, 2010	March 31, 2009	March 31, 2008
Equity capital [(1)]	0.50	0.50	0.50
Reserves and surplus (excluding revaluation reserves)	(2.21)	(2.18)	(2.11)
Sales / Turnover	-	-	-
Profit / (Loss) after tax	(0.03)	(0.07)	(0.07)
Earnings per share (Basic and Diluted) (₹)	(0.60)	(1.30)	(1.35)
Net Asset Value	(1.71)	(1.68)	(1.61)

(1) The face value of each equity share is ₹ 10.

9. ***Muthoot M George Permanent Fund Limited***

Muthoot M George Permanent Fund Limited was incorporated on March 25, 1987 as a public limited company. Muthoot M George Permanent Fund Limited and obtained Certificate of Commencement of Business on May 22, 1987. Muthoot M George Permanent Fund Limited is a nidhi company notified under Section 620A of the Act. The registered office of Muthoot M George Permanent Fund Limited is located at Muthoot Building, Post Box No. 11, Kozhencherry, Pathanamthitta, Kerala 689 641. The company was incorporated with the main object of accepting deposits from and disbursing loans to the members of Muthoot M George Permanent Fund Limited. Currently, Muthoot M George Permanent Fund Limited is engaged in the business of providing loans and advances and accepting deposits exclusively from its members.

Shareholding pattern as on date

Shareholders	No. of equity shares (of ₹ 10 each)	% shareholding
George Alexander Muthoot	50,000	7.63
Anna Alexander	50,000	7.63
George Jacob Muthoot	50,000	7.63
George Thomas Muthoot	50,000	7.63
Susan Thomas	50,000	7.63
M.G.George Muthoot	100,000	15.25
Sara George	50,000	7.63

Shareholders	No. of equity shares (of ₹ 10 each)	% shareholding
Valsa Kurien	200,000	30.51
Georgie Kurien	50,000	7.63
Public	5,561	0.85
Total	**655,561**	**100**
Shareholders	**No. of equity shares (of ₹ 1 each)**	**% shareholding**
Anna Alexander	1625060	33.04
George Jacob Muthoot	625000	12.71
Elizabeth Jacob	10	0.00
George Thomas Muthoot	625000	12.71
George Alexander Muthoot	1400500	28.48
Susan Thomas	10	0.00
M.G.George Muthoot	625050	12.71
George M Alexander	50	0.00
Alexander M George	500	0.01
Public	17135	0.35
Total	**4,918,315**	**100**

Directors as on date

1. George Alexander Muthoot
2. Anna Alexander
3. George.M.Alexander

Muthoot M George Permanent Fund Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

10. ***Muthoot Holiday Homes and Resorts Private Limited***

Muthoot Holiday Homes and Resorts Private Limited was incorporated on March 05, 2003 as Muthoot Hospitality Services Private Limited. The name of the company was changed to Muthoot Holiday Homes and Resorts Private Limited on July 13, 2006. The registered office of Muthoot Holiday Homes and Resorts Private Limited is located at 41/4108D, 2nd Floor, Kurien Towers, Opposite Saritha Theatre Complex, Banerji Road, Ernakulam 682 018. The company was incorporated with the main object of establishing and operating hotels, resorts, restaurants and allied businesses. Currently, Muthoot Holiday Homes and Resorts Private Limited has not commenced any business activity.

Shareholding pattern as on date

Shareholders	No. of equity shares	% shareholding
George Jacob Muthoot	5,000	33.33
George Thomas Muthoot	5,000	33.33
George.M.George	5,000	33.33
Total	**15,000**	**100%**

Directors as on date

1. George Jacob Muthoot
2. George Thomas Muthoot
3. George.M.George

Muthoot Holiday Homes and Resorts Private Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

11. ***Muthoot Farms India Private Limited***

Muthoot Farms India Private Limited was incorporated on May 23, 1983 as Muthoot Chits Private Limited. The name of the company was changed to Muthoot Securities Private Limited on February 22, 2005 and to Muthoot Farms India Private Limited on July 18, 2007. The registered office of Muthoot Farms India Private Limited is located at Muthoot building, Post Box No. 11, Kozhencherry, Pathanamthitta, Kerala 689 641. The company was incorporated with the main object of carrying out the business of cultivation, processing and sale of agricultural products. Currently, Muthoot Farms India Private Limited is not engaged in any commercial activity.

Shareholding pattern as on date

Shareholders	No. of equity shares	% shareholding
Anna Alexander	5,265	52.39
M.G.George Muthoot	1,015	10.10
George Thomas Muthoot	1,015	10.10
George Jacob Muthoot	1,005	10
Sara George	1,000	9.95
Susan Thomas	250	2.49
Valsa Kurien	250	2.49
Elizabeth Jacob	250	2.49
Total	**10,050**	**100%**

Directors as on date

1. Anna Alexander
2. Sara George
3. M.G.George Muthoot

Muthoot Farms India Private Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

12. ***Marari Beach Resorts Private Limited***

Marari Beach Resorts Private Limited was incorporated on April 25, 2007 as a private limited company. The registered office of Marari Beach Resorts Private Limited is located at 41/4108, Muthoot Chambers, Opposite Saritha Theatre Complex, Banerji Road, Ernakulam 682 018. The company was incorporated with the main object of establishing and operating resorts in India or elsewhere. Currently Marari Beach Resorts Private Limited is engaged in the business of establishing a resort in Marari, Allepey, India.

Shareholding pattern as on date

Shareholders	No. of equity shares	% shareholding
Muthoot Marketing Services Private Limited	40,000	40.82
M.G.George Muthoot	22,500	22.96
George Alexander Muthoot	22,500	22.96
Muthoot Insurance Brokers Private Limited	5,000	5.10
Muthoot Investment Advisory Private Limited	3,000	3.06
George Jacob Muthoot	2,500	2.55
George Thomas Muthoot	2,500	2.55
Total	**98,000**	**100**

Directors as on date

1. M.G.George Muthoot
2. George Thomas Muthoot
3. George Jacob Muthoot

4. George Alexander Muthoot

Marari Beach Resorts Private Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

13. ***Adams Properties Private Limited***

Adams Properties Private Limited was incorporated on May 25, 2007 as Adams Hotel Private Limited. The name of the company was changed to Adams Properties Private Limited on August 07, 2007. The registered office of Adams Properties Private Limited is located at 41/4108, Muthoot Chambers, Opposite Saritha Theatre Complex, Banerji Road, Ernakulam 682 018. The company was incorporated with the main object of carrying out the business of builders and contractors for all types of buildings and structures. Currently, Adams Properties Private Limited is engaged in the business of construction development of real estate.

Shareholding pattern as on date

Shareholders	No. of equity shares	% shareholding
George Alexander Muthoot	5,000	50.00
Anna Alexander	5,000	50.00
Total	**10,000**	**100**

Directors as on date

1. George Thomas Muthoot
2. George Jacob Muthoot
3. George Alexander Muthoot
4. Anna Alexander

Adams Properties Private Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

14. ***Oxbow Properties Private Limited***

Oxbow Properties Private Limited was incorporated on May 31, 2007 as Oxbow Resorts Private Limited. The name of the company was changed Oxbow Properties Private Limited on August 07, 2007. The registered office of Oxbow Properties Private Limited is located at 41/4108, Muthoot Chambers, Opposite Saritha Theatre Complex, Banerji Road, Ernakulam 682 018. The company was incorporated with the main object of carrying out the business of builders and contractors for all types of buildings and structures. Currently, Oxbow Properties Private Limited is engaged in the business of construction development of real estate.

Shareholding pattern as on date

Shareholders	No. of equity shares	% shareholding
George Alexander Muthoot	105,000	77.21
Muthoot Marketing Services Private Limited	15,000	11.03
Muthoot Insurance Brokers Private Limited	10,000	7.35
Anna Alexander	5,000	3.68
Muthoot Investment Advisory Private Limited	1,000	0.74
Total	**136,000**	**100**

Directors as on date

1. George Alexander Muthoot
2. Anna Alexander
3. George Jacob Muthoot

Oxbow Properties Private Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

15. ***Unix Properties Private Limited***

Unix Properties Private Limited was incorporated on May 25, 2007 as Celeste Resorts Private Limited. The name of the Company was changed to Unix Properties Private Limited on August 07, 2007. The registered office of Unix Properties Private Limited is located at 41/4108, Muthoot Chambers, Opposite Saritha Theatre Complex, Banerji Road, Ernakulam 682 018. The company was incorporated with the main object of carrying out the business of builders and contractors for all types of buildings and structures. Currently, Unix Properties Private Limited is engaged in the business of construction development of real estate.

Shareholding pattern as on date

Shareholders	No. of equity shares	% shareholding
George Alexander Muthoot	5,000	50.00
Anna Alexander	5,000	50.00
Total	**10,000**	**100%**

Directors as on date

1. George Alexander Muthoot
2. Anna Alexander

Unix Properties Private Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

16. ***Ayurgreen Heritage Resorts Private Limited***

Ayurgreen Heritage Resorts Private Limited was incorporated on May 25, 2007 as a private limited company. The registered office of Ayurgreen Heritage Resorts Private Limited is located at 41/4108, Muthoot Chambers, Opposite Saritha Theatre Complex, Banerji Road, Ernakulam 682 018. The company was incorporated with the main object of establishing and operating resorts in India or elsewhere. Currently, Ayurgreen Heritage Resorts Private Limited is engaged in the business of establishing a resort in Kerala.

Shareholding pattern as on date

Shareholders	No. of equity shares	% shareholding
George Alexander Muthoot	5,000	50.00
Anna Alexander	5,000	50.00
Total	**10,000**	**100**

Directors as on date

1. George Alexander Muthoot
2. Anna Alexander

Ayurgreen Heritage Resorts Private Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

17. ***Muthoot Developers Private Limited***

Muthoot Developers Private Limited was incorporated on June 22, 2007 as a private limited company. The registered office of Muthoot Developers Private Limited is located at 41/4108, Muthoot Chambers, Opposite Saritha Theatre Complex, Banerji Road, Ernakulam 682 018. The company was incorporated with the main object of carrying out the business of builders and contractors for all types of buildings and structures. Currently, Muthoot Developers Private Limited is engaged in the business of engaged in the business of construction development of real estate.

Shareholding pattern as on date

Shareholders	No. of equity shares	% shareholding
Muthoot Marketing Services Private Limited	28,800	24.37
George Alexander Muthoot	25,000	21.15
Anna Alexander	25,000	21.15
George Jacob Muthoot	25,000	21.15
Muthoot Insurance Brokers Private Limited	11,600	9.81
Muthoot Investment Advisory Services Private Limited	2,800	2.37
Total	**118,200**	**100%**

Directors as on date

1. George Alexander Muthoot
2. Anna Alexander
3. George Jacob Muthoot

Muthoot Developers Private Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

18. ***Muthoot Travelsmart Private Limited***

Muthoot Travelsmart Private Limited was incorporated on March 01, 2007 as GMG Travelsmart Private Limited. The name of the company was changed to Muthoot Travelsmart Private Limited on February 20, 2008. The registered office of Muthoot Travelsmart Private Limited is located at 41/4108, Muthoot Chambers, Opposite Saritha Theatre Complex, Banerji Road, Ernakulam 682 018. The Company was incorporated with the main object of conducting business as tour operators and travel agents. Currently, Muthoot Travelsmart Private Limited is yet to commence operations.

Shareholding pattern as on date

Shareholders	No. of equity shares	% shareholding
George Thomas Muthoot	5,000	50.00
George.M.George	5,000	50,00
Total	**10,000**	**100**

Directors as on date

1. George Thomas Muthoot
2. George.M.George

Muthoot Travelsmart Private Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

19. ***Emgee Board and Paper Mills Private Limited***

Emgee Board and Paper Mills Private Limited was incorporated on January 31, 1977 as a private limited company. The registered office of Emgee Board and Paper Mills Private Limited is located at Plot No 107-108, Sector 25, Faridabad, Haryana 121 001. The company was incorporated with the main object of manufacturing paper and paper products. Currently, Emgee Board and Paper Mills Private Limited is engaged in the business of manufacturing paper and paper products.

Shareholding pattern as on date

Shareholders	No. of equity shares	% shareholding
M.G.George Muthoot	4,450	61.38
George Jacob Muthoot	900	12.41
George Thomas Muthoot	900	12.41
Sara George	400	5.52
Valsa Kurien	300	4.14
Valsa Mathew	300	4.14
Total	**7,250**	**100**

Directors as on date

1. M.G.George Muthoot
2. George Jacob Muthoot
3. Sara George

Emgee Board and Paper Mills Private Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

20. ***Muthoot Systems and Technologies Private Limited***

Muthoot Systems and Technologies Private Limited was incorporated on August 28, 2006 as a private limited company. The registered office of Muthoot Systems and Technologies Private Limited is located at 2nd Floor, Muthoot Chambers, Banerji Road, Ernakulam 682 018. The company was incorporated with the main object of development, maintenance and export of computer softwares. Currently, Muthoot Systems and Technologies Private Limited is engaged in the business of developing software.

Shareholding pattern as on date

Shareholders	No. of equity shares	% shareholding
George Alexander Muthoot	100,000	23.12
George.M.Alexander	100,000	23.12
George Jacob Muthoot	88,400	20.43
Gogy Thomas	72,100	16.67
Rajkumar Nair	72,100	16.67
Total	**432,600**	**100**

Directors as on date

1. George Alexander Muthoot
2. George.M.Alexander
3. George Jacob Muthoot
4. Gogy Thomas
5. Rajkumar Nair

Muthoot Systems and Technologies Private Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

21. ***Muthoot Investment Advisory Services Private Limited***

Muthoot Investment Advisory Services Private Limited was incorporated on March 07, 2007 as a private limited company. The registered office of Muthoot Investment Advisory Services Private Limited is located at 41/4108, Muthoot Chambers, Opposite Saritha Theatre Complex, Banerji Road, Ernakulam 682 018. The company was incorporated with the main object of providing stock broking, insurance consultancy, commodity broking and other related services. Currently, Muthoot Investment Advisory Services Private Limited is engaged in the business of providing investment advisory and other financial services.

Shareholding pattern as on date

Shareholders	No. of equity shares	% shareholding
Muthoot Insurance Brokers Private Limited	10,000	50.00
George Thomas Muthoot	5,000	25.00
Anna Alexander	5,000	25.00
Total	**20,000**	**100%**

Directors as on date

1. George Thomas Muthoot
2. Anna Alexander
3. George.M.Alexander

Muthoot Investment Advisory Services Private Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

22. ***Muthoot Infotech Private Limited***

Muthoot Infotech Private Limited was incorporated on March 16, 1998 as a private limited company. The registered office of Muthoot Infotech Private Limited is located at 3rd Floor, Kurien Towers, Opposite Saritha Theatre Complex, Banerji Road, Ernakulam 682 018. The company was incorporated with the main object of development, maintenance, installation and export of computer software. Muthoot Infotech Private Limited is yet to commence its business activities.

Shareholding pattern as on date

Shareholders	No. of equity shares	% shareholding
George Alexander Muthoot	5,000	50.00
George Jacob Muthoot	5,000	50.00
Total	**10,000**	**100**

Directors as on date

1. George Alexander Muthoot
2. George.M.Alexander
3. George Jacob Muthoot

Muthoot Infotech Private Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

23. ***Sawanthavadi Rubber and Plantation Private Limited***

Sawanthavadi Rubber and Plantation Private Limited was incorporated on February 17, 2009 as a private limited company. The registered office of Sawanthavadi Rubber and Plantation Private Limited is located at 2nd Floor, Muthoot Chambers, Opposite Saritha Theatre Complex, Banerji Road, Ernakulam 682 018. The company was incorporated with the main object of carrying out the business of plantation and cultivation of all types of agricultural produce. Currently, Sawanthavadi Rubber and Plantation Private Limited is in the process of developing rubber plantations in Maharashtra.

Shareholding pattern as on date

Shareholders	No. of equity shares	% shareholding
George Alexander Muthoot	5,000	25.00
Anna Alexander	5,000	25.00
George.M.Alexander	5,000	25.00
Eapen Alexander	5,000	25.00
Total	**20,000**	**100**

Directors as on date

1. George Alexander Muthoot
2. Anna Alexander

Sawanthavadi Rubber and Plantation Private Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

24. ***Muthoot Broadcasting Private Limited***

Muthoot Broadcasting Private Limited was incorporated on April 24, 2006. The registered office of Muthoot Broadcasting Private Limited is located at 2nd Floor, Muthoot Chambers, Opposite Saritha Theatre Complex, Banerji Road, Ernakulam 682 018. The company was incorporated with the main object of carrying out the business to present, produce and operate at national and international level all sorts of shows, programmes of song, music, dance, radio broadcasting, television channels, web sites. Currently, the company operates an FM Radio Station in the State of Tamil Nadu under the brand name "Chennai Live 104.8".

Shareholding pattern as on date

Shareholders	No. of equity shares	% shareholding
M. G. George Muthoot	2,795,988	15.97
Sara George	793,039	4.53
George M George	393,918	2.25
Alexander M George	393,918	2.25
George Thomas Muthoot	2,626,117	15.00
Susan Thomas	1,750,745	10.00
George Jacob Muthoot	2,626,117	15.00
Elizabeth Jacob	875,373	5.00
George M Jacob	875,373	5.00
George Alexander Muthoot	2,626,117	15.00
Anna Alexander	875,373	5.00
George M Alexander	437,687	2.50
Eapen Alexander	437,687	2.50
Total	**17,507,452**	**100**

Directors as on date

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

Muthoot Broadcasting Private Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

25. ***Amboli Rubber & Plantations Private Limited***

Amboli Rubber & Plantations Private Limited was incorporated on February 17, 2010. The registered office of Amboli Rubber & Plantations Private Limited is located at 41/4108, Muthoot Chambers, Opposite Saritha Theatre Complex, Banerji Road, Ernakulam 682 018. The company was incorporated with the main object of carrying out the business of plantation of all types of plants including rubber and is currently engaged in the same line of business.

Shareholding pattern as on date

Shareholders	No. of equity shares	% shareholding
George Alexander Muthoot	25,000	50
Anna Alexander	25,000	50
Total	**50,000**	**100**

Directors as on date

1. George Alexander Muthoot
2. Anna Alexander

Amboli Rubber & Plantations Private Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

26. ***Unisom Rubber and Plantations Private Limited***

Unisom Rubber and Plantations Private Limited was incorporated on February 16, 2010. The registered office of Unisom Rubber and Plantations Private Limited is located at 41/4108, Muthoot Chambers, Opposite Saritha Theatre Complex, Banerji Road, Ernakulam 682 018. The company was incorporated with the main object of carrying out the business of plantation of all types of trees and plants as a farm forestry or otherwise. Currently, the company is engaged in the same line of business.

Shareholding pattern as on date

Shareholders	No. of equity shares	% shareholding
George Thomas Muthoot	25,000	50
Susan Thomas	25,000	50
Total	**50,000**	**100**

Directors as on date

1. George Thomas Muthoot
2. Susan Thomas

Unisom Rubber and Plantations Private Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

27. ***Udeli Rubber and Plantations Private Limited***

Udeli Rubber and Plantations Private Limited was incorporated on December 31, 2009. The registered office of Udeli Rubber and Plantations Private Limited is located at 41/4108, Muthoot Chambers, Opposite Saritha Theatre Complex, Banerji Road, Ernakulam 682 018. The company was incorporated with the main object of carrying out the business of plantation of all types of trees and plants as a farm forestry or otherwise. Currently, the company is engaged in the same line of business.

Shareholding pattern as on date

Shareholders	No. of equity shares	% shareholding
George Jacob Muthoot	5,000	50
Elizabeth Jacob	5,000	50
Total	**10,000**	**100**

Directors as on date

1. George Jacob Muthoot
2. Elizabeth Jacob

Udeli Rubber and Plantations Private Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

28. ***Rangana Rubber & Plantations Private Limited***

Rangana Rubber & Plantations Private Limited was incorporated on February 17, 2010. The registered office of Rangana Rubber & Plantations Private Limited is located at 41/4108, Muthoot Chambers, Opposite Saritha Theatre Complex, Banerji Road, Ernakulam 682 018. The company was incorporated with the main object of carrying out the business of plantation of all types of trees and plants as a farm forestry or otherwise. Currently, the company is engaged in the same line of business.

Shareholding pattern as on date

Shareholders	No. of equity shares	% shareholding
George Alexander Muthoot	25,000	50
Anna Alexander	25,000	50
Total	**50,000**	**100**

Directors as on date

1. George Alexander Muthoot
2. Anna Alexander

Rangana Rubber & Plantations Private Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

29. ***Maneri Rubber & Plantations Private Limited***

Maneri Rubber & Plantations Private Limited was incorporated on February 17, 2010. The registered office of Maneri Rubber & Plantations Private Limited is located at 41/4108, Muthoot Chambers, Opposite Saritha Theatre Complex, Banerji Road, Ernakulam 682 018. The company was incorporated with the main object of carrying out the business of plantation of all types of trees and plants as a farm forestry or otherwise. Currently, the company is engaged in the same line of business.

Shareholding pattern as on date

Shareholders	No. of equity shares	% shareholding
George Alexander Muthoot	25,000	50
Anna Alexander	25,000	50
Total	**50,000**	**100**

Directors as on date

1. George Alexander Muthoot
2. Anna Alexander

Maneri Rubber & Plantations Private Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

30. ***Venus Diagnostics Limited***

Venus Diagnostics Limited was incorporated on August 17, 1993 as a public limited company and obtained Certificate of Commencement of business on December 22, 1993. The registered office of Venus Diagnostics Limited is located at Medical College Road, Jumma Masjid Junction, Gandhi Nagar, Kottyam, Kerala 686 008. The company was incorporated with the main object of establishing and operating medical diagnostic and research centres. Currently, Venus Diagnostics Limited is engaged in the business of operating medical diagnostic research centres.

Shareholding pattern as on date

Shareholders	No. of equity shares	% shareholding
George Alexander Muthoot	601,220	60.13
George Jacob Muthoot	71,500	7.15
Anna Alexander	67,500	6.75
Elizabeth Jacob	66,680	6.67
George Thomas Muthoot	66,500	6.65
Susan Thomas	64,000	6.40
M.G.George Muthoot	62,500	6.25
Total	**999,900**	**100**

Directors as on date

1. George Alexander Muthoot
2. George Thomas Muthoot
3. George Jacob Muthoot

Venus Diagnostics Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

31. ***Geo Bros Muthoot Funds (India) Limited***

Geo Bros Muthoot Funds (India) Limited was incorporated on November 17, 1992 as Sanjeevarayan Benefit Fund Limited and obtained Certificate of Commencement of Business on December 03, 1992. The name of the company was changed to Geo Bros Muthoot Funds (India) Limited on October 08 2002. The registered office of Geo Bros Muthoot Funds (India) Limited is located at Muthoot Building, Vadayattukotta Road, Kollam, Kerala 691 001. Geo Bros Muthoot Funds (India) Limited is a nidhi company notified as such under Section 620A of the Act. The company was incorporated with the main object of receiving short and long term deposits and to act as a thrift organisation for the benefit of its members and is engaged in the same line business.

Shareholding pattern as date

Shareholders	No. of equity shares (of ₹ 10 each)	% shareholding
George Jacob Muthoot	540,010	25.27
George M Jacob	10	0.00
MG.George Muthoot	130,010	6.08
George Alexander Muthoot	130,000	6.08
George Thomas Muthoot	130,000	6.08
Elizabeth Jacob	530,000	24.80
Anna Alexander	130,000	6.08
Susan Thomas	130,000	6.08
Sara George	130,000	6.08
Valsa Kurien	130,000	6.08
Georgie Kurien	130,000	6.08
Public	26,811	1.25
Total	**2,136,841**	**100**
Shareholders	**No. of equity shares (of ₹ 1 each)**	**%shareholding**
Public	117,682	100
Total	**117,682**	**100**

Directors as on date

1. George Jacob Muthoot
2. Elizabeth Jacob
3. George.M.Jacob

Geo Bros Muthoot Funds (India) Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

32. ***Muthoot Synergy Fund Limited***

Muthoot Synergy Fund Limited was incorporated on May 12, 1994 as Bethel Benefit Fund Limited. Muthoot Synergy Fund Limited commenced its business on May 31, 1994. The name of the company was changed on April 23, 2007 to Muthoot Synergy Fund Limited. The registered office of Muthoot Synergy Fund Limited is located at 205, Aurobindo Place, Hauz Khas, New Delhi 110 016. Muthoot Synergy Fund Limited is a nidhi company notified as such under Section 620A of the Act. The company was incorporated with the main object of receiving short and long term deposits and act as a thrift and credit organisation and is currently engaged in the same line of business.

Shareholding pattern as on date

Shareholders	No. of equity shares (of ₹ 1 each)	No. of preference shares (of ₹ 1 each)	% equity shareholding	% preference shareholding
M G George Muthoot	420,000	130,000	15.94	17.74
Sara George	395,000	122,000	14.99	16.64
George.M.George	257,000	80,000	9.75	10.91
Paul.M.George	257,000	80,000	9.75	10.91
Alexander.M.Geroge	257,000	80,000	9.75	10.91
George Alexander Muthoot	172,000	55,000	6.53	7.50
George Jacob Muthoot	171,000	55,000	6.49	7.50
George Thomas Muthoot	171,000	55,000	6.49	7.50
Susan Thomas	86,013	25,000	3.26	3.41
Anna Alexander	86,000	26,000	3.26	3.55
Elizabeth Jacob	86,000	25,000	3.26	3.41
Public	277,657	-	10.53	-
Total	**2,635,670**	**733,000**	**100**	**100**

Directors as on date

1. George.M.George
2. Anna Alexander
3. Sara George
4. Alexander M George

Muthoot Synergy Fund Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

33. ***Emgee Muthoot Benefit Fund (India) Limited***

Emgee Muthoot Benefit Fund (India) Limited was incorporated on January 01, 1986 as Kayanat Permanent Fund Limited. The name of the company was changed to Emgee Benefit Fund Limited and thereafter to Emgee Muthoot Benefit Fund (India) Limited on September 05, 2002. The registered office of Emgee Muthoot Benefit Fund (India) Limited is located at 7-561, KAP Complex, Pump Junction, Railway Station Road, Alwaye, Kerala 683 101. Emgee Muthoot Benefit Fund (India) Limited is a nidhi company notified as such under Section 620A of the Act. The company was incorporated with the main object of receiving short and long term deposits and to act as a thrift and credit organisation for the benefit of its members and is currently engaged in the same line of business.

Shareholding pattern as on date

Shareholders	No. of equity shares (of ₹ 10 each)	% shareholding
Susan Thomas	400,000	15.32
George Jacob Muthoot	390,000	14.93
Elizabeth Jacob	340,000	13.02
George Thomas Muthoot	350,000	13.40
Georgie Kurien	290,000	11.10

Shareholders	No. of equity shares (of ₹ 10 each)	% shareholding
Valsa Kurien	260,000	9.95
MG.George Muthoot	140,000	5.36
Sara George	140,000	5.36
George Alexander Muthoot	70,000	2.68
Anna Alexander	70,000	2.68
George M. Alexander	100	0.00
Public	161,657	6.19
Total	**2,611,757**	**100**
Shareholders	**No. of equity shares (of ₹ 1 each)**	**% shareholding**
George Thomas Muthoot	2,400,000	95.34
Public	11,979	0.48
Susan Thomas	102,601	4.08
Elizabeth Jacob	2,601	0.10
Total	**2,517,181**	**100**

Directors as on date

1. George Thomas Muthoot
2. Anna Alexander
3. George.M.Alexander

Emgee Muthoot Benefit Fund (India) Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

34. ***Muthoot Precious Metals Corporation***

Muthoot Precious Metals Corporation was formed pursuant to a partnership deed dated March 01, 2006 between George Alexander and Anna Alexander. It is engaged in the business of purchase and sale of precious metal such as platinum, gold, silver, palladium etc. and jewels.

Profit and Loss Sharing Ratio

The profit and loss sharing ratio of our Promoters in the firm is as follows:

Name of Partners	Profit & Loss Sharing Ratio (%)
Mr. George Alexander Muthoot	60.00

35. ***Muthoot Insurance Advisory Services***

Muthoot Insurance Advisory Services was formed pursuant to a partnership deed dated April 01, 2005 between George Thomas Muthoot and Anna Alexander. It is engaged in the business of all kinds financial services, including corporate agencies, consultancy services and franchisees of banks. NBFC's, financial companies and allied businesses.

Profit and Loss Sharing Ratio

The profit and loss sharing ratio of our Promoters in the firm is as follows:

Name of Partners	Profit & Loss Sharing Ratio (%)
George Thomas Muthoot	50.00

36. ***Muthoot Properties & Investments***

Muthoot Properties & Investments was formed pursuant to a partnership deed dated April 01, 2002 between Mr. George Thomas, and Mr. George Jacob, Mr. Alexander M George, Mr. George M Alexander. It is engaged in the business of (i) purchase and sale of immovable property, (ii) to undertake the work in connection with property development and building constructions, including purchase and development of land, construction of residential and /commercial building and the sale of land or building in part or in full (iii) construction and running of holiday resorts and (iv) purchase and maintenance of plantations and sale thereof.

Profit and Loss Sharing Ratio

The profit and loss sharing ratio of our Promoters in the firm is as follows:

Name of Partners	Profit & Loss Sharing Ratio (%)
George Thomas Muthoot	25.00
George Jacob Muthoot	25.00

37. ***Mar Gregorious Memorial Muthoot Medical Centre***

Mar Gregorious Memorial Muthoot Medical Centre was formed pursuant to a partnership deed dated August 25, 2009 between George Thomas, George Jacob, Georgie Kurien, Valsa Kurien, George M George, George M Alexander and Eapen Alexander. It is engaged in the business of running hospitals to care to the medical need of the public at large and to this connection to construct to hospital building, install sophisticated medical instruments, maintenance and running of the said hospital by employing experts in the field of medical profession, consultation and dispensing in this line which includes purchase and sale of medicine, establishment of laboratories, scanning centre and the like and to carry on such ancillary and incidental objects conductive to the main objects.

Profit and Loss Sharing Ratio

The profit and loss sharing ratio of our Promoters in the firm is as follows:

Name of Partners	Profit & Loss Sharing Ratio (%)
George Thomas Muthoot	15.00
George Jacob Muthoot	15.00

38. ***Muthoot Builders***

Muthoot Builders was formed pursuant to a partnership deed dated August 25, 2009 between George Thomas, George Jacob, Valsa Kurien, George M George, Alexander M.George, George M. Alexander, George M. Jacob and Eapen Alexander. It is engaged in the business of (a) purchase and sale of immovable property, (b) to undertake the work in connection with property development and building constructions, including purchase and development of land, construction of residential and /commercial building and the sale of land or building in part or in full (c) construction and running of holiday resorts and (d) purchase and maintenance of plantations and sale thereof.

Profit and Loss Sharing Ratio

The profit and loss sharing ratio of our Promoters in the firm is as follows:

Name of Partners	Profit & Loss Sharing Ratio (%)
George Thomas Muthoot	12.50
George Jacob Muthoot	12.50

39. ***Muthoot General Finance***

Muthoot General Finance was formed pursuant to a partnership deed dated April 01, 2001 between M.G. George, George Thomas, George Jacob, George Alexander, Sara George, Susan Thomas, Elizabeth Jacob and Anna Alexander. It is engaged in the business of accepting deposits from public and advancing of loans with or without security.

Profit and Loss Sharing Ratio

The profit and loss sharing ratio of our Promoters in the firm is as follows:

Name of Partners	Profit & Loss Sharing Ratio (%)
M.G George Muthoot	12.50
George Thomas Muthoot	12.50
George Jacob Muthoot	12.50
George Alexander Muthoot	12.50

40. ***Muthoot M. George Chitty Fund***

Muthoot M. George Chitty Fund was formed pursuant to a partnership deed dated April 01, 1997 between George Mathew, M.G. George, George Thomas, George Jacob, George Alexander, Georgie Kurien, Sara George, Susan Thomas, Elizabeth Jacob, and Leela Zachariah. It is engaged in the business of accepting deposits from public and advancing of loans with or without security.

Profit and Loss Sharing Ratio

The profit and loss sharing ratio of our Promoters in the firm is as follows:

Name of Partners	Profit & Loss Sharing Ratio (%)
M.G George Muthoot	11.00
George Thomas Muthoot	11.00
George Jacob Muthoot	11.00
George Alexander	11.00

41. ***Muthoot Investments***

Muthoot Investments was formed pursuant to a partnership deed dated April 01, 1996 between Mr. M.G. George, Mr. George Thomas, Mr. George Jacob, Mr. George Alexander, Dr. Geogie Kurien, Smt. Sara George, Smt. Susan Thomas, Smt. Leela Zachariah, Smt. Susan Kurien Mr. George M. George. It is engaged in the business of accepting deposits from public and advancing of loans with or without security.

Profit and Loss Sharing Ratio

The profit and loss sharing ratio of our Promoters in the firm is as follows:

Name of Partners	Profit & Loss Sharing Ratio (%)
M.G George	13.00
George Thomas	13.00
George Jacob	13.00
George Alexander	13.00

42. ***Muthoot M. George Chits***

Muthoot M. George Chits was formed pursuant to a partnership deed dated April 01, 1996 between Mr. M.G. George, Mr. George Thomas, Mr. George Jacob, Mr. George Alexander, Smt. Sara George, Smt. Elizabeth Jacob, Smt. Anna Alexander, Smt. Leela Zachariah, Smt. Susan Kurien Mr. George M. George. It is engaged in the business of accepting deposits from public and advancing of loans with or without security.

Profit and Loss Sharing Ratio

The profit and loss sharing ratio of our Promoters in the firm is as follows:

Name of Partners	Profit & Loss Sharing Ratio (%)
M.G George Muthoot	13.00

Name of Partners	Profit & Loss Sharing Ratio (%)
George Thomas Muthoot	13.00
George Jacob Muthoot	13.00
George Alexander	13.00

43. ***Muthoot M. George Financiers***

Muthoot M. George Financiers was formed pursuant to a partnership deed dated April 01, 1996 between Mr. M.G. George, Mr. George Thomas, Mr. George Jacob, Mr. George Alexander, Smt.Valsa Mathew, Smt. Valsa Kurien, Smt. Anna Alexander, Smt. Leela Zachariah, Smt. Priya Zachariah and Mr. Paul M. George. It is engaged in the business of accepting deposits from public and advancing of loans with or without security.

Profit and Loss Sharing Ratio

The profit and loss sharing ratio of our Promoters in the firm is as follows:

Name of Partners	Profit & Loss Sharing Ratio (%)
M.G George Muthoot	13.00
George Thomas Muthoot	13.00
George Jacob Muthoot	13.00
George Alexander	13.00

44. ***Muthoot Financiers***

Muthoot Financiers was formed pursuant to a partnership deed dated April 1, 1996 between Mr. M.G. George, Mr. George Thomas, Mr. George Jacob, Mr. George Alexander, Smt. Valsa Kurien, Smt. Sara George, Smt. Elizabeth Jacob, Smt. Leela Zachariah, Smt. Susan Kurien, Smt. Priya Zachariah. It is engaged in the business of accepting deposits from public and advancing of loans with or without security.

Profit and Loss Sharing Ratio

The profit and loss sharing ratio of our Promoters in the firm is as follows:

Name of Partners	Profit & Loss Sharing Ratio (%)
M.G George Muthoot	13.00
George Thomas Muthoot	13.00
George Jacob Muthoot	13.00
George Alexander Muthoot	13.00

45. ***Muthoot Bankers (Alleppy)***

Muthoot Bankers, Alleppy was formed pursuant to a partnership deed dated April 1, 1996 between Mr. M.G. George, Mr. George Thomas, Mr. George Jacob, Mr. George Alexander, Dr. Geogie Kurien, Smt. Valsa Kurien, Smt. Sara George, Smt, Elizabeth Jacob, Smt. Anna Alexander, Smt. Leela Zachariah. It is engaged in the business of accepting deposits from public and advancing of loans with or without security.

Profit and Loss Sharing Ratio

The profit and loss sharing ratio of our Promoters in the firm is as follows:

Name of Partners	Profit & Loss Sharing Ratio (%)
M.G George Muthoot	11.00
George Thomas Muthoot	11.00
George Jacob Muthoot	11.00
George Alexander	11.00

46. ***Muthoot Bankers (Faridabad)***

Muthoot Bankers, Faridabad was formed pursuant to a partnership deed dated April 1, 1996 between Mr. M.G. George, Mr. George Thomas, Mr. George Jacob, Mr. George Alexander, Dr. Geogie Kurien, Smt. Valsa Kurien, Smt. Anna Alexander, Smt. Priya Zachariah, Mr. Paul. M. George, and Mr. George .M. George. It is engaged in the business of accepting deposits from public and advancing of loans with or without security

Profit and Loss Sharing Ratio

The profit and loss sharing ratio of our Promoters in the firm is as follows:

Name of Partners	Profit & Loss Sharing Ratio (%)
M.G George	13.00
George Thomas	13.00
George Jacob	13.00
George Alexander	13.00

47. ***Muthoot Bankers (Pathanamthitta)***

Muthoot Bankers, Pathanamthitta was formed pursuant to a partnership deed dated April 1, 1996 between Mr. M.G. George, Mr. George Thomas, Mr. George Jacob, Mr. George Alexander, Dr. Georgie Kurien, Smt. Susan Thomas, Smt. Leela Zachariah, Smt. Susan Kurien, Mr. Paul. M.George and Mr. Prasad Zachariah. It is engaged in the business of accepting deposits from public and advancing of loans with or without security.

Profit and Loss Sharing Ratio

The profit and loss sharing ratio of our Promoters in the firm is as follows:

Name of Partners	Profit & Loss Sharing Ratio (%)
M.G George	14.00
George Thomas	14.00
George Jacob	14.00
George Alexander	14.00

48. ***Muthoot Bankers (Quilon)***

Muthoot Bankers, Quilon was formed pursuant to a partnership deed dated April 1, 1996 between Mr. M.G. George, Mr. George Thomas, Mr. George Jacob, Mr. George Alexander, Dr. Georgie Kurien, Smt. Sara George, Smt. Anna Alexander, Smt. Susan Kurien, Smt. Priya Zachariah and Mr. George. M. George. It is engaged in the business of accepting deposits from public and advancing of loans with or without security.

Profit and Loss Sharing Ratio

The profit and loss sharing ratio of our Promoters in the firm is as follows:

Name of Partners	Profit & Loss Sharing Ratio (%)
M.G George	13.00
George Thomas	13.00
George Jacob	13.00
George Alexander	13.00

49. ***Muthoot Bankers, (Bangalore)***

Muthoot Bankers, Bangalore was formed pursuant to a partnership deed dated April 1, 1996 between Mr. M.G. George, Mr. George Thomas, Mr. George Jacob, Mr. George Alexander, Smt. Valsa Kurien, Smt. Sara George, Smt. Susan Thomas, Smt. Anna Alexander, Smt. Priya Zachariah and Mr. George. M. George. It is engaged in the business of accepting deposits from public and advancing of loans with or without security.

Profit and Loss Sharing Ratio

The profit and loss sharing ratio of our Promoters in the firm is as follows:

Name of Partners	Profit & Loss Sharing Ratio (%)
M.G George	12.00
George Thomas	12.00
George Jacob	12.00
George Alexander	12.00

50. ***Muthoot Bankers (Cochin)***

Muthoot Bankers, Cochin was formed pursuant to a partnership deed dated April 01, 1996 between Mr. M.G. George, Mr. George Thomas, Mr. George Jacob, Mr. George Alexander, Georgie Kurien, Elizabeth Jacob, Anna Alexander, Priya Zacharia, Susan Kurien, George M. George. It is engaged in the business of accepting deposits from public and advancing of loans with or without security.

Profit and Loss Sharing Ratio

The profit and loss sharing ratio of our Promoters in the firm is as follows:

Name of Partners	Profit & Loss Sharing Ratio (%)
M.G George Muthoot	13.00
George Thomas Muthoot	13.00
George Jacob Muthoot	13.00
George Alexander Muthoot	13.00

51. ***Muthoot Bankers (Edapally)***

Muthoot Bankers, Edapally was formed pursuant to a partnership deed dated April 01, 1996 between M.G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot, George Alexander Muthoot, Georgie Kurien, Susan Thomas, Elizabeth Jacob, Anna Alexander, Paul M George, and Prasad Zachariah. It is engaged in the business of accepting deposits from public and advancing of loans with or without security.

Profit and Loss Sharing Ratio

The profit and loss sharing ratio of our Promoters in the firm is as follows:

Name of Partners	Profit & Loss Sharing Ratio (%)
M.G George Muthoot	12.00
George Thomas Muthoot	12.00
George Jacob Muthoot	12.00
George Alexander	12.00

52. ***Muthoot Bankers (Pathanapuram)***

Muthoot Bankers, Pathanapuram was formed pursuant to a partnership deed dated April 1, 1996 between M.G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot, George Alexander Muthoot, Valsa Kurien, Sara George, Susan Thomas, Susan Kurien, Priya Zachariah and Prasad Zachariah. It is engaged in the business of accepting deposits from public and advancing of loans with or without security.

Profit and Loss Sharing Ratio

The profit and loss sharing ratio of our Promoters in the firm is as follows:

Name of Partners	Profit & Loss Sharing Ratio (%)
M.G George Muthoot	13.00
George Thomas Muthoot	13.00
George Jacob Muthoot	13.00
George Alexander Muthoot	13.00

53. ***Muthoot Bankers (Kottayam)***

Muthoot Bankers, Kottayam was formed pursuant to a partnership deed dated October 16, 1995 between M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot, George Alexander Muthoot, Valsa Kurien, Susan Thomas, Anna Alexander, Susan Kurien, George M George, and Paul M George. It is engaged in the business of accepting deposits from public and advancing of loans with or without security.

Profit and Loss Sharing Ratio

The profit and loss sharing ratio of our Promoters in the firm is as follows:

Name of Partners	Profit & Loss Sharing Ratio (%)
M.G George Muthoot	10.00
George Thomas Muthoot	10.00
George Jacob Muthoot	10.00
George Alexander Muthoot	10.00

54. ***Muthoot M George Bankers (Trivandrum)***

Muthoot M George Bankers, Trivandrum was formed pursuant to a partnership deed dated April 01, 1996 between M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot, George Alexander Muthoot, Susan Thomas, Elizabeth Jacob, Anna Alexander, Susan Kurien, Priya Zachariah, and George M George. It is engaged in the business of accepting deposits from public and advancing of loans with or without security.

Profit and Loss Sharing Ratio

The profit and loss sharing ratio of our Promoters in the firm is as follows:

Name of Partners	Profit & Loss Sharing Ratio (%)
M.G George Muthoot	13.00
George Thomas Muthoot	13.00
George Jacob Muthoot	13.00
George Alexander	13.00

55. ***Muthoot Finance UK Limited***

Muthoot Finance UK Limited was incorporated on August 12, 2009 in United Kingdom. The registered office of Muthoot Finance UK Limited is located at 5B, King Street, South Hall, Middlesex, UB 24DF, London. The company was incorporated with the main object of carrying out the business of extending consumer credit, credit brokerage, and debt counselling on a commercial basis. Currently, the company is engaged in the same line of business.

Shareholding pattern as on date

Shareholders	No. of equity shares	% shareholding
Georgie Kurien	100	0.03
M. G. George Muthoot	125,000	33.77
George Alexander Muthoot	125,000	33.77
George Thomas Muthoot	120,000	32.43
Total	**370,100**	**100**

Directors as on date

1. Georgie Kurien
2. Kripa Mariam Georgie Kurien

Muthoot Finance UK Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

DIVIDEND POLICY

The Company does not have any formal dividend policy. The declaration and payment of dividend are governed by the applicable provisions of the Companies Act and the Articles of Association of the Company and will depend on a number of other factors, including the results of operations, financial condition, capital requirements and surplus, contractual restrictions and other factors considered relevant by the Board.

The Company has not declared any dividend on its Equity Shares in the last five financial years.

SECTION V: FINANCIAL INFORMATION

RESTATED FINANCIAL INFORMATION FOR MUTHOOT FINANCE LIMITED

SUMMARY STATEMENT OF ASSETS AND LIABILITIES AS AT NOVEMBER 30, 2010, MARCH 31, 2010, MARCH 31, 2009, MARCH 31, 2008, MARCH 31, 2007 AND MARCH 31, 2006 AND PROFITS AND LOSSES AND CASH FLOWS FOR THE 8-MONTHS PERIOD ENDED NOVEMBER 30, 2010 AND THE YEARS ENDED MARCH 31, 2010, MARCH 31, 2009, MARCH 31, 2008, MARCH 31, 2007 AND MARCH 31, 2006, AS RESTATED UNDER INDIAN GAAP FOR MUTHOOT FINANCE LIMITED

Auditors' Report as required by Part II of Schedule II to the Companies Act, 1956

The Board of Directors
Muthoot Finance Limited
Muthoot Chambers
Kuriens Tower
Opp. Saritha Theater
Banerji Road
Cochin – 682 018
India

Dear Sirs,

1. We have examined the restated financial information of **Muthoot Finance Limited** (the "Company") annexed to this report for the purposes of inclusion in the offer document prepared by the Company in connection with its proposed Initial Public Offer ("IPO"). Such financial information, which has been approved by the Board of Directors of the Company, has been prepared in accordance with the requirements of:

    a) paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ("the Act");
    b) the Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "Regulations") issued by the Securities and Exchange Board of India ("SEBI"), as amended from time to time in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992;

2. We have examined such restated financial information taking into consideration:
    a) the terms of reference received from the Company vide their letter dated July 29, 2010 requesting us to carry out work on such financial information, proposed to be included in the offer document of the Company in connection with its proposed IPO;
    b) the Guidance Note (Revised) on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India.

3. The Company proposes to make an IPO for the fresh issue of equity shares of ₹ 10 each at such premium, arrived at by the 100% book building process (referred to as "the Issue"), as may be decided by the Board of Directors.

Financial information as per Audited Financial Statements

4. The restated financial information has been extracted by the management from the audited balance sheets of the Company as at November 30, 2010, March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007 and March 31, 2006 and the related audited profit and loss accounts and cash flow statements for the 8-months period ended November 30, 2010, and the

years ended March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007 and March 31, 2006, which have been audited by us;

5. In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the Regulations and the terms of our engagement agreed with you, we further report that :

   a. The restated summary statement of assets and liabilities **(Annexure I)** and Schedules forming part thereof, the restated summary statement of profits and losses **(Annexure II)** and schedules forming part thereof and the restated summary statement of Cash Flows **(Annexure III)** (together referred to as "restated summary statements") of the Company, including as at and for the 8-months period ended November 30, 2010 and the years ended March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007 and March 31, 2006, examined by us, are after making adjustments and regrouping as in our opinion, were appropriate and more fully described in Significant Accounting Policies, Notes and Changes in Significant Accounting Policies (refer **Annexure IV**); and

   b. All the accounting policies adopted by the Company in the preparation of the financial statements are in compliance with the applicable Accounting Standards.

6. Based on our examination as above, we further report that:

   a) the impact arising out of changes in accounting policies adopted by the Company as at and for the 8-month period ended November 30, 2010 have been applied with retrospective effect in the attached Restated Summary Statements;
   b) adjustments for the material amounts in the respective financial years to which they relate;
   c) there are no extraordinary items which need to be disclosed separately in the attached Restated Summary Statements; and
   d) there are no qualifications in the auditors' reports, which require any adjustments to the Restated Summary Statements;

7. We have not audited any financial statements of the Company as of any date or for any period subsequent to November 30, 2010. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to November 30, 2010.

Other Financial Information

8. We have also examined the following financial information proposed to be included in the Offer document prepared by the management and approved by the Board of Directors of the Company and annexed to this report relating to the Company as at and for the 8-months period ended November 30, 2010 and the years ended March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007 and March 31, 2006:

   a) Details of Interest Income, as appearing in **Annexure V**;
   b) Details of Other Income, as appearing in **Annexure VI**;
   c) Capitalization Statement, as appearing in **Annexure VII** ;
   d) Details of Secured and Unsecured Loans, as appearing in **Annexure VIII**;
   e) Details of Investments as appearing in **Annexure IX**;
   f) Details of Sundry Debtors as appearing in **Annexure X** ;
   g) Details of Other Current Assets as appearing in **Annexure XI**;
   h) Details of Loans and Advances as appearing in **Annexure XII**;
   i) Statement of Tax Shelters, as appearing in **Annexure XIII**;
   j) Statement of Accounting Ratios, as appearing in **Annexure XIV**;
   k) Details of Rates of Dividend, as appearing in **Annexure XV**;
   l) Details of Current Liabilities and Provisions, as appearing in **Annexure XVI**;

m) Details of Contingent Liabilities, as appearing in **Annexure XVII; and**
n) Details of the Related Parties and transactions with them, as appearing in **Annexure XVIII**.

9. In our opinion, the financial information as disclosed in the Annexures to this report read with respective significant accounting policies and notes disclosed in Annexure IV and after making adjustments and regrouping as considered appropriate and disclosed in Annexure IV has been prepared in accordance with Part II of Schedule II of the Act and the Regulations.

10. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should this be construed as a new opinion on any of the financial statements referred to herein.

11. We did not perform audit tests for the purpose of expressing an opinion on individual balances of account or summaries of selected transactions, and accordingly, we express no such opinion thereon.

12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

13. This report is intended solely for your information and for inclusion in the offer document prepared in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Per Pro M/s Rangamani & Co
Chartered Accountants
(FRN: 003050 S)

Sd/-

Place: **Cochin, India** **R. Sreenivasan**
Date: **January 10, 2011** **M. No. 020566**

ANNEXURE-I: RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

							₹ In Millions
	Particulars	**As at November 30, 2010**	**As at March 31, 2010**	**As at March 31, 2009**	**As at March 31, 2008**	**As at March 31, 2007**	**As at March 31, 2006**
I	**Fixed Assets**						
	Gross Block	2,034.57	1,691.09	1,482.66	1,215.25	646.37	582.34
	Less : Accumulated Depreciation / Amortization	554.04	449.04	320.76	222.74	149.48	78.51
	Net Block	1,480.53	1,242.05	1,161.90	992.51	496.89	503.83
	Capital Work in Progress	510.40	290.65	131.19	93.64	135.40	8.35
		1,990.93	**1,532.71**	**1,293.10**	**1,086.15**	**632.29**	**512.18**
II	**Investments**	**75.05**	**75.05**	**85.31**	**183.43**	**242.15**	**122.91**
III	**Deferred Tax Assets, (Net)**	**(24.43)**	**(24.84)**	**(37.87)**	**(41.73)**	**(47.31)**	**(29.61)**
IV	**Current Assets, Loans and Advances**						
	Sundry Debtors	69.21	33.45	40.95	34.92	21.66	12.85
	Cash and Bank Balances	4,606.59	5,759.92	8,825.32	2,580.38	563.21	369.28
	Other Current Assets	2,939.51	2,408.14	1,658.09	967.91	787.06	471.07
	Loans and Advances	98,104.89	54,616.99	25,735.53	18,046.59	13,893.02	7,946.56
		105,720.20	*62,818.49*	*36,259.89*	*21,629.80*	*15,264.95*	*8,799.76*
	A= (I+II+III+IV)	**107,761.75**	**64,401.41**	**37,600.43**	**22,857.65**	**16,092.08**	**9,405.24**
V	**Liabilities and Provisions**						
	Secured Loans	80,329.97	45,471.22	30,087.45	18,400.19	13,117.52	7,370.41
	Unsecured Loans	10,499.26	7,334.03	1,568.48	752.87	709.00	688.37
	Current Liabilities	4,071.13	4,524.35	1,805.57	1,224.88	459.10	322.89
	Provisions	1,546.84	1,229.90	524.46	348.65	214.43	119.24
	B=(V)	**96,447.20**	**58,559.50**	**33,985.96**	**20,726.59**	**14,500.06**	**8,500.91**
	NET WORTH A-B	**11,314.55**	**5,841.92**	**3,614.47**	**2,131.07**	**1,592.03**	**904.33**
	Net Worth Represented by						
	Share Capital						
	- Equity Shares	3,202.13	3,010.00	490.00	50.00	50.00	39.97
	- Preference Shares	-	-	-	-	-	-
	Reserves and Surplus						
	- Securities Premium	2,364.77	-	755.00	275.00	275.00	35.00
	- Statutory Reserve	1,576.64	993.67	538.52	343.08	215.89	127.93

	- Surplus/ (Deficit) in Profit and Loss Account	4,173.66	1,841.79	1,918.75	1,555.50	1,052.04	701.44
	Miscellaneous Expenditure (to the extent not written off)	(2.65)	(3.54)	(87.80)	(92.51)	(0.90)	-
	NET WORTH	**11,314.55**	**5,841.92**	**3,614.47**	**2,131.07**	**1,592.03**	**904.33**

Note:
The above statement should be read with the Notes to the Restated Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flows as appearing in Annexure IV.

As per our report of even date

PER PRO RANGAMANI & CO.
Chartered Accountants
(FRN: 003050 S)

-sd-
R .SREENIVASAN
Membership No. 20566

Place: Cochin, India
Date: January 10, 2011

For and on behalf of the Board of Directors

-sd-
George Alexander Muthoot
Managing Director

-sd-
M. G. George Muthoot
Chairman

-sd-
Oommen K. Mammen
Chief Financial Officer

-sd-
Rajesh A.
Company Secretary &
Compliance Officer

ANNEXURE-II: RESTATED SUMMARY STATEMENT OF PROFITS AND LOSSES

						₹ In Millions
Particulars	**For the period ended November 30, 2010**	**For the year ended March 31, 2010**	**For the year ended March 31, 2009**	**For the year ended March 31, 2008**	**For the year ended March 31, 2007**	**For the year ended March 31, 2006**
INCOME						
Interest Income	12,893.47	10,774.52	6,062.39	3,579.37	2,235.85	1,428.28
Other Income	123.17	119.28	141.63	107.01	103.80	52.35
Total Income	**13,016.64**	**10,893.80**	**6,204.02**	**3,686.38**	**2,339.65**	**1,480.62**
EXPENDITURE						
Interest Expense	5,825.56	4,737.28	3,097.70	1,797.99	998.95	648.17
Administrative Expenses	2,546.93	2,359.87	1,404.95	795.56	551.27	372.34
Directors Remuneration	128.00	192.23	120.90	48.90	48.90	12.90
Depreciation	105.00	148.90	98.78	74.14	70.97	33.86
Total Expenditure	**8,605.49**	**7,438.27**	**4,722.32**	**2,716.59**	**1,670.09**	**1,067.27**
Profit/(Loss) before Tax and Prior Period Items	**4,411.15**	**3,455.53**	**1,481.70**	**969.78**	**669.57**	**413.36**
Prior Period Items [Expenses / (Income)]	-	-	-	-	-	-
Net Profit/(Loss) before Tax	**4,411.15**	**3,455.53**	**1,481.70**	**969.78**	**669.57**	**413.36**
Provision for tax						
Current Tax	1,496.72	1,192.81	507.94	336.07	207.68	114.60
Deferred Tax Charge/(Credit)	(0.41)	(13.03)	(3.86)	(5.58)	17.70	24.44
Fringe Benefit Tax	-	-	0.42	3.32	4.40	3.05
Total Tax Expense/(Credit)	**1,496.31**	**1,179.78**	**504.50**	**333.82**	**229.78**	**142.09**
Net Profit/(Loss) for the period/year as per audited financials	**2,914.84**	**2,275.75**	**977.20**	**635.97**	**439.79**	**271.27**
Adjustments to the Restated Financial Statements	-	9.41	(4.46)	(5.32)	(1.23)	(2.41)
Less: Deferred Tax Impact on Adjustments considered above	-	-	-	-	-	-
Adjustment of excess provision of income tax, for earlier years written back	-	-	5.95	-	-	-
Net Adjustments (Refer note C of Annexure IV)	-	**9.41**	**1.49**	**(5.32)**	**(1.23)**	**(2.41)**
Net Profit/(Loss) as Restated	**2,914.84**	**2,285.16**	**978.69**	**630.65**	**438.56**	**268.86**
Less: Transfer to Statutory Reserve	582.97	455.15	195.44	127.19	87.96	54.25
Surplus/ (Deficit) brought forward from previous period/year, as restated	1,841.79	1,918.75	1,555.50	1,052.04	701.44	488.78
Impact of restatement of prior period expenses relating to	-	-	-	-	-	(1.95)

periods prior to 01.04.2005						
Surplus / (Deficit) available for Appropriation	**4,173.66**	**3,748.76**	**2,338.75**	**1,555.50**	**1,052.04**	**701.44**
Appropriation:						
Issue of Bonus Shares	-	1,765.00	420.00	-	-	-
Reduction on account of demerger of radio business	-	141.98	-	-	-	-
Surplus/ (Deficit) carried to Balance Sheet	**4,173.66**	**1,841.79**	**1,918.75**	**1,555.50**	**1,052.04**	**701.44**

Note:
The above statement should be read with the Notes to the Restated Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flows as appearing in Annexure IV.

As per our report of even date

PER PRO RANGAMANI & CO.
Chartered Accountants
(FRN: 003050 S)

-sd-
R .SREENIVASAN
Membership No. 20566

Place: Cochin, India
Date: January 10, 2011

For and on behalf of the Board of Directors

-sd-
George Alexander Muthoot
Managing Director

-sd-
M. G. George Muthoot
Chairman

-sd-
Oommen K. Mammen
Chief Financial Officer

-sd-
Rajesh A.
Company Secretary & Compliance Officer

ANNEXURE-III: RESTATED STATEMENT OF CASH FLOWS

						₹ In Millions
Particulars	**For the period ended November 30, 2010**	**For the year ended March 31, 2010**	**For the year ended March 31, 2009**	**For the year ended March 31, 2008**	**For the year ended March 31, 2007**	**For the Year ended March 31, 2006**
Cash flow from operating activities						
Profit / (Loss) before tax	**4,411.15**	**3,455.53**	**1,481.70**	**969.78**	**669.57**	**413.36**
Adjustments for :						
Depreciation	105.00	148.90	98.78	74.14	70.97	33.86
Provision for NPA	13.04	20.98	6.85	6.91	0.75	0.44
Preliminary expenses written off	-	-	-	-	-	-
Amortisation of FM Radio License	-	7.05	9.40	2.35	-	-
Amortisation of Computer Software	0.89	1.56	1.51	0.27	0.22	-
Interest on Bank Deposits	(76.03)	(77.96)	(78.66)	(21.04)	(20.36)	(9.82)
Interest on income tax paid	25.95	-	-	-	-	-
Prior period interest on income tax written off (Non Cash)	-	9.41	-	-	-	-
Profit on Sale of Fixed Assets	-	(4.60)	(0.18)	(0.08)	(2.79)	-
Income from Investments	(0.25)	(0.03)	(10.54)	(1.40)	-	0.38
Interest paid	5,825.56	4,737.28	3,097.70	1,797.99	998.95	648.17
Operating profit before working capital changes	**10,305.30**	**8,298.13**	**4,606.54**	**2,828.92**	**1,717.31**	**1,086.39**
Movements in working capital :						
(Increase) / Decrease in Loans and Advances	(43,487.91)	(28,898.83)	(7,688.93)	(4,153.57)	(5,946.46)	(1,006.56)
(Increase) / Decrease in other receivables	(1,007.20)	(173.64)	(527.94)	(93.00)	(230.86)	(55.61)
Increase / (Decrease) in Current liabilities	(453.22)	2,722.44	580.69	765.78	136.21	34.43
Cash from/ (used in) operations	**(34,643.02)**	**(18,051.91)**	**(3,029.63)**	**(651.87)**	**(4,323.80)**	**58.65**
Financial Expenses	(5,825.56)	(4,737.28)	(3,097.70)	(1,797.99)	(998.95)	(648.17)
Taxes paid	(778.70)	(1,077.25)	(506.19)	(318.52)	(212.81)	(119.85)
Net cash from/ (used in) operating activities - (A)	**(41,247.27)**	**(23,866.43)**	**(6,633.52)**	**(2,768.38)**	**(5,535.56)**	**(709.37)**
Cash flows from investing activities						
Purchase of fixed assets	(343.47)	(326.88)	(268.60)	(570.36)	(71.45)	(233.82)
Capital Work in Progress	(219.74)	(159.46)	(37.55)	41.76	(127.05)	(8.35)
Proceeds from sale / transfer of Fixed Assets	-	50.48	0.62	0.68	10.22	0.64
Investments	-	10.26	98.12	58.73	(119.25)	(122.53)
Income from Investments	0.25	0.03	10.54	1.40	-	(0.38)
Addition to Computer Software/ FM Radio Licence Fee	-	(0.67)	(6.20)	(94.23)	(1.12)	-
Interest on Bank Deposits	76.03	77.96	78.66	21.04	20.36	9.82
Net cash (used in) investing activities - (B)	**(486.94)**	**(348.28)**	**(124.41)**	**(540.98)**	**(288.29)**	**(354.62)**
Cash flows from financing activities						
Net Proceeds from Issue of Debentures	6,452.01	8,672.68	6,616.55	3,571.15	2,651.96	250.21
Increase / (Decrease) in Loan from Directors / Relatives of Directors	(58.02)	103.49	114.24	44.97	19.53	267.89

Increase / (Decrease) in Bank Borrowings	28,406.74	10,211.09	5,070.71	1,711.52	3,095.16	721.07
Increase / (Decrease) in Unsecurred loans	(3,100.00)	-	-	-	-	-
Increase / (Decrease) in Inter Corporate Loan	2.00	14.53	2.22	(1.10)	1.10	-
Increase / (Decrease) in Subordinated debt	1,832.26	2,147.53	699.15			
Increase / (Decrease) in Commercial Paper	4,489.00	-	-	-	-	-
Proceeds from issuance of equity share capital (including securities premium)	2,556.90	-	500.00	-	250.03	-
Net cash from/ (used in) financing activities - (C)	**40,580.89**	**21,149.32**	**13,002.87**	**5,326.54**	**6,017.78**	**1,239.17**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**(1,153.32)**	**(3,065.40)**	**6,244.94**	**2,017.18**	**193.93**	**175.18**
Cash and cash equivalents as at the beginning of the year	5,759.92	8,825.32	2,580.38	563.21	369.28	194.10
Cash and cash equivalents as at the end of the year	**4,606.59**	**5,759.92**	**8,825.32**	**2,580.38**	**563.21**	**369.28**
Components of cash & cash equivalents						
Cash in Hand	939.64	1,079.49	468.51	271.65	167.38	132.81
With scheduled banks :						
On current accounts	960.36	3,552.13	1,475.80	311.26	77.57	103.64
On deposit accounts	2,706.59	1,128.30	6,881.01	1,997.47	318.26	132.83
	4,606.59	**5,759.92**	**8,825.32**	**2,580.38**	**563.21**	**369.28**

Note:

4. The above statement should be read with the Notes to the Restated Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flows as appearing in Annexure IV.

5. The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard - 3 on Cash Flow Statements of the Companies (Accounting Standard) Rules, 2006.

6. Negative figures represents Cash outflow.

As per our report of even date

PER PRO RANGAMANI & CO.
Chartered Accountants
(FRN: 003050 S)

-sd-
R .SREENIVASAN
Membership No. 20566

Place: Cochin, India
Date: January 10, 2011

For and on behalf of the Board of Directors

-sd-
George Alexander Muthoot
Managing Director

-sd-
M. G. George Muthoot
Chairman

-sd-
Oommen K. Mammen
Chief Financial Officer

-sd-
Rajesh A.
Company Secretary &
Compliance Officer

ANNEXURE IV: NOTES TO THE RESTATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES, PROFITS AND LOSSES AND CASH FLOWS, AS RESTATED UNDER INDIAN GAAP, FOR MUTHOOT FINANCE LIMITED

A. BACKGROUND

1. Muthoot Finance Ltd. was incorporated as a private limited company on 14th March 1997 and was converted into a public limited company on 18th November 2008. The company is promoted by Mr. M. G. George Muthoot, Mr. George Thomas Muthoot, Mr. George Jacob Muthoot and Mr. George Alexander Muthoot collectively operating under the brand name of 'The Muthoot Group', which has diversified interests in the fields of Financial Services, Healthcare, Education, Plantations, Real Estate, Foreign Exchange, Information Technology, Insurance Distribution, Hospitality etc. The Company obtained permission from the Reserve Bank of India for carrying on the business of Non-Banking Financial Institutions on 13.11.2001 vide Regn No. N 16.00167. The company is presently classified as Systemically Important Non-Deposit Taking NBFC (NBFC-ND-SI).

2. The restated summary statement of assets and liabilities of the Company as at November 30, 2010, March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007 and March 31, 2006 and the related restated summary statement of profits and losses and cash flows for the period ended November 30, 2010 and the years ended at March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007 and March 31, 2006 (hereinafter collectively referred to as "Restated Summary Statements") relate to Muthoot Finance Limited ("the Company") and have been prepared specifically for inclusion in the offer document to be filed by the Company with the Securities and Exchange Board of India ("SEBI") in connection with its proposed Initial Public Offering.

3. These Restated Summary Statements have been prepared to comply in all material respects with the requirements of Schedule II to the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "Regulations").

B. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES ADOPTED BY THE COMPANY IN THE PREPARATION OF FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED 30TH NOVEMBER 2010.

1. ACCOUNTING CONCEPTS

The financial statements are prepared on historical cost convention complying with the relevant provisions of the Companies Act, 1956 and the Accounting Standards issued by the Institute of Chartered Accountants of India, as applicable. The company follows prudential norms for income recognition, asset classification and provisioning for non-performing assets as prescribed by Reserve Bank of India vide Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Direction 2007.

2. USE OF ESTIMATES

The preparation of the financial statements requires use of estimates and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of income and expenses during the reporting period and disclosure of contingent liabilities as at that date. The estimates and assumptions used in these financial statements are based upon the management evaluation of the relevant facts and circumstances as of the date of the financial statements. Management believes that these estimates and assumptions used are prudent and reasonable. Future results may vary from these estimates.

3. REVENUE RECOGNITION

Revenues are recognized and expenses are accounted on accrual basis with necessary provisions for all known liabilities and losses. Income from Non- Performing Assets is recognized only when it is realized. Income and expense under bilateral assignment of receivables accrue over the life of the related receivables assigned. Interest income and expenses on bilateral assignment of receivables are accounted on gross basis.

4. EMPLOYEE BENEFITS

A) Short Term Employee Benefits:

Short Term Employee Benefits for services rendered by employees are recognized during the period when the services are rendered.

B) Post employment benefits:

a) Defined Contribution Plan
Provident Fund

Contributions are made to Employees Provident Fund Organization in respect of Provident Fund, Pension Fund and Employees Deposit Linked Insurance Scheme at the prescribed rates and are charged to Profit & Loss Account at actuals.

b) Defined Benefit Plan
Gratuity

The Company makes annual contribution to a Gratuity Fund administered by Trustees and managed by ICICI Prudential Life Insurance Co. Ltd. The Company accounts for its liability for future gratuity benefits based on actuarial valuation determined every year by the Insurance Company.

5. FIXED ASSETS

Fixed assets are stated at historical cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is charged at the rates specified in Schedule XIV of the Companies Act, 1956 on Written Down Value method.

6. FOREIGN EXCHANGE TRANSACTIONS

Foreign currency transactions are recorded, on initial recognition, by applying to the foreign currency amount the exchange rate at the date of the transaction. Foreign currency monetary assets and liabilities are reported using the exchange rate as on the Balance Sheet date. Non-monetary items, which are carried in terms of historical cost denominated in foreign currency, are reported using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items are recognised as income or as expenses in the period in which they arise.

7. INTANGIBLE ASSETS

Intangible Assets are amortized over their expected useful life. It is stated at cost, net of amortization. Computer Software is amortized over a period of five years on straight line basis.

8. TAXES ON INCOME

Income Tax expenses comprises of current tax and deferred tax (asset or liability). Current tax is the amount of tax payable on the taxable income for the year and determined in accordance with the provisions of the Income Tax Act 1961. Deferred tax is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

9. INVESTMENTS

Investments 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 or market value/realizable value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.

10. IMPAIRMENT OF ASSETS

The carrying amounts of assets are reviewed at each balance sheet date to ascertain impairment based on internal / external factors. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the net selling price of the assets or their value in use. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

11. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

Provisions are recognized only when the company has present or legal or constructive obligations as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the transaction and a reliable estimate can be made for the amount of the obligation.

Contingent liability is disclosed for (i) possible obligations which will be confirmed only by future events not wholly within the control of the company or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

12. DEBENTURE REDEMPTION RESERVE

As per the Circular dated 18.04.2002 of Ministry of Corporate Affairs, no Debenture Redemption Reserve is to be created for privately placed debentures of Non-Banking Finance Companies and hence no reserve is created.

13. PROVISION FOR NON PERFORMING ASSETS

Loan receivables are written off / provided for, as per management estimates, subject to the minimum provision required as per Non- Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

14. LEASES

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets, are classified as operating leases.

Where the Company is the Lessor:

Assets given on operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

Where the Company is the lessee:

Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

15. SEGMENT REPORTING

Identification of segments:

a) The Company's operating businesses are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Company has identified three business segments - Financing, Power Generation and FM Radio.

b) In the context of Accounting Standard 17 on Segment Reporting, issued by the Institute of Chartered Accountants of India, company has identified business segment as the primary segment for the purpose of disclosure.

c) Company operates in a single geographical segment. Hence, secondary geographical segment information disclosure is not applicable

d) The segment revenues, results, assets and liabilities include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.

Unallocated items:

Unallocated items include income and expenses which are not allocated to any reportable business segment.

Segment Policies:

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

C. MATERIAL ADJUSTMENTS

i) ADJUSTMENTS MADE IN THE RESTATED SUMMARY STATEMENT OF PROFIT AND LOSSES

₹ Millions

Adjustments made in Restated Profit & Loss Account	Period ended November 30, 2010	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007	Year ended March 31, 2006
Profit after tax as per audited financials	**2,914.84**	**2,275.75**	**977.20**	**635.97**	**439.79**	**271.27**
Adjustments for :						
Prior Period Item - Expenses (prior period interest on income tax) (see note b below) #	-	9.41	(4.46)	(5.32)	(1.23)	(2.41)
Total Adjustments #	**0.00**	**9.41**	**(4.46)**	**(5.32)**	**(1.23)**	**(2.41)**
Adjustment of excess provision of income tax, for earlier years written back	-	-	5.95	-	-	-
Profit after tax, as per Financial Statements as restated	**2,914.84**	**2,285.16**	**978.69**	**630.65**	**438.56**	**268.86**

Figures in brackets represents decrease in profits

a) Prior Period Items

In the audited financial statements of the Company for the year ended March 31, 2010, the Company has written off certain items relating to prior periods. Accordingly, in the preparation of the Restated Summary Statements, the effect of these prior period items has been appropriately adjusted to the results of the respective year/ period to which these items pertain with a corresponding restatement of the respective assets/liabilities. Being permanent differences, there was no impact on deferred tax assets/ liabilities.

b) Excess Provision written back

In respect of the year ended March 31, 2009, the company has recomputed the provision for income tax considering the deduction available under section 80IA of the Income Tax Act, 1961 with respect of the profit from operation of its windmill. Accordingly, in the preparation of the Restated Summary Statements, adjustment of excess provision of income tax, for earlier years written back the effect of reduction in has been appropriately adjusted to the results of the respective year/ period to which these items pertain with a corresponding restatement of the respective assets/liabilities.

ii) ADJUSTMENTS MADE IN THE RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILTIES

							₹ In Millions
Adjustments made in Restated Statement of Assets and Liabilities	**As at November 30, 2010**	**As at March 31, 2010**	**As at March 31, 2009**	**As at March 31, 2008**	**As at March 31, 2007**	**As at March 31, 2006**	**Remarks**
Correction of wrong Accounting Policies							
Investments	-	-	10.00	128.12	186.84	122.86	Refer Note No. (a)
Capital Work in Progress	-	-	-	30.01	135.40	8.35	Refer Note No. (b)
Prior Period Items							
Profit & Loss Account	-	-	15.36	10.91	5.59	4.36	Refer Note No. (c)
Excess Provision for prior periods	-	-	(5.95)	-	-	-	Refer Note No. (d)
Regrouping							
Sundry Debtors	-	-	-	(19.75)	(15.02)	(3.45)	Refer Note No. (e)
Other Current Assets	-	-	(19.41)	(119.28)	(177.41)	(123.77)	Refer Note No. (f)
Loans and Advances	-	-	-	(30.01)	(135.40)	(8.35)	Refer Note No. (g)

Correction of wrong Accounting Policies

(a) Till the year ended March 31, 2009, short term investments classified as and were included under 'other current assets'. Accordingly short term investments have been regrouped to Investments in the Summary Statement of Assets and Liabilities as restated for the years ended March 31, 2009, March 31, 2008, March 31, 2007 and March 31, 2006.

(b) Till the year ended March 31, 2008, Capital Advances were classified as and was included under 'loans and advances'. Accordingly capital advances have been regrouped to 'capital work in progress' under 'fixed assets' in the Summary Statement of Assets and Liabilities as restated for the years ended March 31, 2008, March 31, 2007 and March 31, 2006.

Prior Period Items

(c) In the audited financial statements of the Company for the year ended March 31, 2010, the Company has written off certain items relating to prior periods being interest paid on income taxes. These amounts were grouped and classified under other current assets for the year ending March 31, 2009 and earlier years. Accordingly, in the preparation of the Summary Statement of Assets and Liabilities, as restated, the effect of these prior period items has been appropriately adjusted to the results of the respective year to which these items pertain with a corresponding restatement of the respective assets under 'Other Current Assets'.

(d) During the year ended March 31, 2010, the company has recomputed the provision for income tax considering the deduction available under section 80IA of the Income Tax Act, 1961 with respect of the profit from operation of its windmill for the year ended March 31, 2009. Accordingly, in the preparation of the Summary Statement of Assets and Liabilities, as restated, adjustment of excess provision of income tax, for earlier year written back has been made and the effect of such reduction in has been appropriately adjusted to the results of the year ended March 31, 2009 with a corresponding restatement of the respective provision for taxation.

Regroupings

(e) Upto the year ended March 31, 2008, temporary advances given to parties were classified as sundry debtors and were grouped under Sundry Debtors. Accordingly, in the summary statement of assets and liabilities, as restated, for the years ended March 31, 2008, March 31, 2007 and March 31, 2006, they were regrouped as loans and advances and disclosed under 'Other Loans and Advances'.

(f) Upto the year ended March 31, 2009, company had corrected its wrong accounting policy on investments as per note no. (a) above and adjusted prior period items as per note no. (c) above in the summary statement of assets and liabilities, as restated, for the years ended March 31, 2009, March 31, 2008, March 31, 2007 and March 31, 2006, Accordingly, in the summary statement of assets and liabilities, as restated, for the years ended March 31, 2009, March 31, 2008, March 31, 2007 and March 31, 2006, corresponding amounts are appropriately adjusted in Other Current Assets.

(g) Upto the year ended March 31, 2008, company had corrected its wrong accounting policy on Capital advances as per note (b) above. Accordingly, in the summary statement of assets and liabilities, as restated, for the years ended March 31, 2008, March 31, 2007 and March 31, 2006, corresponding amounts are appropriately adjusted in Other Loans and advances.

iii) RECONCILIATION BETWEEN AUDITED AND RESTATED PROFIT AND LOSS ACCOUNT AS ON APRIL 1, 2005

Particulars	(₹ Millions)
Profit and Loss Account as on April 1, 2005 (Audited)	**488.78**
Prior period interest on income tax (for the period from FY 2002-03 to 2004-05) (See Note (h) below)	(1.95)
Profit and Loss Account as on April 1, 2005 (Restated)	**486.83**

(a) In the audited financial statements of the Company for the year ended March 31, 2010, the Company has written off certain items relating to prior periods being interest paid on income taxes. These amounts were grouped and classified under other current assets for the year ending March 31, 2009 and earlier years. Accordingly, in the preparation of the Summary Statement of Assets and Liabilities, as restated, the effect of these prior period items has been appropriately adjusted to the results of the respective years to which these items pertain. The amounts relating to years prior of year ended March 31, 2006 have been adjusted to the opening balance of the 'Profit and Loss Account' as on April 1, 2005.

D. BALANCE SHEET

1. Non-Convertible Debentures & Subordinated Debts

The Company had privately placed Secured Non-Convertible Debentures under Non-Cumulative Scheme for a maturity period upto 5 years and under Cumulative scheme for a maturity period ranging from 36 months to 90 months.

Subordinated Debt is subordinated to the claims of other creditors and qualifies as Tier II capital under the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank)

Directions 2007. These amounts were raised from promoters and investors other than promoter group, through private placement route.

Particulars	Period ended November 30, 2010	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007	Year ended March 31, 2006
Secured Non-Convertible Debentures	33,644.53	27,192.52	19,019.85	12,403.30	8,832.16	6,180.20
Unsecured Non-Convertible Debentures	-	500.00	-	-	-	-
Subordinated Debt	5,078.94	3,246.68	1,099.15	400.00	400.00	400.00

2. FM Radio Station

The company had obtained license from Government of India for establishing and operating FM Radio Station in Chennai, Tamil Nadu (Radio Business). Radio Station commenced its operations on 1st January 2008.

In accordance with a Scheme of Arrangement and Demerger of Radio Business which was approved by the Honourable High Court of Kerala vide Order dated 09.04.2010, the Radio Business of the Company was demerged and became vested with M/s Muthoot Broadcasting Private Limited on a going concern basis with effect from the appointed date i.e. 01st January 2010.

Accordingly, assets and liabilities of demerged undertaking have been transferred to Muthoot Broadcasting Private Limited at book value and excess of assets over liabilities, ₹ 141.98 Millions was adjusted against Profit & Loss Account, as per the Scheme.

Necessary effects in respect of the above have been given in the books of accounts of the company during the year ended 31st March 2010 and the amount due from Muthoot Broadcasting Private Limited as on 31.03.2010, ₹ 7.54 Millions, was shown under 'Other Loans and Deposits'.

Licence Fee of ₹ 94.02 Millions was being amortized over a period of 10 years starting from 1st January 2008 on straight-line basis and the amortization of the year ended 31st March 2010 was made for a period of nine months only, being amortization upto the appointed date.

3. Balances with Scheduled banks in Deposit Accounts

Out of the balances with Scheduled banks in Deposit Accounts, lien has been marked as under (₹ In Millions):

Purpose	Period ended November 30, 2010	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007	Year ended March 31, 2006
As security for the purpose of counter guarantee	2.00	Nil	3.07	3.10	Nil	Nil
As security for purpose of overdraft facility	20.06	20.01	19.89	20.50	17.28	Nil
As credit enhancement for bilateral assignment of receivables	2,679.25	1,037.11	1,313.94	813.87	Nil	Nil
Others	5.28	0.21	0.35	Nil	26.34	Nil

4. Current Assets, Loans & Advances

In the opinion of the Board of Directors, Current Assets, Loans and Advances have a value as stated in the Balance Sheet, if realized in its ordinary course of business.

5. Loans and Advances (₹ In Millions)

Purpose	Period ended November 31, 2010	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007	Year ended March 31, 2006
(a) Loans considered good in respect	97,054.92	53,920.78	25,379.58	17,812.03	13,644.24	7,763.30

of which Company is fully secured						
(b) Loans considered good in respect of which Company holds no security other than the borrower's personal security	56.05	33.96	19.18	17.22	37.12	24.20
(c) Loans considered doubtful or bad	461.05	343.58	1,61.07	92.57	23.43	15.90
(d) Sundry Debtors, Considered good, Unsecured						
i. Exceeding six months	Nil	Nil	Nil	Nil	Nil	Nil
ii. Other Debts	69.21	33.45	40.95	54.67	36.68	16.30
(e) Debts due by directors	Nil	Nil	Nil	Nil	Nil	Nil
(f) Loans and advances due by directors or other officers of the Company or any of them either jointly or severally with any other person	Nil	Nil	Nil	Nil	Nil	Nil
(g) Loans and advances due by firms or private limited companies in which such director is a partner or a director or a member	Nil	7.54	Nil	Nil	Nil	Nil
(h) Loans and advances due from companies under same management within the meaning of section 370(1B) of the Companies Act	Nil	Nil	Nil	Nil	Nil	Nil
(i) Maximum amount due by directors or other officers of the Company any time during the year	Nil	Nil	Nil	Nil	Nil	Nil
(j) Deposits / Loans from Directors and relatives	512.58	570.60	467.11	35.29	30.79	28.84

6. Retail Loans (₹ In Millions)

Particulars	Period ended November 30, 2010	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007	Year ended March 31, 2006
Gross Retail Loan assets under management	130,036.81	74,381.48	33,690.08	22,262.80	14,512.54	7,803.43
Less: Sell down of receivables under bilateral assignment	32,464.80	20,083.16	8,130.25	4,340.97	8,07.76	Nil
Net Retail Loan assets as per Balance Sheet	97,572.01	54,298.31	25,559.83	17,921.82	13,704.79	7,803.43
Break-up of Gross Retail Loan assets under management						
Gold Loan Receivables	128,977.72	73,417.35	33,000.73	21,790.07	14,200.57	7,592.88
Loan against Muthoot Gold Bonds	1,003.04	930.17	670.16	455.51	277.15	186.31
Other Loans	56.05	33.96	19.18	17.22	34.83	24.24

7. Deferred Tax Asset / (Liability)

As per the requirement of the Accounting Standard - 22, the company has created a deferred tax provision which consist of the following: **(₹ in Millions)**

Particulars	Period ended November 30, 2010	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007	Year ended March 31, 2006
Deferred Tax Asset:						
Timing Difference on account of :						
Depreciation	(41.07)	(36.85)	(43.35)	(44.63)	(47.87)	(29.91)
Provision for NPA	16.78	12.45	5.48	2.90	0.55	0.30
Deferred Tax Liability:						
Timing Difference on account of:						

Amortization of software	(0.14)	(0.44)	Nil	Nil	Nil	Nil
Total	**(24.43)**	**(24.84)**	**(37.87)**	**(41.73)**	**(47.32)**	**(29.61)**

E. PROFIT AND LOSS ACCOUNT

1. Provision for Non-Performing Assets (₹ In Millions)

Particulars	Period ended November 30, 2010	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007	Year ended March 31, 2006
Substandard Assets	437.26	324.64	161.07	92.57	23.43	15.93
Doubtful Assets	23.79	18.94	Nil	Nil	Nil	Nil
Total Non Performing Assets	461.05	343.58	161.07	92.57	23.43	15.93
Provision required as per Prudential Norms	50.12	37.08	16.11	9.26	2.34	1.59
Provision already available	37.08	16.11	9.26	2.34	1.59	1.15
Additional provision made during the year	13.04	20.97	6.85	6.92	0.75	0.44

2. Payment to Directors: (₹ In Millions)

Particulars	Period ended November 30, 2010	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007	Year ended March 31, 2006
Salary to Whole Time Directors	128.00	192.22	120.90	48.90	48.90	12.90
Sitting fee to Non Executive Directors	0.36	0.08	0.14	0.00	0.00	0.00
Total	**128.36**	**192.30**	**121.04**	**48.90**	**48.90**	**12.90**

The above remuneration is within the limits specified under section 198 of the Companies Act, 1956.

Directors are not paid any commission as a percentage of profits.

3. Leases

The Company has not taken or let out any assets on financial lease.

All operating lease agreements entered into by the Company are cancellable in nature. Hence Company has debited/credited the lease rent paid/received to the Profit and Loss Account.

Consequently, disclosure requirement of future minimum lease payments in respect of non-cancellable operating lease as per AS 19 is not applicable to the company.

Lease rentals received for assets let out on operating lease are recognized as income in the Profit and Loss Account under the head 'Other Income' and lease payments for assets taken on an operating lease are recognized as 'Rent Paid' in the Profit and Loss Account. The amounts are given below:

Particulars	Period November 30, 2010	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007	Year ended March 31, 2006
Rent Received	0.37	0.52	0.37	0.13	0.02	0.08
Rent Paid	330.31	290.13	130.72	81.88	47.36	32.38

4. Statutory Reserve

Statutory Reserve represents the Reserve Fund created under Section 45-IC of the Reserve Bank of India Act, 1934. An amount representing 20% of Net Profit is transferred to the Fund for each year. No appropriation was made from the Reserve Fund during the period under restatement.

5. Employee Benefits

a) Defined Contribution Plan

Company has recognized in the Profit and Loss account in Schedule 12 – Administrative and Other Expenses:
(₹ In millions)

Particulars	Period ended November 30, 2010	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007	Year ended March 31, 2006
Contribution to Provident Fund	42.56	35.62	22.57	14.53	9.81	2.33
Contribution to Employees State Insurance Scheme	12.32	9.32	4.16	3.04	0.00	0.00

b) Defined Benefit Plan

Gratuity liability is funded through a Gratuity Fund managed by ICICI Prudential Life Insurance Company Limited. Company has remitted the following amounts: **(₹ In millions)**

Particulars	Period ended November 30, 2010	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007	Year ended March 31, 2006
Contribution to Group Gratuity Premium	26.32	39.48	14.11	8.13	1.49	2.05

F. GENERAL

1. Earning Per Share

As per Accounting Standard 20, earning per share is calculated by dividing the net profit or loss for the year attributable to equity share holders by the weighted average number of equity shares outstanding during the year. The details of calculation of the basic and diluted earnings per share are stated below:

Particulars	Period ending November 30, 2010	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007	Year ended March 31, 2006
Net Profit/(Loss) after tax as Restated (₹ Millions)	2,914.84	2,285.16	978.69	630.65	438.56	268.86
Weighted average number of equity shares outstanding during the year (Millions)	313.26	301.00	280.10	245.71	216.91	196.44
Adjusted Face Value per share	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-
Earnings Per Share (₹)	**9.30**	**7.59**	**3.49**	**2.57**	**2.02**	**1.37**

Weighted average number of equity shares outstanding during the period and for all periods presented, are adjusted for bonus issues made during the periods.

2. Disclosure with regard to dues to Micro and Small Enterprises

Based on the information available with the Company and has been relied upon by the auditors, none of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Accordingly, no disclosures relating to amounts unpaid as at the period ended 30th November, 2010 together with interest paid /payable are required to be furnished.

3. Segment Reporting

a) The Company is engaged in three segments of business – Financing, Power Generation and FM Radio (Up to 31.12.2009)
b) In the context of Accounting Standard 17 on Segment Reporting, issued by the Institute of Chartered Accountants of India, company has identified business segment as the primary segment for the purpose of disclosure. The segment revenues, results, assets and liabilities include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.
c) Company operates in a single geographical segment. Hence, secondary geographical segment information disclosure is not applicable

(₹ In Millions)

Particulars	Financing						Power Generation					
	Period ended November 30, 2010	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007	Period ended March 31, 2006	Period ended November 30, 2010	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007	Period ended March 31, 2006
External revenue	12,893.47	10,774.16	6,062.32	3,579.37	2,235.85	1,428.28	21.36	25.11	22.12	17.37	20.40	0.00
Total revenue	**12,893.47**	**10,774.16**	**6,062.32**	**3,579.37**	**2,235.85**	**1,428.28**	**21.36**	**25.11**	**22.12**	**17.37**	**20.40**	**0.00**
SEGMENT RESULT	4,445.01	3,582.51	1,526.76	1,393.61	653.57	374.01	18.94	21.59	(2.10)	(22.72)	(18.39)	0.00
Other Income	101.34	84.84	117.87	89.43	80.58	52.27	0.00	0.00	0.00	0.00	0.00	0.00
Unallocated corporate Income							0.00	0.00				
Unallocated corporate expenses												
Operating profit	**4,546.35**	**3,667.35**	**1,644.63**	**1,483.04**	**734.15**	**426.28**	**18.94**	**21.59**	**(2.10)**	**(22.72)**	**(18.39)**	**0.00**
Income taxes												

Profit After Tax	**4,546.35**	**3,667.35**	**1,644.63**	**1,483.04**	**734.15**	**426.28**	**18.94**	**21.59**	**(2.10)**	**(22.72)**	**(18.39)**	**0.00**
OTHER INFORMATION												
Segment assets	107,109.67	63,300.69	37,003.34	22,489.58	15,779.08	9,131.65	69.78	79.66	98.12	121.21	150.06	186.00
Unallocated corporate assets												
TOTAL ASSETS	**107,109.67**	**63,300.69**	**37,003.34**	**22,489.58**	**15,779.08**	**9,131.65**	**69.78**	**79.66**	**98.12**	**121.21**	**150.06**	**186.00**
Segment liabilities	90,787.10	52,754.28	31,587.93	18,983.04	13,586.52	8,058.77	0.00	0.00	0.00	0.00	0.00	0.00
Unallocated corporate liabilities												
TOTAL LIABILITIES	**90,787.10**	**52,754.28**	**31,587.93**	**18,983.04**	**13,586.52**	**8,058.77**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Capital expenditure	562.45	485.57	179.06	464.97	198.51	55.77	0.00	0.00	0.00	0.00	0.00	186.40
Depreciation	95.12	123.01	63.73	45.32	35.03	33.46	9.88	18.47	23.08	28.82	35.94	0.40
Non cash expenses other than depreciation	16.80	28.50	8.16	0.13	7.39	0.22	0.00	0.00	0.00	0.00	0.00	0.00

Particulars	**FM Radio**						**Total**					
	Period ended November 30, 2010	**Year ended March 31, 2010**	**Year ended March 31, 2009**	**Year ended March 31, 2008**	**Year ended March 31, 2007**	**Period ended March 31, 2006**	**Period ended November 30, 2010**	**Year ended March 31, 2010**	**Year ended March 31, 2009**	**Year ended March 31, 2008**	**Year ended March 31, 2007**	**Period ended March 31, 2006**
External revenue	0.00	3.96	1.08	0.00	0.00	0.00	12,914.83	10,803.23	6,085.52	3,596.74	2,256.25	1,428.28
Total revenue	**0.00**	**3.96**	**1.08**	**0.00**	**0.00**	**0.00**	**12,914.83**	**10,803.23**	**6,085.52**	**3,596.74**	**2,256.25**	**1,428.28**
SEGMENT RESULT	0.00	(38.90)	(40.12)	0.00	0.00	0.00	4,463.95	3,565.20	1,484.54	1,370.89	635.18	374.01
Other Income	0.00	0.37	0.07	0.00	0.00	0.00	101.34	85.21	117.94	89.43	80.58	52.27
Unallocated												
Unallocated corporate Income							0.47	5.36	0.56	0.21	2.82	0.08
Unallocated corporate expenses							(154.61)	(200.24)	(121.34)	(490.75)	(49.02)	(13.00)
Operating profit	**0.00**	**(38.53)**	**(40.05)**	**0.00**	**0.00**	**0.00**	**4,411.15**	**3,455.53**	**1,481.70**	**969.78**	**669.56**	**413.36**
Income taxes							1,496.31	1,179.78	504.50	333.81	229.78	142.09
Profit After Tax	**0.00**	**(38.53)**	**(40.05)**	**0.00**	**0.00**	**0.00**	**2,914.84**	**2,275.75**	**977.20**	**635.97**	**439.78**	**271.27**
OTHER INFORMATION												
Segment assets	0.00	0.00	144.08	68.85	0.00	0.00	107,179.45	63,380.35	37,245.54	22,679.64	15,929.14	9,317.65
Unallocated corporate assets							609.39	1,049.45	489.98	323.17	216.74	121.58
TOTAL ASSETS	**0.00**	**0.00**	**77,081.50**	**85,804.23**	**67,764.24**		**107,788.84**	**64,429.80**	**37,735.52**	**23,002.81**	**16,145.88**	**9,439.23**
Segment liabilities	0.00	0.00	0.00	9,209.32	4,929.63		90,787.10	52,754.28	31,587.93	9,209.32	4,929.63	0.00
Unallocated corporate liabilities							42.14	50.97	68.00	85.01	120.00	0.00
TOTAL LIABILITIES	**0.00**	**0.00**	**0.00**	9,209.32	4,929.63		**90,829.24**	**52,805.25**	**31,655.93**	**9,294.33**	**5,049.63**	**0.00**
Capital expenditure	0.00	0.77	70.58	63.63	0.00	0.00	562.45	486.34	249.64	528.60	198.51	242.17
Depreciation	0.00	7.42	11.97	0.00	0.00	0.00	105.00	148.90	98.78	74.14	70.97	33.86
Non cash expenses other than depreciation	0.00	7.28	9.61	9.40	2.35	0.22	16.80	35.78	17.77	9.53	9.74	0.44

4. All figures are in ₹ million except otherwise stated and have been rounded off to the second decimal.

5. Figures for the period 2010-11 represents figures for the eight months period from 1st April, 2010 to 30th November 2010.

As per our report of even date

PER PRO RANGAMANI & CO.
Chartered Accountants
(FRN: 003050 S)

-sd-
R .SREENIVASAN
Membership No. 20566

Place: Cochin, India
Date: January 10, 2011

For and on behalf of the Board of Directors

-sd-
George Alexander Muthoot
Managing Director

-sd-
Oommen K. Mammen
Chief Financial Officer

-sd-
M. G. George Muthoot
Chairman

-sd-
Rajesh A.
Company Secretary &
Compliance Officer

ANNEXURE-V: DETAILS OF INTEREST INCOME

								₹ In Millions
SOURCE OF INCOME	**For the period ended November 30, 2010**	**For the year ended March 31, 2010**	**For the year ended March 31, 2009**	**For the Year ended March 31, 2008**	**For the year ended March 31, 2007**	**For the Year ended March 31, 2006**	**Nature**	**Related/ Not Related to business activity**
Interest Income on Retail Loans	12,817.43	10,696.56	5,983.73	3,557.09	2,215.49	1,419.55	Recurring	Related
Interest on Bank Deposits	76.03	77.96	78.66	22.28	20.36	8.73	Recurring	Related
Total	**12,893.47**	**10,774.52**	**6,062.39**	**3,579.37**	**2,235.85**	**1,428.28**		
Notes:								
The figures disclosed above are based on the Restated Summary Statement of Profits and Losses of the Company.								

ANNEXURE VI: DETAILS OF OTHER INCOME

								₹ In Millions
SOURCE OF INCOME	**For the period ended November 30, 2010**	**For the year ended March 31, 2010**	**For the year ended March 31, 2009**	**For the Year ended March 31, 2008**	**For the year ended March 31, 2007**	**For the Year ended March 31, 2006**	**Nature**	**Related/ Not Related to business activity**
Other Income, as restated	123.17	119.28	141.63	107.01	103.80	52.35		
Profit/ (Loss) before tax, as restated	4,411.15	3,455.53	1,481.70	969.78	669.57	413.36		
Percentage	**2.79%**	**3.45%**	**9.56%**	**11.03%**	**15.50%**	**12.66%**		
Source of Income								
Rent Received	0.37	0.52	0.37	0.13	0.02	0.08	Recurring	Related
Income from Investments	0.25	0.03	10.54	1.40	-	0.38	Recurring	Related
Income from Money Transfer Business	39.89	64.14	62.91	51.11	31.21	19.14	Recurring	Related
Income from Windmill	21.36	25.11	22.12	17.37	20.40	-	Recurring	Related
Income from Radio Business	-	3.96	-	-	-	-	Non Recurring	Not Related
Profit on sale of fixed assets	-	4.60	0.18	0.08	2.79	-	Non Recurring	Related
Postage Collected	0.02	0.01	19.85	-	16.27	14.74	Recurring	Related
Service Charges Collected	50.65	18.31	23.05	34.48	27.70	3.79	Recurring	Related
Misellaneous income	7.28	2.36	2.60	2.31	2.99	0.67	Recurring	Related
Token Charges Collected	0.01	-	0.01	0.10	2.23	13.37	Recurring	Related
Brokerage from Mutual Funds	-	-	-	0.03	0.19	-	Non Recurring	Related
Transaction Charges Collected	3.23	-	-	-	-	-	Non Recurring	Related
Late Fee Collected	-	-	-	-	-	0.18	Non Recurring	Related
Voice of Wealth Income	0.10	0.24	-	-	-	-	Recurring	Related
Total	**123.17**	**119.28**	**141.63**	**107.01**	**103.80**	**52.35**		

Notes:

1. The classification of 'Other Income' as Recurring/ Non Recurring and Related/ Not Related to business activities is based on the current operations and business activities of the company as determined by the management.

2. The figures disclosed above are based on the Restated Summary Statement of Profits and Losses of the Company.

ANNEXURE VII: CAPITALIZATION STATEMENT AS AT NOVEMBER 30, 2010

			₹ In Millions
	PARTICULARS	**Pre Issue**	**Post Issue**
	Long Term Debts	19,532.33	19,532.33
	Short Term Debts	71,296.90	71,296.90
	Total Debts	**90,829.23**	**90,829.23**
	Shareholders' Funds		
	- Equity Share Capital	3,202.13	3,717.13
	- Preference Share Capital	-	-
	Reserves and Surplus, as Restated		
	- Securities Premium Account	2,364.77	10,862.27
	- Profit and Loss Account	4,173.66	4,173.66
	Statutory Reserves	1,576.64	1,576.64
	Miscellaneous Expenditure (to the extent not written off)	(2.65)	(2.65)
	Total Shareholders' Funds	**11,314.55**	**20,327.05**
	Long Term Debts/ Equity	**1.73**	**0.96**

Notes:

1. Short term debts represent debts which are due within twelve months from November 30,2010
2. Long term debts represent debts other than short term debts, as defined above.

3. The Pre-Issue figures disclosed above are based on the Restated Summary Statement of Assets and Liabilities of the Company as at November 30, 2010

4. Long Term Debts/ Equity = $\frac{\text{Long Term Debts}}{\text{Shareholders' Funds}}$

5. The Post-Issue figures disclosed above, other than Equity Share Capital and Securities Premium Account, are based on the Restated Summary Statement of Assets and Liabilities of the Company as at November 30, 2010

ANNEXURE-VIII: DETAILS OF LOANS

						₹ In Millions
A. SECURED LOANS						
Particulars	**As at November 30, 2010**	**As at March 31, 2010**	**As at March 31, 2009**	**As at March 31, 2008**	**As at March 31, 2007**	**As at March 31, 2006**
Loans from banks:						
Loan against deposit from Bank	-	-	-	-	22.60	-
OD facility from Banks	2.01	2.83	5.31	8.78	3.82	45.23
Cash Credit Facilities	46,241.29	17,824.89	10,594.30	5,491.11	4,138.94	1,025.52
Rupee Term Loans	442.14	450.97	468.00	385.01	120.00	-
Debentures						
Redeemable, Non-convertible debentures	33,644.53	27,192.52	19,019.85	12,403.29	8,832.16	6,180.20
Collaterised Borrowing and Lending Obligation						
From Banks	-	-	-	112.00	-	119.46
Total	**80,329.97**	**45,471.22**	**30,087.45**	**18,400.19**	**13,117.52**	**7,370.41**

Notes:-

1. Cash credit facilities from banks to the extent of ₹ 2.01 million are secured against pledge of fixed deposit with the banks amounting to ₹ 20.06 million together with the interest and all monies payable thereunder.

2. Cash credit facilities from banks amounting to ₹ 46,241.29 million are secured by way of by paripassu floating charge on current assets, book debts, Loans & advances, receivables including gold loan receivables.

3. Rupee term loan of ₹ 400.00 million availed from a bank is secured by mortgage of immovable property and subservient charge on current assets, book debts, Loans & advances, receivables including gold loan receivables.

4. Rupee term loan of ₹ 42.14 million availed from a bank is secured by specific charge on wind mills and land appurtenant thereto.

5. Secured Non Convertible debentures of ₹ 33,500.21 million is secured by mortgage of immovable property and a paripassu floating charge on current assets, book debts, Loans & advances, receivables including gold loan receivables.

6. Secured Non Convertible debentures of ₹ 144.32 million is secured by mortgage of immovable property and a charge on all movable fixed assets.

7. The details of security for loans above have been disclosed only in respect of those loans which were outstanding as at November 30, 2010

8. The figures disclosed above are based on the Restated Summary Statement of Assets and Liabilities of the Company.

ANNEXURE-VIII: DETAILS OF LOANS

B. UNSECURED LOANS						₹ In Millions
Particulars	**As at November 30, 2010**	**As at March 31, 2010**	**As at March 31, 2009**	**As at March 31, 2008**	**As at March 31, 2007**	**As at March 31, 2006**
Short Term						
From Banks						
- Unsecured Loan from Bank	400.00	3,000.00	-	-	-	-
- Commercial Paper	4,489.00	-	-	-	-	-
From Others						
- Loan from Directors / Relatives of Directors	512.58	570.60	467.11	352.87	307.90	288.37
- Inter Corporate Loans	18.75	16.75	2.22	-	1.10	-
- Debentures	-	500.00	-	-	-	-
Long Term						
From Banks	-	-	-	-	-	-
From Others						
- Subordinate Debts	5,078.94	3,246.68	1,099.15	400.00	400.00	400.00
Total	**10,499.26**	**7,334.03**	**1,568.48**	**752.87**	**709.00**	**688.37**
Notes:						
The figures disclosed above are based on the Restated Summary Statement of Assets and Liabilities of the Company**.**						

ANNEXURE IX: DETAILS OF INVESTMENTS

						₹ In Millions
Particulars	**As at November 30, 2010**	**As at March 31, 2010**	**As at March 31, 2009**	**As at March 31, 2008**	**As at March 31, 2007**	**As at March 31, 2006**
Trade Investments, Unquoted						
Long Term Investments (At cost)						
A. In Wholly Owned Subsidiary Companies	-	-	-	-	-	-
B. In Other Subsidiaries	-	-	-	-	-	-
C. In Other Companies						
28,500 equity shares of ₹ 10/- each in Muthoot Broadcasting Private Limited	-	-	0.26	0.26	0.26	-
4,500,000 equity shares of ₹ 10/- each in Muthoot Exchange Company Private Limited	45.00	45.00	45.00	55.00	55.00	-
3,000,000 equity shares of ₹ 10/- each in Muthoot Securities Limited	30.00	30.00	30.00	-	-	-
Total	**75.00**	**75.00**	**75.26**	**55.26**	**55.26**	**-**
Trade Investments, Quoted						
Long Term Investments (At cost)						
A. In Wholly Owned Subsidiary Companies	-	-	-	-	-	-
B. In Other Subsidiaries	-	-	-	-	-	-
C. In Other Companies						
454 equity shares of ₹ 10/- each in Union Bank of India	0.05	0.05	0.05	0.05	0.05	0.05
Total	**0.05**	**0.05**	**0.05**	**0.05**	**0.05**	**0.05**
Non-Trade Investments, Quoted						
Current Investments (At lower of cost or market value)						
Nil (10.25% Govt. of India Bonds)	-	-	-	118.12	116.84	122.86
Nil (LIC Mutual Fund - Liquid Fund)	-	-	10.00	10.00	70.00	-
Total	**-**	**-**	**10.00**	**128.12**	**186.84**	**122.86**
Grand Total	**75.05**	**75.05**	**85.31**	**183.43**	**242.15**	**122.91**
Aggregate amount of Unquoted investments	**75.00**	**75.00**	**75.26**	**55.26**	**55.26**	**-**
Aggregate amount of Quoted investments	**0.05**	**0.05**	**10.05**	**128.17**	**186.89**	**122.91**

Note:

The figures disclosed above are based on the Restated Summary Statement of Assets and Liabilities of the Company**.**

ANNEXURE X: DETAILS OF SUNDRY DEBTORS

						₹ In Millions
Particulars	**As at November 30, 2010**	**As at March 31, 2010**	**As at March 31, 2009**	**As at March 31, 2008**	**As at March 31, 2007**	**As at March 31, 2006**
Unsecured, Considered Good						
Debts Outstanding for a period exceeding six months	-	-	-	-	-	-
Other Debts	69.21	33.45	40.95	34.92	21.66	12.85
Total	**69.21**	**33.45**	**40.95**	**34.92**	**21.66**	**12.85**
Amount outstanding from Promoters / Promoter Group/ Group Companies / Directors / Relatives of Directors						
From Promoter group companies	-	-	-	-	-	-
From Subsidiary companies	-	-	-	-	-	-
Total	-	-	-	-	-	-

Notes:

1. The List of persons/ entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by Auditors. The Auditors have not performed any procedures to determine whether this list is accurate or complete.

2. The figures disclosed above are based on the Restated Summary Statement of Assets and Liabilities of the Company.

ANNEXURE-XI: OTHER CURRENT ASSETS

						₹ In Millions
Particulars	**As at November 30, 2010**	**As at March 31, 2010**	**As at March 31, 2009**	**As at March 31, 2008**	**As at March 31, 2007**	**As at March 31, 2006**
Fully Secured, Considered Good						
Interest Receivable on Loans and Advances	2,330.13	1,358.69	1,177.54	655.65	575.92	353.87
Unsecured, Considered Good						
Tax Deducted at source	5.15	22.45	24.61	9.49	6.3	2.35
Advance Income Tax	604.24	1027.01	451.7	299.68	200.29	112.2
Advance Fringe Benefit Tax	-	-	4.24	3.09	4.55	2.66
Unsecured, Considered Doubtful	-	-	-	-	-	-
Total	**2,939.51**	**2,408.14**	**1,658.09**	**967.91**	**787.06**	**471.07**

Notes:

The figures disclosed above are based on the Restated Summary Statement of Assets and Liabilities of the Company.

ANNEXURE-XII: DETAIL OF LOANS AND ADVANCES

						₹ In Millions
Particulars	**As at November 30, 2010**	**As at March 31, 2010**	**As at March 31, 2009**	**As at March 31, 2008**	**As at March 31, 2007**	**As at March 31, 2006**
Fully Secured, Considered good						
Gold Loans	95,995.83	52,990.61	24,709.43	17,356.52	13,367.09	7,576.95
Loan against Muthoot Gold Bonds	1,059.09	930.16	670.16	455.51	277.15	186.31
Total	**97,054.92**	**53,920.77**	**25,379.59**	**17,812.03**	**13,644.24**	**7,763.26**
Unsecured, Considered good						
Retail Loans	56.05	33.96	19.18	17.22	37.12	24.24
Other Loans & Advances	532.87	318.67	175.69	124.78	188.23	143.14
Total	**588.92**	**352.63**	**194.87**	**142.00**	**225.35**	**167.38**
Fully Secured, Considered doubtful						
Gold Loans	461.05	343.58	161.07	92.57	23.43	15.93
Sub-Total	461.05	343.58	161.07	92.57	23.43	15.93
Less: Provision for doubtful advances	50.12	37.08	16.11	9.26	2.34	1.59
Total	**410.93**	**306.50**	**144.96**	**83.31**	**21.09**	**14.34**
Grand Total	**98,054.77**	**54,579.90**	**25,719.42**	**18,037.33**	**13,890.68**	**7,944.97**
Amount outstanding from Promoter Group/Subsidiary Companies						
From Promoter Group Companies	-	-	-	-	-	-
From Subsidiary Companies	-	-	-	-	-	-
Total	**-**	-	-	-	-	-

Notes:

1. The List of persons/ entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by Auditors. The Auditors have not performed any procedures to determine whether this list is accurate or complete.

2. Provision is made for doubtful advances as per RBI norms which is shown separately under the head 'Provisions'

3. The figures disclosed above are based on the Restated Summary Statement of Assets and Liabilities of the Company.

ANNEXURE-XIII: STATEMENT OF TAX SHELTERS

						₹ In Millions
PARTICULARS	**For the period ended November 30, 2010**	**For the year ended March 31, 2010**	**For the year ended March 31, 2009**	**For the year ended March 31, 2008**	**For the year ended March 31, 2007**	**For the Year ended March 31, 2006**
Profits/ (Losses) before Current and Restated taxes as per books, as restated (A)	**4,411.15**	**3,455.53**	**1,481.70**	**969.78**	**669.57**	**413.36**
Income Tax Rates (including surcharge and education cess) applicable (B)	33.99%	33.99%	33.99%	33.99%	33.66%	33.66%
Tax at national rates (C)	**1,499.35**	**1,174.53**	**503.63**	**329.63**	**225.38**	**139.14**
Permanent Differences						
Preliminary Expenses written off	-	1.56	1.51	2.62	0.22	-
Provision for NPA	13.04	20.98	6.85	6.91	0.75	0.44
Profit on sale of fixed assets	-	(0.08)	(0.18)	(0.08)	(2.79)	-
Fee for Capital increase	2.40	15.00	-	-	-	-
Income tax charged in Profit & loss account	25.95	9.41	-	-	-	-
Short term Capital gain on sale of land	-	-	-	-	2.79	-
Total Permanent Differences (D)	**41.39**	**46.87**	**8.18**	**9.45**	**0.97**	**0.44**
Timing Differences						
Differences between book depreciation and tax depreciation	(11.80)	16.66	4.51	9.49	(53.32)	(73.04)
Total Timing Differences (E)	**(11.80)**	**16.66**	**4.51**	**9.49**	**(53.32)**	**(73.04)**
Profit set off against brought forward losses and unabsorbed depreciation of previous years (F)	-	-	-	-	-	-
Net Adjustments (G) = (D+E+F)	**29.59**	**63.53**	**12.69**	**18.94**	**(52.35)**	**(72.60)**
Tax impact of adjustments (H) = (G)*(B)	10.06	21.59	4.31	6.44	(17.62)	(24.44)
Deduction u/s 80IA **(I)**	37.33	20.89	17.51	-	-	-
Taxable Income (J) = (A+G-I)	**4,403.41**	**3,498.17**	**1,476.88**	**988.72**	**617.22**	**340.76**
Tax provision based on taxable income (K) = (J * B)	**1,496.72**	**1,189.03**	**501.99**	**336.07**	**207.76**	**114.70**
Round off made in provisioning	-	-	-	-	(0.07)	(0.10)
Error in provisioning	-	3.78	-	-	-	-
Excess provision on account of non claiming of Sec 80 IA in the previous year	-	-	5.95	-	-	-
Total tax provision for current tax (L)	**1,496.72**	**1,192.81**	**507.94**	**336.07**	**207.68**	**114.60**
Deferred tax Charges/ (Credit) on differences between book depreciation and depreciation under the Income Tax Act, 1961 (M)	3.92	(6.07)	(1.53)	(3.23)	17.95	24.59
Provision for FBT(N)	-	-	0.42	3.32	4.40	3.05
Deferred tax Charges/ (Credit) on Provision for NPA (O)	(4.33)	(6.96)	(2.33)	(2.35)	(0.25)	(0.15)
Total tax expense/ (Credit) during the year on time difference (P) = (L+M+N+O)	**1,496.31**	**1,179.78**	**504.50**	**333.82**	**229.78**	**142.09**

Notes:

1. The aforesaid Statement of Tax Shelters is based on the Profit/ (Losses) as per the 'Restated Summary Statement of Profit and Losses' of Muthoot Finance Limited.
2. Provision for NPA is not considered for calculating the Deferred Tax Liability / Asset, as said provision represents a statutory provision as per the guidelines of RBI and in the opinion of the company, it does not result in a timing difference

ANNEXURE-XIV: STATEMENT OF ACCOUNTING RATIOS

						₹ In Millions
PARTICULARS	**For the period ended November 30, 2010**	**For the year ended March 31, 2010**	**For the year ended March 31, 2009**	**For the year ended March 31, 2008**	**For the year ended March 31, 2007**	**For the Year ended March 31, 2006**
Earnings/ (Loss) per Share – Basic (₹)	9.30	7.59	3.49	2.57	2.02	1.37
Earnings/ (Loss) per Share – Diluted (₹)	9.30	7.59	3.49	2.57	2.02	1.37
Return on Net Worth (%)	25.76%	39.12%	27.08%	29.59%	27.55%	29.73%
Net Asset Value per Equity Share (₹)	35.33	19.41	73.76	426.21	318.41	226.24
Weighted average number of equity shares used in calculating Basic EPS	313,255,816	301,000,000	280,097,456	245,714,286	216,912,581	196,435,303
Add: Weighted average numbers of equity shares which would be issued on the allotment against share application money or exercise of option	-	-	-	-	-	-
Weighted average number of equity shares used in calculating Diluted EPS	313,255,816	301,000,000	280,097,456	245,714,286	216,912,581	196,435,303
Total number of equity shares outstanding at the end of the year/ period	320,212,768	301,000,000	49,000,000	5,000,000	5,000,000	3,997,230
Notes:						
1. The ratios have been computed as below:						
Earnings per Share		Net Profit/ (Loss) as restated, attributable to equity shareholders				
		Weighted average number of equity shares outstanding during the year (restated)				
Return on Net Worth (%)		Net Profit/ (Loss) after tax, as restated				
		Net Worth as restated				
Net Assets Value per Equity Share (₹)		Net Worth as restated				
		Number of equity shares outstanding at the end of the year				

2. Net Worth = Equity Share Capital (+) Share Application Money pending allotment (+) Securities Premium Account (+/-) Surplus/ (Deficit) in Profit and Loss Account (-) Miscellaneous Expenditure (to the extent not written off).

3. Earning per share calculations are in accordance with Accounting Standard 20 "Earning Per share". Basic Earning Per Share and Diluted Earnings Per Share for the period ended November 30, 2010, years ended March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007 and March 31, 2006 have been adjusted for the bonus shares issued by the Company during the year ended March 31, 2009 in the ratio of 7:1 and during the year ended March 31, 2010 in the ratio 36:7

4. The figures disclosed above are based on the Restated Summary Statement of Assets and Liabilities and Profits and Losses of the Company.

ANNEXURE-XV: DETAILS OF RATES OF DIVIDEND

							₹ In Millions
PARTICULARS	**Face Value (₹/ Share)**	**As at November 30, 2010**	**As at March 31, 2010**	**As at March 31, 2009**	**As at March 31, 2008**	**As at March 31, 2007**	**As at March 31, 2006**
Class of Shares							
Equity Share Capital	10.00	3,202.13	3,010.00	490.00	50.00	50.00	39.97
Dividend							
Dividend on Equity Shares							
- Rate on the face value		0%	0%	0%	0%	0%	0%
- Amount		-	-	-	-	-	-
Dividend Tax		-	-	-	-	-	-
Note:							
The amount paid as dividends in the past are not necessarily indicative of the Company's dividend policy in the future.							

ANNEXURE XVI: DETAILS OF CURRENT LIABILITIES

						₹ In Millions
Particulars	**As at November 30, 2010**	**As at March 31, 2010**	**As at March 31, 2009**	**As at March 31, 2008**	**As at March 31, 2007**	**As at March 31, 2006**
Interest accrued but not due	3,280.29	2,034.48	1,156.80	644.60	424.53	301.53
Statutory Dues	18.42	17.71	20.79	15.49	13.94	8.99
Other Expenses Payable	649.04	2,372.70	587.53	536.15	0.12	0.10
Other Current Liabilities	123.37	99.46	40.44	28.63	20.52	12.26
Total	**4,071.13**	**4,524.35**	**1,805.57**	**1,224.88**	**459.10**	**322.89**

ANNEXURE XVII: DETAILS OF CONTINGENT LIABILITIES

					₹ In Millions	
Particulars	**As at November 30, 2010**	**As at March 31, 2010**	**As at March 31, 2009**	**As at March 31, 2008**	**As at March 31, 2007**	**As at March 31, 2006**
Claims against the Company, not acknowledged as debts						
i) Service Tax demand for the period-2003-2008, pending in appeal with CESTAT *Commissioner of Central Excise, Customs and Service Tax, Cochin has raised a demand of ₹ 22.12 Millions (Previous year ₹ 9.19 Millions) as Service tax liability and equal amount as penalty. During the course of the proceedings Company paid ₹ 2.09 Millions. The Appellate Authority admitted the Appeal preferred by the company and granted stay of recovery, on pre-deposit of ₹ 4.30 Millions. Pending disposal of appeal, no provision has been made by the company during the year .*	15.73	15.73	9.19	Nil	Nil	Nil
ii) Income tax demand for Assessment Year 2004-05, pending in appeal with ITAT *Assistant Commissioner of Income Tax, Circle 1(3), Ernakulam has filed an appeal before ITAT against the order of Commissioner of Income Tax (Appeals) – II, Cochin demanding ₹ 5.09 Millions (Previous year ₹ 5.09 Millions). Pending disposal of appeal, no provision has been made by the company during the year .*	Nil	Nil	Nil	Nil	Nil	Nil
iii) Income tax demand for *Assessment Year 2006-07, pending in appeal with ITAT* *Company has filed an appeal before ITAT against the order of Commissioner of Income Tax (Appeals) – II, Cochin demanding ₹ 1.05 Millions (Previous year ₹ Nil). Pending disposal of appeal, no provision has been made by the company during the year .*	Nil	Nil	Nil	Nil	Nil	Nil
Estimated amount of contracts remaining to be executed on capital accounts and not provided for	71.1	26.9	Nil	Nil	Nil	Nil
Other money for which company is contingently liable:						
i) Counter Guarantee provided to Banks	32.3	30.3	33.37	3.07	Nil	Nil
ii) Cash collateral provided as credit enhancement for bilateral assignment of receivables	2679.25	1037.11	1313.94	813.87	Nil	Nil
iii) Over collateral provided as credit enhancement for bilateral assignment of receivables	83.73	80.12	77.51	141.18	Nil	Nil
iv) Corporate guarantee provided as credit enhancement for bilateral assignment of receivables	741.59	1500.01	Nil	Nil	Nil	Nil

ANNEXURE XVIII A: DETAILS OF THE LIST OF RELATED PARTIES AND NATURE OF RELATIONSHIPS

A.	Key Managerial Personnel (with whom transactions have taken place during the Year)					
Sl. No.	**For the period ended November 30, 2010**	**For the year ended March 31, 2010**	**For the year ended March 31, 2009**	**For the year ended March 31, 2008**	**For the year ended March 31, 2007**	**For the year ended March 31, 2006**
1	M. G. George Muthoot (Chairman)	M. G. George Muthoot (Chairman)	M. G. George Muthoot (Chairman)	M. G. George Muthoot (Chairman)	M. G. George Muthoot (Chairman)	M. G. George Muthoot (Chairman)
2	George Alexander Muthoot (Managing Director)	George Alexander Muthoot (Managing Director)	George Alexander Muthoot (Managing Director)	George Alexander Muthoot (Managing Director)	George Alexander Muthoot (Managing Director)	George Alexander Muthoot (Managing Director)
3	George Thomas Muthoot (Director)	George Thomas Muthoot (Director)	George Thomas Muthoot (Director)	George Thomas Muthoot (Director)	George Thomas Muthoot (Director)	George Thomas Muthoot (Director)
4	George Jacob Muthoot (Director)	George Jacob Muthoot (Director)	George Jacob Muthoot (Director)	George Jacob Muthoot (Director)	George Jacob Muthoot (Director)	George Jacob Muthoot (Director)
B.	**Relatives of key managerial personnel (with whom transactions have taken place during the period)**					
Sl. No.	**For the period ended November 30, 2010**	**For the year ended March 31, 2010**	**For the year ended March 31, 2009**	**For the year ended March 31, 2008**	**For the year ended March 31, 2007**	**For the year ended March 31, 2006**
1	Sara George w/o M. G. George Muthoot	Sara George w/o M. G. George Muthoot	Sara George w/o M. G. George Muthoot	Sara George w/o M. G. George Muthoot	Sara George w/o M. G. George Muthoot	Sara George w/o M. G. George Muthoot
2	Susan Thomas w/o George Thomas Muthoot	Susan Thomas w/o George Thomas Muthoot	Susan Thomas w/o George Thomas Muthoot	Susan Thomas w/o George Thomas Muthoot	Susan Thomas w/o George Thomas Muthoot	Anna Alexander w/o George Alexander Muthoot
3	Elizabeth Jacob w/o George Jacob Muthoot	Elizabeth Jacob w/o George Jacob Muthoot	Elizabeth Jacob w/o George Jacob Muthoot	Elizabeth Jacob w/o George Jacob Muthoot	Elizabeth Jacob w/o George Jacob Muthoot	George M. George s/o M. G. George Muthoot
4	Anna Alexander w/o George Alexander Muthoot	Anna Alexander w/o George Alexander Muthoot	Anna Alexander w/o George Alexander Muthoot	Anna Alexander w/o George Alexander Muthoot	Anna Alexander w/o George Alexander Muthoot	Alexander M. George s/o M. G. George Muthoot

5	George M. George s/o M. G. George Muthoot	George M. George s/o M. G. George Muthoot	George M. George s/o M. G. George Muthoot	George M. George s/o M. G. George Muthoot	George M. George s/o M. G. George Muthoot	George Alexander (Jr.) s/o George Alexander Muthoot
6	Alexander M. George s/o M. G. George Muthoot	Alexander M. George s/o M. G. George Muthoot	Alexander M. George s/o M. G. George Muthoot	Alexander M. George s/o M. G. George Muthoot	Alexander M. George s/o M. G. George Muthoot	Eapen Alexander s/o George Alexander Muthoot
7	George M. Jacob s/o George Jacob Muthoot	George M. Jacob s/o George Jacob Muthoot	George M. Jacob s/o George Jacob Muthoot	George M. Jacob s/o George Jacob Muthoot	George M. Jacob s/o George Jacob Muthoot	
8	George Alexander (Jr.) s/o George Alexander Muthoot	George Alexander (Jr.) s/o George Alexander Muthoot	George Alexander (Jr.) s/o George Alexander Muthoot	George Alexander (Jr.) s/o George Alexander Muthoot	George Alexander (Jr.) s/o George Alexander Muthoot	
9	Eapen Alexander s/o George Alexander Muthoot	Eapen Alexander s/o George Alexander Muthoot	Eapen Alexander s/o George Alexander Muthoot	Eapen Alexander s/o George Alexander Muthoot	Eapen Alexander s/o George Alexander Muthoot	

C.	**Enterprises that directly or indirectly through one or more intermediaries are controlled by the reporting enterprise (Subsidiaries), irrespective of whether transactions have occurred or not :-**					
Sl. No.	**For the period ended November 30, 2010**	**For the year ended March 31, 2010**	**For the year ended March 31, 2009**	**For the year ended March 31, 2008**	**For the year ended March 31, 2007**	**For the year ended March 31, 2006**
			NIL			

D	**Investing party or venturer in respect of which the reporting entity is an Associate or Joint Venture (with whom transactions have taken place during the period):**					
Sl. No.	**For the period ended November 30, 2010**	**For the year ended March 31, 2010**	**For the year ended March 31, 2009**	**For the year ended March 31, 2008**	**For the year ended March 31, 2007**	**For the year ended March 31, 2006**
			NIL			

E.	**Enterprise owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise (with whom transactions have taken place during the year):**					
Sl. No.	**For the period ended November 30, 2010**	**For the year ended March 31, 2010**	**For the year ended March 31, 2009**	**For the year ended March 31, 2008**	**For the year ended March 31, 2007**	**For the year ended March 31, 2006**
1		Muthoot Vehicle And Assets Finance Limited	Muthoot Vehicle And Assets Finance Limited	Muthoot Vehicle And Assets Finance Limited		
2	Muthoot Leisure And Hospitality Services Pvt. Limited	Muthoot Leisure And Hospitality Services Pvt. Limited	Muthoot Leisure And Hospitality Services Pvt. Limited	Muthoot Leisure And Hospitality Services Pvt. Limited		
3	M.G.M. Muthoot Medical Centre Pvt. Limited.	MGM Muthoot Medical Centre Pvt. Limited.	MGM Muthoot Medical Centre Pvt. Limited.	MGM Muthoot Medical Centre Pvt. Limited.		
4		Muthoot Marketing Services Pvt. Limited.	Muthoot Marketing Services Pvt. Limited.	Muthoot Marketing Services Pvt. Limited.	Muthoot Marketing Services Pvt. Limited.	
5	Muthoot Broadcasting Pvt. Limited	Muthoot Broadcasting Pvt. Limited	Muthoot Broadcasting Pvt. Limited	Muthoot Broadcasting Pvt. Limited		
6	Muthoot Exchange Company Pvt. Limited.	Muthoot Exchange Company Pvt. Limited.	Muthoot Exchange Company Pvt. Limited.	Muthoot Exchange Company Pvt. Limited.		
7	Backdrop Advertising Pvt. Limited	Backdrop Advertising Pvt. Limited				
8	Muthoot Global Transfers Pvt. Limited	Muthoot Global Transfers Pvt. Limited	Muthoot Global Transfers Pvt. Limited	Muthoot Global Transfers Pvt. Limited		
9	Emgee Board and Paper Mills Pvt. Limited	Emgee Board and Paper Mills Pvt. Limited	Emgee Board and Paper Mills Pvt. Limited	Emgee Board and Paper Mills Pvt. Limited		
10	MGM Muthoot Medical Centre	MGM Muthoot Medical Centre	MGM Muthoot Medical Centre	MGM Muthoot Medical Centre		

11	Muthoot Precious Metals Corporation	Muthoot Precious Metals Corporation	Muthoot Precious Metals Corporation	Muthoot Precious Metals Corporation		
12	GMG Associates	GMG Associates	GMG Associates	GMG Associates		

ANNEXURE XVIII: B. DETAILS OF THE LIST OF RELATED PARTIES AND NATURE OF RELATIONSHIPS

₹ In Millions

Sl. No.	Particulars	Entities in which the significant influence exists					
		For the period ended November 30, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007	For the year ended March 31, 2006
A	**Transactions during the year**						
1	Purchase of Travel Tickets for Company Executives/Directors/Customers	4.20	2.96	2.30	2.17	-	-
2	Travel Arrangements for Company Executives/Customers	1.67	0.98	0.70	0.12	-	-
3	Marketing of Money Transfer Business Outside the Country	-	3.60	1.40	4.80	4.80	-
4	Accommodation facilities for Company Executives/Clients/Customers	0.08	0.04	0.08	0.07	-	-
5	Complementary Medical Health Check Ups for Customers/ Employees	1.16	1.44	1.24	1.22	-	-
6	Release of Advertisements in Outdoor, Print and Electronic Media	37.50	61.53	-	-	-	-
7	Sale of Gold Ornaments in Public Auction	-	6.41	37.05	13.53	-	-
8	Branding Expenses paid outside India	3.86	10.23	-	-	-	-
9	Interest on Hire Purchase Loan	-	-	0.19	0.16	1.49	0.77
10	Hire Purchase Loan Repayment	-	-	0.81	0.67	(19.55)	(4.54)
11	Interest to Directors/relatives	-	-	-	-	-	-
12	Interest on Inter Corporate Deposits	1.93	0.68	0.43	0.65	1.43	-
13	Remuneration to Directors	-	-	-	-	-	-
14	Remuneration to Directors' Relatives	-	-	-	-	-	-
15	Transaction Charges received	0.29	-	-	-	-	-
16	Loans accepted	-	-	-	-	-	-
17	Loans Repaid	-	-	-	-	-	-
18	Security Deposit Accepted	-	40.00	-	-	-	-
19	Inter Corporate Deposits accepted	14.40	20.10	11.37	51.77	101.25	-
20	Inter corporate Deposits repaid	12.40	5.57	9.15	52.87	100.15	-
21	Rent paid	-	-	-	-	-	-
22	Loans availed by the Company for which guarantee is provided by related parties	400.00	400.00	400.00	400.00	400.00	-
23	Loans availed by the Company for which collateral security is provided by related parties	400.00	400.00	400.00	400.00	400.00	-

₹ In Millions

Sl. No.	Particulars	Key Managerial Personnel					
		For the period ended November 30, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007	For the year ended March 31, 2006
A	**Transactions during the year**						
1	Purchase of Travel Tickets for Company Executives/Directors/Customers	-	-	-	-	-	-
2	Travel Arrangements for Company Executives/Customers	-	-	-	-	-	-
3	Marketing of Money Transfer Business Outside the Country	-	-	-	-	-	-
4	Accommodation facilities for	-	-	-	-	-	-

	Company Executives/Clients/Customers						
5	Complementary Medical Health Check Ups for Customers/ Employees	-	-	-	-	-	-
6	Release of Advertisements in Outdoor, Print and Electronic Media	-	-	-	-	-	-
7	Sale of Gold Ornaments in Public Auction	-	-	-	-	-	-
8	Branding Expenses paid outside India	-	-	-	-	-	-
9	Interest on Hire Purchase Loan	-	-	-	-	-	-
10	Hire Purchase Loan Repayment	-	-	-	-	-	-
11	Interest to Directors/relatives	75.33	124.58	104.83	98.46	96.67	71.68
12	Interest on Inter Corporate Deposits	-	-	-	-	-	-
13	Remuneration to Directors	128.00	192.23	120.90	48.90	48.90	12.90
14	Remuneration to Directors' Relatives	-	-	-	-	-	-
15	Transaction Charges received	-	-	-	-	-	-
16	Loans accepted	169.17	162.23	592.48	114.11	419.53	382.00
17	Loans Repaid	272.34	197.04	608.82	69.14	399.00	1.11
18	Security Deposit Accepted	-	-	-	-	-	-
19	Inter Corporate Deposits accepted	-	-	-	-	-	-
20	Inter corporate Deposits repaid	-	-	-	-	-	-
21	Rent paid	2.04	5.92	-	-	-	-
22	Loans availed by the Company for which guarantee is provided by related parties	51,832.10	25,475.00	12,435.00	12,435.00	12,435.00	-
23	Loans availed by the Company for which collateral security is provided by related parties	135.00	135.00	135.00	135.00	135.00	-

₹ In Millions

Sl. No.	Particulars	Relative of Key Managerial Personnel					
		For the period ended November 30, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007	For the year ended March 31, 2006
A	**Transactions during the year**						
1	Purchase of Travel Tickets for Company Executives/Directors/Customers	-	-	-	-	-	-
2	Travel Arrangements for Company Executives/Customers	-	-	-	-	-	-
3	Marketing of Money Transfer Business Outside the Country	-	-	-	-	-	-
4	Accommodation facilities for Company Executives/Clients/Customers	-	-	-	-	-	-
5	Complementary Medical Health Check Ups for Customers/ Employees	-	-	-	-	-	-
6	Release of Advertisements in Outdoor, Print and Electronic Media	-	-	-	-	-	-
7	Sale of Gold Ornaments in Public Auction	-	-	-	-	-	-
8	Branding Expenses paid outside India	-	-	-	-	-	-
9	Interest on Hire Purchase Loan	-	-	-	-	-	-
10	Hire Purchase Loan Repayment	-	-	-	-	-	-
11	Interest to Directors/relatives	-	-	-	-	-	-
12	Interest on Inter Corporate Deposits	-	-	-	-	-	-
13	Remuneration to Directors	-	-	-	-	-	-

14	Remuneration to Directors' Relatives	0.88	1.23	1.82	-	-	-
15	Transaction Charges received	-	-	-	-	-	-
16	Loans accepted	-	-	-	-	-	-
17	Loans Repaid	-	-	-	-	-	-
18	Security Deposit Accepted	-	-	-	-	-	-
19	Inter Corporate Deposits accepted	-	-	-	-	-	-
20	Inter corporate Deposits repaid	-	-	-	-	-	-
21	Rent paid	-	22.10	-	-	-	-
22	Loans availed by the Company for which guarantee is provided by related parties	51,832.10	25,475.00	12,435.00	12,435.00	12,435.00	-
23	Loans availed by the Company for which collateral security is provided by related parties	-	-	-	-	-	-

FINANCIAL INDEBTEDNESS

As on November 30, 2010, the aggregate outstanding borrowings of the Company based on our audited restated financial statements are as follows:

(₹in Millions)

S. No.	Nature of Borrowing	Amount
1.	Secured Borrowings	80,329.97
2.	Unsecured Borrowings	10,499.26

Secured Loans

1. ***Loan taken by the Company from Dhanalakshmi Bank Limited***

Term loan agreement dated September 24, 2009, General hypothecation agreement dated September 24, 2009, Demand promissory note Delivery letter dated September 24, 2009, Sanction letter dated January 01, 2010, Term loan agreement with hypothecation dated January 06, 2010, Supplemental general hypothecation agreement dated January 06, 2010, Demand promissory note dated January 06, 2010, Overdraft/Cash Credit agreement dated January 06, 2010.

Sanctioned amount (₹ in Millions)	Amount outstanding as on February 28, 2011 (₹ in Millions)	Interest	Purpose of Loan/Repayment/Security
590.00	590.00	10.50% per annum fixed for the cash credit, with an annual reset linked to BPLR. 9.50% per annum for the existing short term loan of ₹ 300,000,000, to be reset every 6 months. 7.50% per annum for proposed short term loan with half yearly reset clause.	▪ This loan has been availed for working capital requirements of the Company. ▪ The loan is repayable as a lump sum with roll over option in every six months. The bank is entitled to recall sums advanced to the Company at any point in time, if the loan is utilised for a purpose other than the purpose of sanction of this facility. ▪ The loan has been secured by: a. A *pari passu* charge on current assets, book debts and loans and advances and receivables including gold loan receivables with other financing banks under multiple banking arrangements b. First charge on the profits of our Company. c. Demand promissory note from the Company. d. Personal guarantees of M G George Muthoot, George Jacob, George Thomas Muthoot, George Alexander Muthoot, Sara George, and Anna Alexander.

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from Dhanalakshmi Bank:

- The Company shall not, without the prior consent of the bank, create any interest in the hypothecated assets in favour of a third party.
- The Company shall not sell or dispose of or create any interest in the hypothecated assets during the continuance of the agreement.
- The Company shall not, without the prior approval of the bank, open any advance or deposit account, with any other bank.
- The Company shall not declare dividend without the express consent of the bank.
- The Company shall obtain prior consent of the bank to extend any guarantee for the credit facilities extended to allied concerns of the Company.
- The Company shall obtain the prior consent of the bank to repay monies brought in by the Promoters, Directors, principal shareholders of the Company, and their friends and relatives.

2. ***Loans from Dena Bank***

Sanction letter dated August 13, 2009, Agreement of hypothecation (Goods, Book Debts and Other Movable assets to secure Multiple Facilities), Sanction letter dated March 01, 2010.

Sanctioned amount (in ₹ millions)	Amount outstanding as on February 28, 2011 (in ₹ millions)	Interest	Purpose of Loan/Repayment/Security
700.00	699.65	Discount of 4% from the specified PLR being a minimum of 8.5%	▪ This facility is by way of overdrafts, cash credits, term loans, pre-shipment and post shipment credits, opening of letters of credit, issuing of guarantees and indemnities, negotiation and discounting of bills and cheques. ▪ The loan is re-payable in bullet on demand by the bank. ▪ The loan has been secured by: (i) Pari passu first charge on all of the Company's current assets and book debits loans and advances including gold loan receivables; (ii) Personal guarantee of M.G. George Muthoot, George Alexander Muthoot, George Jacob Muthoot and George Thomas Muthoot.

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from Dena Bank:

- The Company shall not, without the prior approval of the bank, open any advance or deposit account, with any other bank.
- The Company shall not, without the prior consent of the bank, create any interest in the hypothecated assets in favour of a third party.
- The Company shall not take any outside borrowing without the bank's permission.
- The Company shall not lend more than 15% of net owned funds to a single party or 25% of its own net owned funds to a single group of parties.
- The Company shall not without the prior consent of the bank formulate any scheme of amalgamation or reconstruction.
- The Company shall not without the prior consent of the bank, declare dividends except out of the profits of that year after making all due and necessary provisions, and provided further that no default has occurred in any term repayment obligations, and the Company is able to maintain adequate working capital margins.
- The Company shall not without the prior consent of the bank repay long term funds secured from Directors and Promoters of the Company by way of loans/deposits.
- Gold held as security by the Company should not be pledged further for raising resources, during the currency of this loan.

3. ***Loan taken by the Company from State Bank of India***

Agreement of loan for overall limit dated May 26, 2008, Sanction letter dated October 26, 2009, Supplemental agreement of loan for increase in overall limit dated October 27, 2009, Supplemental agreement of hypothecation of goods and assets for increase in the overall limit dated October 27, 2009, and Sanction letter dated February 09, 2011.

Sanctioned amount (₹ in Millions)	Amount outstanding as on February 28, 2011 (₹in Millions)	Interest	Purpose of Loan/Repayment/Security
2,000.00	2,000.00	0.5% below the State Bank Advanced Rate, with a minimum of 11.25% per annum.	▪ This supplemental loan has been availed as an increase in the credit facilities in Indian and foreign currencies given by way of overdrafts, cash credits, term loans, pre-shipment and post-shipment credits, opening of letters of credits, issuing of guarantees, negotiation and discounting of demand and/or usance bills and cheques inland as well as foreign and such other facilities as may be mutually agreed upon. ▪ The loan is available for 12 months from October 20, 2009. ▪ The working capital facility is repayable on demand, and the tenure of short term loans shall be decided upon availment. ▪ The loan has been secured by: a. First charge by way of hypothecation of all present and future goods, book debts and other movable assets of the Company in favour of the bank. b. Personal guarantee of M.G. George Muthoot, George Alexander Muthoot, George Jacob Muthoot, Anna Alexander and George Thomas Muthoot

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from State Bank of India:

- The Company shall not, without the prior consent of the bank, change or alter its capital structure.
- The Company shall not, without the prior approval of the bank, effect any scheme of amalgamation or reconstitution.
- The Company shall not, without the prior approval of the bank, implement a new scheme of expansion or take up an allied line of business or manufacture or enlarge the scope of activities presently undertaken.
- The Company shall not, without the prior approval of the bank, declare dividends or distribute profits.
- The Company shall not, without the prior approval of the bank, allow the Promoters or Directors of the Company to withdraw any moneys brought in by them.
- The Company shall not, without the prior approval of the bank, invest any funds by way of deposits, loans or in share capital of any other concern (including subsidiaries).
- The Company shall not borrow or obtain credit facilities from any bank or financial institution without the bank's prior consent.
- The Company shall not, without the prior consent of the bank, amend its charter documents.
- The Company shall not, without the prior consent of the bank, sell or dispose off any of its business.
- The Company shall not, without the prior consent of the bank, create further charge on the assets of the Company charged with the bank.
- The Company shall, not without the prior consent of the bank undertake guarantee obligations on behalf of any other company.
- The Company shall not, without the prior consent of the bank, enter into long term contractual obligations directly affecting the financial position of the Company.
- The Company shall not vest large financial powers in a single individual for loan financing, and other investments in money, foreign exchange, and capital markets.
- The Company shall not, without the prior consent of the bank, permit any change of control of the Company.

- The bank has a right to convert the debt to equity at a time felt appropriate by the bank at a mutually acceptable formula.
- The Company shall not change the remuneration of Directors by means of ordinary remuneration, sitting fees, commission etc.

4. ***Loan taken by the Company from IDBI Bank***

Facilities agreement dated October 04, 2005, Sanction letter dated September 12, 2009, Supplemental facilities agreement dated September 15, 2009, Supplemental deed of hypothecation dated September 15, 2009, Sanction letter dated September 04, 2010, Supplemental facilities agreement dated September 06, 2010, Supplemental deed of hypothecation dated September 06 , 2010.

Sanctioned amount (₹ in Millions)	Amount outstanding as on February 28, 2011 (₹ in Millions)	Interest	Purpose of Loan/Repayment/Security
5,000.00, (comprising of a cash credit facility of ₹ 5,000.00 million with a working capital demand loan facility of ₹ 2,250.00 million as a sublimit of the cash credit facility)	4,990.93	For the cash credit facility - 11% per annum i.e. 3% below the BPLR payable monthly. For the working capital demand loan – as determined by the bank at the time of drawdown.	▪ This supplemental loan has been availed as an increase in the working capital facilities including cash credit and short term loan granted to the Company to ₹ 5,000 million from the Agreement of Loan dated October 04, 2005, sanctioning ₹ 250 million and enhanced as per sanction letter dated January 15, 2007 to ₹ 450 million and further enhanced by sanction letter dated August 24, 2007 to ₹ 750 million and further enhanced on July 16, 2008 to ₹ 1,250 million and further enhanced on September 15, 2009 to ₹ 2,250 million. ▪ Repayment of the cash credit facility of ₹ 5,000 million shall be out of internal accruals, on demand by the bank. ▪ Repayment of the working capital demand loan facility of ₹ 2,250 million, shall be made at the end of three months from the sanction, and shall be out of internal accruals. ▪ The loan has been secured by first charge on all the present and future goods, book-debts and all other movable assets of the Company and personal guarantee of M.G.George Muthoot, George Alexander Muthoot, George Jacob Muthoot and George Thomas Muthoot.

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from IDBI Bank:

- The bank reserves the right to withdraw the facilities in the event of any change in circumstances, including a material change in the ownership, shareholding pattern and management of the Company.
- The Company shall not divert the facilities to inter-corporate deposits, debentures, stocks and shares or real estate business.

5. ***Loan taken by the Company from State Bank of Travancore***

Agreement of loan for overall working capital limit dated September 19, 2005, Supplemental agreement of loan for increase in the overall working capital limit dated October 30, 2007, Supplemental agreement of hypothecation of goods and assets for increase in overall working capital limit dated October 30, 2007, Sanction letter dated October 10, 2010 and Supplemental agreement of hypothecation of goods and assets for increase in overall working capital limit dated October 20, 2008, Sanction letter dated September 04, 2010, Supplemental agreement of loan for increase in the overall working capital limit dated September 04, 2010, Supplemental agreement of hypothecation of goods and assets for increase in overall working capital limit dated September 04, 2010, Supplemental guarantee for increase in overall working capital limits dated September 04, 2010

Sanctioned amount (₹ in Millions)	Amount outstanding as on February 28, 2011 (₹ in Millions)	Interest	Purpose of Loan/Repayment/Security
1,750.00	1,749.28	Working capital loan facility - Interest on the principal amount of loan outstanding at 3.25% above the base rate, presently at 11% per annum with monthly rests or such other rate as advised by the bank from time to time. A penal interest of 2% per annum will be charged on the irregular amounts for any irregularities in cash credit accounts. Term loan facility - Interest on the principal amount of loan outstanding at 2.25% above the base rate, presently at 10% per annum with monthly rests. A penal interest of 2% for any default in the repayment of any instalments due under the facility.	▪ The Supplemental Loan Agreement dated September 04, 2010 has been executed for enhancement of credit facilities availed by the Company under the Agreement of Loan dated August 16, 2005 and modified by the agreement dated October 30, 2007 and Supplemental Agreement dated October 30, 2007 with the bank. ▪ Under this facility, the Company is granted Indian and foreign currencies facility for overdrafts, cash credits, pre-shipment and post-shipment credits, opening of letter of credits, issuing of guarantees and indemnities, negotiating and discounting of demand and / or usance bills and cheques. ▪ The loan has been secured by a continuing charge on all the hypothecated goods and assets under the previous loan agreements and a first charge on all further goods and assets acquired by or under the enhanced or increased credit limits as a continuing security, and a pari passu first charge on the current assets of the Company, and personal guarantees of M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot, George Alexander Muthoot, Sara George, and Anna Alexander.

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from State Bank of Travancore:

- The Company shall not, without the prior consent of the bank, change or alter its capital structure.
- The Company shall not, without the prior approval of the bank, effect any scheme of amalgamation or reconstruction.
- The Company shall not, without the prior approval of the bank, undertake a new project, implement a new scheme of expansion or take up an allied line of business or manufacture or enlarge the scope of activities presently undertaken, or acquire fixed assets other than as disclosed in the funds flow statement submitted to the bank.
- The Company shall, not without the prior consent of the bank invest by way of share capital in any other concern except in the ordinary course of business.
- The Company shall not, without the prior approval of the bank, declare dividends or distribute profits.
- The Company shall not, without the prior approval of the bank, allow the promoters or Directors of the Company to withdraw any moneys brought in by them.
- The Company shall not, without the prior approval of the bank, invest any funds by way of deposits, loans or in share capital of any other concern (including subsidiaries).
- The Company shall not, without the prior approval of the bank, borrow or obtain credit facilities from any bank or financial institution including a branch of the State Bank of Travancore without the bank's prior consent.
- The Company shall not, without the prior approval of the bank, alter its Memorandum or Articles.
- The Company shall not, without the prior approval of the bank, undertake any guarantee obligations on behalf of any other company (including group companies).
- The Company shall not, without the prior approval of the bank, create any charge, lien or encumbrance over its undertaking in favour of any financial institution, bank, company, firm or person.
- The Company shall not, without the prior approval of the bank, enter into a contractual obligation of a long term nature.
- The Company shall not, without the prior approval of the bank, change the practice with regard to the remuneration of Directors.
- The Company shall not, without the prior approval of the bank, sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the bank.
- The promoters of the company shall not disinvest their quota in the equity of the Company.

6. ***Loan taken by the Company from Axis Bank Limited***

Sanction letter dated August 25, 2009, Demand/Short term credit facility agreement dated September 07, 2009, Deed of hypothecation of current assets (stock and book debts) dated September 07, 2009, and Letter of arrangement for cash credit advances dated September 07, 2009, Sanction letter dated October 18, 2010, Deed of hypothecation of current assets (stock and book debts) dated October 27, 2010, Deeds of guarantee of M G George Muthoot, George Alexander Muthoot dated October 27, 2010, Demand/short term credit facility agreement dated October 27, 2010, Letter of arrangement dated October 27, 2010, and Demand promissory note dated October 27, 2010.

Sanctioned amount (₹ in Millions)	**Amount outstanding as on February 28, 2011 (₹ in Millions)**	**Interest**	**Purpose of Loan/Repayment/Security**
1,750.00 (with a sub-limit of ₹ 1,500.00 million as a working capital demand loan)	1,729.06	For cash credit: 10.50% per annum (base rate of Axis Bank + 2.75%). For working capital demand loan: 9.75% per annum (base rate of Axis Bank + 2%)	▪ This loan has been availed as a cash credit facility, to meet the working capital requirements of the Company. ▪ The principal amount of the loan is repayable on demand. Interest on the credit facility at the end of every month. The bank may at any time during the currency of this facility demand immediate repayment of all amounts, if any interest remains unpaid on its due date of payment. ▪ The loan has been secured by: a. First charge on entire current assets including gold loan receivables with a margin of 25%; and b. Personal guarantees of M.G.George Muthoot and George Alexander Muthoot.

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from Axis Bank:

- The Company shall not, without the prior written consent of the bank, permit any change in the ownership or control of the Company which will change the effective beneficial ownership or control of the Company and the Company shall not effect any material change in the management of the business or make any amendments to the Company's memorandum and articles of association.
- The Company will be liable to pay penal interest of 2% per annum for delay/non-submission of stock statements, financial follow up reports, overdrawing in the account, on the amount overdrawn, or if overdrawing amounts occurs more than three times in a calendar month, on the entire amount outstanding in the account.
- The Company shall not, without intimating the bank assume any guarantee or become directly or contingently become liable for the obligation of any person except for transaction in the ordinary course of business.
- The Company shall not assign, directly or indirectly any of its rights and obligations under the agreements executed with the bank.
- The Company shall not create any interest in the hypothecated assets or assets which may be hypothecated in the future in favour of a third party.
- The Company shall not divert the facilities for any long term purposes.
- The Company shall utilise the loan solely for the purpose of the gold loan business and shall not be utilised for subscription to or purchase of shares/debentures, extending loans to subsidiary companies/associates or for making inter-corporate deposits, or any speculative purposes.
- The Company shall, not without the prior consent of the bank, conclude any fresh borrowing arrangement, either secured or unsecured with any other bank or financial institutions.
- The Company shall, not without the prior consent of the bank create a further charge on their fixed assets.
- The Company shall, not without the prior consent of the bank, to undertake any expansion or fresh project or acquire fixed assets, other than normal capital expenditure.
- The Company shall, not without the bank's prior intimation in writing, invest by way of share capital in any other concern except in the ordinary course of business.

- The Company shall, not without the bank's prior intimation in writing, formulate any scheme of amalgamation or reconstruction, or acquisition.
- The Company shall, not without the bank's prior intimation in writing, undertake guarantee obligations on behalf of any other borrower or any third party.
- The Company shall, not without the bank's prior intimation in writing, declare dividend for any year, except out of the profits of that year, after making all due and necessary provisions, and provided that no default has occurred in its repayment obligations.
- The Company shall, not without the bank's prior intimation in writing, repay loans and deposits and discharge liabilities except those shown in the funds flow statement to the bank.
- The Company shall, not without the bank's prior intimation in writing, make any change in their management set-up.

7. ***Loan taken by the Company from Kotak Mahindra Bank Limited***

Master facility agreement dated July 04, 2008, Sanction letter dated August 07, 2009, Supplemental agreement to the master facility agreement dated August 18, 2009, Principal deed of hypothecation dated August 22, 2007, Supplemental deed of hypothecation dated March 19, 2009, Supplemental deed of hypothecation dated August 18, 2009, Sanction letter dated June 29, 2010, Supplemental agreement to the master facility agreement dated June 30, 2010, Supplemental deed of hypothecation dated June 30, 2010, Sanction letter dated July 21, 2010, Supplemental agreement to the master facility agreement dated July 22, 2010, Supplemental deed of hypothecation dated July 22, 2010, Letter of continuing security dated July 22, 2010, Demand promissory note dated July 22, 2010, Sanction letter dated September 04, 2010.

Sanctioned amount (₹ in Millions)	**Amount outstanding as on February 28, 2011 (₹ in Millions)**	**Interest**	**Purpose of Loan/Repayment/Security**
2,500.00 (comprising of a short term loan – I of ₹ 400.00 million, short term loan – II of ₹ 1,500.00 million, short term loan – III of ₹ 500.00 million, and cash credit facility of ₹ 100.00 million.)	1,994.94	As mutually agreed between the Company and the bank for the short term loan – I and short term loan – II.	▪ This Supplemental Agreement to the Master Facility Agreement dated July 22, 2010 has been executed for enhancement of credit facilities availed by the Company under the Master Facility Agreement dated July 04, 2008 with the bank, from ₹ 2,000 million to ₹ 2,500 million. ▪ This loan has been availed as a short term, term loan and cash credit facilities subject to the maximum aggregate limit of ₹ 2,500 million. ▪ Short term loan – I, short term loan – II and short term loan – III shall be repayable by debiting the current account of the Company with the bank at the end of each tranche. ▪ The enhanced credit facilities has been secured by: a. Hypothecation of the additional hypothecated assets being the entire current assets (gold loan receivables) both present and future of the Company and as a *pari passu* charge created over all the existing and future current assets with a margin of 25%. b. Personal guarantees of M G George Muthoot, George Alexander Muthoot, Anna Alexander, George Jacob Muthoot, and George Thomas Muthoot. c. Demand Promissory Note for ₹ 500,000,000 from the Company. d. Mortgage of all that piece and parcel of Industrial Plots with all the constructions standing thereon and to be constructed in future with all income, receipts, accession and all rights of the Industrial Plot No. 107/25 admeasuring 7,078.70 square yards and Industrial Plot No. 108/25, admeasuring 7,069.44 square yards, both situated at Sector No. 25, Faridabad, conveyed by HUDA; e. Subservient charge on all existing and future current assets of the Company created out of funds availed from the bank, including book debts, receivables, outstanding moneys, claims, demands, bills, contracts, engagements

			and securities , stocks of raw materials, finished, semi finished goods, goods in process and consumable stores, related movables in the course of transit or delivery, all documents of title, including bill of lading, shipping documents, policies of insurance and other instruments and documents relating to such moveable together with benefits of all rights thereto; f. First and exclusive charge on the immovable property belonging to the Company at DDA plot No. 2, 3, and 4, Community Centre at Alaknanda, New Delhi; g. An irrevocable power of attorney authorizing the bank to sell or transfer the hypothecated securities.

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from Kotak Mahindra Bank:

- The Company shall not create any interest in the hypothecated assets or assets which may be hypothecated in the future in favour of a third party.
- The Company shall carry out all of its banking transactions including merchant banking transactions through the bank.
- The Company shall not, without the prior approval of the bank, transfer any funds to any group or associate concern.
- The Company shall not borrow or obtain credit facilities from any bank or financial institution without the bank's prior consent, except for temporary loans in the Company's ordinary course of business.
- The Company shall not enter into any transaction with any affiliate without the bank's prior consent, except for transactions undertaken in the ordinary course of business.
- The Company shall not, without the prior approval of the bank, change its shareholding pattern, including issue of new shares and transfer of existing shares.
- The Company shall not, without the prior approval of the bank, change its name or trade name.
- The Company shall not, without the prior approval of the bank, pay any commission to its Promoters, Directors or any manager for furnishing any guarantee or undertaking any liability.
- The Company shall not, without the prior approval of the bank, declare dividends or distribute profits.
- The Company shall not, without the prior approval of the bank, invest any funds by way of deposits, loans or in share capital of any other concern (including subsidiaries).
- The bank shall be entitled to require the Company to employ all proceeds from issue of new shares to repay the facility.
- The Company shall not, without the prior consent of the bank, change or alter the shareholding of the Directors and Promoters in the Company.
- The Company shall not, without the prior consent of the bank, change or alter its constitution or its capital structure.
- The Company shall not, without the prior approval of the bank, effect any scheme of amalgamation or reconstitution.
- The Company shall not, without the prior approval of the bank, implement a new scheme of expansion or take up an allied line of business or manufacture or enlarge the scope of activities presently undertaken.
- The Company shall not, without the prior approval of the bank, allow the Promoters or Directors of the Company to withdraw any moneys brought in by them.
- The Company shall not borrow or obtain credit facilities from any bank or financial institution without the bank's prior consent.

8. ***Loan taken by the Company from Union Bank of India***

Sanction letter dated July 02, 2009, Hypothecation agreement of goods and debts dated July 23, 2009, Sanction letter dated December 06, 2010, Hypothecation agreement of goods and debts dated December 07, 2010, Letters of guarantee of M G George Muthoot, George Alexander Muthoot, Sara George, and Anna Alexander dated December 07, 2010, Letter of continuity dated December 07, 2010, and Demand promissory note dated December 07, 2010.

Sanctioned amount (₹ in Millions)	Amount outstanding as on February 28, 2011 (₹ in Millions)	Interest	Purpose of Loan/Repayment/Security
4,000.00	3,981.84	11% (base rate of Union Bank of India + 2.50%)	▪ This loan has been availed as a working capital demand loan. ▪ The principal amount of the loan is repayable by way of one time payment on or before one year from the date of sanction. Interest on the credit facility at the end of every month/ quarter as advised by the bank from time to time. ▪ The loan has been secured by a *pari passu* charge on present and future receivable including advances against security of gold, current assets, book debts, loans, advances and receivables including gold loan receivables of the Company with a margin of 25% on the loan amount at all times.

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from Union Bank of India:

- The Company shall not, without the prior consent of the bank, create any interest in the hypothecated assets or assets which may be hypothecated in the future in favour of a third party or otherwise deal with the hypothecated assets other than in the ordinary course of business.
- The promoters of the Company shall not, without the prior consent of the bank, disinvest their equity.
- The Company will be liable to pay penal interest of 1% for delayed submission of CMA/renewal data, non-compliance of sanction terms, non-submission/delayed submission of stock statements etc, and penal interest of 2% for non-submission of QPR, non-submission/delayed submission of audited financials, overdue amount in the loan account etc.
- The Company must not declare dividend unless no event of default or potential event of default has occurred, and all amounts due to the bank has been fully paid.
- The Company shall not, without the prior consent of the bank, change its capital structure.
- The Company shall not, without the prior consent of the bank, undertake any kind of merger/reconstitution.
- The Company shall not, without the prior consent of the bank, enter into any kind of speculative investment.
- The Company shall not, without the prior consent of the bank, enter into borrowing arrangement apart from the arrangements informed to the bank.
- The Company shall not, without the prior consent of the bank, withdraw capital contribution by its Promoter directors.
- The Company shall route pro-rata share of its business through the bank.
- The Company shall not use the funds of the loan for any speculative activity.

9. ***Term Loan taken by the Company from South Indian Bank Limited***

Sanction letter dated June 26, 2009, Credit facility agreement dated June 26, 2009 and Agreement of hypothecation dated June 26, 2009.

Sanctioned amount (₹ in Millions)	Amount outstanding as on February 28, 2011 (₹ in Millions)	Interest	Purpose of Loan/Repayment/Security
1,500.00	1,499.97	Discount of 4.50% per annum from the specified BPLR with monthly rest. BPLR being 16.00% at the time of executing the Credit Facility Agreement dated June 26, 2009 and a floor rate of 11.5% per annum.	▪ This loan has been availed as a cash credit open loan facility for utilising for onward lending to farmers / agriculturists. ▪ The loan is re-payable forthwith on demand. ▪ The loan has been secured by: a. A *pari passu* first charge on current assets, loans and advances and book debts receivable including gold loan receivables; and b. Demand promissory note executed by the Company in favour of the bank, operating as a continuing security for the facilities granted by the bank and for all moneys lent and

			outstanding from the Company. c. Personal guarantees of M G George Muthoot, Sara George, Anna Alexander, George M Alexander, George Jacob Muthoot, George Thomas Muthoot and George Alexander Muthoot.

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from South Indian Bank Limited:

- The Company shall not sell or dispose of or create any interest in the hypothecated assets other wise than in the ordinary course of business, during the continuance of the agreement.
- The Company shall not without the prior consent of the bank, undertake any new project or diversification, modernisation, or substantial expansion of its projects, or alter its financing plan, or scope of its projects.
- The Company shall not without the prior consent of the bank, engage in any business other than those it is currently engaged in.
- The Company shall not without the prior consent of the bank, create or assume any indebtedness other than as provided under the credit facility agreement.
- The Company shall not without the prior consent of the bank, to prepay any indebtedness incurred by the Company, and upon doing so, the Company shall make proportionate prepayment to the bank.
- The Company shall not without the prior consent of the bank, pay any commission to its guarantors.
- The Company shall not without the prior consent of the bank, create a subsidiary or permit any entity to become its subsidiary.
- The Company shall not without the prior consent of the bank, undertake any merger, amalgamation, reorganisation, or compromise with its creditors or shareholders, or a change in its constitution.
- The Company shall not without the prior consent of the bank, make any investments by way of deposits, loans, or investments in share capital or otherwise in any concern, or give any guarantee or similar assurance, other than in the ordinary course of business.
- The Company shall not without the prior consent of the bank, create or permit any encumbrance over any of its assets or otherwise deal with any of its assets.
- The Company shall not without the prior consent of the bank, declare or pay dividends or make any distribution to its shareholders unless it has paid all dues to the bank, and there is no subsisting event of default.
- The Company shall not without the prior consent of the bank, buy-back, cancel, purchase, or otherwise acquire any share capital.
- The Company shall not without the prior consent of the bank, issue any share capital, or change its capital structure.
- The Company shall not without the prior consent of the bank, to change its financial year.
- The Company shall not without the prior consent of the bank, change its accounting method.
- The Company shall not without the prior consent of the bank, amend or modify its memorandum and articles of association.
- The Company shall not without the prior consent of the bank, permit change of control of the Company.
- The bank shall have the right to appoint a nominee director on the board of the Company upon an event of default of the facility.
- The bank shall have the right to review the management of the Company and require the Company to restructure its management upon an event of default of the facility.
- The bank shall have the right to convert the whole or any part of outstanding amounts due to it from the Company on the occurrence of an event of default, at par.

10. ***Loan taken by the Company from HDFC Bank***

Loan agreement dated August 28, 2009, Letter of hypothecation of current assets dated August 28, 2009, Demand promissory note dated August 28, 2009, Sanction letter dated September 07, 2010, Loan agreement dated September 07, 2010, Supplemental letter of hypothecation of book-debts dated September 07, 2010, Demand promissory note dated September 07, 2010

Sanctioned amount (₹ in Millions)	Amount outstanding as on February 28, 2011 (₹ in Millions)	Interest	Purpose of Loan/Repayment/Security
1,300.00	1,300	8.50% per annum, calculated and payable with monthly rests, or such other rate as may be stipulated by the Bank in its absolute discretion from time to time. Penal interest of 2% on the entire loan upon default for the period of the default.	▪ This loan has been availed of as a short term loan for further on-lending to farmers. ▪ The principal amount of the loan is repayable in bullet within 90 days from the date of disbursement, if repayment is not demanded earlier. ▪ The loan has been secured by a. A first charge on a *pari passu* basis with all the other banks on all current assets, book debts and receivables including the gold loan receivables and current assets both present and future; b. Personal guarantee of George Alexander Muthoot. c. An irrevocable power of attorney authorizing the bank to sell or transfer the securities; d. A promissory note for the amount of the loan; and e. Demand promissory note for principal sum of ₹ 1,300 million at 8.7% per annum from the Company.
1,500.00	1,500	8.75% per annum, calculated and payable with monthly rests, or such other rate as may be stipulated by the Bank in its absolute discretion from time to time. Penal interest of 2% on the entire loan upon default for the period of the default.	▪ This loan has been availed of as a short term loan for further on-lending to farmers. ▪ The principal amount of the loan is repayable in two instalments of ₹ 500 million each on the 165th and 180th day from the date of disbursement, if repayment is not demanded earlier. ▪ The loan has been secured by a. A first charge on a *pari passu* basis with all the other banks on all current assets, book debts and receivables including the gold loan receivables and current assets both present and future; b. Personal guarantee of George Alexander Muthoot. c. An irrevocable power of attorney authorizing the bank to sell or transfer the securities; and d. A promissory note for ₹ 1,500 million.

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from HDFC Bank

- The Company shall not, without prior consent of the bank, prepay the outstanding principal amounts of the loans in full or in part before their due dates.
- The Company shall not, without prior consent of the bank, permit any change in the ownership or control whereby the effective beneficial ownership or control of the Company shall change.
- The Company shall not, without the prior consent of the bank, create any charge, mortgage, pledge, hypothecation, lien or other encumbrance in the securities in favour of a third party.
- The Company shall not without the prior consent of the bank, enter into any scheme of merger, amalgamation, compromise or reconstruction.
- The Company shall not without the prior consent of the bank, effect any material change in the management of its business.
- The Company shall not without the prior consent of the bank, make any amendments in its Memorandum and Articles.
- The Company shall not without the prior consent of the bank, assume guarantee, endorse or in any manner become directly or contingently liable for or in connection with the obligation of any person, firm or corporation except for transactions in the ordinary course of business.
- The Company shall not without the prior consent of the bank, receive, compound, or realise any of its book debts and loan receivables including gold loan receivables or do anything whereby recovery of the same may be impeded, delayed, or prevented.
- The Company shall not without the prior consent of the bank, create, assume or incur any further indebtedness of a long term nature whether for borrowed money or otherwise.

- The Company shall not declare any dividend if any installment towards repayment of principal or interest remains unpaid on its due date.

11. ***Loans taken by the Company from HDFC Bank***

Sanction letter dated January 30, 2008, Loan agreement dated February 04, 2008 and Letter of hypothecation of book debts dated February 04, 2008

Sanctioned amount (₹ in Millions)	Amount outstanding as on February 28, 2011 (₹ in Millions)	Interest	Purpose of Loan/Repayment/Security
580.00	Nil	Rate that may be prescribed by the bank and advised to the Company from time to time and payable at monthly rests.	▪ This loan has been availed as a revolving credit facility for the purpose of on-lending to farmers for agricultural purposes. ▪ The principal amount of the loan is repayable in bullet on the 90th day from the date of disbursement, if repayment is not demanded earlier. ▪ The interest on the loan shall be paid at the end of every month i.e. on the 30th day of the month and if any interest remains unpaid then the unpaid interest will be compounded monthly, without prejudice to the right of the Bank to demand immediate repayment of the loan amount. ▪ The loan has been secured by a. A first charge on a pari passu basis with all the other banks on all book debts and receivables including the gold loan receivables and current assets both present and future; and b. A promissory note for the amount of the loan.

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from HDFC Bank

- The Company shall not, without prior consent of the bank, prepay the outstanding principal amounts of the loans in full or in part before their due dates.
- The Company shall not, without the prior consent of the security agents and trustees of the bank, create any charge, mortgage, pledge, hypothecation, lien or other encumbrance in the securities in favour of a third party.
- The Company shall not without the prior consent of the security agents and trustees of the bank, enter into any scheme of merger, amalgamation, compromise or reconstruction.
- The Company shall not without the prior consent of the security agent and trustees of the bank, permit any change in the ownership or control whereby the effective beneficial ownership or control of the Company shall change.
- The Company shall not without the prior consent of the security agents and trustees of the bank, effect any material change in the management of its business.
- The Company shall not without the prior consent of the security agents and trustees of the bank, create or assume any further indebtedness of a long term nature whether for borrowed money or otherwise.
- The Company shall not without the prior consent of the security agents and trustees of the bank, declare any dividend if any instalment towards principal or interest remains unpaid on its due date.

12. ***Loans taken by the Company from HDFC Bank***

Sanction letter dated August 21, 2009, Loan agreement dated August 28, 2009, and Supplemental letter of hypothecation of book debts dated August 28, 2009.

Sanctioned amount (₹ in Millions)	Amount outstanding as on February 28, 2011 (₹ in Millions)	Interest	Purpose of Loan/Repayment/Security
220.00	180.36	Rate that may be prescribed by the bank and advised to the Company from time to time and payable at monthly rests.	▪ This loan has been availed for the purpose of working capital only for lending to farmers for agricultural purposes. ▪ The principal amount of the loan is repayable in bullet within 180 days from the date of disbursement, if repayment is not demanded earlier. ▪ The loan has been secured by a. A first charge on a pari passu basis with all the other banks on all book debts and receivables including the gold loan receivables and current assets both present and future; b. Personal guarantee of George Alexander Muthoot; and c. A promissory note for the amount of the loan.

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from HDFC Bank:

- The Company shall not, without prior consent of the bank, prepay the outstanding principal amounts of the loans in full or in part before their due dates.
- The Company shall not, without the prior consent of the security agents and trustees of the bank, create any charge, mortgage, pledge, hypothecation, lien or other encumbrance in the securities in favour of a third party.
- The Company shall not without the prior consent of the security agents and trustees of the bank, enter into any scheme of merger, amalgamation, compromise or reconstruction.
- The Company shall not without the prior consent of the security agent and trustees of the bank, permit any change in the ownership or control whereby the effective beneficial ownership or control of the Company shall change.
- The Company shall not without the prior consent of the security agents and trustees of the bank, effect any material change in the management of its business.
- The Company shall not without the prior consent of the security agents and trustees of the bank, create or assume any further indebtedness of a long term nature whether for borrowed money or otherwise.
- The Company shall not without the prior consent of the security agents and trustees of the bank, declare any dividend if any instalment towards principal or interest remains unpaid on its due date.

13. ***Loan taken by the Company from HDFC Bank***

Sanction letter dated July 02, 2008, Loan agreement dated July 03, 2008, Letter of hypothecation of book debts dated July 03, 2008.

Sanctioned amount (₹ in Millions)	Amount outstanding as on February 28, 2011 (₹ in Millions)	Interest	Purpose of Loan/Repayment/Security
200.00	Nil	▪ 11% per annum payable with monthly rests. ▪ Additional default interest of 4% on the loan amount leviable from the date of default.	▪ Revolving facility comprising of loans not exceeding ₹ 200 million. ▪ The principal amount of the loan is repayable in bullet within 90 days from the date of disbursement, if repayment is not demanded earlier. ▪ The loan has been secured by a. A first charge on a pari passu basis with all the other banks on all book debts and receivables including the gold loan receivables at 25% margin, both present and future, book debts, outstandings, monies receivable, claims and bills due; b. Personal guarantee of George Alexander Muthoot and c. Any other security as the bank may require from time to time.

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from HDFC Bank:

- The Company shall not, without prior consent of the bank, prepay the outstanding principal amounts of the loans in full or in part before their due dates.
- The Company shall not, without the prior consent of the security agents and trustees of the bank, create any charge, mortgage, pledge, hypothecation, lien or other encumbrance in the securities in favour of a third party.
- The Company shall not without the prior consent of the security agents and trustees of the bank, enter into any scheme of merger, amalgamation, compromise or reconstruction.
- The Company shall not without the prior consent of the security agent and trustees of the bank, permit any change in the ownership or control whereby the effective beneficial ownership or control of the Company shall change.
- The Company shall not without the prior consent of the security agents and trustees of the bank, effect any material change in the management of its business.
- The Company shall not without the prior consent of the security agents and trustees of the bank, create or assume any further indebtedness of a long term nature whether for borrowed money or otherwise.
- The Company shall not without the prior consent of the security agents and trustees of the bank, declare any dividend if any instalment towards principal or interest remains unpaid on its due date.
- The Company shall not assume, guarantee, endorse, or in any manner become directly or contingently liable for or in connection with the obligations of any person firm or corporation except for transactions in the ordinary course of business.
- Maximum exposure per branch shall be ₹ 30 million, and the maximum exposure per state shall be ₹ 100 million except for the State of Kerala where, the permitted exposure shall be ₹ 300 million.

14. ***Loan taken by the Company from HDFC Bank***

Sanction letter dated December 16, 2009, Loan agreement dated December 17, 2009 and Letter of hypothecation of current assets dated December 17, 2009.

Sanctioned amount (₹ in Millions)	Amount outstanding as on February 28, 2011 (₹ in Millions)	Interest	Purpose of Loan/Repayment/Security
400.00	75.00	▪ 7.50% per annum payable on a monthly basis or on such other rate as may from time to time be stipulated by the bank ▪ Additional default interest of 2% on the loan amount leviable from the date of default.	▪ Loan has been availed as a short term working capital loan for the purpose of on lending to farmers. ▪ Principal is repayable in two equal instalment of ₹ 200 million each at the end of 150th day and 180th day from the date of disbursement of amounts under the loan agreement, if not demanded earlier by the bank. Interest amount is payable at the end of every month i.e. on 30th day of the month. ▪ The loan has been secured by a. An irrevocable power of attorney in favour of the bank authorising it to sell or transfer any of the pledged securities. b. A first charge on a pari passu basis with all the other banks on all book debts and receivables including the gold loan receivables, both present and future, book debts, outstandings, monies receivable, claims and bills due; and c. Demand promissory note of ₹ 400 million from the Company.

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from HDFC Bank

- The Company shall not, without the prior consent of the security agents and trustees, prepay the outstanding principal amounts of the loans in full or in part before their due dates.
- The Company shall not, without prior consent of the security agents and trustees, permit any change in the ownership or control whereby the effective beneficial ownership or control of the Company shall change.

- The Company shall not, without the prior consent of the security agents and trustees, create any charge, mortgage, pledge, hypothecation, lien or other encumbrance in the securities in favour of a third party.
- The Company shall not without the prior consent of the security agents and trustees, enter into any scheme of merger, amalgamation, compromise or reconstruction.
- The Company shall not without the prior consent of the security agents and trustees, effect any material change in the management of its business.
- The Company shall not without the prior consent of the security agents and trustees, make any amendments in its Memorandum and Articles.
- The Company shall not without the prior consent of the security agents and trustees, assume guarantee, endorse or in any manner become directly or contingently liable for or in connection with the obligation of any person, firm or corporation except for transactions in the ordinary course of business.
- The Company shall not without the prior consent of the security agents and trustees, receive, compound, or realise any of its book debts and loan receivables including gold loan receivables or do anything whereby recovery of the same may be impeded, delayed, or prevented.
- The Company shall not, without prior consent of the security agents and trustees, create, assume or incur any further indebtedness of a long term nature.
- The Company shall not, without prior consent of the security agents and trustees, declare any dividend if any installment of principal or interest remains unpaid on its due date.

15. ***Loan taken by the Company from HDFC Bank***

Sanction letter dated July 17, 2010, Loan agreement dated July 17, 2010 and Letter of hypothecation of current assets dated July 17, 2010

Sanctioned amount (₹ in Millions)	Amount outstanding as on February 28, 2011 (₹ in Millions)	Interest	Purpose of Loan/Repayment/Security
1,000.00	1,000.00	▪ 8% per annum payable on a monthly basis ▪ Additional default interest of 2% over and above the existing rate of interest on the loan amount leviable from the date of default.	▪ This loan has been availed as a short term loan for lending to farmers. ▪ Amounts repayable in two equal instalment of ₹ 500 million each at the end of 165th day and 180th day from the date of disbursement of amounts under the loan agreement. Interest amount is payable at the end of every month i.e. on 30th day of the month. ▪ The loan has been secured by a. A first charge on a pari passu basis on current assets, book debts and receivables including gold loan receivables and other current assets of the Company, both present and future; and b. Personal guarantee of George Alexander Muthoot.

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from HDFC Bank:

- The Company shall not, without the prior consent of the security agents and trustees, permit any change in the ownership or control whereby the effective beneficial ownership or control of the Company shall change.
- The Company shall not, without the prior consent of the security agents and trustees, create any charge, mortgage, pledge, hypothecation, lien or other encumbrance in the securities in favour of a third party.
- The Company shall not without the prior consent of the security agents and trustees, enter into any scheme of merger, amalgamation, compromise or reconstruction.
- The Company shall not without the prior consent of the security agents and trustees, effect any material change in the management of its business.
- The Company shall not without the prior consent of the security agents and trustees, make any amendments in its Memorandum and Articles.
- The Company shall not without the prior consent of the security agents and trustees, declare dividends if any instalment towards principal or interest remains unpaid on its due date.

- The Company shall not without the prior consent of the security agents and trustees, receive, compound, or realise any of its book debts and loan receivables including gold loan receivables or do anything whereby recovery of the same may be impeded, delayed, or prevented.
- The Company shall not, without prior consent of the security agents and trustees, create, assume or incur any further indebtedness of a long term nature.

16. ***Loan taken by the Company from DBS Bank Limited***

Working capital facilities agreement dated September 18, 2009 and Agreement for hypothecation dated September 18, 2009, Sanction letter dated January 21, 2010, Supplemental working capital facilities agreement dated February 09, 2010, Supplemental agreement for hypothecation dated February 11, 2010, Sanction letter dated January 27, 2011, Supplemental working capital facilities agreement dated February 04, 2011, Supplemental deed of hypothecation dated February 04, 2011, Letter of continuity dated February 04, 2011, Demand promissory note dated February 04, 2011, Deeds of guarantee of M G George Muthoot, George Jacob Muthoot, George Alexander Muthoot, and George Thomas Muthoot dated February 04, 2011.

Sanctioned amount (₹ in Millions)	Amount outstanding as on February 28, 2011 (₹ in Millions)	Interest	Purpose of Loan/Repayment/Security
1,500.00	1,000.00	Rate to be mutually agreed upon prior to drawdown of the facility.	▪ This loan has been availed for the purpose of priority sector lending as per the priority sector guidelines of RBI. ▪ The facility is valid till September 2011.The principal amount of the loan is repayable within one year from the date of disbursement, if repayment is not demanded earlier. ▪ The loan has been secured by a. A first charge on a pari passu basis with other banks on the current assets, book debts, loans and advances and receivables including gold loan receivables (excluding gold loan receivables which are overdue for payment by 180 days from their due date) with a margin of 25% against the hypothecated goods and 40% against the hypothecated debts. b. A first charge on a pari passu basis with other banks of stock of all finished goods, semi finished goods, works in progress and raw materials belonging to the Company. c. A first charge on a pari passu basis on the Company's present and future book debts, outstanding monies receivables, claims, bills, contracts, engagements, securities, investments, rights and assets pertaining to any credit facility. d. Personal guarantee of M.G.George Muthoot, George Alexander Muthoot, George Jacob Muthoot and George Thomas Muthoot. e. Demand promissory notes by the Company for the sanctioned amount.

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from DBS Bank Limited

- The Company shall maintain a net worth of ₹ 5,000,000,000 at all times.
- The debt to equity ratio of the Company shall not be more than 10.
- The net non performing assets of the Company shall be less than 1.5% of its net assets at all times.
- The Company shall not without the prior consent of the bank, enter into any scheme of merger, amalgamation, compromise or reconstruction.
- The Company shall not incur any expenditure of a capital nature other than in the ordinary course of business.
- The Company shall not without the prior consent of the bank, effect any substantial change in the management of its business.
- The Company shall not without the prior consent of the bank, substantially alter the nature of its business.
- The Company shall not without the prior consent of the bank, make any amendments in its Memorandum and Articles.
- There shall be no change in the shareholding of the promoters directly or indirectly in the Company, during the tenor of the facilities without the prior consent of the bank.
- Any reduction in the shareholding of the promoters, directly or indirectly during the tenor of the facility would require prior consent of the bank including for the raising of capital through a fresh issue of Equity Shares to a private equity investor under an IPO. Such consent will be deemed to have been

provided after the expiry of fifteen days from the date of receipt of a request from the Company, except where the bank has expressed refusal to grant consent.

- The Company shall not without the prior consent of the bank, lease, let out, or subsist any debenture, mortgage, charge (whether fixed or floating), pledge, lien or any other encumbrance whatsoever on its assets.
- The Company shall not without the prior consent of the bank, factor any of its accounts receivables.
- The Company shall not, without the prior consent of the bank, make a fresh issue of its shares by way of an initial public offering.
- There shall be no transfer of shares between relatives of the promoters, or the raising of any capital through a fresh issue of shares to a private equity investor or under an initial public offer without the prior consent of the bank..
- The ratio of total Liabilities less Cash and Bank balances to Total Tangible Net-worth should not exceed 10.
- The bank shall have right of first refusal to be appointed as bankers to the issue for the Company's Qualified Institutional Placement / Initial Public Offer or similar equity issuance.
- Subordinated debt of the Company of ₹ 400,000,000 (i.e. the promoter's contribution to the subordinated debt of the Company) must be retained in the business during the currency of this facility.
- The bank must be assigned as a loss payee (along with other lenders if necessary) on a best effort basis by the Company in insurance policies taken out by the Company.

17. ***Loan taken by the Company from Yes Bank Limited***

Loan agreement dated September 09, 2009 and Deed of hypothecation dated September 09, 2009, Facility letter dated August 27, 2009, Sanction letter dated September 07, 2010, Supplemental loan agreement dated September 15, 2010, Supplemental deed of hypothecation dated September 15, 2010, Letter of continuity of the demand promissory note dated September 15, 2010.

Sanctioned amount (₹ in Millions)	Amount outstanding as on February 28, 2011 (₹ in Millions)	Interest	Purpose of Loan/Repayment/Security
3,000.00	3,000.00	Rate as mutually agreed between the bank and the Company, payable with monthly rests (to be reset upon change in Yes Bank Prime Lending Rates)	▪ This loan comprises of a short term loan I of ₹ 600 million, short term loan II of ₹ 400 million, and short term loan III of ₹ 2,000 million, for the purpose of lending to farmers for agricultural purpose. ▪ The principal amount of the loan is repayable in bullet within 12 months from the date of disbursement, if repayment is not demanded earlier. ▪ The loan will have a tenor of maximum 12 months from the date of disbursement of the respective tranche, and shall be a revolving facility. ▪ Short term loan III shall be repayable by way of bullet repayment at the end of the term. ▪ The loan has been secured by a. A first charge on a pari passu basis with all existing pari passu charge holders on all book debts and receivables including the gold loan receivables and current assets with 25% margin; b. A promissory note for the amount of the loan;

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from Yes Bank Limited:

- The Company shall not, without prior consent of the bank, enter into any scheme of merger, amalgamation, compromise or reconstruction.
- The Company shall not, without prior consent of the bank, permit any change in the ownership or control whereby the effective beneficial ownership or control of the Company shall change.
- The Company shall not, without the prior consent of the bank, create any charge, mortgage, pledge, hypothecation, lien or other encumbrance in the securities in favour of a third party.
- The Company shall not without the prior consent of the bank, effect any material change in the constitution or management of its business.
- The Company shall not without the prior consent of the bank, make any amendments in its Memorandum and Articles.
- The Company shall not without the prior consent of the bank, assign or transfer any of its rights, obligations, interest or benefits under this agreement to any person.
- The Company shall not without the prior consent of the bank, receive, compound, realise, or commit any act with respect to the hypothecated assets.

- The Company shall not without the prior consent of the bank, declare any dividends.
- The Company shall not without the prior consent of the bank, enter into borrowing arrangement, either secured or unsecured, with any other bank, financial institution or company.
- The Company shall pay an additional interest of 2% per annum from the date of first drawl till the security is perfected to the satisfaction of the bank.
- The Company shall pay a penal interest of 2% per annum for any default in complying with the terms of the sanction
- The Company shall not pay any consideration by way of commission, fees or any other form to the guarantors for providing their personal guarantee.
- The whole or any part of the amount due may be rolled over, and all the terms of the sanction shall apply to the amount rolled over.
- Company shall not prepay the loan except with the prior consent of Yes Bank.
- The Company shall not without the prior consent of the bank, create or assume any further indebtedness of a long term nature whether for borrowed money or otherwise.

18. ***Loan taken by the Company from ICICI Bank Limited***

Master facility agreement dated October 30, 2007, Supplemental master facility agreement dated July 05, 2008, Supplementary and amendatory agreement to the master facility agreement dated December 17, 2009, Deed of hypothecation dated October 30, 2007 in favour of 3i-Infotech Trusteeship Services Limited, Appointment letter dated October 30, 2007, Deed of hypothecation dated June 24, 2010, Master facility agreement dated June 29, 2010 and Credit arrangement letter dated June 29, 2010

Sanctioned amount (₹ in Millions)	Amount outstanding as on February 28, 2011 (₹ in Millions)	Interest	Purpose of Loan/Repayment/Security
6,000.00 (WCDL facilities I – 3,500.00 million; WCDL facilities II – ₹ 2,500.00 million; Short Term Loan I – 2,500.00 million; and Cash Credit Facilities – 1,000.00 million.)	6,000.00	10.50% per annum (5.75% below ICICI Bank Benchmark Advance Rate + cash risk premium of 0.50%) The interest for the working capital demand loan facilities will stipulated by the bank at the time of disbursement The interest for the cash credit facility of ₹ 1,000.00 million is at 5.75% below the prime lending rate of the bank. The Company shall be liable to pay default interest rate of 2% per annum payable monthly for ***(i)*** non-submission or delayed submission of stock statement, or ***(ii)*** irregularity due to drawings beyond the limit. 1% per annum payable monthly for ***(i)*** non-submission or delayed submission of financial statements/renewal	▪ This loan comprises a working capital demand loan I for ₹ 3,500 million and a working capital demand loan II for ₹ 2,500 million, with a sub-limit of ₹ 1,000 million for cash credit facilities, and has been availed for on-lending to individual farmers for agricultural and allied activities against pledge of gold ornaments. ▪ This facility is repayable on demand. ▪ The loan has been secured by a. A first charge on a pari passu basis with all the other banks on all current assets and book debts including the loan assets, gold receivables etc. with 25% margin; and b. Personal guarantee of M G George Muthoot, George Alexander Muthoot, Anna Alexander, George Jacob Muthoot, and George Thomas Muthoot.

		data, or ***(ii)*** not obtaining or not renewing insurance cover as required, or ***(iii)*** not creating security as required under the facility – i.e. not obtaining pari passu letter, or any other stipulated security not being created or any sanction term not being complied with.	

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from ICICI Bank Limited:

- The Company shall not, without prior consent of the bank, prepay the outstanding principal amounts of the loans in full or in part before their due dates.
- The Company shall not without the prior consent of the bank, create or assume any further indebtedness of a long term nature whether for borrowed money or otherwise.
- The Company shall not, without prior consent of the bank, enter into any scheme of merger, de-merger, consolidation, re-organisation, scheme of arrangement or compromise with its creditors or shareholders.
- The Company shall not, without prior consent of the bank, create or permit any company to become its subsidiary.
- The Company shall not, without prior consent of the bank, undertake any new project, diversification, modernisation which are material in nature or substantial expansion of any of its projects.
- The Company shall not, without prior consent of the bank, pay any commission to its Promoters, Directors, managers, or other persons for furnishing guarantees, counter guarantees or indemnities or undertake liability in connection with any other obligation undertaken for or by the Company.
- The Company shall not, without the prior consent of the bank, create any charge, mortgage, pledge, hypothecation, lien or other encumbrance in the securities in favour of a third party.
- The Company shall not without the prior consent of the bank, effect any material change in the constitution or management of its business.
- The Company shall not without the prior consent of the bank, make any amendments in its Memorandum and Articles.
- The Company shall not without the prior consent of the bank, assign or transfer any of its rights, obligations, interest or benefits under this agreement to any person.
- The Company shall not without the prior consent of the bank, receive, compound, realise, or commit any act with respect to the hypothecated assets.
- The Company shall not without the prior consent of the bank, declare any dividend if any instalment towards principal or interest remains unpaid on its due date.
- The Company shall not, without prior consent of the bank, make any investments by way of deposits, loans, or investments in the share capital of any concern,
- The Company shall not, without prior consent of the bank, provide any guarantee, or indemnity.
- The Company shall not, without prior consent of the bank, change its accounting methods and policies.
- The Company shall not, without prior consent of the bank, buy back, cancel, retire, reduce, redeem, re-purchase, purchase or otherwise acquire any of its share capital.
- The Company shall not, without prior consent of the bank, issue further share capital.
- The Company shall not, without prior consent of the bank, change its financial year end
- The Company shall not, without prior consent of the bank, engage in any business or activity other than those that it is currently engaged in.
- The Company shall not, without prior consent of the bank, acquire any ownership interest in any other entity or person.
- The Company shall not, without prior consent of the bank, enter into any profit sharing or royalty agreement whereby its income or profits might be shared with another entity.

- The Company shall not, without prior consent of the bank, enter into a management contract whereby its business operations are managed by any other person.
- The Company shall not utilise the loan for activities which are not eligible for bank credit, such as discounting of bills, investment of a current or long term nature, unsecured loans or inter corporate deposits to any company, all types of loans and advances to the subsidiaries and group companies of the Company, and further lending to individuals for subscribing to initial public offerings.
- The Company shall pay a penal interest of 1% per annum for the period of delay in the perfection of the security.
- The Company shall pay a penal interest of 2% for any excess drawings under the facility. If the drawings are in excess for a period of 45 days, the Company shall pay a penal interest of 8% above the prime lending rate of the bank.

19. ***Loan taken by the Company from IndusInd Bank Limited***

Sanction letter dated June 29, 2009, Composite agreement for hypothecation of stocks, book debts, plant and machinery, and other current assets dated August 18, 2009, Sanction letter dated September 20, 2010, Supplementary agreement for hypothecation of stocks, book debt receivables dated September 21, 2010, Agreement of sub limit of different facilities dated September 21, 2010, Sanction letter dated December 24, 2010, Letter of acknowledgment of debt dated December 29, 2010, Amended sanction letter dated December 31, 2010, Supplementary agreement for hypothecation of stocks, book debt receivables, dated December 31, 2010, Sanction letter dated January 28, 2011, Agreement for sub-limit of different facilities dated January 31, 2011 and Supplementary agreement for hypothecation of stocks, book debts, receivables, etc. (for enhancement in limits) dated January 31, 2011.

Sanctioned amount (₹ in Millions)	Amount outstanding as on February 28, 2011 (₹ in Millions)	Interest	Purpose of Loan/Repayment/Security
3,000.00 (cash credit with a sub limit for working capital demand loan of ₹ 3,000.00 million and a sub-limit for term loan of ₹ 500.00 million)	2,915.74	11% p.a. (3.50% above the base rate of IndusInd Bank)	▪ This loan has been availed for the purpose of financing working capital requirement. ▪ The amounts due under the cash credit is repayable on demand, working capital demand loan facility is repayable by bullet repayment on demand while principal amount of the term loan availed is repayable within one year from the date of disbursement, if repayment is not demanded earlier. ▪ The loan has been secured by a. Pari passu charge on the current assets together with secured debenture holders and working capital bankers. b. Pari passu charge on the book debts and receivables with secured debenture holders and working capital bankers with a margin of 25% on its current assets, book debts and receivables. c. Hypothecation of all principal moneys, interest, all costs, charges and expenses and other moneys, all stocks of goods such as raw material, goods in process, finished goods, consumable stores, spares and other items of stock in trade documents of title to goods, all its plant and machinery. d. An irrevocable power of attorney authorizing the bank to sell or transfer the securities; e. Personal guarantee of M G George Muthoot, George Alexander Muthoot, Anna Alexander, George Jacob Muthoot, and George Thomas Muthoot.

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from IndusInd Bank Limited:

- The Company shall not without the prior consent of the bank, release or compound any of its debts.
- The Company shall not without the prior consent of the bank, effect any substantial or material change in the management of its business.

- The Company shall not without the prior consent of the bank make a material change in its shareholding pattern which has an effect of a possible change in the management control of the Company.
- The Company shall not without the prior consent of the bank, lease, let out, or subsist any debenture, mortgage, charge (whether fixed or floating), pledge, lien or any other encumbrance whatsoever on its assets.
- The Company shall not without the prior consent of the bank, factor any of its accounts receivables.
- The Company will be liable to pay a prepayment charge of 2%, on prepayment of the loan.
- The Company shall not without the prior intimation to the bank in writing, effect any change in its capital structure.
- The Company shall not without the prior intimation to the bank in writing, formulate any scheme of amalgamation or reconstruction.
- The Company shall not without the prior intimation to the bank in writing, undertake any new project schemes.
- The Company shall not without the prior intimation to the bank in writing, invest, or lend or advance funds to any other concern other than in the ordinary course of business.
- The Company shall not without the prior intimation to the bank in writing, enter into borrowing arrangements, secured or unsecured, with any other bank or financial institution, or Company.
- The Company shall not without the prior intimation to the bank in writing, undertake guarantee obligations on behalf of any other company, affiliate or associate.
- The Company shall not without the prior consent of the bank, allow the withdrawal of monies brought in by principal shareholders, Directors or depositors.
- The Company shall pay a penal interest of 18.75% per annum for non-compliance with the terms of the sanction or for any irregularity in payments being made by the Company, and on any sums overdue to the bank.
- The Company shall not without the prior consent of the bank, lease, let out, or subsist any debenture, mortgage, charge (whether fixed or floating), pledge, lien or any other encumbrance whatsoever on its assets or properties.
- The Company shall not without the prior consent of the bank, factor any of its accounts receivables.
- The Company shall not without the prior consent of the bank, pledge shares held by promoters, or promoter group, beyond 10% of their holding, for raising any loan or for securitising any loans availed or to be availed by the Company.
- The Company shall not without the prior consent of the bank, declare dividends for any year, except out of profits relating to that year.
- The total bank borrowings of the Company must not exceed maximum permissible banking finance.
- The Company shall keep the bank informed of the occurrence of any event likely to have a substantial effect on their sales, profits, etc, and remedial steps proposed to be taken, or if any winding up petition is filed against the Company.
- The Company must maintain a minimum net working capital of 25% of its current assets.
- The Company must deposit sales proceeds and route all foreign exchange business and other ancillary business through their account maintained at the bank in proportion to the share of the bank in the total capital financing availed by the Company.
- Upon the occurrence of **(i)** sale or curtailment or closure of the Company's business, **(ii)** cash losses in any one quarter or continuing accounting losses in three quarters, **(iii)** adverse action by any regulatory authority, **(iv)** default to the bank under any facility or default to any other lender by the Company, **(v)** action by any class of stakeholders of the Company, which is likely to significantly impair the business of the Company, or **(vi)** filing of a winding up petition by any creditor/shareholder against the Company, the bank is entitled to withhold further disbursements under the facility and to recall the loan advanced to the Company, either in part or in full.
- The bank will have the right to review the pricing of the facility if the facility is not rated within 90 days of sanction by an external credit rating agency.
- The bank will have the right to modify the rate of interest or alter spread, and to alter the terms and conditions of the loan, or terminate the facilities and to recall all amounts due to it from the Company.

20. ***Loan taken by the Company from Punjab National Bank***

Sanction letter dated December 26, 2008, Hypothecation agreement for the hypothecation of goods and book debts to secure cash credit facility dated December 27, 2008, and Hypothecation agreement for the hypothecation of current assets dated December 29, 2008, Letter dated June 30, 2010, Demand promissory note dated June 30, 2010, Sanction letter dated September 18, 2010, Hypothecation agreement for current assets dated September 20, 2010, and Demand promissory note dated October 05, 2010.

Sanctioned amount (₹ in Millions)	**Amount outstanding as on February 28, 2011 (₹ in Millions)**	**Interest**	**Purpose of Loan/Repayment/Security**
4,500.00 (Short term loan of ₹ 4,000.00 million and working capital limit/cash credit of ₹ 500.00 million)	4,496.14	9% per annum (base rate of Punjab National Bank + 1%).	▪ This loan comprises of a cash credit limit of ₹ 500 million which has been availed for the purpose of loans to farmers. ▪ Bullet repayment on due date, i.e. 200 days from date of disbursement. ▪ The loan has been secured by: a. hypothecation of present and future stocks of raw materials, work in process, finished goods, consumables, stores and spares; b. hypothecation of present and future book debts, outstanding decrees, money receivables, claims, securities, trust receipts, bills, contracts, investments and advances made by company to suppliers of raw material, rights and other moveable assets excluding bills purchased/ discounted by the bank and bills against which advances have been made; c. pari passu first charge on all current assets of the Company with a margin of 10%; d. an irrevocable power of attorney authorizing the bank to sell or transfer the hypothecated securities; e. an assignment of the loan advanced to the farmers in favour of the bank; f. demand promissory note from the Company; g. post dated cheques for the amount of the instalments; and h. personal guarantees of M.G. George Muthoot, George Jacob Muthoot, George Thomas Muthoot, George Alexander Muthoot, Anna Alexander and Sara George.

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from Punjab National Bank:

- The Company shall not, without the prior written consent of the bank, declare dividends in case the account with the bank is irregular.
- The Company shall not, without the prior approval of the bank, use the facility for any other purpose.
- The Company shall not, without the prior approval of the bank, transfer any funds to any group or associate concern.
- The Company shall undertake to keep itself engaged in the financing of physical/tangible assets, loan and investment activities only.
- The Company shall pay a penal interest of 2% per annum on the amounts outstanding, for any default in repayment of the facility or in compliance with the terms of the facility.

21. ***Loan taken by the Company from State Bank of Travancore***

Sanction letter dated June 26, 2006, Letter amending terms of sanction dated June 26, 2006 and Letter amending the terms of the sanction dated August 01, 2006, term loan agreement for high value advances dated August 02, 2006, Deed of hypothecation dated August 02, 2006, and Memorandum of deposit of title deeds dated August 02, 2006.

Sanctioned amount (₹ in Millions)	Amount outstanding as on February 28, 2011 (₹ in Millions)	Interest	Purpose of Loan/Repayment/Security
135.00	37.90	2.5% below bank PLR subject to a minimum of 9% per annum with monthly rests.	▪ This loan has been availed for the purpose of meeting project cost requirements for the windmill business of the Company. ▪ The repayment of the loan will be made in quarterly instalments of ₹ 7.5 million from December 2006 to March 2007, ₹ 8.75 million from June 2007 to March 2008, and ₹ 4.25 million from June 2008 to March 2013. ▪ The loan has been secured by a. Mortgage of all that piece and parcel of land in Sy. No. 28/1, 28/2, 61/2E, 61/2F, 453/2, 453/3, 453/4, and 453/5 measuring 1.1 acres, 99 cents, 92 cents, 1.08 acres, 36 cents, 52 cents, 90 cents, and 22 cents respectively in Kaduvetti Village, Alangulam Taluk, Uthumalai Sub District, Tirunelveli District. b. A first charge on the three windmills to be purchased by the Company c. A first charge by way of hypothecation of all of the Company's movables (except current assets and book debts) including machinery, machinery spares, tools and accessories, present and future subject to prior charges created in favour of the bank. d. First and exclusive charge on the immovable property belonging to the Company at DDA plot No. 2, 3, and 4, Community Centre at Alaknanda, New Delhi e. Personal guarantee of M.G.George Muthoot, George Alexander Muthoot, Anna Alexander, George Jacob Muthoot and George Thomas Muthoot, George M. Alexander, Sarah George. f. An irrevocable power of attorney authorizing the bank to takeover and carry on the Company's business, or to sell or transfer the hypothecated securities among other powers.

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from the State Bank of Travancore

- The Company shall not without the prior consent of the bank, avail of any loan or accommodation from any other bank or institution.
- The Company shall not without the prior consent of the bank allow any change in the Company's capital structure.
- Promoters should not disinvest their quota in the equity of the Company.
- The Company shall not without the prior consent of the bank, withdraw loans, deposits secured from the Promoter shareholders, Directors, depositors, and Promoters of the Company.
- Public issue of the Company should be fully subscribed or, in the alternative, fully underwritten.
- The Company shall not without the prior consent of the bank, declare dividend on its share capital unless it has paid all dues to the bank up to date.
- The Company shall not without the prior consent of the bank, create any subsidiary or permit any company to become its subsidiary.
- The Company shall not without the prior consent of the bank, permit any merger, consolidation, scheme of arrangement or compromise with its creditors or share holders.

- The Company shall not without the prior consent of the bank, effect any scheme of amalgamation or reconstruction.
- The Company shall not without the prior consent of the bank, implement any scheme of expansion/ diversification/ modernisation other than incurring routine capital expenditure.
- The Company shall not without the prior consent of the bank, make investments with any concern.
- The Company shall not without the prior consent of the bank, revalue its assets.
- The Company shall not without the prior consent of the bank, permit any transfer of the controlling interest of the Promoters/ Directors/ Partners.
- The Company shall not without the prior consent of the bank, make drastic changes in its management setup.
- The Company shall not without the prior consent of the bank, prepay any loan.
- The Company shall not without the prior consent of the bank, undertake project diversification, expansion or modernisation.
- The Company shall not without the prior consent of the bank, create any charge, pledge, mortgage, or other encumbrance whatsoever on its assets.
- The Company shall not without the prior consent of the bank, remove any person who has been exercising substantial powers of management of the affairs of the Company at the time of execution of the loan agreement.
- The bank is entitled to appoint a nominee director on the Board.
- The Company shall provide additional security for the granted facility in the event of the margin already provided under the loan agreement falling inadequate in the opinion of the bank which opinion shall be final and binding.
- The Company shall not, without the prior consent of the bank, undertake guarantee obligations on behalf of any other person.
- The Company shall not, without the prior approval of the bank, create any charge or encumbrance over the assets charged to the bank.
- The Company shall not, without the prior approval of the bank, sell, assign, mortgage, or other wise dispose of any fixed assets charged to the bank.
- The Company shall not pay any commission to the guarantors of the facility.
- The promoters shall not disinvest their equity shareholding in the Company.
- The Company shall pay a charge of 1% for any prepayment of the facility within one year of the sanction.
- The Company shall not without the prior consent of the bank enter into contractual obligation of a long term nature or affecting the Company financially to a significant extent.
- The Company shall not change the ordinary practice of remuneration to its Directors by means of ordinary remuneration, sitting fees or commissions.
- The bank will have the right to convert debt to equity at a time felt appropriate by the bank at a mutually acceptable formula.

22. ***Loan taken by the Company from Syndicate Bank***

Letter of sanction dated September 29, 2009, Charge and hypothecation of debt agreement dated August 29, 2009, Charge and hypothecation of debt agreement dated August 21, 2008, Composite Hypothecation Agreement dated September 29, 2009, Sanction letter dated August 21, 2008, Letter of sanction dated December 29, 2009, Power of attorney for collection of bills, book debts, and other receivables dated November 09, 2010, Letter of sanction dated November 10, 2010, Guarantee agreements of George Alexander Muthoot, M G George Muthoot, George Jacob Muthoot, and George Thomas Muthoot dated November 15, 2010, Charge and hypothecation of book debts agreement dated November 15, 2010, Composite hypothecation agreement dated November 15, 2010.

Sanctioned amount (₹ in Millions)	Amount outstanding as on February 28, 2011 (₹ in Millions)	Interest	Purpose of Loan/Repayment/Security
7,000.00	4,995.70	9.50% per annum fixed	▪ This loan has been availed as an overdraft facility. ▪ The principal amount of the loan is repayable on demand ▪ The loan has been secured by a. A first charge on all the book debts, outstanding monies receivables, claims and bills which are now due and owing to or will during the continuance of the facility become due and owing the Company with a margin of 25%; b. A first charge on all monies which are and will become due to the Company with a margin of 25%; c. Personal guarantees of George Alexander Muthoot, M. G. George Muthoot, George Jacob Muthoot, George Thomas Muthoot; and d. An irrevocable power of attorney authorizing the bank to sell or transfer the hypothecated securities, among other powers.

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from Syndicate Bank

- The Company shall not without the prior consent of the bank, receive, compound, or realise any of its book debts and loan receivables or do anything whereby recovery of the same may be impeded, delayed, or prevented.
- The Company shall not, without the prior consent of the bank, effect any change in the capital structure, management or organisational set up of the Company or declare dividend.
- The Company shall not, without the prior consent of the bank, change the constitution of its Board.
- The Company shall not, without the prior consent of the bank, formulate any scheme of amalgamation, merger, acquisition or reconstruction.
- The Company shall not, without the prior consent of the bank, undertake any new project or expansion scheme.
- The Company shall not, without the prior consent of the bank, invest by way or share capital, loan or advance funds or place deposits in any other concern, otherwise than in the normal course of business.
- The Company shall not, without the prior consent of the bank, enter into any borrowing arrangement, secured or unsecured, with any other banks, financial institutions or companies.
- The Company shall not, without the prior consent of the bank, make any drastic change in its management setup.
- The Company shall not, without the prior consent of the bank, undertake any guarantee obligation.
- The Company shall pay a penal interest of 2% per annum on the outstanding amounts, for an default in the repayment of the facility.
- The Company shall not create any charge on the properties or assets of the Company in favour of a third party.

23. ***Loan taken by the Company from Tata Capital Limited***

Letter of sanction dated May 15, 2010, Loan agreement dated May 25, 2010, Personal guarantees of M.G. George Muthoot and George Thomas Muthoot dated May 25, 2010, Deed of hypothecation dated May 25, 2010, Letter of sanction dated September 25, 2010, Loan agreement dated September 27, 2010, Irrevocable power of attorney dated September 27, 2010, Deed of hypothecation dated September 27, 2010, Personal guarantees of M G George Muthoot, George Thomas Muthoot, George Jacob Muthoot, and George Alexander Muthoot dated September 27, 2010.

Sanctioned amount (₹ in Millions)	Amount outstanding as on February 28, 2011 (₹ in Millions)	Interest	Purpose of Loan/Repayment/Security
1,000.00 (comprising of two term loans, one for ₹ 600 million and one for ₹ 400 million)	1,000.00	9.30% per annum fixed for a period of six months for the term loan of ₹ 600 million and 10.25% floating for the term loan of ₹ 400 million.	▪ This loan has been availed as a working capital short term loan facility. ▪ The tenure of the loan is for a period of 12 months, and the tenure of each tranche is 6 months. The principal availed in each tranche is repayable by bullet at the end of six months after date of disbursements. Interest must be repaid on a monthly basis. ▪ The loan has been secured by a. A pari passu first charge on the current assets, book debts, loans and advances and receivables including gold loan receivables (including assets covered under gold loan and the resultant receivables) with an asset cover of 115%; and b. Irrevocable personal guarantees of M G George Muthoot, George Alexander Muthoot,George Jacob Muthoot and George Thomas Muthoot.

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from Tata Capital Limited:

- The Company shall not, without the written consent of the bank, create any further charge, lien and encumbrance on (i) the assets and/or property obtained by utilising the credit facility and (ii) charge created in favour of the bank under the agreement.
- The Company shall not, without the written consent of the bank, raise any finance by way of loans, overdrafts or otherwise in any manner from any other bank or financial institution against the same security created in favour of the Bank.
- The Company shall not without the prior consent of the bank, effect any scheme of amalgamation or reconstruction or declare dividend.
- The Company shall not without the prior written intimation to the bank, change the capital structure.
- The Company shall not without the prior written intimation to the bank, implement any scheme of expansion and acquisition of fixed assets, other than in the normal course of business.
- The Company shall not without the prior written intimation to the bank declare dividend on its share capital, and except out of the profits relating to that year.
- The Company shall not without the prior written intimation to the bank, change the Board composition.
- The Company shall not, without the prior consent of the bank, invest by way or share capital, loan or advance funds or place deposits in any other concern, otherwise than in the normal course of business.
- The Company will be liable to pay a prepayment penalty of 1% on the prepaid principal amount.
- The Company will be liable to pay interest at 4% per annum over and above the normal interest rate shall be charged in case of delayed payment of interest, principal or monies payable under the loan.
- The Company will be liable to pay enhanced interest of 1% cumulatively, subject to a maximum of 2% for delayed submission/non-submission of financial data required for review, annual financials, receivable and book debt statement, monitoring documents and form 8, and for non-adherence of covenants of the facility.

24. ***Loans taken by the Company from Central Bank of India***

Sanction letter dated April 20, 2010, Supplementary agreement dated August 12, 2010, Agreement of hypothecation to secure demand cash credit against goods dated August 12, 2010, Letter of hypothecation of book debts – loans dated August 12, 2010, Demand promissory note dated August 12, 2010, Sanction letter dated September 16, 2010, Supplementary agreement dated September 16, 2010, Agreement of hypothecation to secure demand cash credit limit, and Letter of hypothecation dated September 16, 2010.

Sanctioned amount (₹ in Millions)	Amount outstanding as on February 28, 2011 (₹ in Millions)	Interest	Purpose of Loan/Repayment/Security
3,000.00	2,997.72	10.50 % per annum (2.50% below the BPLR) for the cash credit facility. 8.60% per annum (0.60% above the BPLR) for short term loan if availed of by the Company for a tenor of 3 months 9.15% per annum (1.15% above the BPLR) for short term loan if availed of by the Company for a tenor of 6 months	▪ This loan is availed as a cash credit facility (with a sub-limit of ₹ 300 million for short term loan), for the purpose of on lending to farmers for agriculture and allied activities. ▪ The repayment of the loan is to be made by the end of a period of six months from the date of disbursal. ▪ The cash credit/short term loan facility has been secured by: (a) Pari Passu charge over receivables including advances against security of gold, both present and future loan and the resultant receivables. (b) Pari passu charge over the current assets, book debts, loans, advances, and receivables including gold loan receivables. (c) Personal guarantees of M G George Muthoot, George Alexander Muthoot, Sara George, Anna Alexander, George Jacob Muthoot, and George Thomas Muthoot. (d) Demand promissory note for a sum of ₹ 3,000,000,000 from the Company. ▪ The revolving limit for assignment of pools of priority sector direct agriculture gold loans has been secured by: (a) assignment of gold loan receivables outstanding with rural and semi-urban branches who were given finance for agriculture purpose (b) cash collateral equivalent to 5% of the pool size must be kept in fixed deposit. (c) Personal guarantees of M G George Muthoot, George Alexander Muthoot, Sara George, Anna Alexander, George Jacob Muthoot, and George Thomas Muthoot.

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from Central Bank of India:

- The proceeds of the loan should be utilised only for the purpose for which it has been provided and there should not be any diversion.
- The Company shall not without permission of the bank, undertake any new project scheme unless expenditure on such expansion is covered by the Company's net cash accruals after providing for dividends, investments, etc., or for long term uses for financing such new projects or expansion.
- The Company shall not invest by way of share capital in or lend or advance funds to or place deposits with any associate/allied/sister/ any other concern.
- The Company shall not enter into any borrowing arrangement, either secured or unsecured with any other bank/financial institution/company.
- The Company must not approach any other bank or financial institution for any sort of financial assistance, without the prior consent of the bank.
- The Company must not, during the currency of the facilities, without the prior consent of the bank, make any change in its constitution.
- The Company will keep the bank informed of all the material matters which may effect its financial, managerial, and operational aspects.
- Unsecured loans brought into the business of the Company will not be withdrawn/paid back during the currency of the facilities of the bank.

25. ***Loan taken by the Company from Development Credit Bank***

Sanction letter dated September 29, 2010, Term loan agreement dated October 04, 2010, Deed of hypothecation dated October 04, 2010, and Personal guarantees of M G George Muthoot, and George Alexander dated October 04, 2010, and Demand promissory note dated October 04, 2010.

Sanctioned amount (₹ in Millions)	Amount outstanding as on February 28, 2011 (₹ in Millions)	Interest	Purpose of Loan/Repayment/Security
500.00	500.00	9.50% per annum (base rate of Development Credit Bank + 1.75%) with monthly rests	▪ This loan is availed of as a short term loan for onward lending for agricultural purpose. ▪ The tenor of the loan is one year. Maximum tenor for each tranche shall be 180 days. The loan is repayable on demand or by bullet repayment at the end of 180 days from the date of each disbursal. Interest shall be repaid separately, every month. ▪ The loan has been secured by: (a) A pari-passu charge on current assets, book debts, loans and advances and receivables including gold loan receivables of the Company. (b) Personal guarantee of M G George Muthoot, and George Alexander Muthoot. (c) Demand promissory note from the Company.

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from Development Credit Bank:

- The bank reserves the right to accelerate repayments in case of non-compliance of any of the covenants under the loan documentation.
- In case of prepayment, Company will be liable to pay penal charges of 2% on outstanding amounts (in case of full prepayment) or 2% on prepaid amount.
- The Company will be liable to pay penal interest of 2% of the irregular/overdue amount for any delay in payment of interest or repayment of principal, and 2% per annum of the sanctioned limit for any non-compliance of sanction terms within stipulated time frame, for the period of non-compliance.
- The Company shall obtain prior consent of the bank prior to effecting any change in its shareholding pattern, or management control, or to make investments in fixed assets in associates or group companies.
- The Company shall not, without the prior approval of the bank to route any business of the Company through other associate/group companies.
- The facility shall be used only for the sanctioned purpose.
- The Company must inform the bank of all changes, financial or others which may affect the working, business, or capacity to repay the loan, or interest, on the occurrence of any event, or even before the occurrence of the event, as soon as the Company apprehends the occurrence of such event.
- The Company shall not without prior consent of the bank, formulate any scheme of amalgamation or reconstitution.
- The Company shall not without prior consent of the bank, implement any major scheme of expansion, other than normal expenditure or capital expensiture project in data furnished to the bank.
- The Company shall not without prior consent of the bank, invest by way of share capital in or lend or advance funds to or place deposits with any other concern, other than in the ordinary course of business.
- The Company shall not without prior consent of the bank, undertake guarantee obligations on behalf of any other company.
- The Company shall not without prior consent of the bank, allow the Promoters/Directors alienate, transfer, dispose or dilute their shareholding.

- The Company shall not without prior consent of the bank, declare dividends for any year out of the profits relating to the year if any of the financial commitments to the bank have not been duly met.
- The Company shall not without prior consent of the bank, repay monies brought in by the Promoters/Directors, principal shareholders, and their friends and relatives by way of loans/deposits/share application money, etc., and pay interest to any unsecured loans brought in as quasi equity.
- The Company shall not without prior consent of the bank, enter into long term contractual obligations directly affecting the financial position of the Company.
- The bank may require all amounts due under the loan if any installment of the principal remains unpaid on due date or interest remain unpaid for three months, or if the Company commits any breach or default in the performance or observance of these presents and/or the proposals of the Company and/or security document, or other terms and conditions of the loan for a period of 15 days after notice in writing, or if the Company, or if the borrower enters into any arrangement or composition with its creditors, or commits an act of insolvency, or if execution or distress is enforced or levied against the whole or any part of the property of the Company, or if the Company goes into liquidation other than for amalgamation or reconstruction, or if a receiver is appointed in respect of the whole or any part of the property of the Company, or if the Company ceases or threatens to cease to carry on its business, or if any circumstance occurs which is prejudicial to or impairs, or imperils, or depreciates or is likely to prejudicially or adversely affect the capacity of the Company to repay the loan, or if the Company commits any breach or default of any of the undertakings given to it by the bank, or fails to comply within a reasonable time after being called upon to do so.

26. ***Loan taken by the Company from HDFC Bank***

Sanction letter dated November 24, 2010, Loan agreement dated November 25, 2010, Deed of hypothecation of stock and book debts dated November 25, 2010, Demand promissory note dated November 25, 2010, Letter of continuity dated November 25, 2010, Letter of continuing guarantee dated November 25, 2010, Personal guarantee of George Alexander Muthoot dated November 25, 2010, and Letter dated March 07, 2011.

Sanctioned amount (₹ in Millions)	**Amount outstanding as on February 28, 2011 (₹ in Millions)**	**Interest**	**Purpose of Loan/Repayment/Security**
800.00	800.00	9.25% per annum	▪ This loan is availed of as a short term loan for on lending to farmers. ▪ The tenor of the loan is 180 days. Principal amount shall be repaid in two equal instalments of ₹ 400,000,000 at the end of 165 days and 180 days from the date of disbursement of the loan. Interest shall be repaid at the end of every month. ▪ The loan has been secured by: (a) A pari-passu charge on current assets, including gold loan receivables and other current assets of the Company. (b) Personal guarantee of George Alexander Muthoot. (c) Demand promissory note from the Company.

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from HDFC Bank:

- The Company shall not, without prior consent of the bank, prepay the outstanding principal amounts of the loans in full or in part before their due dates.
- The Company shall not, without the prior consent of the security agents and trustees of the bank, create any charge, mortgage, pledge, hypothecation, lien or other encumbrance in the securities in favour of a third party.
- The Company shall not without the prior consent of the security agents and trustees of the bank, enter into any scheme of merger, amalgamation, compromise or reconstruction.
- The Company shall not without the prior consent of the security agent and trustees of the bank, permit any change in the ownership or control whereby the effective beneficial ownership or control of the Company shall change.

- The Company shall not without the prior consent of the security agents and trustees of the bank, effect any material change in the management of its business.
- The Company shall not without the prior consent of the security agents and trustees of the bank, make any amendments in its memorandum and articles.
- The Company shall not without the prior consent of the security agents and trustees of the bank, create or assume any further indebtedness of a long term nature whether for borrowed money or otherwise.
- The Company shall not without the prior consent of the security agents and trustees of the bank, declare any dividend if any instalment towards principal or interest remains unpaid on its due date.

27. ***Loan taken by the Company from Development Credit Bank***

Sanction letter dated November 25, 2010, Term loan agreement dated December 02, 2010, Deed of hypothecation dated December 02, 2010, and Personal guarantees of M G George Muthoot, and George Alexander Muthoot dated December 02, 2010, and Demand promissory note dated December 02, 2010.

Sanctioned amount (₹ in Millions)	Amount outstanding as on February 28, 2011 (₹ in Millions)	Interest	Purpose of Loan/Repayment/Security
250.00	250.00	9.25% per annum (base rate of Development Credit Bank + 1%) with monthly rests	▪ This loan is availed of as a short term loan for onward lending for agricultural, non-agricultural/weaker sections. ▪ The tenor of the loan is one year. Maximum tenor for each tranche shall be 180 days. The loan is repayable on demand or by bullet repayment at the end of 180 days from the date of each disbursal. Interest shall be repaid separately, every month. ▪ The loan has been secured by: (a) A pari-passu charge on current assets, book debts, loans and advances and receivables including gold loan receivables of the Company. (b) Personal guarantee of M G George Muthoot, and George Alexander Muthoot. (c) Demand promissory note from the Company.

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from Development Credit Bank:

- The bank reserves the right to accelerate repayments in case of non-compliance of any of the covenants under the loan documentation.
- In case of prepayment, Company will be liable to pay penal charges of 2% on outstanding amounts (in case of full prepayment) or 2% on prepaid amount.
- The Company will be liable to pay penal interest of 2% of the irregular/overdue amount for any delay in payment of interest or repayment of principal, and 2% per annum of the sanctioned limit for any non-compliance of sanction terms within stipulated time frame, for the period of non-compliance.
- The Company shall obtain prior consent of the bank prior to effecting any change in its shareholding pattern, or management control, or to make investments in fixed assets in associates or group companies.
- The Company shall not, without the prior approval of the bank to route any business of the Company through other associate/group companies.
- The facility shall be used only for the sanctioned purpose.
- The Company must inform the bank of all changes, financial or others which may affect the working, business, or capacity to repay the loan, or interest, on the occurrence of any event, or even before the occurrence of the event, as soon as the Company apprehends the occurrence of such event.
- The Company shall not without prior consent of the bank, formulate any scheme of amalgamation or reconstitution.
- The Company shall not without prior consent of the bank, implement any major scheme of expansion, other than normal expenditure or capital expenditure project in data furnished to the bank.

- The Company shall not without prior consent of the bank, invest by way of share capital in or lend or advance funds to or place deposits with any other concern, other than in the ordinary course of business.
- The Company shall not without prior consent of the bank, undertake guarantee obligations on behalf of any other company.
- The Company shall not without prior consent of the bank, allow the Promoters/Directors alienate, transfer, dispose or dilute their shareholding.
- The Company shall not without prior consent of the bank, declare dividends for any year out of the profits relating to the year if any of the financial commitments to the bank have not been duly met.
- The Company shall not without prior consent of the bank, repay monies brought in by the Promoters/Directors, principal shareholders, and their friends and relatives by way of loans/deposits/share application money, etc., and pay interest to any unsecured loans brought in as quasi equity.
- The Company shall not without prior consent of the bank, enter into long term contractual obligations directly affecting the financial position of the Company.
- The bank may require all amounts due under the loan if any installment of the principal remains unpaid on due date or interest remain unpaid for three months, or if the Company commits any breach or default in the performance or observance of these presents and/or the proposals of the Company and/or security document, or other terms and conditions of the loan for a period of 15 days after notice in writing, or if the Company, or if the borrower enters into any arrangement or composition with its creditors, or commits an act of insolvency, or if execution or distress is enforced or levied against the whole or any part of the property of the Company, or if the Company goes into liquidation other than for amalgamation or reconstruction, or if a receiver is appointed in respect of the whole or any part of the property of the Company, or if the Company ceases or threatens to cease to carry on its business, or if any circumstance occurs which is prejudicial to or impairs, or imperils, or depreciates or is likely to prejudicially or adversely affect the capacity of the Company to repay the loan, or if the Company commits any breach or default of any of the undertakings given to it by the bank, or fails to comply within a reasonable time after being called upon to do so.

28. ***Loan taken by the Company from Barclays Bank***

Sanction letter dated November 26, 2010, Deed of hypothecation dated November 26, 2010, Multi option facility agreement dated November 26, 2010, Deeds of guarantee of George Jacob Muthoot, George Thomas Muthoot, M G George Muthoot, and George Alexander Muthoot dated November 29, 2010, Letter of continuing security dated November 29, 2010, and Demand promissory note dated November 29, 2010.

Sanctioned amount (₹ in Millions)	Amount outstanding as on February 28, 2011 (₹ in Millions)	Interest	Purpose of Loan/Repayment/Security
1,000.00	1,000.00	9.65% per annum	▪ This loan is availed of as a short term loan for the working capital requirements of the Company. ▪ The tenor of the loan is one year. Maximum tenor for each tranche shall be 180 days. The loan is repayable on demand. ▪ The loan has been secured by: (a) A pari-passu first charge on the entire current assets of the Company. (b) A subservient charge by way of hypothecation of the entire current assets of the Company. (c) Personal guarantee of M G George Muthoot, George Jacob Muthoot, George Thomas Muthoot, and George Alexander Muthoot.

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from Barclays Bank:

- The Company will be liable to pay default interest rate of 2% per annum as default interest rate.
- The Company will be liable to pay penalty fee of ₹ 5,000 in the event any breach by the Company to provide financial statements in accordance with the facility agreement, or any breach by the Company

to provide copies of insurance policies to the bank, and such other penalty charges as determined by the bank in accordance with the tariff guide from time to time.

- The Company will use the loan only for the purpose sanctioned.
- The bank is entitled to at any time during the subsistence of the facility to call for payment of all amounts outstanding at that time.
- The Company shall not utilise the facility for subscription to and/or purchase of shares and/or debentures, investment in real estate, buy-back of its shares, repayment of its dues of personal loans, housing loans, loans availed by promoters and/or associate concerns, or for inter-corporate deposits, or any speculative purposes.
- The Company shall not, without the prior consent of the bank, open a current account with other banks.
- The Company shall not, without the prior consent of the bank, invest, lend or extend advances to any of its subsidiaries, associates, or sister concerns.
- The Company shall not, without the prior consent of the bank, directly or indirectly make or cause to make any investment in any chit funds or investments of a similar nature.

29. ***Loan taken by the Company from Jammu and Kashmir Bank***

Sanction letter dated December 15, 2010, Term loan agreement dated December 20, 2010, Irrevocable general power of attorney dated December 20, 2010, Memorandum of hypothecation dated December 20, 2010, Letter of undertaking dated December 20, 2010, Letter of waiver dated December 20, 2010, Deeds of guarantee of M G George Muthoot, George Alexander Muthoot, George Jacob Muthoot, and George Thomas Muthoot dated December 20, 2010, and Demand promissory note dated December 20, 2010.

Sanctioned amount (₹ in Millions)	Amount outstanding as on February 28, 2011 (₹ in Millions)	Interest	Purpose of Loan/Repayment/Security
2,000.00	2,000.00	9.10% per annum (base rate of Jammu and Kashmir Bank + 0.60%) with monthly rests	▪ This loan is availed of as a short term working capital facility for onward lending to farmers against gold, qualifying under indirect agriculture lending for the bank. ▪ The tenor of the loan is one year. The loan shall be repaid by one bullet repayment at the end of the tenor of the loan. The interest must be serviced by the Company as and when charged in the account, at monthly intervals. ▪ The loan has been secured by: (a) A pari-passu charge on current assets, book debts, loans and advances and receivables including gold loan receivables of the Company. (b) Personal guarantee of M G George Muthoot, George Alexander Muthoot, George Jacob Muthoot, and George Thomas Muthoot for an amount of ₹ 2,000,000,000 each. (c) Demand promissory note of ₹ 2,000,000,000 from the Company.

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from Jammu and Kashmir Bank:

- The bank reserves the right to charge higher rate of interest in case of down rating of the credit risk rating of the Company.
- The Company must maintain an asset cover of 1.15 times the loan amount.
- The Company shall not utilise the proceeds of the loan for subscription/investments or purchaser of shares or debentures, repayment of dues of promoters/associate concerns/inter corporate deposits, extending unsecured loans or making any inter corporate deposits to a subsidiary/associate company or any other company, further lending to individuals for subscribing to initial public offerings, bill discounting or any speculative purpose.
- The Company shall ensure that the advance be utilised for the purpose sanctioned by the bank.

- The Company will be liable to pay penal interest of 2% for default in repayment of loan/servicing of interest, or non-compliance with borrowing covenants/sanction terms and conditions, or non-submission/delay in submission of quarterly information systems, for the period of such default.
- The Company shall obtain prior permission of the bank to prepay the whole loan amount, and is prohibited from prepaying a part of the loan amount.
- The Company shall promptly inform the bank if it has notice of any application for winding up having been made or any statutory notice of winding up, or any other notice, or of any suit or other legal process intended to be filed or initiated against the Company and affecting the title to the securities advanced to the bank for this loan, or if a receiver is appointed for any of the securities advanced to the bank, or the business or undertaking of the Company.
- The Company shall promptly inform the bank of the happening of any event likely to have a material adverse effect or cause adverse changes in its profits and/or operations.
- The Company shall promptly, and in any event, within five days of having obtained knowledge of any claims or proceedings reasonably expected to have a material adverse effect, before any government authority, court, arbitral tribunal or other body, against or affecting the Company or withholding any applicable permits necessary for the execution, delivery or performance by the Company, or the exercise of its rights under the agreements, in relation to its business and to which it is a party.
- The Company shall promptly inform the bank of the occurrence of any event that is likely to have a material adverse effect on the Company, and the remedial steps to be taken by the Company.
- The Company shall notify the bank promptly, and in no event later than fifteen days from the occurrence of any nationalisation or proposal by any governmental authority to effect nationalisation, or which could reasonably be expected to result in a change in or under applicable law which reasonably could be expected to have a material adverse effect on the ability of the Company to perform its obligations to the bank, or of any substantial dispute between the Company and any of its share holders, or inter se disputes amongst the shareholders, and/or any governmental authority, or any change in the authorised officers or Directors of the Company, notice from any tax authority in respect of any material claim, proceeding, or hearing or any tax assessment liability.
- The Company shall not, without the prior consent of the bank, take or agree to take action of, or formulate and effect any scheme with respect to merger, consolidation, reconstruction, or amalgamation or for the sale or transfer or otherwise dispose the receivables in contravention of the terms of the loan.
- The Company shall not without the prior consent of the bank, amend its memorandum and articles of association in any manner, which would be inconsistent with the terms of the loan.
- The Company shall not without the prior consent of the bank, create any security interest over the securities granted to the bank.
- Default by the Company in repayment of principal or interest with constitute an event of default.
- Default of the Company in performance of its obligations under any financing agreements with other lenders will constitute an event of default.
- The Company becoming unable to or admitting in writing, its inability to pay its debts as they mature, or stopping, suspending or threatening to stop or suspend payment of all or any material part of its debts, or being party to negotiations or taking part in any proceeding or other steps with a view to rescheduling or deferral of any part of its debts or proposing or making a general assignment or an arrangement or composition with or for the benefit of its creditors generally or any group or class thereof or filing a petition for suspension of payments or other relief of debtors in respect of or affecting all or any part of its debt, will constitute an event of default.
- If the Company is party, voluntarily or involuntarily subject to proceedings of bankruptcy or insolvency law, or if the Company is voluntarily dissolved, or if proceedings of execution or distress are levied or enforced against the whole or any part of the property of the Company, and such order is not discharged or stayed within a period of 30 days from the date of enforcement or levy, it will constitute an event of default.
- If a receiver trustee, custodian, liquidator, or other similar officer has been appointed in relation to its properties/assets of the Company, and such appointment is not stayed, quashed, or dismissed within a period of 30 days, it will constitute an event of default.
- If the Company ceases or threatens to cease to carry on its business for a period exceeding 30 business days, it will constitute an event of default.
- Any event which has or can in the judgment of the bank reasonably be expected to have a material adverse effect, be prejudicial to, or otherwise depreciate the security furnished to the bank, with such circumstance continuing for thirty days, or be prejudicial to or adversely affect the capacity of the Company to repay the loan, will constitute an event of default.

- Failure of the Company to create security within the time frame stipulated by the bank will constitute an event of default.
- Upon the occurrence of an event of default, the bank will be entitled to accelerate repayment obligations of the Company, terminate further disbursements of loan amounts, and proceed against the security and pursue other remedies available under law. In addition, the bank will be entitled to stipulate further conditions and covenants as it deems fit, to be complied with by the Company.

30. ***Loan taken by the Company from Andhra Bank***

Sanction letter dated December 29, 2010, Composite agreement dated December 30, 2010, General form of guarantee dated December 30, 2010, and Demand promissory note dated December 30, 2010.

Sanctioned amount (₹ in Millions)	Amount outstanding as on February 28, 2011 (₹ in Millions)	Interest	Purpose of Loan/Repayment/Security
1,500.00	1,496.85	11.50% per annum (base rate of Andhra Bank + 2.50%)	▪ This loan is availed of as an open cash credit facility to meet the working capital requirements of the Company. ▪ The tenor of the loan is one year. The loan shall be repaid by one bullet repayment at the end of the tenor of the loan. The interest must be serviced by the Company as and when debited to the Company. ▪ The loan has been secured by: (a) A pari-passu charge on book debts, and outstanding monies receivable, including gold loan receivables of the Company with minimum asset cover of 133.33% of the loan amount. (b) Personal guarantee of M G George Muthoot, George Alexander Muthoot, George Jacob Muthoot, and George Thomas Muthoot. (c) Demand promissory note of ₹ 1,500,000,000 from the Company.

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from Andhra Bank:

- The bank reserves the right to alter, cancel, or modify the loans sanctioned and terms and conditions stipulated therein, without notice to the Company, and without assigning any reason.
- The bank reserves the right to rearrange the repayment schedule, and to call upon the Company to accelerate the payments, if the Company's financial position so warrants, as per the opinion of the bank.
- The Company must take necessary steps to maintain TOL/TNW as per prescribed norms of the bank by infusing additional capital/long term funds.
- The Company will be liable to pay overdue interest of 2% for delayed submission of renewed proposal from the due date to the date of submission of proposal by the party with full details.
- The Company will be liable to pay penal interest at applicable rates for non-submission/delayed submission of stock statement.
- The Company will be liable to pay additional interest of 1% from October 01, 2011 onwards or from the seventh month from the close of the financial year onwards, if it fails to submit its audited balance sheet.
- The Company must inform the bank prior to effecting any change in its capital structure, formulating any scheme of amalgamation, implementing any scheme of expansion or acquiring fixed assets, making investments/advances or deposit amounts with any other concern, entering into borrowing arrangements with any other bank, financial institution or company, undertaking guarantee obligations on behalf of any other party, declaring dividends for any year, except out of profits related to that year, and for change in the composition of the board of Directors of the Company.
- The Company must use the loan only for the sanctioned purposes.
- If the Company fails to maintain such margin as hereafter said or if the Company fails to repay the bank on demand, or breach or default in the observance of any terms and conditions of the loan, or entering into an arrangement or composition with its creditors or committing an act the consequences of which would be winding up of the Company, or failure of the Company to carry out its obligations

or committing an act of insolvency, or becoming or being adjudged bankrupt, or distress or execution being levied or being enforced upon or against any property of the Company, or in the event of any person, firm or company taking any step towards applying for or obtaining an order for the winding up of the Company or if any such order is made or any step is taken by any person, firm or company or towards passing any resolution to wind up the Company or if any such resolution is passed, whichever may first happen, or any damage occurring to the security from any cause whatsoever, it will constitute an event of default.

31. ***Loan taken by the Company from Corporation Bank***

Sanction letter dated December 27, 2010, Common deed of hypothecation of movables/assets/debts dated December 31, 2010, General form of guarantees of of M G George Muthoot, George Alexander Muthoot, George Jacob Muthoot, and George Thomas Muthoot dated December 31, 2010, and Demand promissory note dated December 31, 2010.

Sanctioned amount (₹ in Millions)	**Amount outstanding as on February 28, 2011 (₹ in Millions)**	**Interest**	**Purpose of Loan/Repayment/Security**
2,500.00 (with a sub-limit of ₹ 2,500 million as short term loan)	2,496.82	11% per annum (base rate of Corporation Bank + 2.75%, subject to reset every three months)	▪ This loan is availed of as an open cash credit facility for the purpose of receivable finance. ▪ The tenor of the loan is one year. The loan is repayable on demand. The tenor of the short term loan shall be 180 days and the terms of repayment will be as agreed to with the bank at the time of availing the short term loan. The interest must be serviced by the Company as and when debited to the Company. ▪ The loan has been secured by: (a) Hypothecation of gold loan receivables of the Company on pari passu basis with other lenders under multiple banking arrangements with a margin of 25% on unencumbered gold loan receivables. (b) Personal guarantee of M G George Muthoot, George Alexander Muthoot, George Jacob Muthoot, and George Thomas Muthoot. (c) Demand promissory note of ₹ 2,500 million from the Company.

The following material restrictive provisions are also applicable in relation to the above loan availed of by the Company from Corporation Bank:

- The bank reserves the right to alter, cancel, or modify the loans sanctioned without assigning any reason, without notice to the Company and to cancel the facility upon change in control of the Company, and to require immediate repayment of all amounts outstanding under the facility.
- The Company must endeavour to secure salary accounts of all its employees, and to get the personal accounts of the Promoters/Directors of the Company.
- The Company must endeavour to sell the life/non-life insurance products to meet the requirements of the Company/Promoters and more particularly general insurance on the assets of the organisation.
- The Company must obtain prior consent of the bank to avail the -limit short term loan granted under this facility.
- The Company must obtain prior consent of the bank to prepay the loan.
- The Company will be liable to pay penal interest of 2% for delayed submission of renewed proposal from the due date to the date of submission of proposal by the party with full details.
- The Company will be liable to pay penal interest of 2% per annum for non-submission/delayed submission of stock statement.
- The Company must inform the bank prior to effecting any change in its capital structure, formulating any scheme of amalgamation, implementing any scheme of expansion or acquiring fixed assets, making investments/advances or deposit amounts with any other concern, entering into borrowing arrangements with any other bank, financial institution or company, undertaking guarantee obligations on behalf of any other party, further encumber or dispose off securities furnished to the bank.

- The Company must use the loan only for the sanctioned purposes, and shall not use the loan for any purposes other than as permitted as per the extant guidelines of the RBI in financing of NBFCs. The Company must not divert the proceeds of the loan for payment of instalments under term loans, meeting cost of acquisition of additional fixed assets, etc.
- The Company shall not without the prior consent of the bank, take up a new business activities or set up or invest in a subsidiary.
- The Company shall not repay unsecured loans of ₹ 570,600,000 raised by the Company as on March 31, 2010 during the currency of the facility.
- The Company must route pro-rata, business transactions through the account of the Company maintained with the bank.
- The Company must keep the bank informed of any legal action instituted against the Directors of the Company, once every quarter during the currency of the facility.
- If the Company fails to maintain such margin as hereafter said or if the Company fails to repay the bank amounts when due, or breach or default in the observance of any terms and conditions of the loan and failure to rectify the breach or default within agreed remedy periods, misrepresentation by the Company to the bank, or cross default by the Company, or entering into an arrangement or composition with its creditors or committing an act the consequences of which would be winding up of the Company, or failure of the Company to carry out its obligations or committing an act of insolvency, or becoming or being adjudged bankrupt, or distress or execution being levied or being enforced upon or against any property of the Company, or in the event of any person, firm or company taking any step towards applying for or obtaining an order for the winding up of the Company or if any such order is made or any step is taken by any person, firm or company or towards passing any resolution to wind up the Company or if any such resolution is passed or other insolvency events, , or failure of the Promoters and Promoter Group to maintain ownership of the Company, or if the Company carries out any unlawful activities or activities repudiating the terms of the loan, or on the occurrence of a material adverse change in the business of the Company, financial or other conditions of the Company, operations, performance, properties or prospects of the Company in the opinion of the bank, or revocation of the operating licenses or other authorisations of the Company, it will constitute an event of default.

SECTION VI MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our restated financial statements as of and for the years ended March 31, 2006, 2007, 2008, 2009 and 2010, and as of and for the eight months ended November 30, 2010, prepared in accordance with the Companies Act, Indian GAAP and the SEBI ICDR Regulations, including the schedules, annexures and notes thereto and the reports thereon, included in the section "FinancialInformation" beginning on page 180 of this Prospectus. Unless otherwise stated, the financial information used in this section is derived from the restated financial statements of the Company.

Indian GAAP differs in certain material respects from U.S. GAAP and IFRS. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Prospectus, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section "Risk Factors" on page 9 of this Prospectus.

Overview

We are the largest gold financing company in India in terms of loan portfolio, according to IMaCS Industry Report (2010 Update). We provide personal and business loans secured by gold jewellery, or Gold Loans, primarily to individuals who possess gold jewellery but could not access formal credit within a reasonable time, or to whom credit may not be available at all, to meet unanticipated or other short-term liquidity requirements. According to the IMaCS Industry Report (2010 Update), as of March 31, 2010 our branch network was the largest among gold loan NBFCs in India. Our Gold Loan portfolio as of November 30, 2010 comprised approximately 4.1 million loan accounts in India that we serviced through 2,263 branches across 20 states, the national capital territory of Delhi and four union territories in India. We have since increased our branch network to 2,611 branches as of February 28, 2011 and used our branch network to serve an average of 67,953 customers per day in the month of February 2011. As of February 28, 2011, we employed 15,664 persons in our operations.

In the years ended March 31, 2008, 2009 and 2010, and in the eight months ended November 30, 2010, revenues from our Gold Loan business constituted 95.97%, 96.71% and 98.08%, and 98.50%, respectively, of our total income. In addition to our Gold Loans business, we provide money transfer services through our branches as sub-agents of various registered money transfer agencies, and recently have commenced providing collection agency services. We also operate three windmills in the state of Tamil Nadu.

We issue secured non-convertible debentures called "Muthoot Gold Bonds" on a private placement basis. Proceeds from our issuance of Muthoot Gold Bonds form a significant source of funds for our Gold Loan business. We also rely on bank loans and subordinated debt instruments as our sources of funds. As per our restated audited financial statements, as of November 30, 2010, we had ₹ 33,644.5 million in outstanding Muthoot Gold Bonds and ₹ 57,184.7 million in other borrowings. We also raise capital by selling a portion of our loan receivables under bilateral assignment agreements with various banks .

We provide retail loan products, primarily comprising Gold Loans. We also disburse other loans, including those secured by Muthoot Gold Bonds. Our Gold Loans have a maximum 12 month term. As per our restated restated audited financial statements, our average disbursed Gold Loan amount outstanding was ₹ 31,553 per loan account as of November 30, 2010. In the year ended March 31, 2010, our retail loan portfolio earned, on average, 1.67% per month, or 19.94% per annum, and in the eight months ended November 30, 2010 our retail loan portfolio earned, on average, 1.57% per month, or 18.92% per annum.

As per our restated audited financial statements, as of March 31, 2008, 2009 and 2010, and as of November 30, 2010, our portfolio of outstanding gross Gold Loans under management was ₹ 21,790.1 million, ₹ 33,000.7 million and ₹ 73,417.3 million, ₹ 128,977.7 million, respectively, and approximately 30.1 tons, 38.9 tons, 65.5

tons, and 97.6 tons, respectively, of gold jewellery was held by us as security for our Gold Loans . Gross non-performing assets ("NPAs") were at 0.42%, 0.48%, 0.46%, and 0.35% of our gross retail loan portfolio under management as of March 31, 2008, 2009 and 2010, and as of November 30, 2010, respectively.

As per our restated audited financial statements, in the years ended March 31, 2008, 2009 and 2010, our total income was ₹ 3,686.4 million, ₹ 6,204.0 million and ₹ 10,893.8 million, respectively, demonstrating an annual growth rate of 57.56%, 68.29% and 75.59%, respectively. As per our restated audited financial statements, in the eight months ended November 30, 2010, our total income was ₹ 13,016.6 million. As per our restated audited financial statements, our profit after tax in the years ended March 31, 2008, 2009 and 2010 was ₹ 630.6 million, ₹ 978.7 million and ₹ 2,285.2 million, respectively, demonstrating an annual growth rate of 43.8%, 55.2% and 133.5%, respectively. As per our restated audited financial statements, our profit after tax in the eight months ended November 30, 2010 was ₹ 2,914.8 million. As per our restated audited financial statements, our networth as of March 31, 2008, 2009, 2010, and as of November 30, 2010 was ₹ 2,131.1 million, ₹ 3,614.5 million, ₹ 5,841.9 million and ₹ 11,314.5 million, respectively.

Factors Affecting Results of Operations

Volatility in interest rates

Our results of operations are substantially dependent upon the level of our net interest margins. In the year ended March 31, 2008, 2009and 2010 and in the eight months ended November 30, 2010, our interest income represented 97.10%, 97.72% and 98.91%, and 99.05%, respectively, of our total income. 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. Our policy is to attempt to balance the proportion of our interest-earning assets (which earn fixed rates of interest) with our interest-bearing liabilities. As of November 30, 2010, 48.16% of our borrowings were at fixed rates of interest, comprising primarily our privately placed secured non-convertible redeemable debentures, which constituted 37.04% of our total indebtedness as of November 30, 2010. Our remaining loans are at floating rates of interest, particularly our borrowings from banks. Notwithstanding our attempts to balance our interest rate risk, changes in interest rates could affect the interest rates charged on interest-earning assets and the interest rates paid on interest-bearing liabilities in various ways. Our results of operations therefore can be affected by changes in interest rates and mismatches in re-pricing our liabilities and our assets.

In a rising interest rate environment, if the yield on our interest-earning assets does not increase at the same time or to the same extent as our cost of funds, or, in a declining interest rate environment, if our cost of funds does not decline at the same time or to the same extent as the yield on our interest-earning assets, our net interest income and net interest margin would be adversely impacted. However, on account of the generally short-term nature of our loan portfolio, in a rising interest rate scenario, loans in our portfolio can be revised upwards in a relatively short period of time. However, in a falling interest rate scenario, since the average ticket size of our loans is small (approximately ₹ 31,553 as at November, 2010, as per our restated audited financial statements), we have observed that our loan portfolio is price inelastic, and that we are able to retain the higher interest rate even though the corresponding cost of funds has come down.

Access to funds and availability of funds at low-cost

Our results of operation significantly depend on our ability to access low-cost funds for our gold loans and advances. As a "systemically important non-deposit accepting" NBFC we do not have access to savings and current deposits, and our liquidity and ongoing profitability are, in large part, dependent upon our timely access to, and the costs associated with, raising funds including capital. Our funding requirements historically have been met from a combination of borrowings, term loan and cash credit from banks, sale of our loans to banks, and issuance of commercial paper, non-convertible debentures and equity.

The crisis in the global credit markets that began in mid-2007 destabilized the prevailing lending model by banks and financial institutions. These adverse conditions reached unprecedented levels through 2008 and have continued in recent months. The capital and lending markets remained highly volatile and access to liquidity was significantly reduced. These conditions have resulted in increased borrowing costs. In addition, it could become more difficult to renew loans and facilities as many potential lenders and counterparties also were facing liquidity and capital concerns as a result of the stress in the financial markets. We were not significantly affected by the crisis, and achieved 53.40%, 51.33% and 120.78%, and 74.82% growth in the size of our gross retail loan portfolio for the years ended March 31, 2008, 2009 and 2010, and for the eight months ended

November 30 , 2010, respectively. The growth in our loan portfolio was funded by the issuance of secured non-convertible redeemable debentures (representing a year on year growth of 40.43%, 53.35% and 42.97% for the years ended March 31, 2008, 2009 and 2010, respectively) and borrowings from banks (representing a year on year growth of 37.33%, 88.07% and 92.26% for the years ended March 31, 2008, 2009 and 2010, respectively) However, our borrowing cost increased in line with the general increase in interest rates.

In addition to the general economic factors and availability of funds, our cost of borrowing is also dependent on changes in our credit ratings and various performance or financial ratios, including those relating to capital adequacy and capital leverage. With the growth of our operations we have had to increasingly access the debt markets and commercial borrowings and we have generally benefited from competitive interest rates. We have been able to offer competitive interest rates for our loans due to our relatively low cost of funds. An increase in our cost of funds may reduce spreads earned on our loan products. Furthermore, competition from banks and other NBFCs continues to increase in rural and semi-urban India, and as a result there could be further downward pressure on our gross spread.

Changes in gold prices

Our earnings and financial position may be affected by changes in gold prices and the resulting impact on gold loans. A significant and sudden, sustained decline in the price of gold would negatively impact the value of gold jewellery that we retain as collateral for our gold loans.

A fall in gold prices to such an extent such that the replacement cost of the jewellery is significantly lower than the loan amount repayable including interest, can lead to the borrower defaulting on the loan and abandoning the jewellery collateral, thereby increasing the level of NPAs in our portfolio. Recovery of amounts through liquidation of collateral may result in inadequate recovery of dues or the principal amount. While management believes that some customers would be reluctant to abandon their jewellery because of their sentimental attachment to their jewellery, there can be no assurance that customers will not default and abandon their jewellery in the event of sustained declines in the value of gold. However, according to the terms of the gold loans we disburse, we reserve the right to sell the jewellery before the loans come due in the event of a fall in the value of the collateral. In the event amounts recovered from such sales are lower than the loan amount outstanding, we reserve the right to recover the difference from the customer.

Furthermore, a decline in gold prices could affect the growth of our loan portfolio because customers may be unable or unwilling to provide the additional collateral required to receive loan amounts that they otherwise would have received if the price of gold (and the value of the collateral) not declined.

A temporary decline in gold prices is less likely to affect repayment on a loan because we do not lend to the full extent of the value of the collateral. We only lend amounts equal to a predetermined percentage of the gold content in the collateral jewellery at the then prevailing price of the gold. Moreover, in determining the value of the collateral we do not calculate aspects apart from the gold content that add to value to the collateral, such as making charges, designer stones, brand cost. This acts as an additional margin on the loan amounts we disburse.

Given the nature of our business, the impact of a hypothetical decrease or increase in gold prices on our financial position and results of operations cannot be reasonably estimated.

Regulatory policies for NBFCs

Being a financial intermediary, our operations are regulated by the RBI. We are presently required by the RBI to maintain a minimum capital adequacy of 12%, which will be further increased to 15% from March 31, 2011 onwards. In addition, the RBI also requires us to transfer 20% of our annual profits to a reserve fund. The RBI also requires us to make provisions in respect of NPAs. Any changes in the regulatory framework affecting NBFCs including the provisioning for NPAs or capital adequacy requirements could adversely affect our profitability and consequently our net worth. Any additional requirements, for example in relation to sale of loan portfolio, raising funds through Secured Redeemable Non-Convertible Debentures or lending restrictions imposed on banks' lending to NBFCs or restrictions on opening of branches could adversely affect our growth.

The RBI has set targets and sub-targets for domestic and foreign banks operating in India to lend to certain designated priority sectors that impact large sections of the population, weaker sections and sectors that are employment-intensive such as agriculture, and small enterprises. The target for total priority sector loans for domestic banks is 40.00% of their adjusted net bank credit and 32.00% for foreign banks. Since we operate

predominantly in rural and semi-urban areas, a portion of our lending histotically met the priority sector requirements of RBI. Investments by banks in securitized assets, representing loans to various categories of priority sector, outright purchases of any loan asset eligible to be categorised under priority sector, and investments by banks in Inter Bank Participation Certificates (IBPCs), on a risk sharing basis, were different avenues by which banks can meet these priority sector lending targets. A recent notification issued by the RBI in February of this year, has stipulated that loans provided by NBFCs against gold jewellery for agriculture purposes (which is one of the categories of a priority sector advance under priority sector lending guidelines issued by RBI) would not be treated as priority sector loans/advances. Thus our loan portfolio is no longer classified as a priority sector advance by the RBI. This RBI notification therefore increases our cost of funds, which will adversely affect our results of operations going forward.

Any other changes in regulatory policies could also affect our ability to borrow at comparatively lower rate of interest.

Competition

We provide personal and business loans secured by gold jewellery, or Gold Loans, primarily to individuals who possess gold jewellery but could not access formal credit within a reasonable time, or to whom credit may not be available at all, to meet unanticipated or other short-term liquidity requirements. Historically, the gold loan sector in India has been largely unorganized and dominated by local jewellery pawn shops and money lenders. Attractive interest rates relative to risk, and increased demand for access to capital from middle income group have increased our exposure to competition. The demand for gold loans has also increased due to increased need for urgent borrowing or bridge financing requirements, relatively lower and affordable interest rates, the need for liquidity for assets held in gold, and also due to increased awareness among customers of gold loans as a source of quick access to funds.

All of these factors have resulted in us facing increased competition from other lenders in the gold loan sector, including commercial banks and other NBFCs. Unlike commercial banks, we do not have access to funding from savings and current deposits of customers. Instead, we are reliant on higher-cost term loans and debentures for our funding requirements, which may reduce our margins compared to competitors. Our ability to compete effectively with commercial banks will depend, to some extent, on our ability to raise low-cost funding in the future.

Ability to control operating costs

Our operating costs are relatively high compared to other participants in the financial services sector. This is because we deal in large volumes of low ticket size loans. As per our restated audited financial statements, for the years ended March 31, 2008, 2009 and 2010, and for the eight months ended November 30, 2010, our operating costs were ₹ 795.6 million, ₹ 1,404.9 million and ₹ 2,359.8 million, and ₹ 2,546.9 million, respectively. In the eight months ended November 30, 2010, employee, rental and advertising costs formed approximately 51.3% , 13.0% and 13.8%, respectively, of our operating costs. A general increase in employee compensation levels caused by inflation and higher costs of living can adversely affect our operating costs. Rental levels can also significantly increase because we are rapidly scaling up our business by opening new branches in India. Similarly, we may be required to incur significant expenses on advertising our products as part of our growth strategy. Our ability to manage these operating costs is a significant factor affecting our future results of operations.

Change in customer behaviour

India is the largest consumer of gold jewellery in the world. Any change in customer behaviour such that people lose affinity to their gold jewellery can result in a situation where borrowers abandon jewellery and default in their gold loans. There can also be a reduction in our loan portfolio levels if Indian consumers do not purchase gold jewellery as a result of changing behavioural patterns, and therefore do not avail our gold loans. We believe that the gold loan business model in India is driven by the affinity of Indian consumers for gold jewellery. Therefore, in the event our target customers lose their personal attachment to gold jewellery, our results of operation would be adversely affected. On the other hand, we believe that a change to the prevailing taboo on using family jewels as collateral for cash advances will positively affect our business and results of operations.

Increasing the network and reach

We have rapidly grown our revenues in recent years because we have significantly grown our network of branches. According to the IMaCS Industry Report (2010 update), as of March 31, 2010 our branch network was the largest among gold loan NBFCs in India. We have since increased our branch network to 2,611 branches as of February 28, 2011 and used our branch network to serve an average of 67,953 customers per day in the month of February 2011. We have used our increasing branch network to grow our Gold Loan portfolio from approximately 1.5 million loan accounts as of March 31, 2008 to 1.8 million loan accounts as of March 31, 2009, approximately 2.8 million loan accounts as of March 31, 2010 and approximately 4.1 million loan accounts as of November 30 , 2010. Our business model is inherently dependent on our ability to expand our network to grow our revenues and profitability in the future.

Critical Accounting Policies

A summary of the significant accounting policies applied in the preparation of our financial statements is set out in the notes to the financial statements included on page 189 of this Prospectus. The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 and the accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable. We also follow prudential norms for income recognition, asset classification and provisioning for non-performing assets as prescribed by Reserve Bank of India's Non-Banking Financial (Non-deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Direction 2007.

The preparation of the financial statements requires use of estimates and assumptions that affect the reported amount of assets and liabilities as at the balance sheet date, reported amount of income and expenses during the reporting period and disclosure of contingent liabilities as at that date. The estimates and assumptions used in these financial statements are based upon the management evaluation of the relevant facts and circumstances as of the date of the financial statements. Management believes that these estimates and assumptions used are prudent and reasonable. Future results may vary from these estimates. By their nature, these estimates are subject to a degree of uncertainty. These judgments are based on our historical experience, terms of gold loan agreements, and our observance of trends in the industry, information provided by our clients and information available from other third party sources, as appropriate. There can be no assurance that our judgments will prove correct or that actual results reported in future periods will not differ from our expectations reflected in our accounting treatment of certain items. Any revision to accounting estimates is recognized prospectively in current and future periods.

While all aspects of our financial statements should be read and understood in assessing our current and expected financial condition and results of operations, we believe that the following critical accounting policies warrant particular attention.

Revenue recognition

Revenues are recognized and expenses are accounted on an accrual basis with necessary provisions for all known liabilities and losses. Income on non-performing assets accrues and is recognized only when it is realized.

Sell down of Receivables under bilateral assignment

Income and expense under bilateral assignment of receivables accrue over the life of the related receivables assigned. Interest income and expenses on the above are accounted on gross basis.

Taxes on income

Income Tax expenses comprises of current tax and deferred tax (asset or liability). Current tax is the amount of tax payable on the taxable income for the year and determined in accordance with the provisions of the Income Tax Act 1961. Deferred tax is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Investments

Investments 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 or market value/realizable value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.

Provisions, contingent liabilities and contingent assets

Provisions are recognized only when the Company has present or legal or constructive obligations as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the transaction and a reliable estimate can be made for the amount of the obligation.

Contingent liability is disclosed for (i) possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

Debenture redemption reserve

We have not created any debenture redemption reserve since we are a non-banking finance company that has issued debentures on a private placement basis.

Provision for non performing assets

Loan receivables are written off / provided for, as per management estimates, subject to the minimum provision required as per the Non- Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets, are classified as operating leases. Operating lease payments are recognized as an expense in the profit and loss account on a straight-line basis over the lease term

Income and Expenditure Overview

Income

Interest income

We derive substantially all of our operating revenues from interest received on the gold loans we advance. We also earn interest income from loans other than gold loans, interest from deposits with banks, and interest income on gold loan receivables sold under bilateral assignment.

Other income

Other income consist of income from wind mill power generation, sub-agency fees for operating payment centres for inward foreign remittances, rental income, profit from sale of fixed assets, collection agency fees and service charges on gold loans.

Expenditure

Our expenses consist of interest expenses, administrative expenses, depreciation and directors' remuneration.

Interest expenses

We incur significant interest expenses since borrowings constitute our primarily source of funds for our gold loan business. We incur interest expenses on our secured non-convertible debentures, borrowings from banks and financial institutions as well as on other borrowings.

Administrative expenses

Our administrative and other expenses largely consist of expenses related to employee cost, rent expenses for our various branch offices, advertisement expenditure, bank charges, repairs and maintenance, audit and inspection expenses, printing and stationery, travelling and conveyance, electricity charges and postage and telephone charges. We also incur some expenses in provisioning for non-performing assets ("NPAs"), and in write-off of bad debts.

Provision for Taxation

Provision for Taxation comprises current taxes, fringe benefit tax and deferred tax charges or credits. Current tax is calculated in accordance with the applicable laws. For details, please refer the section titled "Statement of Tax Benefits" on page 80 of this Prospectus. Fringe benefit tax refers to the tax imposed on us as an employer on benefits which accrue to our employees other than on salary and wages. Deferred tax reflects the impact of current year timing difference between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Results of Operations

Our restated financial statements as of and for the years ended March 31, 2006, 2007, 2008, 2009 and 2010, and for the eight months ended November 30, 2010, and our restated financial included in this Prospectus have been presented in compliance with paragraph B(1) of Part II of Schedule II to the Companies Act, Indian GAAP and the ICDR Regulations. The effect of such restatement is that our financial statements included in this Prospectus have been restated to conform to methods used in preparing our latest financial statements, as well as to conform to any changes in accounting policies. For further information relating to such restatement adjustments, see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Restatement Adjustments" below.

The following table sets forth certain information with respect to our results of operations for the periods indicated:

	Eight months ended	**Year ended March 31,**				
	November 30, 2010	**2010**	**2009**	**2008**	**2007**	**2006**
Income						
Interest Income	12,893.5	10,774.5	6,062.4	3,579.4	2,235.9	1,428.3
Other Income	123.2	119.3	141.6	107.0	103.8	52.4
Total	**13,016.6**	**10,893.8**	**6,204.0**	**3,686.4**	**2,339.7**	**1,480.6**
Expenditure						
Interest expenses	5,825.6	4,737. 3	3,097.7	1,798.0	999.0	648.2
Administrative expenses	2,546.9	2,359. 9	1,404.9	795.6	551.2	372.3
Depreciation	128.0	148. 9	98.8	74.1	71.0	33.9
Directors' remuneration	105.0	192. 2	120.9	48.9	48.9	12.9
Total	**8,605.5**	**7,438.3**	**4,722.3**	**2,716.6**	**1,670.1**	**1,067.3**
Profit before taxation	**4,411.2**	**3,455.5**	**1,481.7**	**969.8**	**669.6**	**413.4**
Less: Provision for taxation						
-Current tax	1,496.7	1,192.8	507.9	336.1	207.7	114.6
-Fringe Benefit tax	-	-	0.4	3.3	4.4	3.1
-Deferred tax liability (asset)	(0.4)	(13. 0)	(3.9)	(5.6)	17.7	24.4
Profit after taxation	**2,914.8**	**2,275.7**	**977.2**	**636.0**	**439.8**	**271.3**
Net adjustments	-	9.4	1.5	(5.3)	(1.2)	(2.4)
Net profit as restated	**2,914.8**	**2,285.2**	**978.7**	**630.7**	**438.6**	**268.9**

Restatement Adjustments

The following table sets forth certain information relating to the restatement adjustments applied for the periods indicated:

Adjustments made in Restated Profit & Loss Account	Eight months ended	Year ended March 31,				
	November 30, 2010	2010	2009	2008	2007	2006
Profit after tax as per audited financials	2,914.8	2,275.8	977.2	636.0	439.8	271.3
Adjustments for :						
Prior Period Item – Expenses	-	9.4	(4.5)	(5.3)	(1.2)	(2.4)
Total Adjustments	-	9.4	(4.5)	(5.3)	(1.2)	(2.4)
Deferred Tax Impact of Adjustments	-	-	-	-	-	-
Adjustments (Net of tax)	-	9.4	(4.5)	(5.3)	(1.2)	(2.4)
Adjustment of excess provision of income tax, for earlier	-	-	6.0	-	-	-
Profit after tax, as per Financial Statements, as restated	2,914.8	2,285.2	978.7	630.6	438.6	268.9

Eight months ended November 30, 2010

Income

Interest income

As per our restated audited financial statements, interest income in the eight months ended November 30, 2010 was ₹ 12,893.5 million. As per our restated audited financial statements, our interest income reflected our increased retail loan portfolio under management, which grew by 74.82% to 130,036.8 million as of November 30, 2010 from ₹ 74,381.5 million as of March 31, 2010. Interest Income to average gross retail loan under management was 18.92% in the eight months ended November 30, 2010, compared to 19.94% in the year ended March 31, 2010. This decreasewas attributable to the following reasons: (i) average interest rates declining in the eight months ended November 30, 2010 compared to the year ended March 31, 2010; and (ii) attractive interest rates being offered by us to strategically expand our loan portfolio in terms of gaining accounts in new geographies, and new and higher income customer segments.

Other income

As per our restated audited financial statements, other income in the eight months ended November 30, 2010 was ₹ 123.2 million. The main constitutents of other income were: service charge collections on gold loans of ₹ 50.7 million, income from our money transfer business of ₹ 39.9 million and income from our windmills of ₹ 21.4 million.

Expenditure

Interest expenses

As per our restated audited financial statements, interest expenses in the eight months ended November 30, 2010 was ₹ 5,825.6 million. This was relatively higher compared to prior periods in line with the growth in our gold loan portfolio, and comprised increased interest incurred on our secured debentures and bank borrowings as well as on our other borrowings. Interest expense to average retail loan assets under management was 8.55% in the eight months ended November 30, 2010 compared to 8.77% in the year ended March 31, 2010. As per our restated audited financial statements, interest on secured debentures was ₹ 2194.5 million in the eight months ended November 30, 2010 compared to ₹ 2,592.8 million in the year ended March 31, 2010.

Administrative and other expenses

As per our restated audited financial statements, administrative expenses in the eight months ended November 30, 2010 was ₹ 2,546.9 million. This primarily comprised payments to employees, rent paid and advertisement expenses, all as a result of expanded operations and the opening up of 658 additional branches during the eight months ended November 30, 2010.

Profit before taxation

For the reasons discussed above, as per our restated audited financial statements, profit before taxation was ₹ 4,411.2 million in the eight months ended November 30, 2010.

Provision for taxation

As per our restated audited financial statements, our provision for taxes in the eight months ended November 30, 2010 was ₹ 1,496.3 million, which was primarily due to provisions for income tax corresponding to our profit before taxation.

Profit after Tax

For the reasons described above, as per our restated audited financial statements, our profit after tax was ₹ 2,914.8 million in the eight months ended November 30, 2010.

Year ended March 31, 2010 compared to year ended March 31 , 2009

Income

Interest income

As per our restated audited financial statements, interest income increased 77.73% to ₹ 10,774.5 million in the year ended March 31, 2010 from ₹ 6,062.4 million in the year ended March 31, 2009. This increase was consistent with our increased retail loan portfolio under management, which grew by 120.78% to ₹ 74,381.5 million as of March 31, 2010 from ₹ 33,690.0 million as of March 31, 2009, as per our restated audited financial statements. Interest Income to average gross retail loan under management decreased from 21.67% in the year ended March 31, 2009 to 19.94% in the year ended March 31, 2010. This decrease was attributable to the following reasons: (i) average interest rates declining in the year ended March 31, 2010 compared to the year ended March 31, 2009; and (ii) attractive interest rates being offered by us to strategically expand our loan portfolio in terms of gaining accounts in new geographies, and new and higher income customer segments.

Other income

As per our restated audited financial statements, other income decreased 15.78% to ₹ 119.3 million in the year ended March 31, 2010 from ₹ 141.6 million in the year ended March 31, 2009. The decrease in other income was on account of the decrease in service charge collections on gold loans by 57.31% and a decrease in income from investments of ₹ 10.5 million. Service charge collections on Gold Loans decreased in the year ended March 31, 2010 because of a strategic decision to gradually reduce or eliminate service charge collections in connection with our Gold Loans.

Expenditure

Interest expenses

As per our restated audited financial statements, interest expenses increased 52.93% to ₹ 4,737.3 million in the year ended March 31, 2010 from ₹ 3,097.7 million in the year ended March 31, 2009. This increase was in line with the growth in our gold loan portfolio, and comprised increased interest incurred on our secured debentures and bank borrowings as well as on our other borrowings. Interest expense to average retail loan assets under management fell from 11.07% in the year ended March 31, 2009 to 8.77% in the year ended March 31, 2009. As per our restated audited financial statements, interest on secured debentures was ₹ 2,592.8 million in the year ended March 31, 2010, an increase of ₹ 905.6 million, or 53.68%, from the year ended March 31, 2009. This increase was in line with the 42.97% increase in our secured debenture portfolio together with the higher interest rates. As per our restated audited financial statements, interest on our other borrowings was ₹ 2,144.5 million in the year ended March 31, 2010, an increase of ₹ 733.9 million, or 52.03%, from the year ended March 31, 2009. This was mainly on account of the increased bank borrowings throughout the year, which increased from ₹ 11,067.6 million as on March 31, 2009 to ₹ 21,278.7 million as on March 31, 2010, as well as an increase in borrowings in the form of subordinated debt from ₹ 1,099.2 million as on March 31, 2009 to ₹ 3,246.7 million as on March 31, 2010, as per our restated audited financial statements.

Administrative and other expenses

As per our restated audited financial statements, administrative expenses increased 67.97% to ₹ 2,359.9 million in the year ended March 31, 2010 from ₹ 1,404.9 million in the year ended March 31, 2009. This increase was largely due to increased payments to employees, rent paid and advertisement expenses, all as a result of expanded operations and the opening up of 620 additional branches during the year ended March 31, 2010. In the year ended March 31, 2010 compared to the year ended March 31, 2009, payments to employees increased by ₹ 492.4 million, or 72.73%; rent paid increased by ₹ 159.4 million, or 121.95%; and advertisement expenses increased by ₹ 123.8 million, or 59.58%, as per our restated audited financial statements.

Profit before taxation

For the reasons discussed above, profit before taxation increased 133.21% to ₹ 3,455.5 million in the year ended March 31, 2010 from ₹ 1,481.7 million in the year ended March 31, 2009, as per our restated audited financial statements.

Provision for taxation

As per our restated audited financial statements, our provision for taxes increased 133.85% to ₹ 1,179.8 million in the year ended March 31, 2010 from ₹ 504.5 million in the year ended March 31, 2009. This increase was primarily due to increases in provision for income tax in line with our increased profit before taxation.

Profit after Tax

For the reasons described above, our profit after tax increased 133.49% to ₹ 2,285.2 million in the year ended March 31, 2010 from ₹ 978.7 million in the year ended March 31, 2009, as per our restated audited financial statements.

Year ended March 31, 2009 compared to year ended March 31, 2008

Income

Interest income

As per our restated audited financial statements, interest income increased 69.37% to ₹ 6,062.4 million in the year ended March 31, 2009 from ₹ 3,579.4 million in the year ended March 31, 2008. This increase was consistent with our increased retail loan portfolio under management, which grew by 51.33% to ₹ 33690.0 million as of March 31, 2009 from ₹ 22262.7 million as of March 31, 2008**,** as per our restated audited financial statements. Interest income to average gross retail loan under management increased from 19.47% in the year ended March 31, 2008 to 21.67% in the year ended March 31, 2009, primarily due to increases in interest rates during this period.

Other income

As per our restated audited financial statements, other income increased 32.35% to ₹ 141.6 million in the year ended March 31, 2009 from ₹ 107.0 million in the year ended March 31, 2008. The increase in other income was primarily attributable to an increase in commissions from our money transfer business of 23.1% and an increase in service charges on gold loans of 24.4%.

Expenditure

Interest expenses

As per our restated audited financial statements, interest expenses increased 72.29% to ₹ 3,097.7 million in the year ended March 31, 2009 from ₹ 1,798.0 million in the year ended March 31, 2008. This increase was in line with the growth in our gold loan portfolio, and comprised increased interest incurred on our secured debentures and bank borrowings as well as on our other borrowings. Interest expense to average retail loan assets under management increased from 9.78% in the year ended March 31, 2008 to 11.07% in the year ended March 31, 2009. As per our restated audited financial statements, interest on secured debentures was ₹ 1,687.2 million in the year ended March 31, 2009, an increase of ₹ 602.3 million, or 55.52%, from the year ended March 31, 2008.

This increase was in line with the 53.34% increase in our secured debenture portfolio. As per our restated audited financial statements, interest on our other borrowings was ₹ 1,410.5 million in the year ended March 31, 2009, an increase of ₹ 697.4 million, or 97.80%, from the year ended March 31, 2008. This was mainly on account of the increased bank borrowings throughout the year, which increased from ₹ 5,884.9 million as on March 31, 2008 to ₹ 11,067.6 as on March 31, 2009, as well as an increase in borrowings in the form of subordinated debt from ₹ 400.0 million as on March 31, 2008 to ₹ 1,099.2 as on March 31, 2009, as per our restated audited financial statements.

Administrative and other expenses

As per our restated audited financial statements, administrative expenses increased 76.58% to ₹ 1,404.9 million in the year ended March 31, 2009 from ₹ 795.6 million in the year ended March 31, 2008. This increase was largely due to increased payments to employees, rent paid and advertisement expenses, all as a result of expanded operations and the opening up of 278 additional branches during the year ended March 31, 2009. As per our restated audited financial statements, in the year ended March 31, 2009 compared to the year ended March 31, 2008, payments to employees increased by ₹ 271.7 million, or 67.02%; rent paid increased by ₹ 48.8 million, or 59.61%; and advertisement expenses increased by ₹ 141.0 million, or 211.39%. We incurred significant advertisement costs in the year ended March 31, 2009 compared to the year ended March 31, 2009, primarily because in the year ended March 31, 2009 we commenced a large scale advertisement campaign in northern India to grow the awareness for our gold loan products.

Profit before taxation

As per our restated audited financial statements, profit before taxation increased 52.79% to ₹ 1,481.7 million in the year ended March 31, 2009 from ₹ 969.8 million in the year ended March 31, 2008.

Provision for taxation

As per our restated audited financial statements, our provision for taxes increased 51.10% to ₹ 504.5 million in the year ended March 31, 2009 from ₹ 333.8 million in the year ended March 31, 2008. This increase was primarily due to increases in provision for income tax as a result of increased revenues.

Profit after Tax

For the reasons described above, our profit after tax increased 55.19% to ₹ 978.7 million in the year ended March 31, 2009 from ₹ 630.6 million in the year ended March 31, 2008, as per our restated audited financial statements.

Year ended March 31, 2008 compared to year ended March 31, 2007

Income

Interest income

As per our restated audited financial statements, interest income increased 60.1% to ₹ 3,579.4 million in the year ended March 31, 2008 from ₹ 2,235.8 million in the year ended March 31, 2007. This increase was consistent with our increased retail loan portfolio under management, which grew by 53.40% to ₹ 22,262.7 million as of March 31, 2008 from ₹ 14,512.5 million as of March 31, 2007, as per our restated audited financial statements.

Other income

As per our restated audited financial statements, other income increased 3.10% to ₹ 107.0 million in the year ended March 31, 2008 from ₹ 103.8 million in the year ended March 31, 2007. The increase in other income was primarily attributable to an increase in commissions from our money transfer business of 63.78% .

Expenditure

Interest expenses

As per our restated audited financial statements, interest expenses increased 80.00% to ₹ 1,798.0 million in the year ended March 31, 2008 from ₹ 998.9 million in the year ended March 31, 2007. This increase comprised increased

interest incurred on our secured debentures as well as on our other borrowings. Interest expense to average retail loan assets under management increased from 8.95% in the year ended March 31, 2007 to 9.78% in the year ended March 31, 2008. Interest on secured debentures was ₹ 1,084.9 million in the year ended March 31, 2008, an increase of ₹ 427.2 million, or 64.95%, from the year ended March 31, 2007, as per our restated audited financial statements. This increase was in line with the 40.43% growth in our secured debenture portfolio together with the higher interest rates. As per our restated audited financial statements, interest on our other borrowings was ₹ 713.1 million in the year ended March 31, 2008, an increase of ₹ 371.8 million, or 108.94%, from the year ended March 31, 2007. This was mainly on account of increased bank borrowings throughout the year, which increased from ₹ 4,285.4 million as on March 31,2007 to ₹ 5,884.9 million as on March 31, 2008, as per our restated audited financial statements.

Administrative and other expenses

As per our restated audited financial statements, administrative expenses increased 44.34% to ₹ 795.6 million in the year ended March 31, 2008 from ₹ 551.2 million in the year ended March 31, 2007. This increase was largely due to increased payments to employees a result of expanded operations. In the year ended March 31, 2008 compared to the year ended March 31, 2007, payments to employees increased by ₹ 139.0 million, or 52.21%; rent paid increased by ₹ 34.5 million, or 72.87%; and advertisement expenditure by ₹ 30.5 million, or 84.14%, as per our restated audited financial statements.

Profit before taxation

As per our restated audited financial statements, profit before taxation increased 44.83% to ₹ 969.8 million in the year ended March 31, 2008 from ₹ 669.6 million in the year ended March 31, 2007.

Provision for taxation

As per our restated audited financial statements, our provision for taxes increased 45.26% to ₹ 333.8 million in the year ended March 31, 2008 from ₹ 229.8 million in the year ended March 31, 2007. This increase was primarily due to increases in provision for income tax as a result of increased revenues.

Profit after Tax

For the reasons described above, as per our restated audited financial statements, our profit after tax increased 43.80% to ₹ 630.6 million in the year ended March 31, 2008 from ₹ 438.6 million in the year ended March 31, 2007.

Financial Position

The following table sets forth information relating to our financial position as of November 30, 2010, and as of March 31, 2010, 2009, 2008 , 2007 and 2006.

(₹in million ; as per our restated audited financial statements)

	As of November 30	As of March 31,				
	2010	2010	2009	2008	2007	2006
Share Capital						
- Equity Shares	3,202.1	3,010.0	490.0	50.0	50.0	40.0
Reserves and Surplus						
- Securities Premium	2,364.8	-	755.0	275.0	275.0	35.0
- Statutory Reserve	1,576.6	993.7	538.5	343.1	215.9	127.9
- Surplus/ (Deficit) in Profit and Loss Account	4,173.7	1,841.8	1,918.8	1,555.5	1052.1	701.4
Miscellaneous Expenditure (to the extent not written off)	(2.7)	(3.6)	(87.8)	(92.5)	(0.9)	0.0
NET WORTH	**11,314.5**	**5,841.9**	**3,614.5**	**2131.1**	**1592.0**	**904.3**

As per our restated audited financial statements, our net worth increased by ₹ 5,472.6 million, or 93.7%, to ₹ 11,314.5 million as of November 30, 2010 from ₹ 5,841.9 million as of March 31, 2010. The increase attributable to an increase in retained profits and fresh issuance of equity share capital of ₹ 192.1 million at a premium of ₹ 2364.8 million.

As per our restated audited financial statements, our net worth increased by ₹ 2,227.4 million, or 61.63%, to ₹ 5,841.9 million as of March 31, 2010 from ₹ 3,614.5 million as of March 31, 2009. The increase attributable to an increase in retained profits.

As per our restated audited financial statements, our net worth increased by ₹ 1,483.4 million, or 69.61%, to ₹ 3,614.5 million as of March 31, 2009 from ₹ 2,131.1 million as of March 31, 2008. The increase is attributable to an increase in retained profits. We also received a capital infusion of ₹ 500.0 million from our Promoters and their relatives through a preferential allotment of shares.

As per our restated audited financial statements, our networth increased by ₹ 539.0 million, or 33.86%, to ₹ 2,131.1 million as of March 31, 2008 from ₹ 1,592.0 million as of March 31, 2007. The increase attributable to an increase in retained profits.

As per our restated audited financial statements, our networth increased by ₹ 687.7 million, or 76.04%, to ₹ 1,592.0 million as of March 31, 2007 from ₹ 904.3 million as of March 31, 2006. The increase is attributable to an increase in retained profits. We also received a capital infusion of ₹ 250.0 million from our Promoters and their relatives through a preferential allotment of shares.

Assets

The following table set forth the principal components of our assets as of November 30, 2010, and as of March 31, 2010, 2009, 2008, 2007 and 2006.

(₹ in million ; as per our restated audited financial statements)

Assets	**As of November 30,**	**As of March 31,**				
	2010	**2010**	**2009**	**2008**	**2007**	**2006**
Fixed Assets	1,990.9	1,532.7	1,293.1	1,086.2	632.3	512.2
Investments	75.1	75.1	85.3	183.4	242.2	122.9
Deferred Tax Assets, (Net)	(24.4)	(24.8)	(37.9)	(41.7)	(47.3)	(29.6)
Sundry Debtors	69.2	33.5	41.0	34.9	21.7	12.85
Cash and Bank Balances	1,900.0	4,631.6	1,944.3	582.9	245.0	236.5
Fixed Deposits with Banks	2,706.6	1,128.3	6,881.0	1,997.5	318.3	132.8
Other Current Assets	2,939.5	2,408.1	1,658.1	967.9	787.1	471.1
Loans and Advances	98,104.9	54,617.0	25,735.5	18046.6	13,893.0	7,946.6
Total	**107,761.8**	**64,401.4**	**37600.4**	**22857.6**	**16,092.1**	**9405.3**

As per our restated audited financial statements, our assets increased 67.33% to ₹ 107,761.8 million as of November 30, 2010 from ₹ 64,401.4 million as of March 31, 2010. This increase was attributable primarily to an increase in loans and advances, which increased 79.62% to ₹ 98,104.9 million (net of gold loans sold under bilateral assignment agreements of ₹ 32,464.8 million) as of November 30, 2010 from ₹ 54,617.0 million (net of gold loans sold under bilateral assignment agreements of ₹ 20,083.2 million) as of March 31, 2010, as per our restated audited financial statements.

As per our restated audited financial statements, our assets increased 71.28% to ₹ 64,401.4 million as of March 31, 2010 from ₹ 37,600.4 million as of March 31, 2009. This increase was attributable primarily to an increase in loans and advances, which increased 112.22% to ₹ 54,617.0 million (net of gold loans sold under bilateral assignment agreements of ₹ 20,083.2 million) as of March 31, 2010 from ₹ 25,735.5 million (net of gold loans sold under bilateral assignment agreements of ₹ 8,130.2 million) as of March 31, 2009, as per our restated audited financial statements.

As per our restated audited financial statements, our assets increased 64.5% to ₹ 37,600.4 million as of March 31, 2009 from ₹ 22,857.6 million as of March 31, 2008. This increase was attributable primarily to an increase in loans and advances, which increased 42.61% to ₹ 25,735.5 million (net of gold loans sold under bilateral assignment agreements of ₹ 8,130.2 million) as of March 31, 2009 from ₹ 18,046.6 million (net of gold loans sold under bilateral assignment agreements of ₹ 4,341.0 million) as of March 31, 2008, as per our restated audited financial statements.

As per our restated audited financial statements, our assets increased 42.04% to ₹ 22,857.6 million as of March 31, 2008 from ₹ 16,092.1 million as of March 31, 2007. This increase was attributable primarily to an increase in loans and advances, which increased 29.90% to ₹ 18,046.6 million (net of gold loans sold under bilateral assignment of ₹ 4,341.0 million) as of March 31, 2008 from ₹ 13,893.0 million (net of gold loans sold under bilateral assignment agreements of ₹ 807.8 million) as of March 31, 2007, as per our restated audited financial statements.

As per our restated audited financial statements, our assets increased 71.10% to ₹ 16,092.9 million as of March 31, 2007 from ₹ 9,405.3 million as of March 31, 2006. This increase was attributable primarily to an increase in loans and advances, which increased 74.83% to ₹ 13,893.0 million (net of gold loans sold under bilateral assignment agreements of ₹ 807.8 million) as of March 31, 2007 from ₹ 7,946.6 million as of March 31, 2006, as per our restated audited financial statements.

Liabilities

The following table set forth the principal components of our liabilities as of November 30, 2010, and as of March 31, 2010, 2009, 2008, 2007 and 2006.

(₹ in million ; as per our restated audited financial statements)

Liabilities	**As of November 30,**	**As of March 31,**				
	2010	**2010**	**2009**	**2008**	**2007**	**2006**
Secured Loans	80,330.0	45,471.2	30,087.5	18,400.2	13,117.5	7,370.4
Unsecured Loans	10,499.3	7,334.0	1,568.5	752.9	709.0	688.4
Current Liabilities	4,071.1	4,524.4	1,805.6	1,224.9	459.1	322.9
Provisions	1,546.8	1,229.9	524.5	348.7	214.4	119.2
Total	**96,447.2**	**58,559.5**	**33,986.0**	**20,726.6**	**14,500.0**	**8,500.9**

As per our restated audited financial statements, our liabilities increased to ₹96,447.2 million as of November 30, 2010 from ₹ 58,559.5 million as of March 31, 2010, attributable mainly to a 76.66% increase in secured loans, and a 43.16% increase in unsecured loans. The increase in secured loans was due to (i) a 23.73% increase in NCDs to ₹ 33,644.5 million as of November 30, 2010 from ₹ 27,192.5 million as of March 31, 2010, and (ii) a 155.41% increase in secured borrowings from banks and institutions to ₹ 46,685.4 million as of November 30, 2010 from ₹ 18,278.7 million as of March 31, 2010, as per our restated audited financial statements.

As per our restated audited financial statements, our liabilities increased to ₹ 58,559.5 million as of March 31, 2010 from ₹ 33,986.0 million as of March 31, 2009, attributable mainly to a 51.13% increase in secured loans, and a 367.59% increase in unsecured loans. The increase in secured loans was due to (i) a 42.97% increase in NCDs to ₹ 27,192.5 million as of March 31, 2010 from ₹ 19,019.9 million as of March 31, 2009, and (ii) a 65.2% increase in secured borrowings from banks and institutions to ₹ 18,278.7 million as of March 31, 2010 from ₹ 11,067.6 million as of March 31, 2009, as per our restated audited financial statements.

As per our restated audited financial statements, our liabilities increased to ₹ 33,986.0 million as of March 31, 2009 from ₹ 20,726.6 million as of March 31, 2008, attributable mainly to a 63.52% increase in secured loans, and a 108.33% increase in unsecured loans. The increase in secured loans was due to (i) a 53.35% increase in NCDs to ₹ 19,019.9 million as of March 31, 2009 from ₹ 12,403.3 million as of March 31, 2008, and (ii) a 88.07% increase in secured borrowings from banks to ₹ 11,067.6 million as of March 31, 2009 from ₹ 5,884.9 million as of March 31, 2008, as per our restated audited financial statements.

As per our restated audited financial statements, our liabilities increased to ₹ 20,726.6 million as of March 31, 2008 from ₹ 14,500.0 million as of March 31, 2007, attributable mainly to a 40.27% increase in secured loans. The increase in secured loans was due to (i) a 40.43% increase in NCDs to ₹ 12,403.3 million as of March 31, 2008 from ₹ 8,832.2 million as of March 31, 2007, and (ii) a 37.33% increase in secured borrowings from banks facilities to ₹ 5,884.9 million as of March 31, 2008 from ₹ 4,285.4 million as of March 31, 2007, as per our restated audited financial statements.

As per our restated audited financial statements, our liabilities increased to ₹ 14,500.0 million as of March 31, 2007 from ₹ 8,500.9 million as of March 31, 2006, attributable mainly to a 77.98% increase in secured loans. The increase in secured loans was due to (i) a 42.91% increase in NCDs to ₹ 8,832.2 million as of March 31,

2007 from ₹ 6,180.2 million as of March 31, 2006, and (ii) a 300.20% increase in secured borrowings from banks facilities to ₹ 4,285.4 million as of March 31, 2007 from ₹ 1,070.8 million as of March 31, 2006, as per our restated audited financial statements.

LIQUIDITY AND CAPITAL RESOURCES

Our principal sources of cash are from operations, borrowings under our credit facilities and the issuance of our common stock and secured debentures. We anticipate that our primary uses of cash will be to provide working capital, finance capital expenditures, meet debt service requirements, fund our gold loans and advances, and finance branch expansion.

We have constantly strived to diversify our sources of capital. We have been able to fund the growth of our operations and loan portfolio through equity issuances, debt securities both retail and institutional, loans with various maturities raised from banks and other entities and the assignment of loans.

As per our restated audited financial statements, in the eight months ended November 30, 2010 and in the year ended March 31, 2010, we had raised ₹134,611.2 million and ₹ 78,733.9 million, respectively, from these sources, and as of November 30, 2010 and as of March 31, 2010, we had cash available for use in our operations of ₹ 1,925.1 million and ₹ 4,702.5 million, respectively. We currently deploy into cash credit facilities and also invest our surplus cash reserves in short term deposits. Based upon our current level of expenditures, we believe our current working capital, together with cash flows from operating activities and the proceeds from the offerings contemplated herein, will be adequate to meet our anticipated cash requirements for capital expenditures and working capital for at least the next 12 months. We regularly monitor our funding levels to ensure we are able to satisfy the requirements for loan disbursements and maturity of our liabilities. We maintain diverse sources of funding and adequate available working capital limits to facilitate flexibility in meeting our liquidity requirements. Liquidity is provided principally by short term and long term borrowings from banks and other entities, sales of equity securities and debentures, retained earnings and proceeds from assignments of loans. All our loan agreements and debentures contain a number of covenants including financial covenants. In addition, some loans contain provisions which allow the lender, at its discretion to call for repayment of the loan at short notice and/or require us to prepay on a *pari passu* basis if any other loan is being repaid. Such covenants, if acted upon, may have an impact on our liquidity.

Cash Flows

The following table sets forth certain our cash flows for the periods indicated:

	Eight months	Year ended March 31,				
	November 30,	2010	2009	2008	2007	2006
Net cash from (used in) operating activities	(41,247.3)	(23,866.4)	(6,633.5)	(2,768.4)	(5,535.6)	(709.4)
Net cash (used in) investing activities	(486.9)	(348.3)	(124.4)	(541.0)	(288.3)	(354.6)
Net cash from (used in) financing activities	40,580.9	21,149.3	13,002.9	5,326.5	6,017.8	1,239.2
Net increase (decrease) in cash and cash	(1,153.3)	(3,065.4)	6,244.9	2,017.2	193.9	175.2
Cash and cash equivalents at the beginning of the	5,759.9	8,825.3	2,580.4	563.2	369.3	194.1
Cash and cash equivalents as at the end of the year	4,606.6	5,759.9	8,825.3	2,580.4	563.2	369.3

Cash flows from Operating Activities

Eight months ended November 30, 2010

As per our restated audited financial statements, net cash used in operating activities of ₹ 41,247.3 million in the eight months ended November 30, 2010 consisted of profit before tax of ₹ 4,411.2 million, a net upward adjustment of ₹ 5,894.1 million relating to various items, and a net downward working capital adjustment of ₹ 44,948.3 million less financial expenses and taxes paid of ₹ 5,825.6 million and ₹ 778.7 million, respectively. Working capital adjustments were attributable primarily to an increase in loans and advances of ₹ 43,487.9 million.

Year ended March 31, 2010

As per our restated audited financial statements, net cash used in operating activities of ₹ 23,866.4 million for the year ended March 31,2010 consisted of profit before tax of ₹ 3,455.5 million, a net upward adjustment of ₹ 4,842.6 million relating to various items, and a net downward working capital adjustment of ₹ 26,350.0

million less financial expenses and taxes paid of ₹ 4,737.3 million and ₹ 1,077.3 million, respectively. Working capital adjustments were attributable primarily to an increase in loans and advances of ₹ 28,898.8 million, offset in part by an increase in current liabilities of ₹ 2,722.4 million.

Year ended March 31, 2009

As per our restated audited financial statements, net cash used in operating activities of ₹ 6,633.5 million for the year ended March 31, 2009 consisted of profit before tax of ₹ 1,481.7 million, a net upward adjustment of ₹ 3,124.8 million relating to various items, and a net downward working capital adjustment of ₹ 7,636.2 million less financial expenses and taxes paid of ₹ 3,097.7 million and ₹ 506.2 million, respectively. Working capital adjustments were attributable primarily to an increase in loans and advances of ₹ 7,688.9 million.

Year ended March 31, 2008

As per our restated audited financial statements, net cash used in operating activities of ₹ 2,768.4 million for the year ended March 31, 2008 consisted of profit before tax of ₹ 969.8 million, a net upward adjustment of ₹ 1,859.1 million relating to various items, and a net downward working capital adjustment of ₹ 3,480.8 million less financial expenses and taxes paid of ₹ 1,798.0 million and ₹ 318.5 million, respectively. Working capital adjustments were attributable primarily to an increase in loans and advances of ₹ 4,153.6 million, partially offset by an increase in current liabilities of ₹ 765.8 million.

Year ended March 31, 2007

As per our restated audited financial statements, net cash used in operating activities of ₹ 5,535.6 million for the year ended March 31, 2007 consisted of profit before tax of ₹ 669.6 million, a net upward adjustment of ₹ 1,047.7 million relating to various items, and a net downward working capital adjustment of ₹ 6,041.1 million less financial expenses and taxes paid of ₹ 999.0 million and ₹ 212.8 million, respectively. Working capital adjustments were attributable primarily to an increase in loans and advances of ₹ 5,946.5 million and an increase in other receivables of ₹ 230.9 million.

Year ended March 31, 2006

As per our restated audited financial statements, net cash used in operating activities of ₹ 709.4 million for the year ended March 31, 2006 consisted of profit before tax of ₹ 413.4 million, a net upward adjustment of ₹ 673.0 million relating to various items, and a net downward working capital adjustment of ₹ 1,027.8 million less financial expenses and taxes paid of ₹ 648.1 million and ₹ 119.9 million, respectively. Working capital adjustments were attributable primarily to an increase in loans and advances of ₹ 1,006.6 million and an increase in other receivables of ₹ 55.6 million.

Cash Flows from Investing Activities

Eight months ended November 30, 2010

As per our restated audited financial statements, in eight months ended November 30, 2010, net cash used in investing activities was ₹ 486.9 million, attributable to purchase of fixed assets of ₹ 343.5 million and an increase in capital work in progress of ₹ 219.7 million, partially offset by interest on bank deposits of ₹ 76.0 million. The purchase of fixed assets was attributable primarily to the construction of strong rooms in various branches, weighing machines and other plant and machinery assets of ₹ 166.6 million as well as purchases of computers of ₹ 74.6 million and furniture and fixtures ₹ 79.9 million.

Year ended March 31, 2010

As per our restated audited financial statements, in the year ended March 31, 2010, net cash used in investing activities was ₹ 348.3 million, attributable to purchase of fixed assets of ₹ 326.9 million and an increase in capital work in progress of ₹ 159.5 million, partially offset by interest on bank deposits of ₹ 78.0 million and the sale of fixed assets of ₹ 50.48 million. The purchase of fixed assets was attributable primarily to the construction of strong rooms in various branches, weighing machines and other plant and machinery assets of ₹ 145.8 million as well as purchases of computers of ₹ 76.1 million and furniture and fixtures ₹ 86.7 million.

Year ended March 31, 2009

As per our restated audited financial statements, in the year ended March 31, 2009, net cash used in investing activities was ₹ 124.4 million, attributable primarily to the purchase of fixed assets of ₹ 268.6 million, partially offset by interest on bank deposits of ₹ 78.7 million and the sale of investments of ₹ 98.1 million. The purchase of fixed assets was attributable primarily to the construction of strong rooms in various branches, weighing machines and other plant and machinery assets of ₹ 119.8 million as well as purchases of computers of ₹ 61.0 million, furniture and fixtures of ₹ 47.1 million and land of ₹ 31.6 million.

Year ended March 31, 2008

As per our restated audited financial statements, in the year ended March 31, 2008, net cash used in investing activities was ₹ 541.0 million, attributable primarily to the purchase of fixed assets of ₹ 570.4 million, partially offset by the sale of investments of ₹ 58.7 million. The purchase of fixed assets was attributable primarily to the purchase of land of ₹ 452.7 million, including land purchased in New Delhi for the construction of our administrative office for our northern India operations.

Year ended March 31, 2007

As per our restated audited financial statements, in the year ended March 31, 2007, net cash used in investing activities was ₹ 288.3 million, attributable primarily to the purchase of investments of ₹ 119.3 million, increase in capital work in progress of ₹ 127.1 million and purchase of fixed assets of ₹ 71.5 million, partially offset by interest on bank deposits of ₹ 20.4 million and the sale of investments of ₹ 10.2 million. The purchase of investments was attributable primarily to investments in a Promoter Group company of ₹ 55.0 million and in liquid debt instruments (mutual funds) of ₹ 70.0 million, partially offset by diminution in value of our investments in government securities. The purchase of fixed assets was attributable primarily to the investments in plant and machinery assets of ₹ 14.2 million and furniture and fixtures of ₹ 34.2 million.

Year ended March 31, 2006

As per our restated audited financial statements, in the year ended March 31, 2006, net cash used in investing activities was ₹ 354.6 million, attributable primarily to the purchase of investments of ₹ 122.5 million and purchase of fixed assets of ₹ 233.8 million. The purchase of fixed assets was attributable primarily to our purchase of three windmills in Tamil Nadu aggregating ₹ 180.6 million and purchase of land for the windmills of ₹ 10.1 million. Purchase of investments was attributable to entirely investments in government securities.

Cash Flows from Financing Activities

Eight months ended November 30, 2010

In the eight months ended November 30, 2010, net cash generated from financing activities was ₹40,580.9 million, attributable primarily to net proceeds from the issue of debentures of ₹ 6,452.0 million, increases in bank borrowings of ₹28,406.7 million, increases in subordinated debt of ₹1,832.3 million, and increases in commercial paper of ₹4,489.0 million and proceeds from the issuance of equity share capital, including a securities premium of ₹2,556.9 million.

Year ended March 31, 2010

As per our restated audited financial statements, in the year ended March 31, 2010, net cash generated from financing activities was ₹ 21,149.3 million, attributable to net proceeds from the issue of debentures of ₹ 8,672.7 million, increases in bank borrowings of ₹ 10,211.1 million, increases in subordinated debt of ₹ 2,147.5 million, increases in borrowings from directors and their relatives of ₹ 103.5 million, increases in inter-corporate loans of ₹ 14.5 million.

Year ended March 31, 2009

As per our restated audited financial statements, in the year ended March 31, 2009, net cash generated from financing activities was ₹ 13,002.9 million, attributable to net proceeds from the issue of debentures of ₹ 6,616.5 million, increases in bank borrowings of ₹ 5,070.7 million, increases in subordinated debt of ₹ 699.2 million, increases in borrowings from directors and their relatives of ₹ 114.2 million, increases in inter-corporate loans

of ₹ 2.2 million and proceeds from the issue of equity shares of ₹ 500.0 million to our Promoters and their relatives through a preferential share allotment.

Year ended March 31, 2008

As per our restated audited financial statements, in the year ended March 31, 2008, net cash generated from financing activities was ₹ 5,326.5 million, attributable to net proceeds from the issue of debentures of ₹ 3,571.1 million, increases in bank borrowings of ₹ 1,711.5 million and increases in borrowings from directors and their relatives of ₹ 45.0 million, partially offset by decreases in inter-corporate loans of ₹ 1.1 million.

Year ended March 31, 2007

As per our restated audited financial statements, in the year ended March 31, 2007, net cash generated from financing activities was ₹ 6,017.8 million, attributable to net proceeds from the issue of debentures of ₹ 2,652.0 million, increases in bank borrowings of ₹ 3,095.2 million, increases in borrowings from directors and their relatives of ₹ 19.5 million, increases in inter-corporate loans of ₹ 1.1 million and proceeds from the issue of equity shares of ₹ 250.0 million to our Promoters and their relatives through a preferential share allotment.

Year ended March 31, 2006

As per our restated audited financial statements, in the year ended March 31, 2006, net cash generated from financing activities was ₹ 1,239.2 million, attributable to net proceeds from the issue of debentures of ₹ 250.2 million, increases in bank borrowings of ₹ 721.1 million and increases in borrowings from our directors and their relatives of ₹ 267.9 million.

Capital Adequacy

We disclose our capital to risk adjusted ratio ("CRAR") in our balance sheets in accordance with Reserve Bank of India requirements. Our capital adequacy ratio as of November 30, 2010 was 15.06%.

As per our restated audited financial statements, the following table sets forth information relating to our CRAR as of November 30, 2010, and as of March 31, 2006 , 2007 , 2008 ,2009 and 2010.

	As of November 30,	**As of March 31**				
	2010	**2010**	**2009**	**2008**	**2007**	**2006**
	%	**%**				
CRAR	15.06	14.79	16.3	12.56	13.1	14.83
CRAR-Tier I Capital	10.78	9.86	12.51	10.59	10.48	10.3
CRAR-Tier II Capital	4.28	4.93	3.79	1.97	2.62	4.53

Note:
(i) Tier I capital includes paid up equity capital and free reserves net of intangible assets and net off loss reserve.
(ii) Tier II capital includes, subordinated debt (after discounting for the residual maturity).

Contingent Liabilities

Contingent liabilities as of November 30, 2010 included the following:

(₹in millions ; As per our restated audited financial statements)

Claims against the Company, not acknowledged as debts	15.7
Estimated amount of contracts remaining to be executed on capital accounts and not provided for	71.1
Counter Guarantee provided to banks	32.3
Cash collateral provided as credit enhancement for bilateral assignment of receivabless	2,679.3
Over collateral provided as credit enhancement for bilateral assignment of receivables	83.7
Corporate guarantee provided as credit enhancement for bilateral assignment of receivabless	741.6

Quantitative and Qualitative Disclosure about Market Risk

The following discussion about our market risk disclosures involves forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements. We are exposed to market risk related to changes in interest rates and gold values. We also are exposed to regulatory risk in relation to our gold loan products and services. We do not use derivative financial instruments.

Interest Rate Risk

Management's objective is to minimize the cost of borrowing through an appropriate mix of fixed and floating rate debt. If prevailing interest rates were to increase 100 basis points over the rates at November 30, 2010, and the variable rate of borrowings outstanding remained constant, our interest expense would increase by ₹ 981.0 million, and net profit after taxes would decrease by ₹ 648.2 million in the eight months ended November 30, 2010, as per our restated audited financial statements.

Liquidity risk

Liquidity risk arises from the absence of liquid resources, when funding loans, and repaying borrowings. This could be due to a decline in the expected collection, or our inability to raise adequate resources at an appropriate price. This risk is minimized through a mix of strategies, including the maintenance of back up bank credit lines and following a forward-looking borrowing programme based on projected loans and maturing obligations. We also monitor liquidity risk through our asset liability management function with the help of liquidity gap reports. This involves the categorization of all assets and liabilities in different maturity profiles, and evaluating them for any mismatches in any particular maturities, especially in the short-term. The asset liability management policy is based on RBI guidelines and ALCO guidelines and establishes the maximum allowed mismatches in the various maturities. To manage short term funding arrangements we depend upon unutilised working capital limits and commercial paper placements. We are also required to submit Asset Liability Management Return on half yearly basis to RBI. The following table sets out a summary of our asset liability maturity profile (statement of structural liquidity) as of November 30, 2010:

	Up to 1 month	**1 - 12 months**	**1 -3 years**	**3 - 5 years**	**More than 5 years**	**Total**
	(₹ in millions)					
Liabilities/ Outflow						
Equity capital	-	-	-	-	3,202.1	3,202.1
Reserves and surplus	-	-	-	-	8,115.1	8,115.1
Borrowings					-	0.0
Secured NCDs	2,876.0	16,340.2	13,720.2	707.6	0.5	33,644.5
Bank borrowings	4.2	47,056.1	25.1	-	-	47,085.4
Bilateral Assignment	8,156.2	24,308.6	-	-	-	32,464.8
Other borrowings	4,116.4	904.0	-	2,434.4	2,644.5	10,099.3
Current liabilities and provisions	2,702.2	1,256.9	1,106.7	283.1	293.4	5,642.3
Total	**17,855.0**	**89,865.8**	**14,852.0**	**3,425.1**	**14,255.6**	**14,0253.5**
Assets/ Inflow						
Fixed assets	-	-	-	-	1,990.9	1,990.9
Investments	-	-	-	-	75.0	75.0
Cash and bank balance	2,050.0	2,556.6		-	-	4,606.6
Inflow from loans and advances	18,205.2	105,329.9	6,501.7	-	-	13,0036.8
Other assets	1,008.6	2,062.7	470.2	2.7	-	3,544.2
Total	21,263.8	10,9949.2	6,971.9	2.7	2,065.9	14,0253.5
Mismatch (Asset-Liabilities)	3,408.8	20,083.4	-7880.1	-3422.4	-12,189.7	
Cumulative gaps	3,408.8	23,492.2	15,612.1	12,189.7		

Regulatory Risk

The passage of new laws and regulations or changes in existing laws and regulations could have a negative impact on our gold lending activities. Our lending is subject to extensive regulation and licensing requirements by the Reserve Bank of India, India's central bank. The passage of additional local, state, or central legislation or any events of non-compliance could materially, adversely impact our results of operations and financial condition.

Known Trends or Uncertainties

Other than as described in this Prospectus, particularly in the sections "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 9 and 259, respectively, to

our knowledge, there are no trends or uncertainties that have or had or are expected to have a material adverse impact on our income from continuing operations.

Seasonality of Business

We do not believe our business to be seasonal.

Future Relationship between Costs and Income

Other than as described elsewhere in this section "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", and in the section "*Risk Factors*" on page 259 and 9, to our knowledge, there are no known factors which will have a material adverse impact on our operations and finances.

Significant Dependence on a Single or Few Customers

We do not believe our business to be dependent on a single or few customers.

Related Party Transactions

For details on related party transactions, please refer to the statement of related party transactions contained in Annexure XVIII to our restated financial statements.

Competitive Conditions

We operate in highly competitive markets. Attractive interest rates relative to risk together with increased demand for access to capital from middle income group, previously availed predominantly by lower income group customers with limited access to other forms of borrowings, have increased our exposure to competition. The demand for gold loans has also increased due to relatively lower and affordable interest rates, increased need for urgent borrowing or bridge financing requirements and the need for liquidity for assets held in gold and also due to increased awareness among customers of gold loans as a source of quick access to funds. All of these factors have resulted in us facing increased competition from other lenders in the gold loan sector, including commercial banks and other NBFCs. Unlike commercial banks, we do not have access to funding from savings and current deposits of customers. Instead, we are reliant on higher-cost term loans and debentures for our funding requirements, which may reduce our margins compared to competitors. Our ability to compete effectively with commercial banks will depend, to some extent, on our ability to raise low-cost funding in the future. If we are unable to compete effectively with other participants in the gold loan sector, our business, future financial performance may be adversely affected. Intense competition is expected to continue in these markets, presenting us with significant challenges in our ability to maintain strong growth rates and acceptable profit margins. For further details regarding our competitive conditions and our competitors, see the sections *"Risk Factors"* and *"Our Business"* on pages 9 and 99, respectively.

Recent Accounting Pronouncements

There are no recent accounting pronouncements that are expected to impact our accounting policies or the manner of our financial reporting. However, the Institute of Chartered Accountants of India has announced a road map for the adoption of, and convergence of Indian GAAP with, IFRS, pursuant to which all public companies in India, such as us, will be required to prepare their annual and interim financial statements under IFRS beginning with financial year commencing April 1, 2011. Because there is significant lack of clarity on the adoption of and convergence with IFRS and there is not yet a significant body of established practice on which to draw in forming judgments regarding its implementation and application, we have not determined with any degree of certainty the impact that such adoption will have on our financial reporting.

Significant developments after November 30, 2010 that may affect our future results of operations

Since November 30, 2010, the RBI has issued two notifications that affect our future results of operations.

1. The RBI has set targets and sub-targets for domestic and foreign banks operating in India to lend to certain designated priority sectors that impact large sections of the population, weaker sections and sectors that are employment-intensive such as agriculture, and small enterprises. The target for total priority sector loans for domestic banks is 40.00% of their adjusted net bank credit and 32.00% for

foreign banks. Since we operate predominantly in rural and semi-urban areas, a portion of our lending histotically met the priority sector requirements of RBI. Investments by banks in securitized assets, representing loans to various categories of priority sector, outright purchases of any loan asset eligible to be categorised under priority sector, and investments by banks in Inter Bank Participation Certificates (IBPCs), on a risk sharing basis, were different avenues by which banks can meet these priority sector lending targets. A recent notification issued by the RBI in February of this year, has stipulated that loans provided by NBFCs against gold jewellery for agriculture purposes (which is one of the categories of a priority sector advance under priority sector lending guidelines issued by RBI) would not be treated as priority sector loans/advances. Thus our loan portfolio is no longer classified as a priority sector advance by the RBI. This RBI notification therefore increases our cost of funds, which will adversely affect our results of operations going forward.

2. The RBI in its circular dated January 17, 2011 introduced provisioning for standard assets to create a financial buffer to protect NBFCs from the effects of economic downturns. Accordingly, NBFCs are required to make a general provision at 0.25% of the outstanding standard assets. This provisioning need not be netted from gross advances but shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet. The general provisions on standard assets can be categorized as Tier II capital up to a maximum of 1.25% of total risk-weighted assets (taken together with other general provisions or loss reserves).

Except as stated above and elsewhere in this Prospectus, to our knowledge there is no development subsequent to November 30, 2010 which materially and adversely affect or are likely to affect, the operations or profitability of our Company, or the value of our assets or our ability to pay our material liabilities within the next twelve months.

SECTION VII: LEGAL & OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings or tax liabilities against the Company, Directors, Promoters and Group Companies, and there are no defaults, non-payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by the Company, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of the Company and no disciplinary action has been taken by SEBI or any stock exchanges against the Company, Promoter or Directors. Unless stated to the contrary, the information provided below is as of the date of this Prospectus.

Neither the Company nor Promoters, members of the Group Companies, associates and Directors have been declared as wilful defaulters by the RBI or any other Governmental authority and, except as disclosed in this section in relation to litigation, there are no violations of securities laws committed by us in the past or pending against us.

Litigations involving the Company

Cases filed against the Company

Civil cases

1. Shambu Nath Singh has filed a civil suit as Suit No. 747/2007 before the Court of the Senior Civil Judge, Delhi against the Company, on November 22, 2007. The plaintiff had availed various term loans dated May 15, 2006, May 24, 2006, May 07, 2007, June 01, 2007 and August 30, 2007 from the Company amounting to ₹ 660,800 by pledging gold ornaments with the Company and thereafter had made default in payment of interest. The plaintiff has filed the suit seeking to restrain the sale of gold ornaments of the plaintiff by the Company and to obtain a direction to render true and proper accounts to the plaintiff. The plaintiff has also filed an interlocutory application for grant of interim injunction restraining the Company from auctioning the jewellery of the plaintiff pending disposal of the suit. The company has filed an application under section 8 of the Arbitration and Conciliation Act, 1996, for referring the disputes/ matter to arbitration. The suit filed by Shambu Nath singh has been dismissed by the order dated December 06, 2010. The Company had also filed three separate arbitration claim proceedings against Shambu Nath Singh as Arbitration Case No. 122 of 2009, Arbitration Case No. 123 of 2009, and Arbitration Case No. 124 of 2009 claiming that he has committed breach of his loan agreements due to default of payment of the interest and principal and seeking payment of the principal amount and interest. Shambu Nath Singh failed to appear in the arbitration proceedings initiated by the Company and ex-parte arbitration awards were passed against Shambu Nath Singh directing repayment of a total amount of ₹ 954,051 towards principal, interests and costs. Shambu Nath Singh has filed an appeal as Civil Suit No: 102/2011 under Section 34 of the Arbitration and Conciliation Act, 1996 before the Court of the District Judge (West), Tis Hazari Courts, Delhi challenging the award passed in Arbitration Case No. 124 of 2009. The appeal is currently pending.

2. Amit Pal Singh has filed a civil suit as Suit No. 487/2008 on July 14, 2008 before the Court of the Senior Civil Judge, Delhi against the Company, represented by its Managing Director. The plaintiff had obtained two loans dated August 23, 2006 totalling an amount of ₹ 202,500 from the Company by pledging gold jewellery and had made default in payments for which the Company sent notice to the plaintiff stating that his pledged gold jewellery will be auctioned unless the plaintiff settles the account within 14 days. The plaintiff filed the suit seeking an order of permanent injunction against the Company from disposing of the gold ornaments of the plaintiff and to direct the Company to render proper accounts. The plaintiff has also filed an interlocutory application for grant of interim injunction restraining the Company from auctioning the jewellery of the plaintiff pending disposal of the suit. The company has filed application under Section 8 of the Arbitration and Conciliation Act, 1996, for referring the disputes to arbitration. The matter is currently posted to for hearing on the application filed by the Company under Section 8 of the Arbitration and Conciliation Act, 1996. The Company had

also filed two separate arbitration claim proceedings against Amit Pal Singh as Arbitration Case No. 118 of 2009 and Arbitration Case No. 119 of 2009 claiming that he has committed breach of his loan agreements due to default of payment of the interest and principal and seeking payment of the principal amount and interest. Amit Pal Singh failed to appear in the arbitration proceedings initiated by the Company and ex-parte arbitration awards were passed against Amit Pal Singh directing repayment of a total amount of ₹ 408,013 towards principal, interests and costs. The matter is currently pending.

3. Kamaljeet Singh has filed a civil suit as Suit No. 100/2008, on April 23, 2009, before Additional District Judge, Delhi, against the Company. The plaintiff claims that he is the owner and landlord of the property let out to the Company from April 01, 2005 at ₹ 23,000 per month It is alleged by Kamaljeet Singh that that the Company stopped paying rents from May 01, 2007 and that the arrears of rent till February 29, 2008 amount to ₹ 230,000. The plaintiff terminated the lease by way of notice on February 29, 2008. The present suit is filed for arrears of rent and other charges, *mesne profits*, and recovery of damages due to damage to alleged damage to the property. The Company has filed a counter claim dated August 18, 2008 claiming that as per the decision of the Supreme Court in writ petition 4677 of 1985, the leased premises could not be used as a commercial property and therefore the Company was forced to vacate the premises and had therefore terminated the lease deed by a notice dated May 01, 2007 effective from May 31, 2007. Though the Company had vacated the premises Kamaljeet Singh had not refunded the security deposit of ₹ 138,000. Further the Company had also spent an amount of ₹ 684,800 for renovating the premises and thus after final adjustments, Kamaljeet Singh owed an amount of ₹ 799,801 together with interest thereby totalling to ₹ 911,773. The matter is presently pending.

4. M. K. Sheriff has filed a civil suit as O. S. No. 290/2009 on September 03, 2009, before the District Munsiff Court, Tirupur against the Company. The plaintiff has pledged several gold ornaments at the Tirupur branch of the Company and had availed of a loan of ₹ 306,300. The plaintiff failed to repay the loan amounts and the Company issued notices for auction of the gold ornaments pledged with the Company. The plaintiff has sought an order from the Court to declare the auction notices issued by the Company as null and void and for grant of a permanent injunction restraining the Company from conducting the auction of the gold ornaments pledged by the plaintiff. The matter is currently pending.

5. S. Paramasivam has filed a civil suit as O. S. No. 495/2009 on September 07, 2009, before the District Munsiff Court, Erode, against the Company. The plaintiff has availed of several loans from the Company's Erode branch amounting to an outstanding sum of ₹ 111,500 by pledging gold ornaments. The plaintiff failed to repay the loan amounts and the Company issued notices for auction of the gold ornaments pledged with the Company. The plaintiff has alleged that the rate of interest as displayed in the advertisement is not similar to the rate of interest actually charged. The plaintiff has sought an order from the Court to declare the auction notices issued by the Company as null and void and for grant of a permanent injunction restraining the Company from conducting the auction of the gold ornaments pledged by the plaintiff. The matter is currently pending.

6. The Company has filed an appeal on April 05, 2010 before the Sub-Court, Kuzhithurai, against the judgement in the civil suit file by E. Robert as O. S. No. 55/2009 on November 24, 2008, before the District Munsiff Court, Kuzhithurai, against the Company. The plaintiff has availed of two gold loans from the Company amounting to ₹ 42,800 at the rate of 15% per annum by pledging gold ornaments. The plaintiff failed to repay the loan amounts and the Company auctioned the gold ornaments pledged by the plaintiff. The gold has allegedly been sold by the Company pursuant to the auction notices dated June 28, 2008. The plaintiff states that the auction of the gold ornaments were conducted illegally and has sought a decree from the Court for damages of ₹ 40,000 with future interest of 15% per annum from date of suit till date of receiving the amount. The suit was decreed in favour of the plaintiff on February 15, 2010 awarding a sum of ₹ 39,950 along with 9% interest from the date of availing the loan to the date of filing the suit and therefore the Company has preferred the present appeal. The company has also filed an interlocutory application as I.A. no 106 of 2010 to stay the operation of the judgement of the trial court. The plaintiff has meanwhile filed an execution petition as E.P. No. 37/2010 for enforcing the decree awarded in favour of the plaintiff. During the pendency of the proceedings, the matter has been settled out of court and that the matter has been withdrawn by the plaintiff. The copy of the order dismissing the execution petition E.P. No. 37/2010 as withdrawn is awaited.

7. M. Balasubramanium has filed a civil suit as O. S. No. 133/2007 on June 29, 2007, before the District Munsiff Court, Theni, against the Company. The plaintiff claims that his son, Sasi Kumar, without the plaintiff's knowledge and authorisation pledged gold ornaments with the Company and availed of a loan for a sum of ₹ 22,400. The plaintiff's son failed to repay the loan amounts and the Company issued notices for auction of the gold ornaments pledged with the Company. The plaintiff has sought an order from the Court to declare the auction notices issued by the Company as null and void and for grant of a permanent injunction restraining the Company from conducting the auction of the gold ornaments pledged by the plaintiff's son. The trial court has passed decreed the suit directing the Company to charge interest at the rate of 12% per annum from the date of availing the loan to the date of repayment. Balasubramanium has deposited the principal amount in the trial court and the Company has filed an application for withdrawal of the money deposited. The matter is currently pending.

8. Anju Syal has filed a civil suit as 13 of 2009, on January 08, 2009, before Civil Judge (Senior Division), Panipat against the Company. The plaintiff's husband had availed of loans from the Company by pledging her gold ornaments. The plaintiff has sought an order from the court to declare that the Company is in unlawful possession of her ornaments and that the Company does not have the right to auction the ornaments as the plaintiff had not authorised her husband to avail of the loan from the Company. The plaintiff has further sought an order from the court to restrain the Company from selling her ornaments during the pendency of the suit. The Company has filled written statement and a reply to the interim application and is contesting the matter. The matter is currently pending.

9. Vipin Bhola has filed a civil suit as 679/2006, on January 11, 2006, before Civil Judge (Senior Division), Gurgaon against the Company. The plaintiff claims that he had availed four loans totalling ₹ 1,480,500 dated on several occasions by pledging various gold ornaments at various times. The plaintiff wanted the Company to redeem a part of the gold ornaments proportionate to the amount repaid by the plaintiff. The Company claims that the terms of the loan do not allow the Company to release the security until repayment in full. The plaintiff filed the suit seeking an order from the Court directing the Company to restore and redeem the ornaments pledged separately after receiving part payment. The plaintiff has also filed an interim application for temporary injunction restraining the Company from selling the ornaments during the pendency of the suit. The Company has filled written statement in the suit and is contesting the matter. The matter is currently pending.

10. Deepankar Bhola has filed a civil suit as 465/2006, before the Civil Judge Senior Division, Gurgoan, against the Company. The plaintiff claims that he had availed a loan of ₹ 17,000 by pledging various gold ornaments at various times. The plaintiff wanted the Company to redeem a part of the gold ornaments proportionate to the amount repaid by the plaintiff. The Company claims that the terms of the loan do not allow the Company to release the security until repayment in full. The plaintiff filed the suit seeking an order from the Court directing the Company to restore and redeem the ornaments pledged separately after receiving part payment. The plaintiff has also filed an interim application for temporary injunction restraining the Company from selling the ornaments during the pendency of the suit. The Company has filled written statement in the suit and is contesting the matter. The matter is currently pending.

11. Bhawana Manchanda has filed a civil suit as C. S. No. 73/2009, before Court of the Senior Civil Judge, Delhi, against the Company on February 12, 2009. The plaintiff had availed of a loan dated September 25, 2007, amounting to ₹ 90,000, by pledging gold ornaments with the Company. The plaintiff failed to repay the loan amounts and the Company issued notices to plaintiff informing the plaintiff that the Company will auction the pledged gold ornaments. The plaintiff has sought an order from the Court to restrain the Company from auctioning the gold ornaments pledged by the plaintiff. The matter is currently pending.

12. Bhawana Manchanda has filed a civil suit as Civil Suit No. 630/2008, before the Court of the Senior Civil Judge, Delhi, against the Company on October 21, 2008. The plaintiff had availed of a loan of ₹ 1,167,500 by pledging gold ornaments with the Company. The plaintiff failed to repay the loan amounts and the Company issued notices to plaintiff informing the plaintiff that the Company will auction the pledged gold ornaments. The plaintiff has sought an order from the Court to restrain the Company from auctioning the gold ornaments pledged by the plaintiff. The Company has filed an application under Section 8 of the Arbitration and Conciliation Act, 1996 seeking to dismiss the suit and to refer the matter to arbitration. The trial court allowed the application under Section 8 of the Arbitration and Conciliation Act, 1996 and has referred the matter to arbitration by its order dated

April 27, 2010. The Company has filed an arbitration claim petition in the matter claiming that she has committed breach of the loan agreements due to default of payment of the interest and principal and seeking payment of the principal amount and interest. The matter is currently pending.

13. Rajnish Manchanda has filed a civil suit before as Civil Suit No 629/2008 before the Court of the Senior Civil Judge, Delhi, against the Company on October 21, 2008. The plaintiff had availed of a loan by pledging gold ornaments with the Company. The plaintiff failed to repay the loan amounts and the Company issued notices to plaintiff informing the plaintiff that the Company will auction the pledged gold ornaments. The plaintiff has sought an order from the Court to restrain the Company from auctioning the gold ornaments pledged by the plaintiff. The Company has filed an application under Section 8 of the Arbitration and Conciliation Act, 1996 seeking to dismiss the suit and to refer the matter to arbitration. The trial court allowed the application under Section 8 of the Arbitration and Conciliation Act, 1996 and has referred the matter to arbitration by its order dated April 27, 2010. The Company has filed an arbitration claim petition in the matter claiming that he has committed breach of the loan agreements due to default of payment of the interest and principal and seeking payment of the principal amount and interest. The matter is currently pending.

14. Leelamma Thomas has filed a civil suit as O. S. No. 31/2008 on January 24, 2008, before the Munsiff Court, Adoor, against the Company. The Plaintiff claims that one Kunjamma Chacko had deposited an amount of ₹ 100,000 towards a debenture certificate issued by the Company by the name Muthoot Gold Bond Scheme. The plaintiff claims that Kunjamma Chacko had executed and registered a will which bequeathed all her properties in favour of the plaintiff and that Kunjamma Chako passed away. The plaintiff claims that she is the person entitled to inherit the debenture certificate issued by the Company. The plaintiff has sought an order of mandatory injunction against the Company to release the amounts due to her. The Company has filed a written statement taking the contention that it is ready to release the proceeds of the bond to the person entitled to succeed to the property of Kunjamma Chacko. The matter is currently pending.

15. Mayank Associates has filed a civil suit as C. S. No. 183/2008 on July 14, 2008, before the Additional District Judge, Delhi, against the Company. The plaintiff claims that he is the owner and landlord of the property which is rented by the Company and that the Company is holding the property illegally. The plaintiff claims that the lease deed dated March 24, 2004 for the property expired on April 04, 2007, and that the Company has been defaulting in payment of service tax and claims an amount of ₹ 143,117 towards arrears of taxes and ₹ 60,000 towards *mesne profits*. The plaintiff has sought an order from the court directing the Company to vacate the property and to pay arrears of taxes and *mesne profits*. The Company has filed written statement and is contesting the matter. The matter is currently pending.

16. L. Murugesan and M. Megala have filed a civil suit as O. S. No. 54/2007 before the District Munsiff Court, Namakkal, against our Company. The plaintiffs have claimed that they have availed of several loans totalling to ₹ 177,950 by pledging their gold ornaments at its Namakkal Branch. The Plaintiffs further claims that they are ready and willing to repay the loan (in this respect the Plaintiffs claim to have deposited a sum of ₹ 177,000 with Tamil Nadu Mercantile Bank Limited) and have alleged that the Company is demanding exorbitant interest rates to let them redeem their jewellery. Hence the suit has been filed to restrain the Defendant from charging such exorbitant rates of interest and from preventing bringing the property to auction. The Plaintiffs have also filed an Interlocutory Application as I.A. No. 79/2007 for grant of interim injunction restraining the company from auctioning the jewellery of the Plaintiff pending disposal of the suit. The Company is yet to file a Written Statement in the suit and is contesting the matter. The matter is currently pending.

17. Veeramani V. has filed a civil suit as O. S. No. 59/2010 on March 21, 2010, before the District Munsiff Court, Vedaranyam against our Company. Veeramani has claimed that our Company has charged ₹ 25,980 as excess interest on the loans availed by him from the Company and has filed the suit seeking to obtain a direction against the Company to repay the alleged excess amounts charged from him together with interest totalling to ₹ 26,707. The matter is currently pending.

18. Rebecca Varghese had filed a civil suit as O.S. No. 149/2005 dated March 14, 2005 for injunction against inter alia Muthoot Bank, Vennikulam before the Munsiff Court Thiruvalla. There was another suit for injunction O.S. No. 153/2005 filed by the first defendant, i.e. sister of plaintiff's husband. Rebecca Varghese had claimed in the suit that after the death of her husband John Varghese, she

became entitled to the properties of John Varghese, by virtue of her marriage to him. However the sister of John Varghese has illegally taken over properties of her husband, including certain debenture bonds of our Company. The suit was filed to reclaim possession of the properties of her husband and seeking prohibitions against the sister of her husband and our Company from redeeming the debenture bonds. Both these suits were later transferred to Munsiff Court, Ranny and renumbered as O.S. No. 133/2008 and 132/2008 respectively and were jointly tried by Munsiff Court, Ranny. A common judgment was passed on January 15, 2010 decreeing O.S. No. 132/08 and dismissing O.S. No. 133/08. Rebecca Varghese has filed an appeal as A.S. No. 48/2010 dated March 04, 2010 before the District Court, Pathanamthitta. The appeal is currently pending.

19. M. Sreenivasagam has filed a civil suit as O. S. No. 316/2006, before the First Additional Subordinate Judge, Madurai, against the Company. Sreenivasagam claims that he has availed loan from the Company by pledging his jewels for a total amount of ₹ 246,000, However Sreenivasagam could not repay the loan amount or interest when due and therefore the Company issued notice for auction of the jewellery pledged. Sreenivasagam claims that the company is charging excessive interest and has filed the suit seeking to permanently restrain the Company from auctioning the jewels. The suit has been dismissed, but the copy of order is awaited.

20. S. Somanath has filed a civil suit as O. S. No. 9167/2009 on October 05, 2009, before the City Civil Court, Chennai, against the Company. Somnath claims that he has availed of loans from the Company by pledging jewellery for the amount of ₹ 14,900 and that when he tried to repay the amount due the Company demanded lump sum payment of 50% of the interest due which he was not able to pay and therefore the Company has sought to auction his jewellery. Somnath has filed the suit seeking for a permanent injunction restraining our Company from auctioning his jewellery. The court passed an order dated December 03, 2010 directing that the auction of the ornaments pledged by Somnath shall be proceeded with only after six weeks. The matter is currently pending.

21. S. Somanath has filed a civil suit as O. S. No. 9168/2009 on October 05, 2009, before the City Civil Court, Chennai, against our Company. Somnath claims that he has availed of loans from the Company by pledging jewellery for the amount of ₹ 114,000 and that when he tried to repay the amount due the Company demanded lump sum payment of 50% of the interest due which he was not able to pay and therefore the Company has sought to auction his jewellery. Somnath has filed the suit seeking for a permanent injunction restraining our Company from auctioning his jewellery. The court passed an order dated December 02, 2010 directing that the auction of the ornaments pledged by Somnath shall be proceeded with only after six weeks. The matter is currently pending.

22. S. Somanath has filed a civil suit as O. S. No. 9169/2009 on October 05, 2009, before the City Civil Court, Chennai, against our Company. Somnath claims that he has availed of loans from the Company by pledging jewellery for the amount of ₹ 55,000 and that when he tried to repay the amount due the Company demanded lump sum payment of 50% of the interest due which he was not able to pay and therefore the Company has sought to auction his jewellery. Somnath has filed the suit seeking for a permanent injunction restraining our Company from auctioning his jewellery. The court passed an order dated December 03, 2010 directing that the auction of the ornaments pledged by Somnath shall be proceeded with only after six weeks. The matter is currently pending.

23. K. Rukmani, has filed a civil suit as O. S. No. 2330/2009 on November 09, 2009, before the District Munsiff Court, Coimbatore, against our Company. Rukmani claims that she availed of a gold loan for an amount of ₹ 50,500 from the Company. Rukmani claims that the Company without following the proper procedure and sending notice to her, issued public notices to auction the jewellery. Rukmani filed a complaint with the District Collector which was forwarded for investigation by the police. Rukmani also sent a legal notice to the Company but the Company did not respond and therefore has filed the suit seeking a permanent injunction to restrain the company from conducting the public auction of the jewels. The matter is currently pending.

24. Madan has filed a civil suit as O. S. No. 13082/2009 on December 15, 2009, before the City Civil Court, Madras, against our Company. Madan has claimed that he availed of a loan from the Company by pledging jewels, however the Company has not rendered proper accounts of the loan and the rate of interest charged by the Company are illegal and high. The Company has issued notices for public auction of the pledged jewels and therefore has filed the suit for restraining the Company from auctioning the pledged jewels. Madan also filed I. A. No. 24939 of 2009 on December 15, 2009

seeking an interim injunction restraining the Company from conducting the auction. The Company has filed written statement and is contesting the matter. The matter is currently pending.

25. Charanjit Singh has filed a civil suit as O. S. No. 161/2009 March 21, 2009, before the Court of Senior Civil Judge, Central District, Tis Hazari, New Delhi against the Company. Charanjit Singh claims that he has availed a loan of ₹ 282,000 by way of 3 separate loans from the Company and that he paid interest regularly as per the demands of the Company and paid interest till February, 2009. The Company then issued a legal notice for auction of the pledged jewellery. He has filed the suit to restrain the Company selling the jewels by public auction. The Company filed an application to refer the parties to arbitration. The Company agreed that till the disposal of the arbitration proceedings, the Company will not auction the gold ornaments. The Court of Civil Judge, Central District, Tis Hazari, New Delhi recorded the undertaking of the Company and by its order dated March 25, 2009, referred the parties to arbitration. The Company has thereafter filed an arbitration claim before the sole arbitrator Vidur Sikka on August 13, 2009. The Company in the arbitration claim petition has claimed that Charanjit Singh owes an amount of ₹ 486,682 towards principal and interest on the 3 loans availed from the Company and has sought for recovery of the amount by auction of the gold ornaments. Charanjit Singh has not filed any objections in the claim proceedings. The matter is currently pending.

26. Charanjit Singh has filed a civil suit as O. S. No. 155/2009 on March 21, 2009, before the Court of Civil Judge, Central District, Tis Hazari, New Delhi against the Company. The plaintiff alleges that he had availed 4 separate loans totalling to ₹ 56,000 by pledging gold ornaments. The plaintiff claims that he received a notice from the Company demanding payment of interest failing which the Company will auction the ornaments. Therefore the plaintiff filed the suit seeking an order of injunction against the Company from auctioning the gold ornaments. The Company entered appearance in the matter and filed an application under Section 8 of the Arbitration and Conciliation Act, 1996 seeking to refer the parties to arbitration. The matter was referred to arbitration by order of the Court of Civil Judge, Central District, Tis Hazari, New Delhi dated March 25, 2009. Thereafter the Company filed a claim petition seeking to recover an amount of ₹ 96,138 towards principal and interest on the 4 loans availed from the Company and has sought for recovery of the amount by auction of the gold ornaments. The matter is currently pending.

27. U. B. Rahmath has filed a civil suit as O.S. No. 674/2010 on July 22, 2010 before the Court of the Civil Judge, Mangalore against the Company. The plaintiff alleges that he had availed three loans from the Company bearing No. SPL 4012, SPL 4013 and SPL 4014 for ₹ 56,000, ₹ 45300 and ₹ 23,500 by pledging gold ornaments. The plaintiff claims that he approached the Company to clear two loans and it is found that the Company was demanding higher interest than agreed and therefore the plaintiff filed a complaint against the Company at the Consumer Disputes Redressal Forum, Mangalore as Complaint No. 3/2010. Thereafter the plaintiff received a notice from the Company stating that the Company is proceedings to conduct auction of the gold ornaments pledged with the Company. Therefore Rahmath filed the suit seeking an order restraining the Company from conducting the auction of the pledged ornaments. Meanwhile the Mangalore Consumer Disputes Redressal Forum allowed the Complaint No. 3/2010 filed by U. B. Rahmath by its order dated August 16, 2010 and directed the Company to charge interest at the rate of 17% per annum and return the gold ornaments pledged by U. B. Rahmath, together with paying an amount of ₹ 16,000 towards compensation and cost of litigation. The suit filed by U. B. Rahmath is currently pending.

28. Ramalingam has filed a petition under Sections 5, 6 and 8 of the Tamil Nadu Prohibition of Charging Exorbitant Interest Ordinance, 2003 on August 23, 2010 as E.I.O.P. No. 7/2010 before the Court of District Munsiff Court Thanjavur. The Petitioner claims that he had taken two loans from the Company totalling to ₹ 53,000 by pledging his gold jewellery on January 12, 2009 and when the Petitioner approached the Company to redeem his jewels, the Company demanded exorbitant interest. The petitioner claims that he repaid the principal amount and an amount of ₹ 11,300 at 14% as interest by way of demand drafts and demanded return of his gold jewellery, however the Company issued a notice demanding 17% as basic interest, 15% as risk interest and 16% as penal interest. Therefore the petitioner has filed the present case for a direction to the Company to return the jewellery. The case has been dismissed by the order of the court dated January 03, 2011 and the copy of the order dismissing the petition is awaited.

29. C. Samiappan has filed a civil suit as O.S. No. 364/2010, on August 23, 2010, before the Court of District Munsiff Tirupur, against the Company and P. Pappathi, the District Auctioneer, Coimbatore.

The plaintiff claims that he pledged gold articles and obtained a gold loan of ₹ 135,000 on September 17, 2008. Due to financial crisis the plaintiff could not repay the loan in time and waited for the final notice from the Company to repay the principal with interest as per the rules and regulations of the RBI. The plaintiff claims that he did not receive any notice from the Company and therefore issued a legal notice on July 25, 2010 to the Company stating he was willing to retrieve the jewels pledged by repaying the loan amount and interest as per the rules and regulations of the RBI. Thereafter the plaintiff enquired and came to know that the jewels were auctioned off on June 02, 2010 through the District Auctioneer Coimbatore. The plaintiff claims that the auction is not valid because no final notice nor auction notice was served by the Company, and that the District Auctioneer of Coimbatore had no jurisdiction to conduct the auction of pledged jewels. The plaintiff therefore seeks a declaration that the auction conducted by the Company of the plaintiff's jewellery is void and seeking an order directing the Company to handover the pledged jewels to the plaintiff and seeking for costs of the proceedings. The plaintiff has also filed an interlocutory application seeking an order directing the Company to handover the jewels of the plaintiff to the custody of the court till the disposal of the suit. The matter is presently pending.

30. K. Manjunath has filed a civil suit as O.S. No. 26902/2010, on November 08, 2010, before Additional City Civil and Sessions Judge, Bangalore, against the Company and B. Jawahars, Auctioneer. The plaintiff claims that he availed two loans of ₹ 543,000 and ₹ 60,000 each on February 26, 2009 by pledging two sets of gold ornaments. The plaintiff claims that the Company demanded higher interest than agreed and the plaintiff refused to pay the higher interest for the loan. Furthermore, the plaintiff claims that he had availed another loan of ₹ 98, 500 where the Company demanded and received excessive interest than the agreed interest rate for the loan. The plaintiff claims that on October 15, 2010 the Company issued a notice for auction of the ornaments pledged by the plaintiff to be held on November 12, 2010. The plaintiff claims that the Company does not have license under the Karnataka Money Lenders Act, 1961 and does not have the authority to auction the ornaments pledged by the plaintiff. Further the plaintiff claims that he was ready and willing to repay the loan with interest but without giving an opportunity to the plaintiff the Company is illegally trying to auction the pledged ornaments. The plaintiff has therefore sought for a judgment and decree against the Company for a permanent injunction restraining the Company from selling the pledged ornaments in public auction to be held on November 12, 2010. The plaintiff has also filed an interlocutory application seeking for a temporary injunction restraining the Company from conducting the auction of the pledged jewels of the plaintiff. The matter is presently pending.

31. A. Govindaraj has filed a civil suit as O.S. No. 318/2010 on June 16, 2010, before the Principal District Munsiff Court, Kumbakonam, against the Company. The plaintiff claims that he pledged his gold jewels on two different days for a total sum of ₹ 253,500 under nine pawn tickets agreeing to pay simple interest at 16% per annum. However, the plaintiff claims that the Company issued a calculation memo calculating interest at 36% per annum. The plaintiff claims that the interest claimed by the Company is against the provisions of the notification issued by the Government of Tamil Nadu as G. O. M. S. no. 427 dated September 15, 1992. Furthermore, the plaintiff also claims that there is no privity of contract between the plaintiff and the Company. The plaintiff claims that though the plaintiff was ready to repay the loan amount together with interest at 16% per annum the Company refused to receive such amount and insisted on interest at the rate of 36% per annum. The plaintiff also claims that he has come to know that the Company proposes to sell the pledged jewels in auction on June 18, 2010, however the plaintiff has not received any notice of the same. Therefore the plaintiff has filed the suit seeking a declaration that the Company is not entitled to charge interest at more than 16% per annum for jewels pledged by the plaintiff, and seeking an order restraining the Company from auctioning the pledged jewels and seeking costs for the proceedings. The plaintiff has also filed an interlocutory application seeking for a temporary injunction restraining the Company from conducting the auction of the pledged jewels of the plaintiff. The matter is presently pending.

32. M. Urmila, M. Venkata Lakshmi and M. Vishnu Vardhan have filed a civil suit as O. S. No. 326/2010 on September 29, 2010, before the Court of the Additional Junior Civil Judge Cum XVII M.M. Court, Cyberabad, Malkajgiri, against the Company and others The plaintiff claims that one M. Yadagiri obtained a personal loan of ₹ 56,700 by mortgaging the gold ornaments with the Company. The plaintiff claims that M. Yadagiri passed away on July 20, 2009 and his wife M. Urmila approached the Company to close the loan amount and retrieve the gold ornaments mortgaged by her late husband, however the Company insisted on the production of a legal heir certificate for releasing the pledged

ornaments. The plaintiffs being the legal heirs of M. Yadagiri have filed the suit to declare that the plaintiffs are the only legal heirs of deceased M. Yadagiri. The matter is currently pending.

33. Ram Bhaj Jain has filed a civil suit as Civil Suit No. 176/2010 on June 30, 2010, before the Court of the Civil Judge (Senior Division), Ambala acting as Vacational Officer, against the Company and others The plaintiff alleges that in the month of August, 2008 one Mahesh along with defendants 1 and 2 Misha and Miheer, and Dayal Chand visited the house of the plaintiff claiming that they had reliable information that an income tax raid was gong to be conducted on the plaintiff. The plaintiff claims that Mahesh convinced the plaintiff to hand over 1080 grams of gold jewellery and ₹ 900,000 with them for safe custody. The plaintiff claims that Mahesh died on January 2009 and Misha and Miheer refused to return the gold ornaments given by the plaintiff. The plaintiff came to know that the gold ornaments were pledged with the Company to raise a loan and that Misha and Miheer have obtained a succession certificate on the basis of natural succession to get the pledged ornaments released from the Company. The plaintiff claims that the pledged ornaments belong to him and hence has filed the suit seeking a declaration that the gold ornaments pledged by Mahesh with the Company belong to the plaintiff and a permanent injunction restraining the Company from releasing the pledged ornaments to Misha and Miheer based on the succession certificate. The matter is presently pending.

34. Syed Ali Hussain has filed a suit against one P. V. Narasimha Rao and the Company as O.S. No. 1404/2009 before the II Additional Junior Civil Judge at Vishakhapatnam on November 02, 2009. The plaintiff claims that the Company has leased office space from P. V. Narasimha Rao for their Vishakhapatnam Branch and the Company has erected iron glow sign boards in the building. The plaintiff also resides in the same building and the sign boards erected by the Company are causing health and safety risks to the plaintiff and is thus causing nuisance to the plaintiff. The plaintiff has also claimed that the iron glow sign board erected by the Company has caused damages to the property of the plaintiff. Therefore the plaintiff has filed the suit seeking an injunction directing the Company and P. V. Narasimha Rao to remove the glow sign board erected by the Company in the office premises of the Company. The plaintiff had also prayed for ₹ 87,500 as damages and an amount of ₹ 1,500 per month towards use of the sign board from the date of the suit till the removal of the board and for cost of the proceedings. The Company has filed its written statement and is contesting the matter claiming that the plaintiff has no right to restrain the Company from using the sign boards. The matter is currently pending.

35. Padmakumar has filed a civil suit as O. S. No. 286/2010 on July 23, 2010 before the Munsiff Court, Karunagappilly, against the Company. The plaintiff alleges that he had availed a loan on October 23, 2007 for an amount of ₹ 5,300 by pledging 7.8 grams of gold ornaments with the Company at an interest rate of 17%. The plaintiff alleges that due to financial difficulty he could not repay the loan in time, but when he approached the Company to repay the loan with interest, the Company informed him that the gold ornaments were sold in auction. The plaintiff claims that he was not provided with any notice of the auction of the gold articles and hence has filed the suit seeking an order directing the Company to return the pledged gold ornaments on repayment of ₹ 6730, and in case of failure to return the gold ornaments to direct the Company to return the balance amount received in the auction after deducting the loan amount and also seeking compensation for mental agony caused by the Company. The matter is currently pending.

36. V. Karthik has filed a civil suit as O. S. No. 10/2011 before the District Court, Tiruchirappalli on February 01, 2011 against one G. Vijayakumar and others The Company is arrayed as defendant number 56. The plaintiff claims that he was bequeathed certain immovable property in Tiruchirappalli municipal corporation limits, by his late grandmother Kamalthammal. The plaintiff claims that G. Vijayakumar hatched a conspiracy with the second defendant and entered into a partition of the property over which the plaintiff had rights on July 21, 2010. The Company has been arrayed as a defendant in the suit as it is claimed that they are tenants in the building. The plaintiff has filed the suit seeking a declaration that the will executed by his late grandmother is valid and binding, and seeking partition of the immovable properties held by G. Vijayakumar and to direct the tenants of the property including the Company to pay the rent to the plaintiff. The matter is currently pending.

37. Saramma Kunjachen and C. K. George have filed a petition as R.C.P.No. 3/2010 before the Rent Control Court, Kottarakkara on November 15, 2010, under Sections 11(2), 11(3), 11(4)(3), 11(8), and 11(9) of the Kerala Building Lease and Rent Control Act. The petitioners claim that they are the absolute owners of building No. II/918 in the first floor of the Palace Land Building situated in

Kottarakkara village. The petitioners entered into a lease agreement with the Company on February 14, 1995, in respect of the said building for a monthly rent of ₹ 10,563, and the lease agreement was renewed from time to time. The lease agreement expired on January 30, 2010 and the petitioners issued a notice to the Company on December 22, 2009 informing that the lease agreement could not be extended further and sought vacant possession of the leased property for the use of the petitioners Further the petitioners claim that the Company has defaulted on payment of rent from January 2010 onwards. The petitioners have therefore filed the petition seeking an order to evict the Company form the leased premises and to put the petitioners in possession of the leased premises and for costs of the proceedings. The matter is currently pending.

38. A. A. Basheer filed a civil suit against the Company as O. S. No.417/2010 on December 03, 2010 before the Munsiff Court, Kochi. The plaintiff alleges that he pledged gold ornaments amounting to 65.500 grams and availed a loan of ₹ 61,000 on July 26, 2008. The plaintiff alleges that when the plaintiff approached the Company to close the loan account in August 2009, the Company demanded exorbitant interest and the Company failed to provide the correct statement of accounts for the loan availed by the plaintiff. Therefore the plaintiff has filed the suit seeking an order directing the Company to settle the account of the plaintiff and to direct the Company to return the gold ornaments pledged by the plaintiff and for cost of the proceedings. The matter is currently pending.

39. T. Manivasagam has filed a petition as R. C. O. P. No. 48/2010 on December 21, 2010 before the District Munsiff Cum Rent Controller at Pooonamallee under sections 10(3)(a)(i)(ii)(iii) of Tamil Nadu Buildings (Lease & Rent Control) Act, 1960 against the Company. The petitioner claims that he is the absolute owner on the property situated at First Floor, No 175, Trunk Road, Poonamallee, Chennai measuring 1600 square feet. The petitioner had leased out the premises to the Company by a rental agreement dated July 10, 2006 for a monthly rent of ₹ 12,000. The petitioner claims that he now requires the premises for his own use and therefore issued a legal notice on November 23, 2010 to the Company to vacate the premises. The petitioner has filed the present petition seeking an order of eviction directing the Company to vacate the leased premises and for costs of the proceedings. The matter is currently pending.

40. Gurpreet Singh filed a civil suit against the company as Civil Suit No. 37/2009 on January 24, 2009 before the Civil Judge (Junior Division) Karnal. The plaintiff claimed that he had availed a loan of ₹ 1,49,000 from the Company by pledging gold ornaments. The plaintiff claims that he was not able to repay the loan amount in time, however when he approached the Company to repay the same the Company did not provide proper accounts of the loan and demanded exorbitant amounts. Thereafter he received a notice from the Company stating that the ornaments pledged by the plaintiff will be auctioned. The plaintiff filed the present suit seeking a direction to render proper accounts for the loan taken by the plaintiff and to restrain the Company from auctioning the gold ornaments of the plaintiff and seeking costs of the proceedings. The Company filed a petition under Section 8 of the Arbitration and Conciliation Act, 1996 for referring the parties to arbitration. The petition filed by the Company was allowed by order dated April 20, 2010 and directed that the parties may commence arbitration and the suit filed by the plaintiff was dismissed. The plaintiff has challenged the order dismissing the suit of the plaintiff and preferred a revision petition before to the High Court Punjab and Haryana at Chandigarh as C. R. P. No. 5033/2010. The Company has received notice of C. R. P. No. 5033/2010 filed by the plaintiff but is yet to receive the copy of the revision petition filed by the plaintiff. The matter is currently pending.

41. G. Balachandran has filed an insolvency petition as Original Petition (Insolvency) No. 2/2009 before the Sub Court, Attingal on April 07, 2009. The petitioner alleges that he has been facing adverse financial difficulties and has incurred huge debts to several people for a total amount of ₹ 9,508,645 and has filed the petition seeking to declare himself insolvent. The Company has received a notice dated November 06, 2010 to appear in the matter and to be impleaded as respondent no. 36 in the matter. The Company has appeared in the matter and is awaiting for the copy of the impleading petition for details of the claims made against the Company by the petitioner. The matter is currently pending.

42. Kalavathy has filed a civil suit as O.S. No. 10139/2010 pending before the II Fast Track Court at Chennai against Sujatha and seven others including the Company arrayed as the seventh defendant. The suit was initially filed in the High Court of Madras as C.S No.1108 of 2009 on June 11, 2009 which was made over to the II Fast Track Court. The plaintiff claims that she had advanced an amount of ₹ 420,000 to her son and the first defendant for starting a business on the understanding that she will

be paid interest at the rate of 12% per annum. Further the plaintiff had also provided gold jewellery worth ₹ 500,000 to her son and the first defendant for starting the business by pledging the gold jewellery. Thereafter the son of the plaintiff passed away and the first defendant is attempting to divert all the money of her son without repaying the amounts owed to the plaintiff or returning the gold jewellery or giving her the share in her sons estate. The suit has been filed by the plaintiff claiming partition of the assets of her deceased son, rendering accounts of the partnership business of her son and recovery of the amounts and gold jewellery from the first defendant. The company is arrayed as the seventh defendant as allegedly some of the gold jewellery sent by the plaintiff to her son has been pledged with the Company. The matter is currently pending.

43. Selvin Jayakumar has filed a suit against the Company as OS 52/2011 before the Munsiff court Devikulam on February 10, 2011. Selvin Jayakumar is the landlord of premises at Munnar, where the Company has leased premises for one of its branch offices. The company was running its business on the premises as per the lease agreement dated April 06, 2004 and subsequently renewed periodically. It is alleged that the defendant wanted the premises for his own use and wanted the company to vacate the premises. The plaintiff alleged that the occupation of the leased premises by the Company after November 16, 2010 is wrongful and that the agreement has already been terminated and that the company had defaulted in paying the rent after November 16, 2010. Hence the plaintiff had filed the suit praying for direction to put an end to the occupation of the defendant under the licence agreement and vacate the premises by a decree of mandatory injunction and for a direction to pay an amount of ₹ 87,500 as arrears of license fees and damages from the date of suit till the defendant vacates the premises and costs and other relief as the court deem fit. The court served summons on the Company on April 21, 2011 to appear on May 24, 2011. The matter is currently pending and is posted for first appearance on May 24, 2011.

Consumer cases

44. S. Elangovan has filed a consumer complaint as C. C. No. 43/2008 on February 20, 2008, before the District Consumer Disputes Redressal Forum, Madurai against the Company represented by Branch Manager, P. P. Chavadi Branch and General Manager, Corporate Office, Kochi, Kerala. The complainant claims that he had availed a total amount of ₹ 1,775,000 as four separate gold loans from the Company pledging gold jewellery, at the rate of 15% interest per annum, and that when the complainant went to redeem his jewellery, the Company is demanding excessive interest and not rendering proper accounts. Hence the complaint has been filed this suit seeking an order from the forum directing the Company to render proper accounts, to restrain the Company from auctioning his jewellery and to allow the complainant to redeem his jewellery at 15% per annum interest, and to pay an amount of ₹ 15,000 as compensation and costs. The complainant has also filed an interim application in the matter seeking an order of temporary injunction against the Company from selling any of the jewels of the complainant. The Company has filed its version on June 27, 2008 contending that the interest charged is as per the agreement executed by Elangovan and is contesting the matter. The matter is currently pending.

45. Babu Sebastian had filed a consumer complaint as C. C. No. 26/2007, before the District Consumer Disputes Redressal Forum, Idukki, against the Company on February 05, 2010. The Complainant claimed that he had availed two loans amounting to ₹ 242,000 from the Company by pledging 363.900 grams of gold jewellery at ₹ 665 per gram at the rate of ₹ 1 as interest, but when the complainant went to redeem his jewellery, the Company demanded an interest of ₹ 3,630, which was more than the agreed rate of interest and therefore filed the complaint seeking an order against the Company to charge interest at the agreed rate and to compensate the complainant for damages for not granting ₹ 740 per gram of gold pledged as promised, to restrain the Company from selling his jewellery an to order a compensation of ₹ 25,000. The Company filed its version and contested the matter. The District Consumer Disputes Redressal Forum, Idukki by its order dated August 29, 2008, allowed the complaint and directed the Company to charge only 12% per annum as interest and to exclude processing fee and to pay an amount of ₹ 2,000 as cost and compensation. The Company has gone in appeal against the order of the District Consumer Disputes Redressal Forum, Idukki and filed Appeal No. 378 of 2009 dated December 17, 2008, before the Kerala State Consumer Disputes Redressal Commission. The appeal has been disposed of recording that the matter has been settled and directing the Company to charge interest at the rate of 12% till the date of filing of the consumer complaint. Meanwhile the complainant has filed execution proceedings before the District Consumer Disputes Redressal Forum, Idukki as E. P. No. 17/2009. The Company has filed an interim application before the Kerala State

Consumer Disputes Redressal Commission granting stay of the operation of the order of the District Consumer Disputes Redressal Forum. The appeal filed by the Company was disposed of by the Kerala State Consumer Disputes Redressal Commission by its judgment dated January 06, 2011 recording the fact of the settlement of the matter between the parties. The Company has informed that the Company has complied with the judgement of the Kerala State Consumer Disputes Redressal Commission and paid the amounts directed and closed the matter.

46. Niyas Ahammed had filed an appeal against the Company represented by its Manager Poliathode branch, before the Kerala State Consumer Disputes Redressal Commission as Appeal No. 355/2008 against the order of the District Consumer Disputes Redressal Forum, Kollam in C. C. No. 23/2007 dismissing the complaint filed by Niyas Ahammed. The complainant had filed the complaint claiming deficiency in service by the Company. The Complainant claimed that he had availed a loan of ₹ 15,400 from the Company by pledging gold jewellery, but when the complainant went to redeem his jewellery, the Company charged a higher rate of interest than agreed upon. The Company filed its version stating that the relationship between the complainant and the Company is in the nature of a debtor and creditor and hence the Consumer Protection Act will not have jurisdiction over the disputes between the claimant and the Company, and contested the matter. The District Consumer Disputes Redressal Forum, Kollam dismissed the complaint on the ground that relationship between the complainant and the Company is that of a creditor and debtor and the matter was not amenable to the jurisdiction of the Consumer Protection act, 1986. The Kerala State Consumer Disputes Redressal Commission allowed the appeal in part and remanded the matter to the District Forum with the observation that the matter was amenable to jurisdiction under the Consumer Protection Act, 1986. The matter is currently pending.

47. George K. V. has filed a first appeal before the Kerala state Consumer Disputes Redressal Commission as F.A. No. 128 of 2010 against the dismissal of the consumer complaint filed as C. C. No. 56/2009, before the District Consumer Disputes Redressal Forum, Idukki against the Company. The complainant claims that he had availed a total loan of ₹ 74,700 from the Company against the pledge of gold jewellery, and that when the complainant went to redeem his jewellery, the Company demanded excessive interest. Thereafter in reply to a notice issued by the complainant, the Company informed him that it has already auctioned the jewellery and the complainant owed an additional amount of ₹ 19,286 to the Company against the loan. The complainant claims that the sale of the jewellery and charging of excessive interest amounted to a deficiency in service. Hence the complaint has been filed seeking an order from the forum directing the Company to return the 95.700 grams of gold pledged by the complainant with the Company, and to order the Company to levy an interest of 12% per annum only and to further to pay an amount of ₹ 15,000 as compensation and costs. The Complaint was allowed in part by its order dated October 30, 2009, and directed the Company not to make further claims for the balance amount of ₹ 19,286 due from the Complainant District Forum dated. The appeal is currently pending.

48. Naisam M. has filed a consumer complaint as C. C. No. 228/2009 dated August 03, 2009, before the District Consumer Disputes Redressal Forum, Kollam, against the Company represented by its Branch Manager, Vadayattukotta. The complainant claims that he had availed four loans from the Company against the pledge of gold jewellery, and that when the complainant asked for a statement of account, the Company failed to provide the same and demanded excessive interest, and further intimated the complainant that if he did not remit the interest in time, the Company will auction is the jewellery. Hence the complaint has been filed seeking an order from the forum restraining the Company from auctioning the jewellery and to return the same on payment of interest at the rate of 12% per annum and to further direct the Company to pay an amount of ₹ 5,000 as compensation and costs. The Company filed denying the allegations and is contesting the matter. The matter is currently pending.

49. Yakoob Kunju has filed a consumer complaint as C. C. No. 106/20009 dated March 17, 2009, before the District Consumer Disputes Redressal Forum, Kollam, against the Company represented by its Branch Manager, Oachira. The complainant claims that he had availed an amount of ₹ 22,500 as a loan from the Company pledging gold jewellery. The complainant was not able to repay the loan in time. However, when the complainant went to redeem the gold jewellery, the Company informed the complainant that the gold jewellery has been auctioned off. Hence the complaint has been filed seeking an order from the forum directing the Company to return the gold jewellery pledged by the complainant and if the Company does not provide the same to pay an amount of ₹ 50,000 as damages. The Company filed its written version on July 20, 2009 denying the allegations and is contesting the matter.

The District Consumer Disputes Redressal Forum, Kollam, by its order dated January 31, 2011 allowed the consumer complaint in favour of the complainant directing the Company to pay the prevailing market price of 30 grams of gold and further to pay an amount of ₹ 2,000 as compensation and ₹ 1,000 as cost of the proceedings. The Company has filed an appeal on April 20, 2011 before the Consumer Disputes Redressal Commission, Trivandrum, in the matter.

50. Sajeeshkumar K. M. has filed a consumer complaint as C. C. No. 378/2008 dated October 29, 2008, before the District Consumer Disputes Redressal Forum, Kozhikode, against the Company represented by its Branch Manager, Mananchira. The complainant claims that he had availed an amount of ₹ 25,000 as loan from the Company pledging gold jewellery, and when the complainant went to redeem the gold jewellery, the Company demanded excessive interest rates and declined to give proper accounts. Hence the complaint has been filed seeking an order from the forum directing the Company to return the gold jewellery pledged by the complainant by payment of ₹ 25,000 together with interest at the rate of 15% per annum for 4 months, and further to pay an amount of ₹ 30,000 as compensation. The Company filed version in the matter contending that the Sajeeshkumar had defaulted on the repayment of the loan and the Company had issued notices to Sajeeshkumar and that the Company has only claimed interest as per the terms of the agreement executed by Sajeeshkumar. The matter is currently pending.

51. Krishna Kumari has filed a consumer complaint as Complainant No. 09/2009 on January 06, 2009, before the District Consumer Disputes Redressal Forum, Ambala, against the Company. Krishna Kumari claims that she had availed of a loan from the Company by pledging jewellery for the amount of ₹ 40,000. She claims that the details of interest charged on the loan account and the loan amount due was not provided to despite several requests due to which she has not been able to clear the loan account and hence she is not liable to pay any interest after March, 2007. The Company then issued a legal notice for the auction of the jewellery and therefore she has filed the complaint seeking a direction against the Company to charge the interest as per the R.B.I. directions and to restrain the sale of jewellery by auction; and claiming compensation of an amount of ₹ 99,000. The Company has filed its objections and is contesting the matter. The matter is currently pending.

52. Sushil Kumar has filed a consumer complaint as Complainant No. 10/2009 on January 06, 2009, before the District Consumer Disputes Redressal Forum, Ambala, against the Company. Sushil Kumar claims that he has availed a gold loan from the Company for an amount of ₹ 136,000. He claims that the details of interest charged on the loan account and the loan amount due was not provided to despite several requests due to which he has not been able to clear the loan account and hence he is not liable to pay any interest after March, 2007. The Company then issued a legal notice for the auction of the jewellery and therefore he has filed the complaint seeking a direction against the Company to charge the interest as per the R.B.I. directions and to restrain the sale of jewellery by auction; and claiming compensation of an amount of ₹ 99,000. The Company has filed its objections and is contesting the matter. The matter is currently pending.

53. Muhammad Ameen has filed a consumer complaint as Complainant No. 299 of 2009 on October 01, 2009, before the Consumer Disputes Redressal Forum, Kottayam, against our Company. He claims that he has availed a gold loan for an amount of ₹ 375,000. He states that when he approached our Company to repay the loan, interest at the rate of 36% per annum was demanded. He further states that he has repaid a total amount of ₹ 493,217 against the principal amount of ₹ 375,400. He has therefore filed the complaint seeking a direction against the Company to repay the excessive interest charged and to pay ₹ 10,000 as compensation. The Company has filed its version in the matter contending that the Company has not charged any excessive interest and that the interest charged is only as per the terms of the loan agreement executed by the complainant. The matter is currently pending.

54. Palanikumar has filed a consumer complaint as Complainant No.26/2009 on June 12, 2008, before the District Consumer Disputes Redressal Forum, Srivilliputhur, against our Company. Palanikumar claims that he availed a gold loan for the amount of ₹ 26,100 from our Company and when he approached our Company to repay the loan, it was learned that our Company has auctioned the pledged gold. He claims that our Company has auctioned the pledged gold without serving any auction notice and in contravention of the rules and regulations regarding auction of pledged property. He has therefore filed the complaint seeking a direction against the Company to deliver the pledged gold on repayment of the loan amount and compensation of ₹ 80,000. The Company has filed its version in the matter

contending that the complainant had not turned up to repay the loan even after the lapse of an year and further that the complaint has been filed after three years of the recovery proceedings initiated by the Company. The complaint has been allowed by order dated November 18, 2010 of the District Consumer Disputes Redressal Forum, Srivilliputhur, in favour of the complainant directing the Company to pay an amount of ₹ 25,000 towards compensation and to pay interest on ₹ 25,000 at the rate of 6% per annum form the date of filing the complaint to the date of payment and to pay an amount of ₹ 2,000 towards cost of the proceedings. The Company is in the process of settling the matter with the parties and in the event the settlement talks fail, the Company proposes to file an appeal challenging the order of the District Consumer Disputes Redressal Forum in the matter.

55. Pattuselvi has filed a consumer complaint as Complainant No. 27/2009 on June 12, 2008, before the District Consumer Disputes Redressal Forum, Srivilliputhur, against our Company. Pattuselvi claims that she availed a gold loan from for the amount of ₹ 56,000 and when she approached our Company to repay the loan, it was told that the pledged gold were sold in auction and the sale proceeds were appropriated to the loan amount.. She claims that the Company has auctioned the pledged gold without serving any auction notice and in contravention of the rules and regulations regarding auction of pledged property. She has therefore filed the complaint seeking a direction against the Company to deliver the pledged gold on repayment of the loan amount and compensation of ₹ 80,000. The Company has filed its version and has also filed an additional version in the matter claiming that after availing the loan amounts the complainant has never returned to repay the loan amounts, in spite of serving several auction notices on the Complainant, further the Complainant has filed the complaint after three years of the notice for auction and thus the complaint itself is barred by limitation. The complaint has been allowed order dated November 18, 2010 of the District Consumer Disputes Redressal Forum, Srivilliputhur, in favour of the complainant directing the Company to pay an amount of ₹ 50,000 towards compensation and to pay interest on ₹ 50,000 at the rate of 6% per annum form the date of filing the complaint to the date of payment and to pay an amount of ₹ 2,000 towards cost of the proceedings. The Company is in the process of settling the matter with the parties and in the event the settlement talks fail, the Company proposes to file an appeal challenging the order of the District Consumer Disputes Redressal Forum in the matter.

56. Biju P. Mathew has filed a complaint before the District Consumer Dispute Redressal Forum Kottayam as C. C. No. 9/2010. The Complainant alleges that he had availed of 4 loans for a total amount of ₹ 349,000 from the company by pledging his jewellery. At the time of pledging the ornaments, the Company had represented that the interest is 12% per annum for the loan. However when the complainant approached the Company to redeem his gold by paying the interest and principal, the Company demanded excessive interest at the rate of 29% per annum. The complaint has been filed seeking a direction to return the gold jewellery after collecting principal and interest at 12% and restrain the Company from conducting auction of the ornaments. The matter is currently pending.

57. A. Ravi has filed a complaint before the District Consumer Disputes Redressal Forum Chennai North as C. C. No. 137/2010 on August 02, 2010. The Complainant alleges that he had taken 3 loans for a total amount of ₹ 119,000; for which the complainant repaid an amount of ₹ 168,219. The complainant claims that he has paid ₹ 49,219 as interest which is in excess of the amount agreed and the Company has collected ₹ 17,522 as excess interest. The complaint has been filed seeking return of excessive interest charged by the Company and for interest at 24% per annum. The matter is currently pending.

58. Mr. Siraj has filed a consumer complaint as Complaint no: 235/2010 on August 27, 2010, before the District Consumer Disputes Redressal Forum, Mangalore, against the Company. Mr. Siraj claims the he has availed a Super Personal Loan for ₹ 100,000 from the Company by giving a gold necklace weighing 93 grams which was valued at ₹ 100,000 by the Company as collateral security. He claims that the Company at the disbursal of the loan represented that the basic interest of the loan is 17% per annum. Due to financial constraints he was not able to repay the loan till July, 2010 but the Company demanded interest above the agreed rate of 17% and demanded additional risk interest. The Company thereafter issued a legal notice for the auction of the gold on August 21, 2010. The complainant claims he is ready to repay the loan at 17% interest per annum however the Company is demanding an amount of ₹ 137,989 which is illegal. Therefore the complainant has filed the complaint seeking a direction against the Company to handover the statement of loan account and to release the pledged gold ornaments in favour of the complainant by receiving the outstanding loan amount calculated at 17% per annum on the principal loan and for compensation of ₹ 50,000 for unfair trade practices and deficiency of services and ₹ 20,000 litigation cost. The Company has filed its version in the matter contending that

no unfair trade practice has been committed and there has been no deficiency of the service on the part of them. The matter is currently pending.

59. Vijayan. B. has filed a complaint as Consumer Complaint no 82/2010 on September 01, 2010, before the Consumer Disputes Redressal Forum, Kollam, against the managing director and head of the Company. The complainant alleges that he availed two loans and pledged 11 grams of gold ornaments and availed a loan of ₹ 10,800 from the Company and has also pledged 41.800 grams of gold ornaments for an amount of ₹ 40,000 with the Company. The complainant alleges that he had availed the loan at 8 % interest per annum, and used to pay the interest on the loan amount without default until June 14, 2010 for which the Company did not provide receipts. The complainant alleges that although he was ready to repay the loan amount with interest the Company is not ready to release the gold ornaments pledged by the complainant. The complainant has therefore filed the complaint seeking direction against the Company to release the gold ornaments pledged by the complainant on receiving the loan amount with interest at the rate of 8% per annum from the complainant and to pay the sum of ₹ 25,000 as compensation and amount of ₹ 5000 as cost of proceedings. The matter is currently pending.

60. Sarasan M. has filed a complaint as Consumer Complaint No. 83/2010 on September 01, 2010, before the District Consumer Disputes Redressal Forum, Kollam, against the Company. The complainant alleges that he had pledged his gold ornaments weighing 119.800 grams and availed a loan of ₹ 121,000 from the Company. The complainant alleges that he had availed the loan at 8 % interest per annum, and used to pay the interest on the loan amount without default until April 21, 2010 for which the Company did not provide receipts. The complainant alleges that although he was ready to repay the loan amount with interest the Company is not ready to release the gold ornaments pledged by the complainant. The complainant has therefore filed the complaint seeking direction against the Company to release the gold ornaments pledged by the complainant receiving the loan amount with interest at the rate of 8% per annum from the complainant and to pay the sum of ₹ 25,000 as compensation and amount of ₹ 5000 as cost of proceedings. The matter is currently pending.

61. T. Krishnappa has filed a consumer complaint as Consumer Complaint No. 10/2009 on August 25, 2010, before the Bangalore Urban 3rd Additional District Consumer Disputes Redressal Forum, Bangalore, against the Company. The complainant claims that he had availed a total loan of ₹ 850,000 from the Company against the security of gold jewellery weighing 871.500 grams. The complainant alleges that the loans were availed at an interest of 1.25% per annum and that when the complainant went to redeem his jewellery, the Company demanded excessive interest over and above 1.25%. The complainant alleges that he sent a legal notice dated July 21, 2010 seeking redemption of the loan, however the Company sent an inland letter on July 28, 2010 stating that the complainant has not renewed the loan by paying interest and has not redeemed the gold ornaments by remitting the loan amount with interest. The complainant thereafter sent a legal notice on seeking the details of the statement of the loan taken by the complainant, however the Company failed to provide the same. Therefore he has filed the present complaint seeking directions against the Company to furnish the statement for the amount due by the complainant and to collect the amount of loan with interest at the rate of 1.25% per annum and to return the gold jewellery and four blank cheques which were allegedly kept as additional security by the Company and pay compensation of ₹ 100,000 and to pay the cost of the proceedings. The company has filed its version contending that they are not charging exorbitant interest rate as the complainant had agreed to pay interest at the rate of 1.75% per month on the said amount and the complainant did not make any effort to pay the same even after several notices and personal reminders. Hence, the complainant is liable to pay penal interest at the rate of 10% per annum apart from regular interest and risk interest. The court has by its order dated March 28, 2011 allowed the complaint in part directing the complainant to pay ₹ 850,000 with simple interest at 21% per annum to the Company, and directing the Company to return the pledged gold ornaments to the complainant.

62. Shivkumar R has filed a consumer complaint as Consumer Complaint No. 2705/2010 on July 26, 2010, before the Bangalore Urban District Consumer Disputes Redressal Forum, Bangalore, against the Company. The complainant alleges that he has taken a loan of ₹ 275,000 by pledging gold jewels weighing 285.200 grams with the Company. The complainant claims that he is ready to repay the principal amount as well as the interest amount and redeem his pledged gold articles with the Company, but the Company has been stating that the Company is not able to trace the ornaments pledged by the complainant and therefore have not been redeeming the pledged ornaments. The complainant has filed the complaint seeking directions against the Company to return the gold

ornaments pledged by the complainant and pay a compensation of ₹ 200,000 along with interest of 18% per annum. The matter is currently pending.

63. S. Viswanathan has filed a complaint as Consumer Complaint No. 151/2010 on September 08, 2010 before the District Consumer Disputes Redressal Forum, Chennai (North), against the Company. The complainant alleges that he has availed a loan of ₹ 104,850 by pledging 10 items of gold ornaments weighing 132.20 grams. The complainant alleges that when he approached the Company to redeem his pledged ornaments, there was only nine items of jewels instead of ten items pledged by the complainant. The complainant issued a legal notice to the Company demanding to redeem the gold ornaments pledged by the complainant by receiving interest and the principal amounts due, however the Company failed to redeem his pledged ornaments. Therefore the complainant has filed the complaint seeking directions against the Company to hand over the pledged jewellery, by receiving the loan principal amount with interest and to pay an amount of ₹ 50,000 for conducting unfair trade practice and a further sum of ₹ 50,000 as compensation and a further sum of ₹ 10,000 as costs for the complaint. The matter is currently pending.

64. Santosh Kumar Singh has filed a complaint as Consumer Complaint No. 5069/09, before the Consumer Disputes Redressal Forum-II, Qutub Institutional Area, New Delhi against the Company. The complainant alleges that he availed a loan of ₹ 9,500 from the Company by pledging 6 items of gold ornaments weighing approximately 19 grams. The complainant alleges that he contacted the company on February 18, 2010 for repayment of loan and was informed by the Company that interest on the loan amount was calculated to be ₹ 5,746. Thereafter the complainant approached the Company to repay the loan amount together with the interest due, and the complainant was informed that the gold ornaments of the complainant was already sold in auction. Therefore, the complainant has filed the complaint seeking directions against the Company to produce all records of the gold ornaments pledged by the complainant and to return the gold ornaments pledged by the complainant. The complainant also seeks directions from the tribunal to pay an amount of ₹ 90,000 as compensation and to pay a further amount of ₹ 10,000 as costs. The matter is currently pending.

65. Wilfred V. D'sa has filed a complaint as Consumer Complaint No. 545/2009 on July 10, 2009, before the District Consumer Disputes Redressal Forum, Mumbai, against the Company. The complainant alleges that he availed a loan of a total amount ₹ 132,000 by pledging gold ornaments with the Company on different dates. The complainant claims that he was not able to pay the loan amount or interest and also had to sell his flat situated at the address given at the time of availing the gold loans. The complainant thereafter approached Company to repay the loan and redeem his pledged gold, and he was informed that he had to pay an amount of ₹ 182,000 till February 2009 to redeem his pledged gold jewellery. Thereafter when the complainant called the office of the Company before he went to redeem his jewellery, he was informed that his gold jewellery was already sold in auction. The complainant alleges that the Company did not inform the complainant regarding the auction of his gold jewellery. Therefore the complainant has filed the complainant seeking directions against the Company to return the gold ornaments valued at ₹ 330,000 or an equivalent amount of cash with interest at the rate of 18% per annum from the date of sale of the gold ornaments till the date of realisation of the amounts. The complainant has also prayed for an amount of ₹ 50,000 as compensation and a further amount of ₹ 50,000 as costs. The Company filed a written statement and is contesting the matter. The matter is currently pending.

66. Neelesh Talreja has filed a complaint as Consumer Complaint No. 258/2010 on March 05, 2010 before the District Consumer Disputes Redressal Forum-VI, New Delhi against the Company. The complainant alleges that he availed several loans from the Company by pledging gold jewellery on various occasions. The complainant alleges that he approached the Company to settle the loan accounts but the Company did not provide him the actual statement of accounts in respect of the loans availed by the complainant. The complainant alleges that the Company has sent legal notices to the complainant alleging false claims against the complainant, however whenever the complainant approached the Company for the account statements, the Company officials never provided an account statement to the complainant. The Company thereafter sent a notice to the complainant stating that the Company will auction the gold ornament pledged by the complainant on March 08, 2010 if the amount claimed by the Company is not paid. Therefore, the complainant has filed the complaint seeking a direction against the Company to provide statement of account of the loan availed by the complainant and to restrain the Company from auctioning the gold ornaments pledged by the complainant. The complainant has also

sought for an amount of ₹ 50,000 as compensation as well as cost of the proceedings. The Company filed a written statement and is contesting the matter. The matter is currently pending.

67. Joginder Singh Thakur has filed a complaint as Consumer Complaint No. 120/2010 on February 23, 2010 before the District Consumer Disputes Redressal Forum South Qutub I, New Delhi against the Company. The complainant claims that he availed of a loan of ₹ 50,000 from the Company and pledged 98 grams of gold jewellery on November 30, 2007. The complainant claims that he was not able to repay the loan in the stipulated time, however he later approached the Company to repay the loan on May 22, 2009 however he was informed that his gold jewellery had already been sold on March 23, 2009. The complainant claims that he repeatedly requested the Company to provide the details of the auction sale and the price at which the gold jewellery was sold but the Company did not provide any information regarding the auction sale or regarding the refund of the surplus amount. Therefore the complainant has filed the complaint seeking a total amount of ₹ 121,000 as compensation together with interest at the rate of 18% per annum till date of realisation of the amount. The matter is currently pending.

68. Deepak Maurya has filed a complaint as Consumer Complaint No. 426 /2010 before the District Consumer Disputes Redressal Forum, Saini Enclave, New Delhi against the Company. The complainant claims that he took two loans from the Company for ₹ 57,000 and ₹ 18,500 on different occasions by pledging his gold jewellery as security. The complainant claims that he repaid the entire loan amount together with interest and the Company informed the complainant to redeem his jewellery on May 06, 2010. The complainant claims that when he approached the office of the Company on May 06, 2010, they threatened him that if he approaches them again he will be implicated in a false case and refused to redeem the pledged gold jewellery. The complainant therefore filed the consumer complaint seeking directions against the Company to return the gold jewellery pledged by the complainant with the Company and further to pay a compensation of ₹ 100,000. The Company has filed a written statement and is contesting the matter. The matter is currently pending.

69. Goldy Sethi has filed a complaint as Consumer Complaint No.220/2010 on February 19, 2010 before the District Consumer Disputes Redressal Forum, Shalimar Enclave, Delhi against the Company. The complainant alleges that he took loan of ₹ 50,000 from the Company by pledging gold ornaments weighing 74 grams on June 14, 2008. The complainant alleges that the loan was availed at an interest rate of 18% per annum and the Company did not provide any terms and conditions of the loan. The complainant alleges that he approached the Company to repay the loan with interest and requested the refund of ₹ 33,000 but the Company stated that the total cost of the ornaments which was pledged by complainant has been adjusted in the complainant's account and that there are no amounts due from the Company to the complainant. The complainant alleges that the Company deliberately and illegally adjusted the cost of the gold ornaments towards other charges. Therefore the complainant filed the complaint seeking directions against the company to refund the amount of ₹ 33,000 and further to pay the complainant an amount of ₹ 50,000 as compensation and ₹ 11,000 as cost of the proceedings. The Company has filed a written statement and is contesting the matter. The matter is currently pending.

70. Praveen Devi has filed a complaint as Consumer Complaint No. 666/2010 before the District Consumer Disputes Redressal Forum, New Delhi against the Company. The complainant alleges that she availed a loan of ₹ 48,000 from the Company by pledging gold jewellery weighing 60 grams. The complainant alleges that she visited the Company's office for the settlement of the loan account and came to know that the gold jewellery pledged by the complainant has been sold in auction by the Company without the permission of the complainant. The Company informed the complainant that she can get the gold back at the current market price. The complainant sent a legal notice to the Company to return the gold pledged by the complainant however there was no reply from the Company. Therefore the complainant has filed the complaint seeking directions against the company to return the gold jewellery pledged by the complainant and for an amount of ₹ 5,000 as costs and a further amount of ₹ 20,000 as compensation. The matter is currently pending.

71. Bincy Benoy has filed a complaint as Consumer Complaint No. 191/2010 before the District Consumer Disputes Redressal Forum, Bharuch against the Company. The complainant alleges that she had availed a loan of ₹ 70,000 by pledging gold ornaments with a monthly interest rate of 1%. The complainant alleges that she repaid the loan amount and redeemed the gold ornaments, but she did not check the gold ornaments in good faith, however she later found that the gold ornaments were tampered and some pieces of gold were removed from it. The complainant alleges that she contacted

the Company but was informed that it is a routine affair and the gold was cut to test if the gold was genuine. The complainant alleges that she issued a legal notice to the Company seeking compensation for the illegal action of the Company but the Company did not reply to the notice but sent an official of the Company to threaten the complainant against filing any complaint against the Company. The complainant therefore filed the complaint seeking compensation of ₹ 90,000 for deficiency in service and unfair trade practices under various heads against the Company for deficiency of service and a further amount of ₹ 10,000 towards costs. The Company has filed a written statement and is contesting the matter. The matter is currently pending.

72. Amandeep Sandhar has filed a complaint as Consumer Complaint No. 415/2010 on December 15, 2010, before the District Consumer Disputes Redressal Forum, Mohali against the Company. The complainant alleges that she had availed of two loans of ₹ 140,000 and ₹ 265,000 respectively by giving gold ornaments as security on different occasions. The complainant claims that the Company demanded approximately ₹ 100,000 as interest on the loan amount of ₹ 265,000 and the Company also demanded an interest of a similar amount on the loan of ₹ 140,000. The complainant contacted the company to know about the details of interest and total amount, with readiness to return the loan and to ask them not to dispose off his gold ornaments pledged as security. Thereafter the complainant claims that she received legal notices from the Company stating it is going to sell of the gold ornaments pledged with the Company for the loan of ₹ 265,000. The complainant alleges that the complainant repeatedly sent notices to the Company seeking details of the loan account and interests however the Company failed to provided the same. The complainant claims that she is ready and willing to repay the loan amount and interest however the Company is not agreeable to the same. Therefore the complainant filed the complaint seeking directions against the Company to not demand high rate of interest and to provide details of the interest and total amount due from the complainant. The complainant further seeks an amount of ₹ 50,000 as compensation and a further amount of ₹ 12,000 as costs. The District Consumer Disputes Redressal Forum, Mohali, by its order dated March 24, 2011, allowed the complaint in favour of the complainant and directed the Company to return an amount of ₹ 168,297 with simple interest at the rate of 24% per annum with effect from November 14, 2010 till the date of actual payment and further the Company has also been directed to pay an amount of ₹ 5,000 as cost of the proceedings. The Company is proposing to file an appeal in the matter.

73. Syed Javed Qaiser has filed a complaint as Consumer Complaint No. 572/2010 on September 04, 2010, before the District Consumer Disputes Redressal Forum-II, New Delhi against the Company. The complainant alleges that he availed a loan of ₹ 45,800 from the Company by pledging gold ornaments weighing 57.8000 grams. The complainant alleges that he could not repay the loan amount in time as his father was a heart patient, however when the complainant approached the Company seeking to repay the loan amount and interest, he was informed that the gold ornaments are no longer with the Company. The complainant alleges that the complainant informed the Company that he wished to redeem the pledged jewellery by repaying the loan amount and interest however the Company officials threatened him. The complainant was therefore forced to file a criminal complaint for breach of trust and cheating with the Lajpat Nagar Police Station vide D.D. N. 38B dated March 29, 2010. The complainant further claims that the marriage fixed for the brother of the complainant fell through due to the illegal act of the Company. Therefore, the complainant filed the complaint seeking direction against the Company to return the gold ornaments pledged by the complainant and for an amount of ₹ 1,000,000 as compensation and for a further sum of ₹ 21,000 for costs. The matter is currently pending.

74. Jagat Narayanan has filed a complaint as Consumer Complaint No. 919/2010, before the District Consumer Disputes Redressal Forum, Gurgaon against the Company. The complainant alleges that he availed a loan of ₹ 54,100 from the Company by pledging gold ornaments weighing 59 grams. The complainant alleges that he repeatedly requested the Company to provide the details of the loan and his gold ornaments, but the Company refused to provide the status of the loan account stating that the complainant did not repay the loan amount within the stipulated time and that the Company has sold the gold ornaments pledged by the complainant. Therefore, the complainant has filed the complaint seeking directions against the Company to provide statement of loan availed by the complainant and the statement of the sale of gold by the Company. The complainant further seeks a direction against the Company seeking to return all the gold ornaments pledged by the complainant or to pay the balance amount obtained by the sale of the gold ornaments after deducting the loan amount along with interest 24% per annum from the date of sale. The matter is currently pending.

75. Mukundbhai Mohanbhai Gandhi has filed a complaint as Consumer Complaint No.756/2009, before the Consumer Disputes Redressal Forum, Vadodara against the Company. The complainant alleges that he availed of a loan of a total amount of ₹ 689,500 from the Company by pledging gold ornaments as security. The complainant alleges that the rate of interest was agreed to be 12% per annum however the Company had taken the signature of the complainant in blank documents. The complainant alleges that he was ready and willing to repay the loan amount with interest but the Company demanded exorbitant interest which was not agreed at the time of disbursement of the loan and is refusing to redeem the gold ornaments pledged by the complainant. Therefore complainant filed the complaint seeking directions against the Company to receive the balance loan amount and interest as per RBI guidelines and to direct the Company to return the gold ornaments pledged by the complainant. The complainant further seeks an order of injunction restraining the company from selling the ornaments of the complainant and for grant of compensation of ₹ 50,000. The Company filed a written statement and is contesting the matter. The matter is currently pending.

76. Sanjay Singla has filed a complaint as Consumer Complaint No.466/2010, before the District Consumer Disputes Redressal Forum, Ludhiana against the Company. The complainant alleges that officials of the Company approached the complainant for disbursing loan and the complainant availed a loan of ₹ 540,000 by pledging gold ornaments weighing 697 grams in total. The complainant was ready and willing to repay the loan amount and interest and requested the Company to redeem the pledged gold ornaments. However the Company refused to redeem the complainants pledged gold ornaments claiming that the ornaments were stolen by the employees of the Company and that the Company would not charge interest from the date the complainant made a written request for redeeming the pledged ornaments. The Company has failed to return the gold jewellery of the complainant till date and therefore the complainant filed the complaint seeking direction against the Company to return the gold ornaments pledged by the complainant upon payment of the loan amount and interest up to August 13, 2008 and to direct the Company to pay an amount of ₹ 50,000 as compensation and a further sum of ₹ 11,000 as cost of the proceedings. The District Consumer Disputes Redressal Forum by its order dated January 05, 2011, disposed of the complaint directing the parties to file a joint memo before the court of the Judicial Magistrate in Ludhiana seeking custody of the gold ornaments of the complainant.

77. Mohammed Koya filed consumer complaint as C. C. No. 10/2010 before the District Consumer Disputes Redressal Forum, Malappuram on April 26, 2010. The complainant alleges that he availed a loan of ₹ 38,400 from the Company on January 25, 2009. Thereafter he availed another loan on April 25, 2009 for an amount of ₹ 174,500. The complainant alleges that both the loans were closed by him on January 27, 2010 and January 25, 2010 respectively. The complainant claims that the interest charged by the Company has been exorbitant interest by way of penal interest which is over and above the interest permitted by the government. The complainant has filed the present complaint claiming the risk interest charged by the Company and has sought for a directing the Company to refund the amount of ₹ 42,881 charged as interest, and an amount of ₹ 25,000 as compensation and a further sum of ₹ 10,000 as cost of proceedings. The matter is currently pending.

78. Hamsath has filed a consumer complaint as C. C. No. 327/2010 before the Consumer Dispute Redressal Forum, Alappuzha against the Company on November 22, 2010. The complainant alleges that she had pledged 76.300 grams of gold ornaments with the opposite party for availing a loan of ₹ 72,000 on November 26, 2008. The complainant alleges that June 12, 2010 she received a post card requesting to contact the Company and hence she tried several times to contact through telephone but failed. The complainant thereafter visited the branch of the Company on August 28, 2010 to seek release the gold ornaments after arranging the repayment of the loan amount and interest. However the Company informed that her ornaments were sold in auction. The complainant has therefore filed the complaint seeking a direction to the Company to return the gold ornaments to the complainant and to pay a compensation of ₹ 50,000 towards deficiency in service and unfair trade practice, and in the event the Company fails to return the gold ornaments, a direction to realise an amount of ₹ 200,000 towards the value of the gold ornaments and ₹ 50,000 as compensation, interests on the value of the gold ornaments from August 28, 2010 and for cost of the proceedings. The matter is currently pending.

79. J. Prasad had filed a consumer complaint as C. C. No. 140/2010 before the Consumer Dispute Redressal Forum, Kottayam on June 07, 2010 against the Company. The complainant alleged that he had availed a gold loan by pledging gold ornaments for an amount of ₹ 35,000. The complainant alleges that on May 29, 2010 the complainant approached the Company to redeem the pledged

ornaments by paying the loan amount, but claims that the Company demanded exorbitant interest rates. The complainant therefore filed the complaint seeking a direction to levy interest at the rate of 17% or rate prescribed by RBI in similar loan transaction and to pay ₹ 25,000 as compensation and cost of the proceedings. The Company filed its version in the matter and contested that the Company is an NBFC and the complainant is not a consumer and the relationship is purely that of a debtor-creditor relationship and that the agreed rate of interest was 15% per annum if the loan is closed within three months and the complainant is also liable to pay risk interest if the pledge is not redeemed in three months or remit interest. The Consumer Dispute Redressal Forum, Kottayam allowed the complaint in part and directed the Company to charge interest at the rate of a maximum of 2% above the interest charged by commercial banks and further directed the Company to pay an amount of ₹ 1000 as compensation and an amount of ₹ 750 as cost of the proceedings. The Company has preferred an appeal as First Appeal No. 111/2011 before the Consumer Disputes Redressal Commission, Kerala, challenging the above order. The appeal is currently pending.

80. Karminder Kaur has filed a consumer complaint as C. C. No. 23/2011 before the District Consumer Disputes Redressal Forum, S.A.S. Nagar, Mohali, on January 12, 2011 against the Company. The complainant alleges that she has taken a loan of ₹ 110,000 on November 04, 2009 by pledging gold ornaments. The complainant alleges that as per the advertisement in a daily news paper the rate of interest on the said amount was fixed at 1% per month and that as per the settlement arrived at between the parties, the complainant was liable to pay an amount of ₹ 20,408 as interest, however the Company has taken excess amount of ₹ 17,918 as interest from the complainant after playing fraud with her. The complainant has therefore filed the complainant seeking damages/compensation of an amount of ₹ 100,000 for deficiency in service and mental agony and torture and future interest on the amount. The District Consumer Disputes Redressal Forum, S.A.S. Nagar, Mohali by its order dated March 09, 2011, has dismissed the complaint by imposing cost of ₹ 1,000.

81. Mohanbir Singh has filed a consumer complaint as C. C. No. 22/2011 before the District Consumer Disputes Redressal Forum, S.A.S. Nagar, Mohali, on January 14, 2011, against the Company. The complainant alleges that he has taken a loan of ₹ 350,000 on November 20, 2009 by pledging gold ornaments. The complainant alleges that as per the advertisement in a daily news paper the rate of interest on the said amount was fixed at 1% per month and that as per the settlement arrived at between the parties, the complainant was liable to pay an amount of ₹ 403,083 including interest, and the complainant requested to the Company to receive the amount of ₹ 403,083 and redeem his gold ornaments. However the Company allegedly demanded an amount of ₹ 64,000 as risk interest from the complainant. The complainant has therefore filed the complainant seeking damages/compensation of an amount of ₹ 100,000 for deficiency in service and mental agony and torture and future interest on the amount and to direct the Company to return the gold ornaments. The District Consumer Disputes Redressal Forum, S.A.S. Nagar, Mohali by its order dated March 09, 2011, has dismissed the complaint by imposing cost of ₹ 1,000.

82. Tara Chand has filed a consumer complaint as Consumer Complaint No. 449/2010, before the District Consumer Disputes Redressal Forum, Gurgaon on June 16, 20 against the Company. The Complainant alleges that the complainant had availed a loan of ₹ 9700 on interest at the rate of 10% per annum by pledging his gold ring on September 25, 2009. The complainant alleges that the Company has extracted excess interest at the rate of 24% per annum from the complainant. Further the complainant alleges that the Company has refused to redeem the gold ornaments of the complainant even after repeated request to do the same and is refusing to settle the matter. The complainant has therefore filed the complaint seeking a direction to the Company to return the gold ornaments of the complainant after collecting ₹ 9700 from the complainant and to further direct the Company to pay an amount of ₹ 50,000 towards damages and a sum of ₹ 3000 towards cost of the proceedings. The matter is currently pending.

83. Anitha Varma has filed a consumer complaint as Consumer Complaint No. 47/2009, before the District Consumer Disputes Redressal Forum, Ajmer on December 12, 2009 against the Company. The complainant alleges that she had availed a loan of ₹ 4000 from the Company by pledging 5.5 grams of gold ornaments on February 18, 2008. The complainant alleges that the complainant was ready to repay the loan amount and interest to redeem her gold ornaments on October 12, 2009 but the Company refused to redeem the gold ornaments or to accept her repayment of the loan. Therefore the complainant has filed the complaint seeking an order directing the Company to pay an amount of ₹ 25,500 as compensation and direct the Company to return the gold ornaments of the complainant. The

Company has filed its version in the matter and is contesting the matters. The matter is currently pending.

84. K.P Sivan has filed a consumer complaint as CC No.227/2010 before the Consumer Disputes Redressal Forum Thrissur. The complainant alleges that he had availed a loan from the Company on April 01, 2008 for an amount of ₹ 42,000 and on April 04, 2008 for an amount of ₹ 23,000. Thereafter the complainant availed another loan of ₹ 22,000 on April 03, 2008 from another branch of the Company . The complainant alleges had that when he came to repay the loan amount and close the loan account the Company demanded exorbitant interest. The complainant has therefore filed the complaint seeking return of his gold ornaments on payment of principal with 6% interest and to direct the Company to return ₹ 27,000. The complainant further seeks a direction to the Company to return ₹ 10260 from the Company after deducting the interest from ₹ 35,000, which is the market value of the gold held by the Company. The complainant further claims an amount of ₹ 50,000 as compensation from the Company and the cost of the proceedings. The matter is currently pending.

85. Shahnawaz Miraj Hussain had filed a consumer case against the company before the District Consumer Disputes Redressal Forum Belapur, Navi Mumbai as C. C. No.41/2010. The complainant alleges that he had availed of a loan from the company by pledging gold ornaments but the Company auctioned the pledged gold ornaments alleging non payment of outstanding dues. The complainant has filed the complaint for return of the gold ornaments along with ₹ 500,000 as compensation together with interests at the rate of 21% per annum. District Consumer Disputes Redressal Forum allowed the complaint and passed an order directing the company to return the same weight of gold ornaments pledged by the complainant along with compensation of an amount of ₹ 200,000 towards mental and physical harassment of the complainant together with interest at the rate of 15% per annum from December 2007 till date of payment and a further amount of ₹ 5000 towards cost. The District Consumer Disputes Redressal Forum has also ordered the complainant to pay an amount of ₹ 203,860 towards repayment of the loan together with interest at the rate of 15% per annum till December 22, 2008. The company has challenged the order of the District Consumer Disputes Redressal Forum and filed an appeal before the State Commission in Mumbai as Appeal No. 94/2011, on January 14, 2011. The matter is currently pending.

86. Sonu Singh has filed a consumer case against the Company before the District Forum III (West), Delhi as Case No. 97/11 on February 07, 2011. The complainant alleges that he availed of a loan of ₹ 56,500 from the Company by pledging gold ornaments, at an interest rate of 2.17% per month, and that despite promising to repay the loan, the Company refused to release the pledged ornaments back to the complainant. The complainant has filed the complaint for return of the gold ornaments along with ₹ 70,000 as compensation for harassment and mental agony caused to the complainant and ₹ 20,000 towards cost of litigation, and such other order as the court may deem fit. The Company was served summons on April 19, 2011 to appear before the court on April 20, 2011. The matter is currently pending.

Criminal cases

87. K. M. Abdul Kareem, has filed a criminal miscellaneous case as Crl.M.C. No. 828/2011 before the High Court of Kerala, on March 15, 2011. The petitioner claims that he is the managing partner of Rajadhani Gold Super Market from where about 15.80 kilo grams of various gold ornaments were stolen on April 16, 2010. As per the confession of the accused in the case, portions of the stolen gold ornaments were pledged at the Company's branches at Kanhangad and Puthiyakotta. Our Company filed petitions in respect of both the branches (Nos. 7125/2010 and 7171/2010) under Section 451 of Code of Criminal Procedure, 1973, seeking release of the seized gold. A portion of the stolen gold ornaments was seized and produced before the Judicial First Class Magistrate-I, Hosdurg. The petitioner also filed a petition (No. 216/2011) under Section 451 of the Code of Criminal Procedure, 1973 before the Judicial First Class Magistrate-I, Hosdurg, seeking custody of the gold ornaments recovered from the Company's branches, which the court allowed in favour of the petitioner, on condition that the petitioner produce the gold ornaments on each day of the trial and on demand by the court. Further, it was clarified by the court that our Company was not entitled to get the ornaments released as prayed for. The petitioner has filed the present petition seeking modification of the conditions imposed by the Judicial First Class Magistrate-I, Hosdurg for releasing the gold ornaments. The Company has been arrayed as a party to the proceedings as the gold ornaments were recovered from the branches of the Company. The matter is currently pending.

Labour cases

88. Abhishek P. Mathikoth has filed a statement of demand as Reference (LCA) No.1098/2009, before Labour Court, Ahmedabad, on March 3, 2010, against the Company. The complainant alleges that he was a permanent employee in the post of Accountant Clerk in the Company from February 16, 2009 at a salary of ₹ 7,500 per month at the Ahmedabad branch of the Company. It is alleged that the manager of the Ahmedabad branch of the Company relieved the plaintiff from the service orally on May 14, 2009. The complainant approached the Assistant Labour Commissioner, to reinstate him in service with full pay of his non working days, to which the Company responded that the complainant was not relieved but had been transferred to the Junagadh branch of the Company. The complainant alleges that whenever he went to attend his duty he was driven out from the gate by the manager with a motive to show the settlement officer that the Company allowed him to join but he himself was not attending his job. Therefore the complainant has filed the reference to seek a declaration that the action of the Company to relieve complainant from the service from May 14, 2009 by oral order is illegal, unreasonable, unjust, against the principle of natural justice and violating section 25(f)(g)(h) of the Industrial Disputes Act and to order the Company to reinstate the complainant in service at his original post with full salary and all other ancilliary benefits of his absence and also to treat his service to be continuous service. The matter is presently pending.

89. The Wages Inspector, Beawar has instituted a complaint before the Labour Court Beawar as MWA/16/2010. The complaint alleges that on inspection conducted on the branch of the Company in Mansoori Plaza, Diggi Mohalla, Beawar, on December 03, 2009 Wages Inspector, Beawar has found that the employees are not being paid weekly off or overtime fee, and further that information regarding minimum rate of fixed wages, brief details of regulations, name and address of inspector, weekly off, working hours and wage payment date were not provided. The complainant alleges that the Company is liable to pay an amount of ₹ 12,662 as overtime benefits to the employees of the Company. The matter is currently pending.

90. The Labour Enforcement Officer, Lucknow has filed an application as Application No. MW359/2010 before the Court of the Prescribed Authority, under the Minimum Wages Act, Lucknow. The Labour Enforcement Officer alleges that he made an inspection of the branch of the Company in Arohi Complex, Chowk Road, Lucknow, and found that for the period December 01, 2009 to April 30, 2010, the Company has paid less salary than as required under the Minimum Wages Act, 1948. The Labour Enforcement Officer has filed the application seeking an amount of ₹ 2413 as the difference in the salary paid to its employees and further an amount of ₹ 24,130 as damages. The matter is currently pending.

91. The Labour Enforcement Officer, Lucknow has filed an application as Application No. MW/448/2010 before the Court of the Prescribed Authority, under the Minimum Wages Act, Lucknow. The Labour Enforcement Officer alleges that he made an inspection of the branch of the Company in B.N Road Lucknow and found that for the period September 01, 2009 to February 28, 2010, the Company has paid less salary than as required under the Minimum Wages Act, 1948 and has not paid overtime salary due to its employees. The Labour Enforcement Officer has filed the application seeking a total amount of ₹ 44,590 as damages. The matter is currently pending.

Service tax cases

92. By a show cause notice bearing reference DZU/INV/ST/39/2006/8028 dated September 28, 2007 the Directorate General of Central Excise Intelligence, Delhi Zonal Unit, has directed Muthoot Finance Private Limited, to show cause as to why the Commissioner, Central Excise and Customs should not recover an amount of ₹ 2,596,612 as service tax and an amount of ₹ 51,932 as educational cess in respect of Banking and Financial Services, service tax amounting to ₹ 6,421,374 and educational cess of ₹ 121,290 in respect of business auxiliary services under erstwhile Section 1(a) proviso to Sub-section (1) of Section 73 of the Finance Act, 1994 read with Section 38A of the Central excise act, 1944. Further why interest on the amounts being an amount of ₹ 293,274 should not be recovered and Cenvat Credit amounting to ₹ 480,679 should not be denied under the Cenvat Credit Rules. The notice states that the Company was not paying service tax on its money lending business and that the Company is not registered with the Service Tax Department. The Company replied to the show cause notice on December 12, 2007, and stated that they have obtained registration under service tax and are

paying service tax, as demanded by the Service Tax Department, however disputing the proposal to deny Cenvat Credit. Thereafter the Commissioner of Central Excise, Customs and Service Tax, Cochin Commissionerate, passed an order dated January 20, 2009, confirmed the order dated September 28, 2007 the Directorate General of Central Excise Intelligence, Delhi Zonal Unit, and further imposed a penalty of ₹ 100 for every day from the due date and a penalty of ₹ 200 for every day such failure continues or at the rate of 2% of such tax per month whichever is higher subject to maximum of ₹ 9,191,208, and a further penalty of ₹ 1,000 under Section 7 of the Finance Act, 1994, a penalty of ₹ 9,191,208 under Section 78 of the Finance Act for suppressing the fact of rendering taxable services with intent to evade payment of Service Tax and Education Cess, and a penalty of ₹ 4,80,670 on Muthoot Finance Private Limited under section 15 of the Cenvat Credit Rules, 2004 read with Section 78 of the Finance Act, 1994. The Company has filed an appeal dated April 24, 2009, against the order before the Customs, Excise and Gold (Control) Appellate Tribunal, Bangalore, and the matter is currently pending. The company has also filed an application for the stay of the pre deposit of demand order together with the appeal. The stay application has been allowed by order dated February 17, 2010, on condition of pre-deposit of an amount of ₹ 2,500,000. The matter is currently pending.

93. By a show cause notice bearing reference V/ST/15/16/2008 ST Adj/517 dated April 01, 2008, the Commissioner or Central Excise and Customs, Cochin Commissionerate, has directed Muthoot Finance Private Limited, to show cause as to why the Commissioner, Central Excise and Customs should not recover an amount of ₹ 43,07,451, as service tax and an amount of ₹ 86,147 as educational cess in respect of Banking and Financial Services, service tax amounting to ₹ 25,542 and educational cess of ₹ 511, an amount of ₹ 713,500, as service tax and an amount of ₹ 135,354, as educational cess in respect of Business Auxiliary Services under Section 73(1) of the Finance Act, 1994. The notice states that the Company has suppressed the actual value of the taxable services with intent to evade payment of service tax and has failed to take registration under the category of business auxiliary services. The Company replied to the show cause notice on May 06, 2008, and disputed that there is any service tax liability as claimed by the department. Thereafter the Commissioner of Central Excise, Customs and Service Tax, passed an order dated May 12, 2009, confirmed the order dated April 01, 2008 of the Commissioner or Central Excise and Customs, Cochin Commissionerate, and further imposed a penalty of ₹ 1,000 under Section 77 of the Finance Act, 1994, a penalty of ₹ 5,147,421 under Section 78 of the Finance Act. The Company has filed an appeal against the order before the Customs, Excise and Gold (Control) Appellate Tribunal, Bangalore, and the matter is currently pending. The company filed an application for the stay of the pre deposit of demand order together with the appeal and a stay has been granted on February 17, 2010. The matter is currently pending.

94. By a show cause notice No. 122/2008/ST dated October 07, 2008, the Commissioner for Central Excise and Customs, Cochin has directed Muthoot Finance Private Limited, to show cause as to why the Commissioner, Central Excise and Customs should not recover an amount of ₹ 7,776,480, as service tax under Section 73(1) of the Finance Act, 1994 and educational cess and separate interest under Section 75 of the Finance Act and penalties under Sections 76, 77, and 78 of the Finance Act. The notice states that the Company has suppressed the actual value of the taxable services with intent to evade payment of service tax and has failed to take registration under the category of business auxiliary services. The Company replied to the show cause notice on December 02, 2008, and disputed that there is any service tax liability as claimed by the department. Thereafter the Commissioner of Central Excise, Customs and Service Tax, passed an order dated November 30, 2009, confirmed the order dated October 07, 2008, the Commissioner or Central Excise and Customs, Cochin, and further imposed a penalty of ₹ 200 for every day of failure to pay service tax and educational cess or at the rate of 2% of such tax per month which ever is higher subject to a maximum of ₹ 7,776,480 and a further penalty of ₹ 1,000 under Section 7 of the Finance Act, 1994, a penalty of ₹ 7,776,480 under Section 78 of the Finance Act. The Company has filed an appeal and a petition seeking stay of the order of the Commissioner of Central Excise, Customs and Service Tax, as ST/482/10 before the Customs, Excise and Service Tax Appellate Tribunal on March 15, 2010. The matter is currently pending.

95. By a letter dated September 09, 2010, the Superintendent of Central Excise and Service Tax, Service Tax D Range, Central Excise Bhavan, Kaloor, Cochin, forwarded copies of three audit enquiries raised by the Comptroller and Auditors General's audit party regarding three instances of alleged non payment of service tax for the period from 2007-08 to 2009-10 and required the Company to pay service tax as per the audit enquiry. The first audit enquiry regarding alleged non payment of service tax in respect of services received abroad, states that the Company has paid an amount of ₹ 9,800,000

to Muthoot Marketing Services Private Limited, Karama, Dubai and ₹ 6,557,239 to Muthoot Global Transfers Private Limited, London, United Kingdom, in foreign currency as business promotion expenses and as per Rule 4 of the Taxation services (Provided from outside India and received in India) Rule, 2006, the Company as service recipient, is liable to pay service tax amounting to ₹ 1,812,516. The second audit enquiry regarding non payment of interest on CENVAT credit reversed, states that the Company has reversed CENVAT credit mistakenly availed by the Company but has not paid interest on the reversal of the CENVAT credit wrongly availed and that an amount of ₹ 881,728 is due as interest towards the reversal of the CENVAT credit wrongly availed by the Company. The third audit enquiry states that the Company has not paid any service tax in relation to the bilateral assignment transactions of loan receivables with ICICI Bank for the years 2007-08 to 2009-10 for a total transaction amount of ₹ 736,321,815 and recommends that the matter may be enquired in detail by the department. The Company has replied to the letter dated September 09, 2010 on October 26, 2010 and in relation to the first audit enquiry contends that the Company has not received any services in India and that payments are made for services received outside India and Section 66(A) of the Finance Act and Rule 4 of the Taxation of Services (Provided from outside India and received in India) Rules 2006, only provides for payment of service tax for services rendered from outside India but received in India. In relation to the second audit enquiry the Company contends that the Company has paid interest on the CENVAT credit wrongly availed on May 29, 2009 itself on discovering the error in not paying the interest amount and a total amount of ₹ 810,552 has been paid as interest on May 29, 2009. In relation to the third audit enquiry, the Company contends that there exists no service provider service receiver relationship between the Company and ICICI Bank and that the transaction is a pure financial transaction of future receivables securitizations. The difference in the amount between the principal and amount received on receivables securitization realised by the Company represents the interest component and the same is exempted from levy of service tax. The Company further contends that there is a separate agreement for collection agent services between the Company and ICICI Bank where the Company pays service tax on the service rendered by the Company under the category of Business Auxiliary Services. The Company has also obtained a legal opinion on the applicability of service tax to securitization transactions from B. Venugopal, Advocate and has enclosed the opinion with the response of the Company to the Superintendent of Central Excise and Service Tax. There has been no further development in the matter.

Income tax cases

96. By an order dated December 29, 2008, the Assistant Commissioner of Income Tax, Circle 1(3), Ernakulam, has assessed the total income of Muthoot Finance Private Limited (the erstwhile entity of the Company) for AY 2006-2007 as ₹ 345,267,560 against returned income of ₹ 340,748,202. The Assistant Commissioner, in his order, states that the Company is in contravention of the provisions of the Income Tax Act, 1961 and that the Company should pay additional tax of ₹ 1,589,575, including penalty under Section 271(1)and applicable interest. The Company has filed an appeal with the Commissioner of Income Tax (Appeals)-II, Kochi on January 12, 2009 and stated that the officer is not justified in disallowing the exemptions claimed by the Company. The Commissioner of Income Tax (Appeals) –II , Kochi partly allowed the appeal filed by the company and the assessing officer issued revised order by reducing the demand to ₹1,292,072. Demands were adjusted against the refund due and the net refund due is ₹ 341,198. The company has filed an appeal before the Income tax Appellate Tribunal, Kochi against the above Order. The assessing officer also has filed appeal before the Income Tax Appellate Tribunal. Both the appeals are currently pending.

97. By an assessment order dated December 28, 2006, the Assistant Commissioner of Income Tax, Circle 1(3), Ernakulam, has assessed the total income of Muthoot Finance Private Limited (the erstwhile entity of the Company) for AY 2004-2005 as 185,506,140 against returned income of ₹ 170,980,627. The Company has claimed that the Company suffered a loss of ₹ 12,678,833 while redeeming its investment in mutual fund units as a business loss. The Assistant Commissioner disallowed the deduction by the Company and by the order has demanded the Company to pay an additional tax of ₹ 7,174,050 and penalty as applicable. Appeal filed before the Commissioner of Income Tax (Appeals), Kochi has fully allowed in favour of the company and the assessing officer has issued revised order by withdrawing the demand. The assessing officer has filed an appeal before the Income Tax Appellate Tribunal against the company. The appeal is currently pending.

Litigation relating to the erstwhile radio business of the Company

98. The Company is party to a suit filed by The Indian Performing Rights Society Limited ("**Society**"), relating to the radio business of the Company which was demerged from the Company. The Society has filed a suit as C.S. No.1180/2008 before the High Court of Madras, against the Company and its employees. The Society has filed the suit praying for an injunction restraining the Company from broadcasting the songs of the music companies and artists who were members of the Society stating that the Society is the copyright holder of such songs and that the Company has to pay the Society for the broadcast of such songs. The Company is contesting the matter stating that the Society had no rights in 'Sound Recordings' and that the Company was not liable to pay any amounts to them whatsoever as the owner of 'Sound Recordings' as per law was only the 'producer' and that the Company had received a license to play the sound recordings from the society for Sound Recordings known as 'PPL'. The Society also filed an application as O.A.No.1318/2009 for interim injunction restraining the Company from broadcasting the songs of the music companies and artists who are its members pending disposal of the suit which was allowed. The Company filed appeal against the interim order as O.S.A.64/2009 before the High Court of Madras and also C.M.P.No. 2/2009 praying for stay of operation of the injunction pending disposal of the O.S.A.64/2009. A stay was granted against the order of injunction in C.M.P.No.2/2009 on condition that the Applicant furnish bank guarantee for ₹ 300,000 every month to the credit of the. The appeal was later dismissed by the High Court by order dated September 09, 2009 but permitted the Company to continue the broadcast pending the suit subject to the condition that the Company continued to furnish bank guarantee to for ₹ 300,000 every month till the disposal of the suit with a direction to dispose the suit within six months from the date of filing of written statement by the Company. The Company has filed a review petition against the order directing the Company o furnish bank guarantee to for ₹ 300,000 every month till the disposal of the suit. The suit and the review petition are pending. The Company, through the scheme of de-merger approved by the High Court of Kerala by its order dated April 09, 2010, has demerged the radio business of the Company to Muthoot Broadcasting Private Limited. In terms of the scheme of merger, all existing proceedings pending by or against the Company relating to radio business will be continued by or against Muthoot Broadcasting Private Limited. The Company filed a memo before court informing as to the fact that the radio business of the Company has been demerged into the Muthoot Broadcasting Private Limited. The society therefore filed an application as A. No. 309/2011 to amend the name of the third respondent in the matter, the Company to the name of Muthoot Broadcasting Private Limited. The application to allow amendment of the name of the third respondent has been allowed by order of the High Court dated January 19, 2011. The matter is currently pending.

Cases filed by the Company

(a) The Company has filed a Special Leave Petition as SLP. No. 14386/2010 on September 07, 2010 challenging the order of the High Court of Kerala in W. A. No 539/2006... The writ appeal was filed by the Company against the order passed by the high Court of Kerala W. P. No. 7526/2007. W. P. No. 7526/2007 was challenging the order of the Government of Kerala notifying that provisions of the Kerala Money Lenders Act, 1958 which regulates and controls money lending business in the state of Kerala, was applicable to NBFC's. Under the provisions of the Kerala Money Lenders Act, 1958, every entity engaged in the money lending business was required to obtain licences from the Government of Kerala. The Company being a registered non-banking financial company is challenging the order of the Government of Kerala. The Company has contended that the Reserve Bank of India Act, 1934, which specifically regulates non-banking financial companies prevails over all other laws and therefore the Company is not required to obtain licence under the Kerala Money Lenders Act, 1958. The matter is currently pending.

(b) The Muthoot Finance Private Limited has filed a special civil application No. 6551/2008, before the High Court of Gujarat, against the Assistant Registrar, District Co-operative Societies Office, Ahmedabad. The dispute arose when the Assistant Registrar issued notices to the Company to obtain licences under the Bombay Money Lenders Act, 1946 which regulates and controls money lending business in the state of Gujarat. Under the provisions of the Bombay Money Lenders Act, 1946, every entity engaged in the money lending business was required to obtain licences from the Government of Gujarat. The Company being a registered non-banking financial company challenged the order of the Assistant Registrar. The Company has contended that the Reserve Bank of India Act, 1934, which specifically regulates non-banking financial companies prevails over all other laws and therefore the

Company is not required to obtain licence under the Bombay Money Lenders Act, 1946. The Company also filed a special civil application No. 6551/2008 seeking interim relief against the order of the Assistant Registrar. The High Court of Gujarat refused to grant interim relief to the Company. However, the High Court of Gujarat has stayed prosecution of the directors and officers of the Company for the non-compliance with the Bombay Money Lenders Act, 1946 or Rules until the final disposal of the proceedings. The matter is currently pending.

(c) The Company has filed a suit as O. S. No. 1/2011 on January 01, 2011, before the Court of the Subordinate Judge, Hosdurg against M. Abdul Latheef. The Company claims that an amount of ₹ 1,059,000 was advanced to the defendant by different branches of the Company as loan on the security of gold ornaments pledged by the defendant. On November 30, 2010, the Deputy Superintendent of Police, Kanhangad, came to the Kanhangad branch of the Company and seized gold ornaments weighing 207.300 grams pledged by the defendant on four different occasions for availing ₹ 286,000 as loan, alleging that the gold ornaments were stolen by the defendant. Further the Deputy Superintendent of Police, Kanhangad approached the Puthiyakotta Branch of the Company and seized 484.7 grams of gold pledged by the defendant on five different occasions for availing ₹ 773,000 as loan. The Company claims that as the gold pledged by the defendant has been seized by the police, the Company has lost the security for the enforcement of the loan. The Company has filed the suit claiming an amount of ₹ 1,141,859 with interest at 12% per annum from the date of the suit. The Company has also filed an interlocutory application as I. A. No. 2/2011 for attachment before judgment of the properties of the defendant.

(d) The Company has filed a suit as O.S. No. 590 of 2010 on November 22, 2010 before the Munsiff Court, Kottarakkara against Remavathy and others. The Company claims that it had leased certain property from one S. Gopalan in the year 1996 for conducting the Ezhukone branch of the Company. S. Gopalan passed away and by a will executed by S. Gopalan the leased property was vested with his legal heirs, the defendants in the suit. The lease of the property was renewed periodically and the Company has invested huge amounts in the premises. The lease had expired on March 31, 2010 and the Company intimated Remavathy for renewal of the lease for a further term with an enhancement of 10% of the rent payable. However Remavathy has claimed an amount of ₹ 15 per square feet of the leased premises for the renewal of the lease. The Company claims that the Company repeatedly demanded with Remavathy to renew the lease on the basis of the approved rent in Ezhukone Panchayath, however Remavathy is not coming forward to execute the lease deed. The Company has filed the present suit seeking a direction for fixation of the fair rent of the lease premises on the basis of the prevailing Public Works Department rate in the locality and to restrain the defendants from causing nuisance and obstructing the smooth functioning of the Company's branch. The matter is currently pending.

(e) The Company has filed a civil suit as C. S. No. 716/2010 before the High Court of Madras against N. Mohandass and the Inspector of Police, K. K. Nagar Police Station, Chennai. The Company has claimed that Mohandass had taken various loans at different periods from the Company totalling to an amount of ₹ 25,46,800 by pledging gold ornaments. During the tenure of the loans, police arrested Mohandass and brought him to the office of the Company, identified the jewels pledged by Mohandass with the Company and seized the said jewellery as the material object in a criminal case. The security pledged for the loans availed by Mohandass being seized by police the Company issued a demand notice dated May 26, 2010 calling upon Mohandass to repay the loan accounts with interest. However Mohandass has failed to repay the loan amounts. Therefore the Company has filed the present suit for recovery of an amount of ₹ 30,22,677 with interest rate at 30% from the date of the suit till payment and in the event of failure of payment by Mohandass, seeking a direction to the Inspector of Police, K. K. Nagar Police Station, Chennai to hand over the pledged articles on completion of the criminal case against Mohandass and for cost of the proceedings. The matter is currently pending.

(f) The Company has filed a civil suit as O. S. No. 78/2006, before the Sub Court, Ernakulum against Cardamom Marketing Corporation, a partnership firm and 11 other persons who are partners of Cardamom Marketing Corporation. The Company claims that the defendants availed a loan of ₹ 17,500,000 in the month of September 2005 agreeing to repay the loan with 24% interest per annum within 21 days from the date of disbursement. However the defendants did not repay the loan as agreed. On November 02, 2005 the Company sent a registered notice demanding the repayment of loan with the interest and the defendants still did not repay the loan nor did they send a reply. The Company again sent a notice date November 26, 2005, demanding repayment of loan however the defendants chose to ignore the demand. The defendants had issued a cheque of ₹ 18,548,440 towards repayment of

the loan amount which when presented for encashment by the Company was dishonoured on December 13, 2005. The Company caused the issuance of a lawyer notice dated January 11, 2006 to the defendants intimating about the dishonour of cheque and demanding payment and the defendants denied any transactions between the Company and the defendants. Therefore the Company filed the suit for recovery of an amount of ₹ 19,054,740 from the defendants and further seeking costs of the proceedings. The matter is currently pending.

(g) The Company has filed a civil suit as OS no. 120/2011 before the Sub Court, Thrissur on January 24, 2011against Shiauddin and others, from whom the Company had leased certain premises for use as its Chavakkad branch. The Company claims that the Company had leased certain property form the defendants and the Company has paid an amount of ₹ 100,000 as advance and a further amount of ₹ 75,000 for the purposes of constructing a strong room in the leased premises. Further the Company claims that the defendants had availed of certain loans from the Company too which has not been repaid. The Company claims that the Company sent a notice stating that they will be vacating the premises on March 31, 2010. However the defendants are not repaying the amounts owed by the defendants to the Company. The Company has therefore filed the present suit seeking to claim an amount of ₹ 422,100 from the defendants and for cost of the proceedings. The matter is currently pending.

(h) The Company has filed as civil suit as OS.No:229/2011 before the Munsiff Court Kollam, against L. Johnykutty on March 21, 2011. The Company claims that it has leased certain commercial property from the defendant by a lease deed dated January 16, 2006 and is occupying the premises from March 31, 2006. Company claims that the lease was initially for a period of five years the Company has the right to retain the lease on enhancement of rent by 10% of the existing rent as per the terms and conditions set forth in the lease deed. The Company has been paying the rent and using the leased premises peacefully, however the defendant and his people have started creating obstruction to the Company in occupying the leased premises and is threatening the staff requiring them to vacate the leased premises. Hence the company had filed the above suit for restraining the defendant from forcibly dispossessing or evicting the plaintiff from the scheduled building except by due process of law. The Company also filed a petition for interim injunction directing the defendant not to interfere with the possession of the leased premises by the Company or committing any waste in the leased premise during the pendency of the suit. The Munsiff Court, Kollam by its order dated March 21, 2011 has granted temporary injunction. The matter is currently pending.

(i) Company filed Suit as OS 90/2011 before the II Addl. District Court, Vijayawada on April 19, 2011. The suit is a money suit which has been filed for recovery of the loan and principal amount against against Kanchala Venkata Murali Krishna, a customer of the Patamata branch who availed loan by pledging the spurious gold. The suit was filed praying for return of balance loan amount of ₹ 5,516,097 and interest at the rate of 24% per annum and other relief as the court deems fit. The matter is currently pending.

(j) Company has filed an Injunction Suit against M. Arulsamy who is the lessor of the branch of the Company at Kalayarkoil on April 08, 2011 as O.S.No: 60/2011 before the Hon'ble court of District Munsiff Sivagangai. The defendant has under a lease agreement dated February 17, 2005 leased the premises of the Kalayarkoil branch to the Company. Further, the lease agreement provides for the enhancement of the rent and also for the extension of the lease period. Even when the Company is providing enhanced rent as stipulated under the lease agreement, the defendant has unlawfully demanded by various letters, enhancement of rent for the premises, and upon refusal of the Company to do so, is causing all sorts of unlawful attempts to lock the premises and has caused other threats to the functioning of the branch. Pursuant to this, the Company has filed above suit praying for a permanent injunction decree in favor of the Company restraining the defendant and his men to not interfere in the peaceful possession and enjoyment of the suit property or evict the Company till evicted by the due process of the law and for other cost and reliefs as the court deems fit and proper. The Hon'ble court was pleased to order interim injunction on April 09, 2011. The matter is currently pending.

Litigation involving Promoters

Cases filed against the Promoters

1. M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot had purchased an extent of 206 acres of land in Azhagiapandipuram and Dierisanamcope Villages, Kanyakumari District on December 12, 2006. The Forest Range Officer, Azhagiapandipuram alleged that the properties were under the purview of the Tamil Nadu Preservation of Private Forest Act, 1949 and claimed that the property was purchased without obtaining prior permissions and therefore the purchase is void and illegal. M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot have filed O. S. 17/2008 before the Special Court for Forest Offence Cases, Nagercoil seeking peaceful possession and enjoyment of the property which suit ahs been decreed in favour of M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot. The District Forest Officer Kanyakumari has filed an appeal as C. M. A. 23/2009 before the Court of the District Judge, Kanyakumari, challenging the decree and the matter is pending consideration before the Court of the District Judge, Kanyakumari. The forest officials have also simultaneously initiated criminal proceedings against the M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for allegedly cutting down trees in the property alleged to be forest land. M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot have filed Crl. O. P. No. 3668/2009 before the Madurai Bench of the Madras High Court, and have obtained stay of the criminal proceedings initiated by the forest officials. The matter is currently pending in the High Court.

2. M. G. George Muthoot and George Alexander Muthoot are parties to a criminal prosecution launched by The Indian Performing Rights Society Limited ("**Society**"), relating to the radio business of the Company which was demerged from the Company. The Society has filed a criminal complaint as 11657/2008 before the Court of the Metropolitan Magistrate XVII Saidapet, Chennai. The Society has filed the complaint claiming that it holds licenses to the copyright of musical and literary works in relation to recorded music from its members and that the Company has without obtaining license from the Society or paying license fee, broadcasted songs whose copyright are with the society thereby infringing on the copyright of the Society. M. G. George Muthoot and George Alexander Muthoot have been made parties to the proceedings in their capacity of Directors of the Company. The matter is currently pending.

Litigation involving Directors

Cases filed against Directors

1. M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot had purchased an extent of 206 acres of land in Azhagiapandipuram and Dierisanamcope Villages, Kanyakumari District on December 12, 2006. The Forest Range Officer, Azhagiapandipuram alleged that the properties were under the purview of the Tamil Nadu Preservation of Private Forest Act, 1949 and t claimed that the property was purchased without obtaining prior permissions and therefore the purchase is void and illegal. M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot have filed O. S. 17/2008 before the Special Court for Forest Offence Cases, Nagercoil seeking peaceful possession and enjoyment of the property which suit ahs been decreed in favour of M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot. The District Forest Officer Kanyakumari has filed an appeal as C. M. A. 23/2009 before the Court of the District Judge, Kanyakumari, challenging the decree and the matter is pending consideration before the Court of the District Judge, Kanyakumari The forest officials have also simultaneously initiated criminal proceedings against the M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for allegedly cutting down trees in the property alleged to be forest land. M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot have filed Crl. O. P. No. 3668/2009 before the Madurai Bench of the Madras High Court, and have obtained stay of the criminal proceedings initiated by the forest officials. The matter is currently pending in the High Court.

2. M. G. George Muthoot and George Alexander Muthoot are parties to a criminal prosecution launched by The Indian Performing Rights Society Limited ("**Society**"), relating to the radio business of the Company which was demerged from the Company. The Society has filed a criminal complaint as

11657/2008 before the Court of the Metropolitan Magistrate XVII Saidapet, Chennai. The Society has filed the complaint claiming that it holds licenses to the copyright of musical and literary works in relation to recorded music from its members and that the Company has without obtaining license from the Society or paying license fee, broadcasted songs whose copyright are with the society thereby infringing on the copyright of the Society. M. G. George Muthoot and George Alexander Muthoot have been made parties to the proceedings in their capacity of Directors of the Company. The matter is currently pending.

3. There are 23 consumer complaints filed against P George Varghese before various Consumer Disputes Redressal Forums in Kerala. The consumer complaints are filed by subscribers Popular Kuries Limited. For availing the kuri amount, the complainants had made deposits with Integrated Finance Company Limited, during various periods, which in turn was required to pay the interest amounts to Popular Kuries towards the kuri instalments. On maturity of the kuri, Popular Kuries had intimated Integrated Finance Company Limited to close the account and return the deposit amount to the complainants. However Integrated Finance Company never responded to such request. When the complainants enquired, they came to know that Integrated Finance Company was no longer functioning and had misappropriated their deposits. P. George Varghese has been made a party to the proceedings on the ground that he was a director of Integrated Finance Company Limited. The consumer complaints are filed seeking return of the deposit amount and compensation together with interest. P. George Varghese has file his version in the consumer complaints and contends that he had resigned from the directorship of Integrated Finance Company Limited on November 10, 2003 and had also made the necessary form filings with the ROC in this regard. The allegations of default and fraud are all made subsequent to the resignation of P. George Varghese from the directorship of the company and hence he was not at all associated with Integrated Finance at the time of the alleged defaults. Further P. George Varghese contends that he was not a promoter of Integrated Finance Company Limited and was only non-executive independent director with no role in the day to day functioning of the company. The matters are currently pending.

4. There are 5 criminal prosecutions pending against P George Varghese before various criminal courts in Kerala. The criminal complaints are filed by the depositors of Integrated Finance Company Limited stating that the employees of Integrated Finance Company Limited approached the complainants seeking deposits from them promising high interest rates for deposits. However, Integrated Finance Company either defaulted in paying the interests on deposits or did not pay the interest at all. The complainants allege that the employees of Integrated Finance Company received deposits from the complainants with the intent to cheat and defraud them and P. George Varghese, as the director of Integrated Finance Company Limited along with other directors were responsible for the day to day functioning of the Integrated Finance Company Limited. P. George Varghese has filed petitions under Section 482 of the Criminal Procedure Code, 1973 seeking to quash the proceedings and has conteded that he was no longer a director in Integrated Finance Company Limited and the alleged defaults have occurred much after his term of directorship. P.George Varghese has obtained orders of stay of the criminal proceedings in the trial court. The matters are currently pending.

5. P. George Varghese is party to one insolvency proceeding filed by K. I. Philiipose and others against K. M. Philip and others as I. P. No. 9/2005 before the Sub court Kottayam, Kerala. The insolvency proceedings are filed by depositors of Integrate Finance Company Limited, who claim that the employees and directors of Integrated Finance Company Limited have induced them to make deposits promising high interest rates. The petitioners allege that the Integrated Finance Company defaulted on the interest payments. The petitioners allege that there was no company or partnership or any other arrangement and the supposed directors and employees of Integrated Finance Company Limited were acting on their own accord and as such their property is liable for their defaults. The petitioners allege that there are huge amounts of debt incurred by the people associated with Integrated Finance Company Limited and the petitions seek to attach the properties of the people associated with the Integrated Finance Company Limited, and to declare them insolvent. P. George Varghese has taken up up the contention that he was no longer a director in Integrated Finance Company Limited and the alleged defaults have occurred much after his term of directorship. The matter is currently pending.

6. Income Tax Demands

(a) The Deputy Commissioner of Income Tax has issued two assessment orders dated December 30, 2010 to George Thomas Muthoot under section 143(3) read with section 147 of the Income Tax Act, 1961 for the assessment years 2006-07 and 2007-08 by demanding a total tax payable approximately ₹ 10,810,629. An appeal dated January 07, 2011 has been filed by George Thomas Muthoot before the Commissioner of Income Tax (Appeals), Trivandrum against the above order. The appeal is yet to come for hearing.

(b) The Deputy Commissioner of Income Tax has issued an assessment order dated December 30, 2010 to George Jacob Muthoot under section 143(3) read with Section 147 of the Income Tax Act, 1961 for the assessment years 2006-07 by demanding a total tax payable of ₹ 14,524,855. An appeal dated January 07,2011 has been filed by George Jacob Muthoot before the Commissioner of Income Tax (Appeals), Trivandrum against the above order. The appeal is yet to come for hearing.

Litigation involving group companies

1. ***Muthoot Vehicle & Asset Finance Limited***

Cases filed against the company

(a) There are 24 consumer cases filed against Muthoot Vehicle & Asset Finance Limited. These cases have been filed by customers who have alleged deficiency in services provided by Muthoot Vehicle & Asset Finance Limited. The aggregate amount claimed in these matters is approximately ₹ 5,880,480.

(b) There are 6 civil suits filed against Muthoot Vehicle & Asset Finance Limited by its customers. These cases relate to repossession of hypothecated goods by Muthoot Vehicle & Asset Finance Limited. The customers have claimed for injunctive relief against the repossession of the hypothecated goods by Muthoot Vehicle & Asset Finance Limited. The aggregate amount claimed in these matters is approximately ₹ 2,732,968.

(c) The borrowers of Muthoot Vehicle & Asset Finance Limited have filed 63 arbitration appeals before various civil courts, challenging the arbitral award passed in the arbitration claims proceedings initiated by the Company. The aggregate amounts disputed in the matters are approximately ₹ 20,205,706.

(d) A borrower of Muthoot Vehicle & Asset Finance Limited has filed an arbitration claim, claiming that Muthoot Vehicle & Asset Finance Limited had forcibly repossessed the vehicle purchased by the claimant availing finance facility from Muthoot Vehicle & Asset Finance Limited. The claimant has filed the arbitration claim seeking an amount of ₹ 1,214,400 together with costs of the proceedings, claiming value of the amounts invested by the claimant on the vehicle.

(e) Pressman Estates and Investments Limited has filed a civil suit as Suit no. 2600 of 1998 before the High Court of Delhi against Muthoot Vehicle & Asset Finance Limited. Pressman Estates and Investments Limited is claiming recovery of possession of property allegedly leased in the year 1995 to Muthoot Vehicle & Asset Finance Limited by Pressman Estates and Investments Limited. The suit also claims for damages of ₹ 115,000 together with 24% interest from the date of the institution of the suit till payment of the sum and a further damages / mesne profits for an amount of ₹ 5,000 per day from the date of institution of the suit till date of handing over of vacant possession for the first year, and thereafter ₹ 6,000 per day for the second year, ₹ 7,000 per day for the third year and so on with an increase in ₹ 1,000 per day as damages every year together with interest at 24% per annum till actual realization of such amounts. Muthoot Vehicle & Asset Finance Limited has filed a written statement and counter claim in the proceedings and is contesting the matter and has claimed an aggregate amount of ₹ 2,490,000 towards refund of security deposit, refund of amounts spent on the leased premises and for damages. The matter has been renumbered as C.S. (O.S.) No. 1710 of 2007 and is currently pending in the High Court of Delhi.

Cases filed by the company

(a) Muthoot Vehicle & Asset Finance Limited have filed 1,795 criminal complaints under Section 138 of the Negotiable Instruments Act, 1881, for dishonour of cheques issued by its customers against amounts payable to Muthoot Vehicle & Asset Finance Limited. These proceedings are pending adjudication at various stages in different courts in various states all over India. The aggregate amounts involved in these matters are approximately ₹ 212,142,591.

(b) Muthoot Vehicle & Asset Finance Limited has filed 3164 arbitration claims against its customers for recovery of amounts due. These claims were been raised as and when a customer defaults in repayment of amounts. The aggregate amounts claimed by Muthoot Vehicle & Asset Finance Limited in these matters is approximately ₹ 5,27,790,575.

(c) Muthoot Vehicle & Asset Finance Limited have filed 1955 execution petitions before various courts all over Kerala, for realizing the amounts awarded to Muthoot Vehicle & Asset Finance Limited under arbitration claims filed against its customers. The total amounts awarded to Muthoot Vehicle &d Asset Finance Limited in the execution proceedings is approximately ₹ 395,327,005.

(d) Muthoot Vehicle & Asset Finance Limited has filed an execution petition as E. P. No. 11 of 2008 before the Consumer Disputes Redressal Forum, Ernakulam against PAL – Peugeot Limited and T. V. S. Iyengar and Sons Limited, for recovery of ₹ 262,074. The matter is currently pending.

(e) Muthoot Vehicle & Asset Finance Limited has filed 39 suits for recovery of amounts from its borrowers before various civil courts in Kerala, Karnataka, and Delhi. The aggregate amounts claimed in these proceedings are approximately ₹ 19,742,897.

(f) Muthoot Vehicle & Asset Finance Limited have filed 34 execution petitions for recovery of approximately ₹ 19,505,597 from borrowers, in relation to proceedings decreed in favour of Muthoot Vehicle & Asset Finance Limited.

(g) Muthoot Vehicle & Asset Finance Limited have filed 4 criminal complaints against its borrowers alleging that the borrowers had borrowed amounts from Muthoot Vehicle & Asset Finance Limited and have committed criminal breach of trust and cheated on Muthoot Vehicle & Asset Finance Limited by not repaying the loan amount.

2. ***Muthoot Bankers***

Cases filed against Muthoot Bankers

(a) Smitha Mathew has filed a petition as O. P. No. 1075/2010, November 09, 2010, before the Family Court, Pathanamthitta, against the 7 persons including the Muthoot Bankers. The petitioner claims that before her betrothal to Presoon Kuruvilla, the first respondent in the case, her father had entrusted ₹ 200,000 in cash, fixed deposits together with interest came to an amount of ₹ 1,891,541.75, including an amount of ₹ 141,000 with Muthoot Bankers, and gold ornaments weighing 635.2 grams whose total value as of November 08, 2010 was ₹ 1,191,000 in favour of the father of Presoon Kuruvilla as patrimony. The plaintiff claims that following her estrangement with Presoon Kuruvilla, Presoon Kuruvilla and his father were misappropriating funds of the petitioner. The petitioner has filed the petition seeking a decree against Presoon Kuruvilla and his father to return the funds entrusted with them as patrimony. The matter is presently pending.

Cases filed by Muthoot Bankers

(a) Muthoot Bankers has filed 11 execution petitions against its customer before various civil courts in Kerala for recovery of amounts decreed in its favour. The aggregate amounts claimed by Muthoot Bankers are approximately ₹ 86,744,119.

(b) Muthoot Bankers had filed a suit against Sudheer Kumar as O. S. No.120/2000 before the Additional Sub Court, Kollam, for realization of arrears of rent towards lease of immovable property owned by Muthoot Bankers. The trial court allowed the suit filed by Muthoot Bankers and allowed Muthoot Bankers to realize ₹ 189,150 together with interest at the rate of 24% per annum from May 21, 1999 till

the date of the suit and thereafter at the rate of 6% per annum till the realization of all amounts. Sudheer Kumar has filed an appeal as R. F. A. No. 575/2006 before the High Court of Kerala. The matter is currently pending.

(c) Muthoot Bankers have filed a criminal complaint against Saketh India Limited before the Court of the XIII Additional Chief Metropolitan Magistrate, Bangalore as C. C. No. 14485/1996. The criminal complaint is filed under Section 138 of the Negotiable Instruments Act, 1881, for dishonour of cheques issued by Saketh India Limited for a total amount of ₹ 1,500,000. The trial court allowed the complaint filed by the Company and sentenced Saketh India Limited to pay a fine of ₹ 155,000, out of which ₹ 130,000 was to be paid to Muthoot Bankers as compensation. Muthoot Bankers filed a revision petition bearing No.327/2000 before the High Court of Karnataka for enhancement of sentence. The High Court directed the trial court to consider the matter afresh and thereafter the trial court by its order dated January 25, 2008, enhanced the sentence imposed on Saketh India Limited to a fine of ₹ 1,580,000 and in default of payment of fine to undergo simple imprisonment for a period of three months. Out of the fine amount an amount of ₹ 1,080,000 was directed to be paid to Muthoot Bankers as compensation. Saketh India Limited has filed an appeal against the judgment of the Additional Chief Metropolitan Magistrate before the Sessions Court (Fast Track Court No. VII) Bangalore, as Crl. Appeal No 139/2008 dated February 20, 2008. The matter is currently pending.

3. ***M. G. M. Muthoot Medical Centre Private Limited***

(a) There is one consumer case filed against M. G. M. Muthoot Medical Centre Private Limited pending before the Consumer Disputes Redressal Forum in Pathanamthitta, Kerala. The case has been filed by Scaria Mathew and others who have alleged medical negligence and deficiency in medical services provided by the hospital operated by M. G. M. Muthoot Medical Centre Private Limited. The aggregate amount claimed in these matters is approximately ₹ 93,000.

(b) M. N. Sadanandan has filed a civil suit as O. S. No. 104/2009 before the Munsiff Court, Pathanamthitta on March 03, 2009 against Mar Gregorious Memorial Muthoot Medical Centre. The plaintiff claims that he is the owner of certain immovable property in Kozhencherry, Pathanamthitta and that Mar Gregorious Memorial Muthoot Medical Centre has property adjacent to the property of the plaintiff. The plaintiff claims that Mar Gregorious Memorial Muthoot Medical Centre is carrying out construction activities in their property and on February 25, 2009, the plaintiff noticed that Mar Gregorious Memorial Muthoot Medical Centre had unloaded soil for construction in the property of the plaintiff. Plaintiff claims that Mar Gregorious Memorial Muthoot Medical Centre is attempting to illegally annex the property of the plaintiff. The plaintiff therefore filed the present suit seeking an injunction restraining Mar Gregorious Memorial Muthoot Medical Centre from trespassing into the property of the plaintiff and for costs of the proceedings. The plaintiff also filed an interim application seeking temporary injunction against Mar Gregorious Memorial Muthoot Medical Centre from trespassing into the property of the plaintiff. The Munsiff Court, Pathanamthitta by order dated March 04, 2009, granted a temporary injunction against Mar Gregorious Memorial Muthoot Medical Centre from trespassing into the property of the plaintiff. The matter is currently pending.

4. ***Mar Gregorious Memorial Muthoot Medical Centre***

(a) There are four consumer cases filed against Mar Gregorious Memorial Muthoot Medical Centre. These cases are pending before the Consumer Disputes Redressal Forum in Pathanamthitta, Kerala. These cases have been filed by patients who have alleged medical negligence and deficiency in medical services provided by the hospital operated by Mar Gregorious Memorial Muthoot Medical Centre. The aggregate amount claimed in these matters is approximately ₹ 2,000,000.

5. ***Emgee Muthoot Benefit Fund (India) Limited***

Cases filed against Emgee Muthoot Benefit Fund (India)

Nil

Cases filed by Emgee Muthoot Benefit Fund (India) Limited

Emgee Muthoot Benefit Fund (India) Limited has filed a civil suit as O. S. No. 197/2008, before the Subordinate Judges' Court, Muvattupuzha, Kerala. The suit was filed against Renjith who had availed of seven loans from the company, amounting to a total of ₹ 4,115,000, by pledging gold ornaments. Renjith had defaulted in repayment of the loan amounts and the gold ornaments pledged were auctioned. Emgee Muthoot Benefit Fund (India) Limited has filed the suit to claim the balance of the unrealised loan amount of ₹ 1,500,000. The matter is currently pending.

6. ***Muthoot M. George Chits India Limited***

Cases filed against Muthoot M. George Chits India Limited

(a) The dispute relates to 900 square feet of property in the premises bearing No. B-372 and B-373, Nehru Ground, New Industrial Township, Faridabad rented out to Muthoot M. George Chits (India) Limited by Prem Dua by way of lease agreement dated May 13, 1985 and subsequently terminated by Prem Dua on December 31, 1990. Post termination, Muthoot M. George Chits (India) Limited did not vacate the premises but kept on paying the rent at the old rate agreed under the terminated lease agreement. Therefore, the petitioner, Prem Dua, filed the petition bearing no. 76 of 2002, before the Rent Controller, Faridabad, Haryana, against Muthoot M. George Chits (India) Limited, for fixing of fair rent of the premises. Muthoot M. George Chits (India) Limited contested the matter and thereafter the Rent Controller by its order dated August 30, 2005, fixed the fair rent of the premises as ₹ 13,500 per month from the date of the application, September 16, 2002. Muthoot M. George Chits (India) Limited filed an appeal challenging the said order before the Appellate Authority, Faridabad. The Appellate Authority dismissed the appeal filed by Muthoot M. George Chits (India) Limited by its judgment dated September 20, 2007. Muthoot M. George Chits (India) Limited has filed a revision petition C.R. No. 1002 of 2008 before the High Court of Punjab and Haryana and the court has admitted the case and notice has been ordered. Prem Dua also filed a civil suit before the Court of the Civil Judge, Senior Division, Faridabad, for recovery of arrears of rent together with interest, claiming an amount of ₹ 877,303 as arrears of rent for the period from September 16, 2002 to October 11, 2007, date on which he had transferred the property in question to Mr. Anil Jatwani vide sale deed dated October 11, 2007 together with interest at rate of 9% per annum from September 16, 2002 till the actual date of realization of the amount.. The same is pending for final orders. Subsequently the transferee mentioned above, Mr. Anil Jatwani, has filed an eviction petition under Section 13 of the Haryana Urban, (Control of Rent and Eviction) Act, 1973 before the Court of the Rent Controller, Faridabad, Haryana against Muthoot M. George Chits (India) Limited on the ground of nonpayment of rent from November 01, 2007 to September 30, 2008. Muthoot M. George Chits (India) Limited is contesting the matter. The matter is currently pending.

7. ***Muthoot Broadcasting Private Limited***

Muthoot Broadcasting Private Limited is party to a suit filed by The Indian Performing Rights Society Limited ("**Society**"), relating to the radio business of the Company which was demerged from the Company. The Society has filed a suit as C.S. No.1180/2008 before the High Court of Madras, against the Company and its employees. The Society has filed the suit praying for an injunction restraining the Company from broadcasting the songs of the music companies and artists who were members of the Society stating that the Society is the copyright holder of such songs and that the Company has to pay the Society for the broadcast of such songs. The Company is contesting the matter stating that the Society had no rights in 'Sound Recordings' and that the Company was not liable to pay any amounts to them whatsoever as the owner of 'Sound Recordings' as per law was only the 'producer' and that the Company had received a license to play the sound recordings from the society for Sound Recordings known as 'PPL'. The Society also filed an application as O.A.No.1318/2009 for interim injunction restraining the Company from broadcasting the songs of the music companies and artists who are its members pending disposal of the suit which was allowed. The Company filed appeal against the interim order as O.S.A.64/2009 before the High Court of Madras and also C.M.P.No. 2/2009 praying for stay of operation of the injunction pending disposal of the O.S.A.64/2009. A stay was granted against the order of injunction in C.M.P.No.2/2009 on condition that the Applicant furnish bank guarantee for ₹ 300,000 every month to the credit of the. The appeal was later dismissed by the High Court by order dated September 09, 2009 but permitted the Company to continue the broadcast pending the suit subject to the condition that the Company continued to furnish bank guarantee to for

₹ 300,000 every month till the disposal of the suit with a direction to dispose the suit within six months from the date of filing of written statement by the Company. The Company has filed a review petition against the order directing the Company o furnish bank guarantee to for ₹ 300,000 every month till the disposal of the suit. The suit and the review petition are pending. The Company, through the scheme of de-merger approved by the High Court of Kerala by its order dated April 09, 2010, has demerged the radio business of the Company to Muthoot Broadcasting Private Limited. In terms of the scheme of merger, all existing proceedings pending by or against the Company relating to radio business will be continued by or against Muthoot Broadcasting Private Limited. The Company filed a memo before court informing as to the fact that the radio business of the Company has been demerged into the Muthoot Broadcasting Private Limited. The society therefore filed an application as A. No. 309/2011 to amend the name of the third respondent in the matter, the Company to the name of Muthoot Broadcasting Private Limited. The application to allow amendment of the name of the third respondent has been allowed by order of the High Court dated January 19, 2011 and thus Muthoot Broadcasting Private Limited has become a party to the matter. The matter is currently pending.

8. ***Muthoot Travelsmart Private Limited***

Satnam Singh and two others have filed a Consumer Disputes Redressal Forum, Bhatinda as Complaint No. 251, on November 26, 2010 against Muthoot Travelsmart Private Limited and 4 others. The complainants allege that they being residents of Bhatinda, had booked railway tickets to attend the bhog ceremony of one their relative who had died in Rudarpur city, Utaranchal. The complainants had 11 sleeper berths for travelling on October 21, 2010 from Bhatinda to Rudrapur from Muthoot Travelsmart Private Limited and were charged an amount of ₹ 627 by Muthoot Travelsmart Private Limited. The complainants allege that however on the date of journey, the ticket collector of the train informed that the berths were not booked in the name of the complainants and were not allowed to board the train. The complainants thereafter made a complaint with the complaint book of the railway department. The complainants allege that since it was urgent to reach Rudrapur, they engaged a taxi and had to pay an amount of ₹ 35,000 as taxi charges for 6 days and had to suffer lot of inconvenience. The complainants are therefore filing the complaint seeking jointly and severally form the respondents including Muthoot Travelsmart Private Limited, an amount of ₹ 55,000 as damages on account of the mental tension an agony, ₹ 35,000 as taxi chares, refund of ₹ 627 being the railway ticket charges, along with interest at 18% per annum and a further sum of ₹ 5000 as cost of proceedings. The matter is currently pending.

9. ***Income tax cases***

(a) The Assistant Commissioner of Income Tax has passed three assessment orders under Section 147 read with Section 143(3) and U/s.143(3) of the Income Tax Act, 1961 against Muthoot Properties & Investments relating to the assessment years 2002-03, 2003-04 and 2006-2007. The total amounts payable under the assessment orders were approximately ₹ 71,907,074. Muthoot Properties & Investments filed appeal before the Commissioner of Income Tax (Appeals) Trivandrum. The appeals were partly allowed and the assessing officer has issued revised orders by reducing the total demand to ₹ 33,234,345. Muthoot Properties & Investments has filed separate appeals before the Income Tax Appellate Tribunal, Kochi against the order of the Commissioner of Income Tax (Appeals), Trivandrum. The appeal for the assessment year 2006-07 was allowed in favour of Muthoot Properties & Investments by order dated October 20, 2010. The copy of the revised order giving effect to the appellate order is yet to be received from the assessing officer.

(b) The Assistant Commissioner of Income Tax has passed five assessment orders under Section 147 read with Section 143(3) and U/s.143(3) of the Income Tax Act, 1961 against Mar Gregorious Memorial Muthoot Medical Centre relating to the assessment years 2002-03, 2003-04 2004-05, 2006-2007 and 2007-08. The total amounts payable under the assessment orders were approximately ₹ 275,025,115. Mar Gregorious Memorial Muthoot Medical Centre filed appeal before the Commissioner of Income Tax (Appeals) Trivandrum. The appeal was partly allowed and the assessing officer has issued revised orders by reducing the total demand to ₹ 127,347,281. Mar Gregorious Memorial Muthoot Medical Centre has filed separate appeals before the Income Tax Appellate Tribunal, Kochi against the order of the Commissioner of Income Tax (Appeals), Trivandrum. The appeal for the assessment year 2006-07 was allowed in favour of Mar Gregorious Memorial Muthoot Medical Centre by order dated October 20, 2010. The copy of the revised order giving effect to the appellate order is yet to be received from the assessing officer.

(c) Three separate notices, all dated July 28, 2009 were issued to Muthoot Vehicle & Asset Finance Limited, MGM Muthoot Medical Centre Private Limited and Muthoot Leisure and Hospitality Services Private Limited and two notices both dated June 07, 2010 were issued to Muthoot Finance Limited under Sections 226(2) and Sections 226(3) of the Income Tax Act, 1961 on account of dues payable by Muthoot General Finance amounting to ₹ 78,639,840. The appeal filed by Muthoot General Finance before the Income Tax Appellate Tribunal, Kochi has been allowed by the Appellate Tribunal in favour of Muthoot General Finance. The copy of the revised order giving effect to the appellate order is yet to be received from the assessing officer.

(d) The Commissioner of Income Tax, Trivandrum has issued an order dated February 10, 2011 under section 263 of the Income Tax Act re-opening the assessment of Muthoot General Finance for the assessment year 2007-08 and remanded the matter for the consideration of the Assessing Officer. The Commissioner of Income Tax has directed the Assessing Officer to examine the allowance on interest on funds utilised for purchase of landed property and investment in the shares of Muthoot Finance Limited and non-disclosure of any interest received or income under the head business by one of the partners. Muthoot General Finance has filed an appeal before the Income Tax Appellate Tribunal, Kochi on March 01, 2011 against the order challenging the re-opening of the case. The appeal is yet to come for hearing.

(e) Muthoot Vehicle & Asset Finance Limited filed return for the assessment year 1996-1997 under the Interest Tax Act declaring the chargeable interest at ₹ 5,972,414 and for assessment year 1997-98 Muthoot Vehicle & Asset Finance Limited filed return under the Interest Tax Act declaring the chargeable interest at ₹ 6,572,399. The assessing officer in the Assessment Orders for the aforementioned assessment years, rejected the claim of Muthoot Vehicle & Asset Finance Limited that no interest tax can be levied on finance charges received and that the hire purchase transactions entered into by them are essentially financing transactions and the hire purchase charges collected by represented interest on the loan amounts and assessed an amount of ₹ 1,268,327 as interest tax due for the assessment year 1996-97 and an amount of ₹ 2,024,814 as interest tax due for the assessment year 1997-98. Muthoot Vehicle & Asset Finance Limited filed an appeal against the Assessment before the Commissioner of Income-Tax (Appeals) Cochin, who confirmed the view of assessing officer. Muthoot Vehicle & Asset Finance Limited went in appeal against the order of the Commissioner of Income Tax (Appeals) Cochin, before the Income Tax Appellate Tribunal Cochin, which by a common order for assessment years 1996-1997 and 1997-1998 reversed the decisions of the Commissioner of Income Tax and the Assessing Officer on the ground that the transactions entered into by Muthoot Vehicle & Asset Finance Limited are hire purchase transactions and hence the charges collected by Muthoot Vehicle & Asset Finance Limited under this purchase agreement is not liable to interest tax. The Commissioner of Income Tax, Cochin went in appeal before the High Court of Kerala which by a common judgment dated March 10, 2008 allowed the appeals filed by the Income Tax Department and reversed the order of the Income Tax Appellate Tribunal, Cochin, and restored the original Assessment Orders. Muthoot Vehicle & Asset Finance Limited has filed a special leave to appeal before the Supreme Court of India, Special Leave Petition Nos. 24657/2008 and 24658/2008, against the judgment of the High Court of Kerala dated March 10, 2008. The matter is pending before the Supreme Court of India.

GOVERNMENT AND OTHER APPROVALS

In view of the approvals/licenses listed below, the Company can undertake this Issue and our current business activities and no further major approvals/licenses from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Prospectus. It must be distinctly understood that, in granting these approvals, the Government of India, the Reserve Bank of India or any other authority does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf. For further details in connection with the regulatory and legal framework within which we operate, please see "Regulations and Policies in India" on page 114.

Approvals related to the Issue

1. The Board of Directors has, pursuant to a resolution passed at its meeting held on July 23, 2010, authorised the Issue subject to the approval of the shareholders of the Company under Section 81(1A) of the Companies Act and approvals by such other authorities as may be necessary.

2. The shareholders of the Company have, pursuant to a resolution dated September 28, 2010 under Section 81(1A) of the Companies Act, authorised the Issue.

3. The Company has obtained in-principle listing approvals from the BSE and the NSE dated October 15, 2010 and December 22, 2010, respectively.

Approvals related to the Company

1. Certificate of Incorporation: The Company was incorporated on March 14, 1997 in Kochi as "The Muthoot Finance Private Limited" and was allotted corporate identity number U65910KL1997PTC011300. Subsequently, under the provisions of the Companies Act, 1956, by fresh certificate of incorporation dated May 16, 2007 our name was changed to "Muthoot Finance Private Limited". The Company was converted into a public limited company on November 18, 2008 with the name "Muthoot Finance Limited" and received a fresh certificate of incorporation consequent upon change in status on December 02, 2008 from the RoC..

2. Corporate Identification Number: U65910KL1997PLC011300.

3. Permanent Account Number: AABCT0343B, under the Income Tax Act, 1961.

4. The Company has obtained a centralised service tax registration (code: AABCT0343BST00) under Section 69 of the Finance Act, 1994, and is yet to intimate the service tax authorities details of various branch office of the Company.

5. The Company has obtained a no-objection letter bearing number FE.CO.FID.No. 17168/10.21.215/2010-11 dated January 17, 2011 from RBI for the acquisition of 3,202,128 Equity Shares by The Wellcome Trust Limited from resident Indian shareholders at a price of ₹ 173.50 per Equity Share.

Approvals to carry on our Business

The Company requires various approvals for it to carry on its business in India. Certain approvals have elapsed in their normal course and the Company has either made an application to the appropriate authorities for renewal of such licences and/or approvals or is in the process of making such applications.

The approvals that the Company requires include the following:

1. Certificate of registration No. N. 16.00167 under Section 45IA of the RBI Act, 1934 from the RBI dated December 12, 2008 from the RBI to carry on the business of a non-banking financial institution without accepting public deposits.

2. Certificate of registration No. 54-16413-104 dated April 04, 2007 issued under the Employee's State Insurance Act, 1948.

3. Muthoot Management and Consultancy Services was allotted the provident fund code No. KR/15840 under the Employees Provident Fund and Miscellaneous Provisions Act, 1952. The Company has by a letter dated November 18, 2009, applied for an amended certificate of registration in the name of the Company.

4. Licence number CE/NCES/EE/WPP/A2/F- WEG No. 544(T)/R.09324/D.2452/2006 dated March 23, 2006, issued by the Tamil Nadu Electricity Board for installation of 1 No. 1250 KW WEG at SF. No.: 453/3, 4(P), of Kadanaganeri village, Algangulam Taluk, Tirunelveli District.

5. Licence number CE/NCES/EE/WPP/A2/F- WEG No. 491(T)/R.09248/D.2309/2006 dated March 17, 2006 for installation of 1 No. 1250 KW WEG at SF. No.: 61/2E (P), 2F (P) of Kavalakurichi village, Algangulam Taluk, Tirunelveli District.

6. Licence number CE/NCES/EE/WPP/A2/F- WEG No. 490(T)/R.09249/D.2311/2006 dated March 17, 2006 for installation of 1 No. 1250 KW WEG at SF. No.: 28/1 (P), 2(P) of Kaduvetti village, Algangulam Taluk, Tirunelveli District

7. Approval from the regional Director, Southern Region, Ministry of Corporate Affairs, Government of India, dated April 27, 2010 for a period of 3 years for acting as the collection agent of GMG Associates, a proprietary concern owned by a relative of the Directors of the Company, under an agreement dated April 27, 2010, whereby the Company acts as collection agent of GMG Associates to receive money on behalf of GMG Associates against invoices / bills issued by them on their customers over the sale of the products and services of GMG Associates.

8. Approval from the regional Director, Southern Region, Ministry of Corporate Affairs, Government of India, dated April 27, 2010 for a period of 3 years, for acting as the collection agent of Muthoot Precious Metals Corporation, a partnership firm in which the Directors of the Company are partners, under an agreement dated May 01, 2010, whereby the Company acts as collection agent of Muthoot Precious Metals Corporation to receive money on behalf of Muthoot Precious Metals Corporation against invoices / bills issued by them on their customers over the sale of the products and services of Muthoot Precious Metals Corporation.

9. Approval from the regional Director, Southern Region, Ministry of Corporate Affairs, Government of India, dated April 27, 2010 for a period of 3 years, for being the franchisee of Muthoot Exchange Company Private Limited, a Group Company, under the franchise agreement dated May 01, 2010, in respect to of the money changing business of Muthoot Exchange Company Private Limited and render money changing facilities through the network of branches of the Company existing as on date of the agreement.

10. Approval from the regional Director, Southern Region, Ministry of Corporate Affairs, Government of India, dated April 27, 2010 for a period of 3 years, for undertaking money transfer services under the agreement dated May 01, 2010 with Muthoot Exchange Company Private Limited, a Group Company, for providing disbursement of money remittances received through money transfer service schemes on behalf of Muthoot Exchange Company through the network of branches of the Company.

11. Registration under Shops and Establishment Act (as of February 28, 2011):

- The Company received registration certificates for 486 of our branches located across India under the respective state Shops and Establishments Acts;
- The Company has applied for and is yet to receive registration certificates for 57 of our branches.
- The Company is yet to apply for registration certificates for 1,468 of our branches located across India under the respective state Shops and Establishments Acts. Of these, certificates of 918 branches have been obtained and have expired in the ordinary course of business and are in the process of being renewed; and
- The Company is not required to obtain registration certificate for 600 of our branches under certain state Shops and Establishments Acts which are located in Tamil Nadu and Pondicherry.

12. Registration under Standards of Weights and Measures Act (as of February 28, 2011):

- The Company received registration certificates for 2,346 of our branches located across India under the Standards of Weights and Measures Act;
- The Company has applied for registration certificates for 49 of our branches located across India under the Standards of Weights and Measures Act; and
- The Company is yet to apply for registration certificates for 216 of our branches located across India under the Standards of Weights and Measures Act.

13. The Company being registered under the RBI as an NBFC is not required to be registered under the respective state Money Lenders Acts. Accordingly the relevant money lenders legislation in the states of Andhra, Bihar, Chhattisgarh, Delhi, Goa, Haryana, Himachal, J & K, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, Uttaranchal, West Bengal, Union Territory of Chandigarh, Union Territory of Pondicherry are not applicable to the activities undertaken by the Company.

The Company has received notices from the office of the Assistant District Registrar of Co-Operative Societies, Dheerdhar, Ahmadabad, Gujarat, which required the Company to obtain registration under the Bombay Money Lenders Act, 1946. The Company has challenged the requirement to register under the Bombay Money Lenders Act, 1946 before the High Court of Gujarat. For details, see section titled "Outstanding Litigation and Material Developments" beginning on page 280.

The Company has received notices from the Department of Commercial Taxes, Kerala, requiring the Company to obtain registration under the Kerala Money Lenders Act, 1958. The Kerala Non-Banking Finance Companies Welfare Association has challenged the requirement for NBFC's to register under the Kerala Money Lenders Act, 1958 and the same is pending before the Supreme Court of India. The Company has filed also filed special leave petition before the Supreme Court, challenging the requirement to obtain registration under the Kerala Money Lenders Act, 1958. For details, see section titled "Outstanding Litigation and Material Developments" beginning on page 280.

SECTION VIII: OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board of Directors has, pursuant to a resolution passed at its meeting held on July 23, 2010, authorised the Issue subject to the approval of the Shareholders of our Company under Section 81(1A) of the Companies Act, and such other authorities as may be necessary.

The shareholders of our Company have, pursuant to a resolution dated September 28, 2010 under Section 81(1A) of the Companies Act, authorised the Issue.

We have received in-principle approvals from the BSE and the NSE for the listing of our Equity Shares pursuant to letters dated October 15, 2010 and December 22, 2010, respectively. Bombay Stock Exchange Limited is the Designated Stock Exchange.

Prohibition by SEBI

We confirm that neither (i) Our Company, our Promoters, persons in control of our Company, the Promoter Group, our Directors and our Group Companies, nor (ii) companies with which any of the Promoters, Directors or persons in control of our Company are or were associated as a promoter, director or person in control are debarred or have been prohibited from accessing the capital markets under any order, direction passed by SEBI or any other authority.

We confirm that none of our Directors are associated with the securities market in any manner, except as directors and shareholders of Muthoot Securities Limited which is a SEBI registered stock broker and is engaged in the business of stock broking, depository participant and portfolio management services. No enquiries or investigation have been conducted at any time, or penalties imposed, by SEBI at any time, in relation to Muthoot Securities Limited or our Directors.

SEBI has not initiated any action against any of our Directors

The listing of securities of our Company has never been refused at any time by any stock exchange in India.

Prohibition by RBI

None of our Company, our Promoters, our Group Companies or any of the relatives of our Promoters has been declared as wilful defaulters by the RBI or any other authority.

Eligibility for the Issue

The Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI ICDR Regulations as explained under the eligibility criteria calculated in accordance with restated financial statements under Indian GAAP:

1. The Company has net tangible assets of at least ₹ 30 million in each of the preceding three full years (of 12 months each), of which not more than 50.00% are held in monetary assets not utilized in the business.

   The Company's net tangible assets and monetary assets as restated, in each of the preceding three full years (of 12 months each) ended Fiscal 2010 derived from the Auditor's Report included in this Prospectus as at, are set forth below:

(₹ in million)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Net Tangible assets [(1)] as restated	58,672.01	35,308.27	21,325.85
Monetary assets [(2)] as restated	57,064.25	33,929.86	20,056.28
Monetary assets as a percentage of the net tangible assets	97.26%	96.10%	94.05%
Monetary assets excluding those utilised in the business, as restated	2,765.94	8,370.02	2,134.46
Monetary assets excluding those utilised in the business, as a percentage of net tangible assets	4.71%	23.71%	10.01%

(1) 'Net tangible assets' means the sum of all net assets of the Company excluding intangible assets as defined in Accounting Standard 26 issued by Institute of Chartered Accountants of India.
(2) Monetary assets comprise of cash and bank balances and public deposit accounts with the Government.

2. The Company has a track record of distributable profits in accordance with Section 205 of the Companies Act, not counting extraordinary items, for at least three of the immediately preceding five years.

The Company's distributable profits as restated (without considering extraordinary items) in terms of section 205 of the Companies Act, for the immediately preceding five years is as given below:

(₹ in million)

Year	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006
Distributable profits as restated[(1)]	3,748.76	2,338.75	1,555.50	1,052.04	701.44

(1) 'Distributable profits' have been defined in terms of section 205 of the Companies Act.

3. The Company has a net worth of at least ₹ 10 million in each of the three preceding full years (of 12 months each).

The net worth of the Company in each of the preceding three full years (of twelve months each) is as given below:

(₹ in million)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Restated net worth[(1)]	5,841.91	3,614.47	2,131.07

(1) 'Net worth' has been defined as the aggregate of equity share capital and reserves, excluding preference share redemption reserve and miscellaneous expenditures, if any.

4. The aggregate of the proposed Issue and all previous issues made in the same financial years in terms of the issue size does not exceed five times the pre-Issue net worth of the Company.

The aggregate size of the proposed issue, as certified by the Company, and all previous issues made in the same financial year in terms of the issue size does not exceed five times the pre-Issue net worth of the Company as per its audited balance sheet of the preceding year, as detailed below:

(₹ in million)

Net worth as per the audited balance sheet of 2009-10	Five times of pre-Issue net worth
5,841.92	29,209.58

5. The Company has not changed its name within the last one year.

The Company shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted shall not be less than 1,000; otherwise the entire application money will be refunded. In case of delay, if any, in refund the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

The Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be available for allocation on a proportionate basis to QIB Bidders. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Disclaimer clause

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN 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 DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, ICICI SECURITIES LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED AND THE CO-BOOK RUNNING LEAD MANAGER, HDFC BANK LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS AND THE CO-BOOK RUNNING LEAD MANAGER ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, ICICI SECURITIES LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED AND THE CO-BOOK RUNNING LEAD MANAGER, HDFC BANK LIMITED, HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 30, 2010, WHICH READS AS FOLLOWS:

1. **"WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, IT'S DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY OUR COMPANY,**

   WE CONFIRM THAT:

   (A) THE DRAFT RED HERRING PROSPECTUS FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

   (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE SAID ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED / ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

   (C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS;

3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE ALL SUCH REGISTRATIONS ARE VALID.

4. WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

5. WE CERTIFY THAT WRITTEN CONSENTS FROM THE PROMOTERS HAVE BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THAT THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, SHALL NOT BE DISPOSED OF/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.

7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. NOT APPLICABLE

8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACTAND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. NOTED FOR COMPLIANCE.

10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE EQUITY SHARES IN DEMAT OR PHYSICAL MODE. NOT APPLICABLE AS PER SECTION 68B OF THE COMPANIES ACT, PURSUANT TO WHICH ALLOTMENT SHALL BE IN DEMAT FORM ONLY

11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:

(A) AN UNDERTAKING FROM THE ISSUER THAT, AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER; AND

(B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME

13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHILE MAKING AN ISSUE.

14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE , ETC.

15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY."

The filing of Draft Red Herring Prospectus does not, however, absolve our Company from any liabilities under Section 63 or Section 68 of the Companies Act or from the requirement of obtaining such statutory and/or other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up at any point of time, with the Book Running Lead Managers and the Co-Book Running Lead Manager any irregularities or lapses in the Red Herring Prospectus.

Disclaimer from our Company, the BRLMs, the CBRLM

Our Company, the BRLMs and the CBRLM accept no responsibility for statements made otherwise than those contained in this Prospectus or, in case of the Company, in any advertisements or any other material issued by or at our Company's instance and Anyone placing reliance on any other source of information, including our Company's website www.muthootfinance.com, or the website of any Subsidiaries, Promoter Group company, or of any affiliate or associate of our Company or its Subsidiaries, would be doing so at his or her own risk.

Caution

The BRLMs and the CBRLM accept no responsibility, save to the limited extent as provided in the Issue Agreement entered into among the BRLMs, the CBRLM and our Company dated September 29, 2010 and in the Underwriting Agreement to be entered into among the Underwriters and our Company.

All information shall be made available by us, the BRLMs, the CBRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centres or elsewhere.

Note:

Investors who bid in the Issue will be required to confirm and will be deemed to have represented to our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

Disclaimer in respect of jurisdiction

This Issue is being made in India to persons resident in India including Indian nationals resident in India who are not minors, Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to non-residents including NRIs and FIIs. The Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Ernakulam, Kerala, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with SEBI for observations and SEBI has given its observations. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and the Red Herring Prospectus and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Red Herring Prospectus and this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been any change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause under Rule 144A of the U.S. Securities Act

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in 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 of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold (i) in the United States only to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and in compliance with the applicable laws of the jurisdiction where those offers and sales occur.

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

The Underwriting Agreement provides that the BRLMs and the CBRLM may directly or through their U.S. broker-dealer affiliates arrange for the offer and resale of the securities within the United States only to qualified institutional buyers in reliance on Rule 144A. In addition, until 40 days after the Issue, an offer of the securities within the United States by a dealer may violate the registration requirements of the Securities Act.

Disclaimer Clause of the NSE

As required, a copy of the Draft Red Herring Prospectus had been submitted to NSE. NSE had given vide its letter ref: NSE/LIST/154377-U dated December 22, 2010, permission to the Issuer to use the NSE's name in the Red Herring Prospectus as one of the stock exchanges on which this Issuer's securities are proposed to be listed. NSE has scruitinized the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent, inquiry, investigation and analysis and shall not have any claim against NSE 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 any other reason whatsoever.

Disclaimer Clause of the BSE

As required, a copy of the Draft Red Herring Prospectus had been submitted to BSE. BSE has given, vide its letter dated October 15, 2010, permission to this Company to use its name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. BSE does not in any manner:

(i) warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; or
(ii) warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
(iii) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that the Red Herring Prospectus has been cleared or approved by BSE. 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 BSE 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.

Filing

A copy of the Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Plot No.C4-A,'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, were delivered to the RoC, Kerala and Lakshadweep, India on April 07, 2011. A copy of the Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051. A copy of this Prospectus required to be filed under Section 60 of the Companies Act will be delivered for registration with the RoC, Kerala and Lakshadweep, India.

Listing

Applications have been made to the BSE and the NSE for permission to deal in and for an official quotation of our Equity Shares. Bombay Stock Exchange Limited will be the Designated Stock Exchange with which the basis of allotment will be finalised.

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges mentioned above, the Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within eight days after the Company become liable to repay it, i.e. from the date of refusal of such permission or within 10 weeks from the Bid/Issue Closing Date, whichever is earlier, then the Company and every Director of the Company who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 12 Working Days of expiration of the Bid/Issue Closing Period.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscription, for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Statutory Auditors, Bankers to the Issue; and (b) the BRLMs, the CBRLM, Syndicate Members, Escrow Collection Bankers, Registrar to the Issue, the domestic legal advisors to the Company, the domestic legal advisors to the BRLMs and the CBRLM and the international legal advisors to the BRLMs and the CBRLM, to act in their respective capacities, have been obtained and have been filed along with a copy of the Red Herring Prospectus with the RoC, as required under Sections 60 and 60B of the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

In accordance with the Companies Act and the SEBI ICDR Regulations, M/s. Rangamani & Co, Chartered Accountants., the Auditors of the Company have agreed to provide their written consent to the inclusion of their report dated January 10, 2011 on restated financial statements and auditor's report relating to the possible tax benefits, as applicable, which may be available to the Company and its shareholders, included in the Red Herring Prospectus in the form and context in which they appear therein and such consent and reports will not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

CRISIL Limited and ICRA Limited, the SEBI registered credit agencies engaged by us for the purpose of obtaining an IPO Grading in respect of this Issue, have given their written consent to the inclusion of their reports in the form and context in which it appears in the Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus to the Designated Stock Exchange and the RoC.

Expert opinion

Except for **(i)** the Auditors report on Financial Statements included on page 180; and **(ii)** the report provided by the IPO Grading Agencies (copies of which reports will be annexed to the Prospectus at "Annex 1 – IPO Grading Report – ICRA Limited" and "Annex 2 – IPO Grading Report – CRISIL Limited"on pages 412 and 429, respectively), we have not obtained any other expert opinions.

Issue related expenses

The expenses of this Issue include, among others, underwriting and lead management fees, underwriting and selling commissions, SCSBs' commission/ fees, printing and distribution expenses, legal fees, advertisement expenses and marketing expenses, SEBI filing fees, bidding software expenses, IPO grading expenses, registrar and depository fees and listing fees. For details of total expenses of the Issue, please refer to the section titled "Objects of the Issue" beginning on page 76.

All expenses with respect to the Issue will be borne by the Company.

Fees, brokerage and selling commission payable to the Book Running Lead Managers, the Co-Book Running Lead Manager and the Syndicate Members

The total fees payable to the BRLMs, the CBRLM and the Syndicate Members (including underwriting commission and selling commission) is as stated in the Issue Agreement dated September 29, 2010, among the Company, the BRLMs and the CBRLM, a copy of which will be made available for inspection at our Registered Office.

Fees payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue, for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the memorandum of understanding between the Company and the Registrar to the Issue dated September 29, 2010.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or Allotment advice by registered post/speed post.

IPO grading

This Issue has been graded by ICRA Limited and has been assigned the grade of "4/5" indicating that the fundamentals of the Issue are above average relative to other listed equity securities in India, through its letter dated March 07, 2011, which is valid for a period of 6 months from the date of the letter. The IPO grading is assigned on a five point scale from 1 to 5 wherein an "IPO Grade 5" indicates strong fundamentals and an "IPO Grade 1" indicates poor fundamentals. A copy of the report provided by ICRA Limited, is annexed to this Prospectus as "Annex 1 – IPO grading report – ICRA Limited" beginning on page 412 and will also be made available for inspection at our Registered Office.

This Issue has also been graded by CRISIL Limited and has been assigned the grade of "4/5" indicating that the fundamentals of the Issue are above average relative to other listed equity securities in India, through its letter dated March 09, 2011, which is valid for a period of 60 calendar days from the date of the letter. The IPO grading is assigned on a five point scale from 1 to 5 wherein an **"**IPO Grade 5" indicates strong fundamentals and an "IPO Grade 1" indicates poor fundamentals. A copy of the report provided by CRISIL Limited, is annexed to this Prospectus as "Annex 2 – IPO grading report – CRISL Limited" beginning on page 429 and will also be made available for inspection at our Registered Office.

Previous rights and public issues

We have not made any previous rights or public issues, and are an "Unlisted Company" in terms of the SEBI ICDR Regulations and this Issue is an "Initial Public Offering" in terms of the SEBI ICDR Regulations.

Previous issues of Equity Shares otherwise than for cash

Except as stated in the section titled "Capital Structure" beginning on page 61, we have not issued any Equity Shares for consideration other than for cash.

Underwriting Commission and Brokerage on Previous Issues

We have not made any previous public issues. Therefore, no sum has been paid or is payable as commission or

brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of the Company since its inception.

Companies under the same Management

Except as stated in the section titled "Our Promoter and Group Companies" at page 147, there are no companies under the same management within the meaning of former section 370 (1B) of the Companies Act. No company under the same management as the Company within the meaning of Section 370(1B) of the Companies Act has made any public issue (including any rights issues to the public) during the last three years.

Promise v/s performance

The Company is an "Unlisted Company" in terms of the SEBI ICDR Regulations, and this Issue is an "Initial Public Offering".

Outstanding debentures, bonds, redeemable preference shares and other instruments issued by the Company

The Company has issued outstanding redeemable non-convertible debentures on a private placement basis. For details, see Annexure VIII of our audited restated financial statements on page 205. The Company has not issued redeemable preference shares in the past. For details, see section titled "Capital Structure" beginning on page 61.

Stock market data for our Equity Shares

This being an initial public issue of the Company, the Equity Shares of the Company are not listed on any stock exchange.

Mechanism for redressal of investor grievances

The memorandum of understanding entered into by the Registrar to the Issue provides for retention of records with the Registrar to the Issue for a period of at least three years from the last date of dispatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidder.

We estimate that the average time required by us or the Registrar to the Issue or the SCSBs for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Our Board by a resolutions on July 23, 2010, constituted a Shareholders/Investors Grievance Committee. The composition of the Shareholders/Investors Grievance Committee is as follows:

Name of the Director	Designation in the Committee	Nature of Directorship
K John Mathew	Chairman	Independent Director
John K Paul	Member	Independent Director
George Thomas Muthoot	Member	Whole Time Director

For further details, see section titled "Our Management" beginning on page 133.

We have also appointed Rajesh A. as the Compliance Officer for this Issue and he may be contacted at the registered office of the Company. His contact details are as follows:

Muthoot Chambers, Opposite Saritha Theatre Complex, 2nd Floor, Banerji Road, Kochi 682 018, Kerala, India.
Tel: (91 484) 353 5533
Fax: (91 484) 2396506
E-mail: cs@muthootfinance.com

Investors can contact the Compliance Officer or the Registrar to the Issue or any of the BRLMs or the CBRLM in case of any pre-Issue or post-Issue related problems, such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary accounts and refund orders.

Disposal of investor grievances by listed companies under the same management as the Company

No company under the same management as the Company within the meaning of Section 370(1B) of the Companies Act has made any public issue (including any rights issues to the public) during the last three years.

Change in Auditors

There have been no changes in the Company's auditors in the last 3 years.

Capitalisation of reserves or profits in the last five years

The details regarding capitalisation of reserves are enumerated in the Section titled "Capital Structure - Notes to capital structure - Share capital history of the Company" beginning on page 61. Other than as mentioned therein, we have not capitalised any of our reserves or profits.

Revaluation of assets

We have not revalued our assets in the last five years.

SECTION IX: ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum of Association and Articles of Association, the terms of the Red Herring Prospectus, the Prospectus, the ASBA Form, the ASBA Revision Form, the Bid cum Application Form, the Revision Form, the CAN, the AI CAN and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, RBI, RoC, FIPB and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Board of Directors has, pursuant to a resolution passed at its meeting held on July 23, 2010, authorised this Issue subject to the approval of the shareholders of our Company, and such other authorities as may be necessary.

The shareholders of our Company have, pursuant to a resolution dated September 28, 2010, under section 81(1A) of the Companies Act, authorised this Issue.

Our Company has obtained in-principle listing approvals dated October 15, 2010 and December 22, 2010 from the BSE and the NSE, respectively. BSE is the Designated Stock Exchange.

Ranking of Equity Shares

The Equity Shares being issued or transferred shall be subject to the provisions of our Memorandum and Articles of Association and shall rank *pari passu* with the existing Equity Shares including rights in respect of dividends. The Allottees of the Equity Shares in this Issue shall be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see the section titled "Main Provisions of the Articles of Association" on page 377.

Mode of Payment of Dividend

Our Company shall pay dividend, if declared, to the shareholders of our Company in accordance with the provisions of the Companies Act and the Memorandum and Articles of Association.

Face value and Issue Price

The Equity Shares with a face value of ₹ 10 each will be issued in terms of the Red Herring Prospectus at a price of ₹ 175 per share. The Price Band is ₹ 160 to ₹ 175. At any given point of time, there shall be only one denomination for the Equity Shares of our Company, subject to applicable laws. The Anchor Investors will be issued shares at a price of 175 per Equity Shares.

Option to Subscribe

Equity Shares being offered through the Red Herring Prospectus can be applied for in dematerialised form only.

Compliance with the SEBI regulations

Our Company shall comply with applicable disclosure and accounting norms specified by the SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the provisions of our Articles, the equity shareholders of our Company shall have the following rights:

- right to receive dividends, if declared;
- right to attend general meetings and exercise voting powers, unless prohibited by law;
- right to vote on a poll either in person or by proxy;
- right to receive offers for rights shares and be allotted bonus shares, if announced;
- right to receive surplus on liquidation, subject to any statutory or other preferential claims being satisfied;
- right of free transferability of Equity Shares, subject to applicable foreign direct investment policy, foreign exchange regulations and other applicable laws; and
- such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreements executed with the Stock Exchanges, and our Company's Memorandum and Articles of Association.

For further details on the main provisions of our Company's Articles of Association including those dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, please refer to the section titled 'Main Provisions of our Articles of Association' on page 377.

Market Lot and Trading Lot

As per the applicable law, the allotment and trading of our Equity Shares shall only be in dematerialised form for all investors. Since trading of our Equity Shares will be in dematerialised form, the tradable lot is one Equity Share. In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. Allotment in this Issue will be done only in electronic form in multiples of one Equity Share subject to a minimum Allotment of 40 Equity Shares to successful Bidders.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Kochi, India.

Nomination Facility to the Investor

In accordance with section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the bidders, as the case may be, the Equity Shares transferred, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or at the registrar and transfer agent of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

a. to register himself or herself as the holder of the Equity Shares; or

b. to make such transfer of the Equity Shares, as the deceased holder could have made.

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

Since the allotment of Equity Shares in this Issue will be made only in dematerialised mode, there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require a change in the nomination, they are requested to inform their respective depository participant.

Minimum subscription

If our Company does not receive the minimum subscription of 90% of the Issue, including devolvement of the Underwriters, if any, within 60 days from Bid/Issue Closing Date, our Company shall refund the entire subscription amount received, no later than 70 days from the date of closure of the Issue. If there is a delay beyond eight days after our Company becomes liable to pay the amount, our Company shall repay the money with interest at the rate of 15% per annum as per Section 73 of the Companies Act.

Our Company shall ensure that the number of prospective allottees to whom Equity Shares in the Issue will be allotted will be not less than 1,000 failing which we shall refund the entire subscription amount received.

Application under Rule 144A of the U.S. Securities Act

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in 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 of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold (i) in the United States only to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and in compliance with the applicable laws of the jurisdiction where those offers and sales occur.

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

Application by Eligible NRIs, FIIs registered with SEBI

It is to be distinctly understood that there is no reservation for eligible NRIs and FIIs registered with SEBI. All NRIs, FIIs, multi-lateral and bilateral development financial institutions and any other foreign investor applicants will be treated on the same basis with other categories for the purpose of allocation. As per existing regulations, OCBs cannot participate in the Issue.

Arrangements for disposal of odd lots

Since our Equity Shares will be traded in dematerialised form only, the market lot for our Equity Shares will be one, no arrangements for disposal of odd lots are required.

Restriction on transfer and transmission of shares

Except for the lock-in of pre-Issue Equity Shares as provided in section titled "Capital Structure" on page 61, there are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting except as provided in our Articles of Associations. For details, please refer to the Section titled "Main Provisions of our Articles of Association" on page 377.

Joint Holders

Where two or more persons are registered as the holders of the Equity Shares, they shall be entitled to hold the same as joint tenants with benefits of survivorship.

SECTION X: ISSUE STRUCTURE

The Issue of up to 51,500,000 Equity Shares for cash at a price of ₹ 175 per Equity Share including a share premium of ₹ 165 per Equity Share, aggregating to ₹ 9,012.50 million, is being made through the 100% Book Building Process. The Issue would constitute 13.85 % of the post Issue paid-up capital of our Company.

	QIBs*	Retail Individual Bidders ##	Non Institutional Bidders
Number of Equity Shares**	Available for Allocation up to 25,750,000 Equity Shares	Available for Allocation of not less than 18,025,000 Equity Shares or Issue Size less allocation to QIBs and allocation to Non Institutional Bidders.	Available for Allocation of not less than 7,725,000 Equity Shares or Issue Size less allocation to QIBs and allocation to Retail Individual Bidders.
Percentage of Issue Size available for allocation	Up to 50% of the Issue Size being allocated. However, 5% of the Net QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Not less than 35% of the Issue or the Issue less allocation to QIBs and Non-Institutional Bidders.	Not less than 15% of the Issue or the Issue less allocation to QIBs and Retail Individual Bidders.
Basis of Allotment if respective category is oversubscribed**	In the Anchor Investor Portion, up to 7,725,000 Equity Shares shall be available for allocation to Anchor Investors, out of which one-third shall be available for allocation to domestic Mutual Funds only. In the Net QIB Portion, proportionate as follows: (a) 901,250 Equity Shares constituting 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds. (b) 17,123,750 Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares, in multiples of 40 Equity Shares, so that the Bid Amount exceeds ₹ 200,000	40 Equity Shares and in multiples of 40 Equity Share	Such number of Equity Shares, in multiples of 40 Equity Shares, so that the Bid Amount exceeds ₹ 200,000
Maximum Bid	Such number of Equity Shares not exceeding the Issue Size, subject to applicable limits.	Such number of Equity Shares in multiples of 40 Equity Shares such that the Bid Amount does not exceed ₹ 200,000.	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Bid Lot	40 Equity Shares and in multiples of 40 Equity Shares thereafter.	40 Equity Shares and in multiples of 40 Equity Shares thereafter.	40 Equity Shares and in multiples of 40 Equity Shares thereafter.
Allotment Lot	40 Equity Shares and in multiples of 1 Equity Share thereafter.	40 Equity Shares and in multiples of 1 Equity Share thereafter.	40 Equity Shares and in multiples of 1 Equity Share thereafter.
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply ***	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, Mutual Funds, FII's registered with SEBI other than FIIs sub-accounts who are foreign companies or foreign individuals, multilateral and bilateral development financial institutions, and State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of ₹ 250 million, pension funds with minimum corpus of ₹ 250 million in accordance with applicable law and the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India and insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, Government of India.	Resident Indian individuals, eligible NRIs and HUFs (in the name of the *karta*).	Resident Indian individuals, eligible NRIs, HUFs (in the name of the *Karta*), companies, corporate bodies, scientific institutions societies and trusts and FIIs sub-accounts which is a foreign corporate or foreign individual.

	QIBs*	Retail Individual Bidders ##	Non Institutional Bidders
Terms of Payment[#]	The entire Bid Amount shall be payable at the time of submission of Bid cum Application Form to the members of the Syndicate. In case of ASBA Bidders, the SCSB shall be authorised to block the Bid Amount in the ASBA Accounts that are specified in the ASBA Form.		

* *Our Company has allocated 7,725,000 Equity Shares, being 30% of the QIB Portion, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion will be available for allocation to domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. For further details, please see "Issue Procedure" on page 336.*

** *The Issue is being made through the Book Building Process in accordance with Rule 19(2)(b)(i) of the SCRR, as amended and under the SEBI ICDR Regulations, wherein not more than 50% of the Issue shall be allocated to QIBs on a proportionate basis. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder shall be available for allotment on a proportionate basis to all QIBs, including Mutual Funds, subject to valid bids being received at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders,subject to valid bids being received at or above the Issue Price.*

Mutual Funds participating in the aforesaid 5% of the Net QIB portion will also be eligible for allocation in the remaining QIB portion. The unsubscribed portion in the Mutual Fund Portion will be available to the remaining QIBs. If the aggregate demand by Mutual Funds is less than 901,250 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the Net QIB Portion and be allocated proportionately to the QIBs in proportion to their Bids.

Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any of category will be allowed to be met with spill over from any other category at the discretion of our Company, in consultation with the BRLMs the CBRLM. and the Designated Stock Exchange.

*** *In case the Bid cum Application Form is submitted in joint names, investors should ensure that the demat account is also held in the same joint names and that the names are in the same sequence in which they appear in the Bid cum Application Form.*

\# *In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the Bidder that are specified in the ASBA Form*

\#\# *The Company, in consultation with the BRLMs and CBRLM, has decided not to offer any discount on the Issue Price to Retail Individual Bidders.*

Withdrawal of the Issue and Conditions Subsequent to Allotment

Our Company, in consultation with the BRLMs and the CBRLM, reserves the right not to proceed with the Issue after Bid/Issue Closing Date in accordance with SEBI ICDR Regulations, without assigning any reasons therefor. If our Company withdraws from the Issue, it shall issue a public notice within two days of the closure of the Issue. The public notice shall be issued in the same newspapers where the pre-Issue advertisements had appeared and our Company shall also promptly inform the Stock Exchanges. The BRLMs and the CBRLM shall, through the Registrar to the Issue, notify the SCSBs to unlock the bank accounts of the ASBA Bidders. If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus for observations with SEBI.

We are also required to obtain final acknowledgement of the Prospectus from the RoC after it is filed with the RoC. Notwithstanding the foregoing, subsequent to Allotment, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for only after Allotment.

Letters of Allotment or Refund Orders

Our Company shall credit each beneficiary account with its depository participant within two Working Days of the date of Allotment. Applicants having bank account at any of the 68 centres, as mentioned in the paragraph titled 'Issue Procedure-Mode of making refunds' on page 359 will receive refunds only through NECS (subject to availability of all information for crediting the refund through NECS) except where the applicant is eligible to receive refunds through direct credit, NEFT or RTGS. In the case of other applicants our Company shall ensure the dispatch of refund orders, if any, by registered post or speed post at the sole or First Bidder's, sole risk within twelve Working Days of the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter (refund advice) through ordinary post informing them about the mode of credit of refund, within twelve Working Days of the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier.

Interest in Case of Delay in Dispatch of Allotment Letters/ Refund Orders or Instructions to SCSBs

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI ICDR Regulations, our Company undertakes that:

- Allotment shall be made only in dematerialised form within 12 Working Days from the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier;

- Dispatch of refund orders, except for Bidders who can receive refunds through Direct Credit, NEFT, RTGS or NECS, shall be done within 12 Working Days from the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier;
- Instructions to SCSBs to unblock the funds in the relevant ASBA Account for withdrawn rejected or unsuccessful Bids shall be made within 12 Working Days from the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier;
- It shall pay interest at 15% per annum if the allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT, RTGS or NECS, the refund instructions have not been given to the clearing system in the disclosed manner within 12 Working Days from the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier or if instructions to SCSBs to unblock funds in the ASBA Accounts are not given within 12 Working Days from the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue. Refunds will be made by cheques, pay orders or demand drafts drawn on any one or more of the Escrow Collection Banks/ Refund Banker(s) and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

In case of ASBA Bidders, the SCSBs will unblock funds in the ASBA Account to the extent of the refund to be made based on instructions received from the Registrar to the Issue.

Bid/Issue Program

BID/ISSUE OPENED ON	**APRIL 18,2011***
BID/ISSUE CLOSED (FOR QIB BIDDERS) ON	**APRIL 20,2011**
BID/ISSUE CLOSED (FOR NON QIB BIDDERS) ON	**APRIL 21,2011**

**Anchor Investors have submitted their Bids on April 15, 2011, the Anchor Investor Bidding Date, which is one Working Day prior to the Bid/Issue Opening Date.*

Except in relation to the Bids received from the Anchor Investors, Bids and any revision in Bids shall be accepted only between **10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form, in case of Bids submitted through ASBA Form, the Designated Branches, except that on the Bid/Issue Closing Date, Bids shall be accepted only between **10.00 a.m. and 3.00 p.m.** (Indian Standard Time) (excluding ASBA Bidders) and uploaded until (i) 4.00 p.m. in case of Bids by QIBs and Non-Institutional Bidders where the Bid Amount is in excess of ₹ 200,000 and (ii) until 5:00 p.m., in case of Bids by Retail Individual Bidders, where the Bid Amount is up to ₹ 200,000. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3:00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, our Company, the BRLMs, the CBRLM, the Syndicate Members, the Registrars to Issue and the SCSBs will not be responsible. Bids will only be accepted on Business Days, i.e., any day other than Saturday or Sunday or any public holiday. Bids by ASBA Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the NSE and the BSE.

The Company may decide, in consultation with the BRLMs and the CBRLM to close the bidding by QIBs (including QIBs bidding through ASBA) one day prior to the closure of the Issue, provided that the Bidding shall be kept open for a minimum of three days for all categories of Bidders.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid Form, for a particular Bidder, the details as per electronic book may be taken as the final data for the purpose of allotment. In order that the data so captured is accurate, the Syndicate members and SCSBs may be permitted an additional day, post Bid/Issue Closing Date, to amend some of the data fields entered by them in the electronic bidding system.

On the Bid/Issue Closing Date, extension of time may be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders after taking into account the total number of Bids received and as reported by the BRLMs and the CBRLM to the Stock Exchange.

Our Company in consultation with the BRLMs and the CBRLM, reserves the right to revise the Price Band during the Issue Period in accordance with the SEBI ICDR Regulations provided that the Cap Price is less than or equal to 120% of the Floor Price. The Floor Price can be revised upwards or downwards to a maximum of 20% of the Floor Price disclosed in the Red Herring Prospectus or the date of the Issue advertisement, as the case may be.

In case of any revision in the Price Band, the Issue Period shall be extended for a minimum of three additional Working Days after such revision, subject to the total Issue Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Issue Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the websites of the BRLMs, the CBRLM and the terminals of the Syndicate Members.

ISSUE PROCEDURE

This section applies to all Bidders. Please note that all Bidders can participate in the Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that may be different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders are required to pay the full Bid Amount or instruct the relevant SCSB to block the full Bid Amount along with the application.

Our Company and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section, and are not liable for any amendment, modification or change in applicable law, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.

Book Building Procedure

This Issue is being made for less than 25% of the post-Issue capital pursuant to Rule 19(2)(b)(ii) of the SCRR, read with Regulation 41(1) of the SEBI ICDR Regulations. The Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI ICDR Regulations. Further, this Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be available for allocation to QIBs on a proportionate basis out of which 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Our Company may allocate up to 30% of the QIB Portion to the Anchor Investors on a discretionary basis. One third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds, subject to valid bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion.

Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any category, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company in consultation with the BRLMs, the CBRLM and the Designated Stock Exchange.

All Bidders other than the ASBA Bidders are required to submit their Bids through the Syndicate or their affiliates. ASBA Bidders are required to submit their Bids to the SCSBs. Further, QIB Bids can be procured only by the BRLMs, the CBRLM or their affiliates. In the case of QIBs, our Company in consultation with the BRLMs and the CBRLM, may reject Bids at the time of acceptance of the Bid cum Application Form provided that the reasons for such rejection shall be disclosed to such Bidder in writing. Further, our Company in consultation with the BRLMs and the CBRLM, reserves the right to reject any Bid procured from Anchor Investors without assigning any reason thereof. In the cases of Non-Institutional Bidders and Retail Individual Bidders, our Company will have a right to reject the Bids only on technical grounds. Allocation to Anchor Investors will be discretionary and not on a proportionate basis.

Investors should note that Allotment to all successful Bidders will only be in dematerialised form. Bidders will not have the option of receiving Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid cum Application Form

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis excluding Anchor Investors (non ASBA Bidders)	White
Non-Residents, Eligible NRIs, FIIs on a repatriation basis, excluding Anchor Investors (non ASBA Bidders)	Blue
Anchor Investors**	White
ASBA Bidders bidding through a physical form*	White

** Bid cum Application forms for ASBA Bidders will also be available on the websites of the NSE (www.nseindia.com) and BSE (www.bseindia.com).*
*** Bid cum Application Forms for Anchor Investors shall be available at our Registered and Corporate Office and also at the offices of the Book Running Lead Manager, and the Co-Book Running Lead Manager.*

Bidders (other than ASBA Bidders) are required to submit their Bids through the Syndicate. Such Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids.

ASBA Bidders shall submit an ASBA Form either in physical or electronic form through the SCSB authorising blocking funds that are available in the bank account specified in the ASBA Form used by ASBA Bidders.

QIBs participating in the Anchor Investor Portion cannot submit their Bids in the Anchor Investor Portion through the ASBA process.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Upon filing of the Prospectus with the RoC, the Bid cum Application Form or ASBA Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a Syndicate Member or ASBA Form for ASBA Bidders to the SCSB, the Bidder or the ASBA Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the ASBA as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder or the ASBA Bidder.

Who can Bid?

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
2. Indian nationals resident in India who are not minors in single or joint names (not more than three) or in the names of minors as natural/legal guardian;
3. Hindu Undivided Families in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form or the ASBA Form, as the case may be, as follows: "Name of sole or first Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;
4. Eligible NRIs on a repatriation basis or a non-repatriation basis subject to compliance with applicable laws. NRIs, other than Eligible NRIs, are not permitted to participate in this Issue;
5. Sub accounts of FII's registered with SEBI, which are foreign corporates or foreign individuals, only under the Non-Institutional Bidders category and FIIs registered with SEBI and sub accounts of FII's which are not foreign corporates or foreign individuals under the QIB portion;
6. State industrial development corporations;
7. Insurance companies registered with the Insurance Regulatory and Development Authority, India;
8. Provident Funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to invest in equity shares;
9. Pension funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to invest in equity shares;

10. Companies, corporate bodies and societies registered under applicable laws in India and authorised to invest in equity shares;
11. Mutual Funds registered with SEBI;
12. Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to the RBI regulations and the SEBI ICDR Regulations and other regulations, as applicable);
13. Multilateral and bilateral development financial institutions;
14. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their constitution to hold and invest in equity shares;
15. Scientific and/or industrial research organisations in India authorised to invest in equity shares;
16. Insurance funds set up and managed by army, navy or air force of the Union of India;
17. The National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and

18. Insurance funds set up and managed by the Department of Posts, India.
19. Any other person eligible to Bid in this Issue under the laws, rules, regulations, guidelines and policies applicable to them.

As per existing regulations, OCBs cannot Bid in the Issue.

Participation by Associates/Affiliates of the BRLMs, the CBRLM and Syndicate Members

The BRLMs, the CBRLM and the Syndicate Members shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs, the CBRLM and Syndicate Members may subscribe to or purchase Equity Shares in the Issue, either in the QIB Portion or in Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis. Further, affiliates and associates of the Underwriters that are FIIs or their Sub-Accounts may issue off-shore derivate instruments against Equity Shares allocated to them in this Issue.

The BRLMs, the CBRLM and any persons related to the BRLMs, the CBRLM cannot apply in the Issue under the Anchor Investor Portion.

Bids by Mutual Funds

Under the SEBI ICDR Regulations, at least one-third of the Anchor Investor Portion will be available for allocation to domestic Mutual Funds only on a discretionary basis and 5% of the Net QIB Portion is available to be allocated to Mutual Funds on a proportionate basis, subject to the receipt of valid Bids. An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand from Mutual Funds is greater than 901,250 Equity Shares, allocation shall be made to Mutual Funds on a proportionate basis to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIBs, be made available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Funds Portion.

Asset management companies or custodians of mutual funds shall specifically state the names of the concerned scheme for which Bids are being made.

In the case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

In accordance with current regulations, the following restrictions are applicable for investments by Mutual Funds:

No Mutual Fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry-specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

Bids by Eligible NRIs

Eligible NRI Bidders should note that Bids that are accompanied by payment in free foreign exchange should use the Bid cum Application Form which is blue in colour. The Eligible NRIs who intend to make payment through the NRO Account shall use the Bid cum Application Form or the ASBA Form, as the case may be, meant for Resident Indians (white form).

Bids by FIIs

In accordance with the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII cannot exceed 10% of our post-Issue issued capital (i.e. 10% of 371,712,768 Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its Sub-Accounts, the investment on behalf of each Sub-Account shall not exceed 10% of our total issued equity share capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual permitted to make investments. As of now, the aggregate FII and their sub accounts holding in us cannot exceed 24% of our total issued capital. With the approval of the board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of our Company for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the SEBI FII Regulations an FII or its Sub-Account may issue, deal or hold, off shore derivative instruments as defined under the SEBI FII Regulations, such as "Participatory Notes", equity-linked notes or any other similar instruments issued against underlying securities listed or proposed to be listed on any stock exchange in India only in favour of those entities which are regulated by an appropriate regulatory in the countries of their incorporation or establishment and subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations

Associates and affiliates of the Underwriters, including the BRLMs and the CBRLM that are FIIs or its sub-account may issue offshore derivative instruments against Equity Shares allocated to them in the Issue. Any such offshore derivative instrument does not constitute any obligations, or claim on, or interest in, our Company.

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. Our Company, its Directors and officers, the BRLMs and the CBRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company, its Directors and officers, the BRLMs and the CBRLM are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Maximum and minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of 40 Equity Shares and in multiples of 40 Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed ₹ 200,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed ₹ 200,000. Where the Bid Amount is over ₹ 200,000 due to revision of the Bid or revision of the Price Band or on exercise of the option to Bid at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The option to Bid at Cut-off Price is given only to Retail Individual Bidders where the Bid Amount does not exceed ₹ 200,000 indicating their agreement to the Bid and to purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.

(b) **For Non-Institutional Bidders and QIBs:** The Bid must be for a minimum of such number of Equity Shares in multiple of 40 Equity Shares such that the Bid Amount exceeds ₹ 200,000. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them under applicable laws. **Under the SEBI ICDR Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than ₹ 200,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to ₹ 200,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Non-Institutional Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at the Cut-off Price.

The identity of QIBs bidding in the Offer under the QIB Portion shall not be made public during the Offer Period.

(c) **For Bidders in the Anchor Investor Portion:** The Bid by an Anchor Investor must be for a minimum of such number of Equity Shares in multiples of 40 Equity Shares such that the Bid Amount is atleast ₹ 100 million. Bids by Anchor Investors cannot be submitted for more than 30% of the QIB Portion. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion should not be considered as multiple Bids. For the purposes of this clause, Bids by individual schemes of Mutual Fund will be clubbed together to calculate the minimum application of ₹ 100 million. Anchor Investors cannot withdraw their bids after the Anchor Investor Bidding Date.

The maximum and minimum Bid size applicable to a QIB, Retail Individual Bidder or a Non Institutional Bidder shall be applicable to an ASBA Bidder in accordance with the category that the ASBA Bidder falls under.

Bidders are advised to make independent queries to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus.

Refund amounts following a permitted withdrawal or rejection of a Bid shall be paid in the manner described under paragraph "Issue Procedure-Payment of Refund" on page 358.

Information for the Bidder:

1. Our Company has filed the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.

2. Our Company, the BRLMs and the CBRLM have declared the Bid/Issue Opening Date, Bid/Issue Closing Date in the Red Herring Prospectus registered with the RoC and also published the same in two national newspapers (one each in English and Hindi) and one Malayalam newspaper, each with wide circulation in the format prescribed under the SEBI ICDR Regulations. The Floor Price is 16 times the face value and the Cap Price is 17.5 times the face value.

3. Copies of the Bid cum Application Form and copies of the Red Herring Prospectus will be available with the Syndicate. For ASBA Bidders, ASBA Forms will be available on the websites of the NSE and BSE. Any eligible Bidder who would like to obtain the Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from the Registered Office or from any of the members of the Syndicate.

4. Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLMs, the CBRLM or Syndicate Members or their authorised agent(s), as applicable to register their Bids. ASBA Bidders should approach the SCSBs to register their Bids.

5. The Bids should only be submitted on the prescribed Bid cum Application Form or the ASBA Form. Bid cum Application Forms should bear the stamp of the member of the Syndicate. Bid cum Application Forms which do not bear the stamp of a member of the Syndicate will be rejected.

6. The Price Band has been decided by our Company in consultation with the BRLMs and the CBRLM at least two Working Days prior to the opening of the Issue and has been published in all editions of Financial Express and Jansatta and the Kochi edition of Deepika. The Bidders can Bid at any price within the Price Band, in multiples of 40 Equity Shares. In accordance with the SEBI ICDR Regulations, our Company in consultation with the BRLMs and the CBRLM, and without prior intimation or approval from the Bidders, reserves the right to revise the Price Band during the Issue Period. The cap on the Price Band will not be more than 120% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.

7. In case the Price Band is revised, the Issue Period shall be extended, by an additional three Working Days, subject to the total Issue Period not exceeding 10 Business Days. The revised Price Band and Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, and by publishing in two national newspapers (one each in English and Hindi) and one Malayalam newspaper, with wide circulation in the place where our Registered Office is situated and also by indicating the change on the websites of the BRLMs, the CBRLM and at the terminals of the members of the Syndicate.

8. Our Company in consultation with the BRLMs and the CBRLM has finalised the Anchor Investor Allocation Price within the Price Band, without the prior approval of the Anchor Investors.

9. Our Company in consultation with the BRLMs and the CBRLM, has finalised the Issue Price within the Price Band, without the prior approval of, or intimation to, the Bidders.

10. The demat accounts of Bidders for whom PAN details have not been verified, excluding persons resident in the state of Sikkim, who, may be exempted from specifying their PAN for transacting in the securities market, shall be "suspended for credit" and no credit of Equity Shares pursuant to the Issue will be made into the accounts of such Bidders.

Additional information specific to ASBA Bidders

1. ASBA Forms in physical form will be available with the Designated Branches and electronic ASBA Forms will be available on the websites of the SCSBs and on the websites of the Stock Exchanges at least one day prior to the Offer Opening Date. Further, the SCSBs will ensure that the abridged Red Herring Prospectus is made available on their websites. The Book Running Lead Managers shall ensure that adequate arrangements are made to circulate copies of the abridged Red Herring Prospectus and ASBA Form to the SCSBs.

2. The Bids should be submitted to the SCSBs on the prescribed ASBA Form. SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.

3. The SCSBs shall accept Bids only during the Offer Period and only from the ASBA Bidders. The SCSB shall not accept any ASBA Form after the closing time of acceptance of Bids on the Offer Closing Date.

Bidders may note that in case the Depository Participant identification number, client identification number of the demat account of the Bidder, and PAN mentioned in the Bid cum Application Form or the ASBA Form, as the case may be and entered into the electronic bidding system of the stock exchanges by the Syndicate Members do not match with the Depository Participant identification number, client identification number of the demat account of the Bidder, and PAN available in the database of Depositories, the application Bid cum Application Form or the ASBA Form, as the case may be is liable to be rejected.

Method and Process of Bidding

1. Our Company along with the BRLMs and the CBRLM has declared the Bid/Issue Opening Date, the Bid/Issue Closing Date in the Red Herring Prospectus filed with the RoC and also published the same in two national newspapers (one each in English and Hindi) and one Malayalam newspaper, each with wide

circulation in the place where our Registered Office is situated. This advertisement, subject to the provisions of Section 66 of the Companies Act, contains the disclosure requirements as specified under Schedule XIII of the SEBI ICDR Regulations. The BRLMs, the CBRLM and Syndicate Members shall accept Bids from the Bidders during the Issue Period.

2. The Issue Period shall be for a minimum of three Business Days and shall not exceed ten Business Days. In case the Price Band is revised, the revised Price Band and Issue Period shall be published in two national newspapers (one each in English and Hindi) and one Malayalam newspaper, each with wide circulation and also by indicating the change on the website of the BRLMs, the CBRLM and at the terminals of the members of the Syndicate. The Issue Period shall be extended by an additional three Business Days, subject to the total Issue Period not exceeding 10 Business Days.

3. Each Bid cum Application Form and/or the ASBA Form will give the Bidder the choice to Bid for up to three optional prices within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.

4. The Bidder cannot Bid on another Bid cum Application Form or ASBA Form after Bids on one Bid cum Application Form or ASBA Form has been submitted to any member of the Syndicate. Similary, the Bidder cannot Bid on another ASBA Form after Bid(s) on one ASBA Form has been submitted to any SCSB. Submission of an additional Bid cum Application Form to either the same or to another member of the Syndicate or ASBA Form to any SCSB will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point in time before the Allotment. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed section titled “Issue Procedure -Build up of the Book and Revision of Bids” on page 345.

5. Anchor Investors should approach the BRLMs and the CBRLM on the Anchor Investor Bidding Date to submit their Bid. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.

6. Except in relation to Bids received from the Anchor Investors, the members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

7. During the Issue Period, Bidders may approach the members of the Syndicate to submit their Bids. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.

8. Along with the Bid cum Application Form (other than ASBA Bidders), as applicable, all Bidders will make payment in the manner described under the section titled “Issue Procedure -Terms of Payment and Payment into the Escrow Accounts” on page 343.

9. Upon receipt of the ASBA Form, submitted whether in physical or electronic mode, the respective Designated Branch shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Form, prior to uploading such Bids with the Stock Exchanges. If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such Bids and shall not upload such Bids with the Stock Exchanges. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.

10. The Bid Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/failure of the Offer or until withdrawal/rejection of the ASBA Form, as

the case may be. Once the Basis of Allotment is approved, the Registrar to the Offer shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful ASBA Bidders to the Public Issue Account. In case of withdrawal/failure of the Offer, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Offer.

Escrow Mechanism

Escrow Accounts shall be opened with one or more Escrow Collection Banks for collection of application money. The Bidders shall draw the cheque or demand draft in respect of his or her Bid and/or revision of the Bid in favour of the payee detailed under the section titled "Issue Procedure -Payment into Escrow Accounts" on page 353. Cheques or demand drafts received for the full Bid Amount from Bidders in a particular category would be deposited in the Escrow Accounts. The Escrow Collection Banks will act in terms of the Red Herring Prospectus, the Prospectus and the Escrow Agreement. The monies in the Escrow Accounts shall be maintained by the Escrow Collection Banks for and on behalf of the Bidders. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Accounts to the Public Issue Account and the Refund Account as per the terms of the Escrow Agreement, the Red Herring Prospectus and the Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established facilitate collections from the Bidders and shall be governed by the terms of the Red Herring Prospectus and the Escrow Agreement.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder (other than ASBA Bidders), shall pay the entire Bid Amount with the submission of the Bid cum Application Form, draw a cheque or demand draft in favour of the Escrow Accounts of the Escrow Collection Bank(s) (see the section titled "Issue Procedure - Payment Instructions" on page 353) and submit such cheque or demand draft to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash/stockinvest/money order shall not be accepted.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Banks, which will hold the monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Accounts, as per the terms of the Escrow Agreement, the Red Herring Prospectus and the Prospectus into the Public Issue Account. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account on the Designated Date.

In the event of Issue Price being higher than the Anchor Investor Allocation Price, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the price at which allocation is made to them and the Issue Price. If the Issue Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them.

Where the Bidder has been allocated a lesser number of Equity Shares than he or she had Bid for, the excess amount paid on Bidding, if any, after adjustment for Allotment, will be refunded to such Bidder within 12 Working Days from the Bid/Issue Closing Dateor 15 days from Bid/Issue Closing Date, whichever is earlier, failing which our Company shall pay interest according to the provisions of the Companies Act for any delay beyond the periods as mentioned above.

Electronic Registration of Bids by Bidders other than ASBA Bidders

1. The members of the Syndicate will register the Bids using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity facility in each city where a stock exchange is located in India and where Bids are being accepted.

2. The NSE and the BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Issue Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the members of the Syndicate and SCSBs shall upload the Bids until such time as may be permitted by the Stock Exchanges.

3. The aggregate demand and price for Bids registered on electronic facilities of the NSE and the BSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres as well as on the NSE's website at www.nseindia.com and on the BSE's website at www.bseindia.com. A graphical representation of consolidated demand and price will be made available at the bidding centres during the Issue Period.

4. On the Bid/Issue Closing Date, the members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLMs and the CBRLM on a regular basis. Bidders are cautioned that a high inflow of bids typically experienced on the last day of the Bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that could not uploaded will not be considered for allocation. Bids will only be accepted on Working Days.

   The Syndicate shall be responsible for any error in the Bid details uploaded by them. In case of apparent data entry error by either Syndicate member or collecting bank in entering the application number in their respective schedules other things remaining unchanged, the application may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to stock exchange(s). Valid records in electronic file will be those for which money is received. In order that the data so captured is accurate, the Syndicate members may be permitted an additional day, post Bid/Issue Closing Date, to amend some of the data fields entered by them in the electronic bidding system.

5. At the time of registering each Bid other than ASBA Bids, the Syndicate shall enter the following details of the Bidders in the on-line system:

   - Bid cum Application Form number;
   - Investor Category – Individual, Corporate, FII, NRI, Mutual Fund, etc.;
   - Numbers of Equity Shares Bid for;
   - Bid Amount;
   - Cheque Details;
   - DP ID and client identification number of the beneficiary account of the Bidder; and
   - PAN; and
   - Price per Equity Share (price option).

   With respect to Bids by ASBA Bidders, at the time of registering such Bids, the SCSBs shall enter the following information pertaining to the ASBA Bidders into the online system:

   - Name of Bank;
   - Application Number;
   - PAN (of First ASBA Bidder, in case of more than one ASBA Bidder);
   - Investor Category and sub category– Individual, Corporate, FII, NRI, Mutual Fund, etc.;
   - DP ID and client identification number of the beneficiary account of the Bidder;
   - Numbers of Equity Shares Bid for;
   - Bid Amount;
   - Bank account number; and
   - Price per equity share.

6. TRS will be generated for of each of the bidding options when the Bid is registered. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate or SCSBs as applicable. The registration of the Bid by the member of the Syndicate or SCSB does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate, SCSBs or our Company.

7. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

8. In the case of QIBs, members of the Syndicate also have the right to accept the Bid or reject the Bid. However, such rejection should be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed in the Red Herring Prospectus.

9. The permission given by the NSE and the BSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or the BRLMs or the CBRLM are cleared or approved by the NSE and the BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the Promoters, the management or any scheme or project of our Company.

10. It is also to be distinctly understood that the approval given by the NSE and the BSE should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by the NSE or the BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and the BSE.

11. Only Bids that are uploaded on the online system of the Stock Exchanges shall be considered for allocation/ Allotment. The members of the Syndicate and the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Bid data in the electronic Bidding systems of the Stock Exchanges. In order that the data so captured is accurate the members of the Syndicate and the SCSBs will be given up to one Working Day after the Offer Closing Date to modify/ verify certain selected fields uploaded in the online system during the Offer Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

Build up of the Book and Revision of Bids

1. Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.

2. The book gets built up at various price levels.

3. During the Issue Period, any Bidder who has registered his or her Bid at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, or the ASBA Revision Form, as the case may be.

4. Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form or the ASBA Revision Form. The Bidder must complete the details of all the options in the Bid cum Application Form, ASBA Form or earlier Revision Form/ASBA Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form or ASBA Form and he is changing only one of the options in the Revision Form or ASBA Revision Form as the case may be, he must still complete all the details of the other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms/ASBA Revision Forms will not be accepted by the members of the Syndicate.

5. The Bidder can make this revision any number of times during the Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom the original Bid was placed.

6. Bidders are advised to retain copies of the blank Revision Form/ASBA Revision Form and the revised Bid must be made only on such Revision Form/ASBA Revision Form or copies thereof.

7. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In the case of QIBs, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or electronic transfer of funds through RTGS for the incremental amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIBs.

8. When a Bidder revises a Bid, the Bidder shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request and obtain the revised TRS, which will act as proof of revision of the original Bid.

9. Only Bids that are uploaded on the online IPO system of the NSE and the BSE shall be considered for allocation/Allotment. Members of the Syndicate and the SCSBs will be given up to one day after the Bid/Issue Closing Date to verify DP ID and Client ID uploaded in the online IPO system during the Bid/Issue Period after which the Registrar to the Issue will receive this data from the Stock Exchanges and will validate the electronic bid details with depository's records.

Revision of Bids in case of Revision of Price Band

1. The Bidder can Bid at any price within the Price Band in multiples of ₹ 1 (Rupee One). The Bidder has to Bid for the desired number of Equity Shares at a specific price.

   Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding up to ₹ 200,000 may Bid at the Cut-off Price. However, bidding at the Cut-off Price is not permitted for QIBs or Non-Institutional Bidders.

2. Retail Individual Bidders who Bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at the Cut-off Price shall deposit the Bid Amount based on the Cap Price in the Escrow Accounts. In the event that the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut-Off Price, such Bidder shall receive the refund of the excess amounts from the Escrow Accounts in the manner described under the section titled "Issue Procedure -Payment of Refund" on page 358.

3. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had Bid at the Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher cap of the revised Price Band (such that the total amount i.e., the original Bid Amount plus additional payment does not exceed ₹ 200,000 if the Bidder wants to continue to Bid at the Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. In case of Retail Individual Bidders who do not revise the Bid or make additional payment, where the Issue Price is higher than the cap of the Price Band before revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from such Bidder and the Bidder is deemed to have approved such revised Bid at the Cut-off Price.

4. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Accounts. In case of downward revision in the Price Band, the number of Equity Shares Bid for shall be adjusted upwards to the higher Bid lot for the purpose of Allotment.

5. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size and the Bid lot shall remain 40 Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of ₹ 5,000 to ₹ 7,000.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the BRLMs and the CBRLM have analysed the demand generated at various price levels and book built, and discussed the pricing strategy with our Company.

2. Our Company in consultation with the BRLMs and the CBRLM, have finalised the Issue Price.

3. Allocation to Anchor Investors shall be at the discretion of our Company in consultation with the BRLMs and the CBRLM subject to compliance with the SEBI ICDR Regulations. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion.

4. Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any of the categories, would be allowed to be met with spill-over from any other category or combination of categories at the sole discretion of our Company in consultation with the BRLMs and the CBRLM.

However, if the aggregate demand by Mutual Funds is less than 901,250 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the QIB Portion and be allotted proportionately to the QIBs.

5. Allotment to Eligible NRIs, FIIs, Sub-Accounts, or Mutual Funds will be subject to applicable laws, rules, regulations, guidelines and approvals.

6. In terms of the SEBI ICDR Regulations, QIBs bidders in the Net QIB Portion shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date. Anchor Investors shall not be allowed to withdraw the Anchor Investor Bid after the Anchor Investor Bidding Date.

7. Our Company in consultation with the BRLMs and the CBRLM, reserves the right to reject any Bid procured from QIBs, by any or all members of the Syndicate. Rejection of Bids made by QIBs, if any, will be made at the time of submission of Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing.

8. If the Issue Price is higher than the Anchor Investor Allocation Price, the additional amount shall be paid by the Anchor Investors. However, if the Issue Price is lower than the Anchor Investor Allocation Price, the difference shall not be payable to the Anchor Investors.

9. An oversubscription to the extent of 10% of this Issue can be retained for the purposed of rounding off and making Allotments in minimum lots, while finalising Basis of Allotment.

Signing of Underwriting Agreement and RoC Filing

(a) Our Company, the BRLMs, the CBRLM and the Syndicate Members have entered into the Underwriting Agreement upon finalisation of the Issue Price.

(b) After signing the Underwriting Agreement, our Company will file the Prospectus with the RoC. The Prospectus will have details of the Issue Price, Issue Size, underwriting arrangements and will be complete in all material respects.

Filing of the Red Herring Prospectus and the Prospectus with the RoC

We have filed a copy of the Red Herring Prospectus with the RoC and will file a copy of the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.

Announcement of pre-Issue Advertisement

Subject to section 66 of the Companies Act, our Company has, after registering the Red Herring Prospectus with the RoC, published an advertisement, in the form prescribed by the SEBI ICDR Regulations, in two circulated national newspapers (one each in English and Hindi) and Malayalam newspaper, each with wide publication.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by our Company after the filing of the Prospectus with the RoC. This advertisement, among other things shall indicate the Issue Price and Anchor Investor Issue Price, if any, along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the date of the Red Herring Prospectus and the Prospectus shall be included in such statutory advertisement.

Issuance of CAN

(a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the BRLMs, the CBRLM or the Registrar to the Issue shall send to the Syndicate a list of their Bidders who have been or are to be Allotted Equity Shares. The investor should note that our Company shall issue instructions for demat credit of Equity Shares to all successful investors in this Issue on or after the date of Allotment. For Anchor Investors, see "Notice to Anchor Investors: Allotment Reconciliation and Intimation"

(b) The BRLMs, the CBRLM, the members of the Syndicate or the Registrar to the Issue, as the case may be, will send a CAN to Bidders who have been or are to be Allotted Equity Shares, pursuant to the approval of the Basis of Allotment.

(c) The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder for all the Equity Shares allotted to such Bidder.

Notice to Anchor Investors: Allotment Reconciliation and Intimation

A physical book will be prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of our Company in consultation with the BRLMs and the CBRLM, selected Anchor Investors will be sent an AI CAN and, if required, a revised AI CAN. All Anchor Investors will be sent the AI CAN post Anchor Investor Bid Period and in the event that the Issue Price is higher than the Anchor Investor Issue Price, the Anchor Investors will be sent a revised AI CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors should note that they shall be required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised AI CAN within the pay-in date referred to in the revised AI CAN. The revised AI CAN will constitute a valid, binding and irrevocable contract (subject to the issue of AI CAN) for the Anchor Investor to pay the difference between the Issue Price and the Anchor Investor Issue Price. In the event the Issue Price is lower than the Anchor Investor Issue Price, the Anchor Investors who have been Allotted Equity Shares will directly receive AI CAN. The AI CAN shall be deemed a valid, binding and irrevocable contract for the Allotment of Equity Shares to such Anchor Investors.

The final allocation is subject to the physical application being valid in all respect along with receipt of stipulated documents, the Issue Price being finalised at a price not higher than the Anchor Investor Issue Price and Allotment by the Board of Directors.

Designated Date and Allotment

(a) Our Company will ensure that (i) Allotment of Equity Shares; and (ii) credit to the successful Bidder's depository account will be completed within 12 Working Days from the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier.

(b) As per section 68B of the Companies Act, Allotment of the Equity Shares will be only in dematerialised form to the allottees.

(c) Successful Bidders will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

GENERAL INSTRUCTIONS

DOs:

(a) Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of the Red Herring Prospectus;

(b) Ensure that you Bid within the Price Band;

(c) Read all the instructions carefully and complete the Bid cum Application Form or the ASBA Form, as the case may be;

(d) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be Allotted in dematerialised form only;

(e) Ensure that you have collected a TRS for all your Bid options;

(f) Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

g) Ensure that the Depository Participant identification number, client identification number of your demat account and PAN mentioned in the Bid cum Application Form or the ASBA Form, as the case may be and entered into the electronic bidding system of the stock exchanges by the Syndicate Members or by the desiognated branch of an SCSB match with the Depository Participant identification number, client identification number of the demat account of the Bidder, and PAN available in the Depository database;

(h) Except for Bids (i) on behalf of the Central or State Government and the officials appointed by the courts, and (ii) (subject to SEBI circular dated April 03, 2008) from the residents of the state of Sikkim, each of the Bidders should mention their PAN allotted under the I.T. Act. Applications in which the PAN is not mentioned will be rejected;

(i) Ensure that the name(s) given in the Bid cum Application Form or the ASBA Form, as the case may be, is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. Where the Bid cum Application Form or the ASBA Form, as the case may be, is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form or the ASBA Form, as the case may be; and

(j) Ensure that the Demographic Details (as defined in the section titled "Issue Procedure – Bidder's PAN, Depository Account and Bank Account Details" on page 351) are updated, true and correct in all respects.

DON'Ts:

(a) Do not Bid for lower than the minimum Bid size;

(b) Do not submit Bid without payment of the entire Bid Amount;

(c) Do not Bid or revise Bid to a price that is less than the Floor Price or higher than the Cap Price;

(d) Do not Bid on another Bid cum Application Form or the ASBA Form, as the case may be, after you have submitted a Bid to the members of the Syndicate;

(e) Do not pay the Bid amount in cash, postal order, or by stockinvest;

(f) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate;

(g) Do not Bid at the Cut-off Price (for QIBs and Non-Institutional Bidders);

(h) Do not Bid such that such that the number of Equity Shares Bid for exceeds the Issue Size and/or the investment limit or the maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;

(i) Do not Bid at Bid Amount exceeding ₹ 200,000 for in case of a Bid by a Retail Individual Bidder; and

(j) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

Bids and Revisions of Bids for all Bidders

Bids and revisions of Bids must be:

1. Made only on the prescribed Bid cum Application Form or Revision Form, as applicable (white, or blue).

2. Made in a single name or in joint names (not more than three, and in the same order as their Depository Participant details).

3. Completed in full, in BLOCK LETTERS in English and in accordance with the instructions contained herein, on the Bid cum Application Form/ASBA Form or in the Revision Form/ASBA Revision Form. Incomplete Bid cum Application Forms/ASBA Forms or Revision Forms/ASBA Revision Forms are liable to be rejected.

4. Bids from the Retail Individual Bidders must be for a minimum of 40 Equity Shares and in multiples of 40 Equity Shares thereafter subject to a maximum Bid Amount of ₹ 200,000.

5. For Non-Institutional Bidders and QIBs, Bids must be for a minimum of such number of Equity Shares in multiples of 40 Equity Shares such that the Bid Amount exceeds ₹ 200,000. Bids cannot be made for more than the Issue Size. Bidders are advised to ensure that a single Bid from them does not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws and regulations.

6. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by Anchor Investors

Anchor Investors have participated in the QIB Portion for 7,725,000 Equity Shares in accordance with the applicable SEBI ICDR Regulations. Only QIBs as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations and not otherwise excluded pursuant to item 10(k) of Part A of Schedule XI of the SEBI ICDR Regulations are eligible to invest. The QIB Portion shall be reduced in proportion to the allocation under the Anchor Investor Portion. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. In accordance with the SEBI ICDR Regulations, the key terms for participation in the Anchor Investor Portion are as follows:

1. Bid cum Application Form have been made available for Bids under the Anchor Investor Portion at our Registered Office, with the members of the Syndicate.

2. The Bid must be for a minimum of such number of Equity Shares in multiples of 40 Equity Shares so that the Bid Amount exceeds ₹ 100 million. A Bid cannot be submitted for more than 30% of the QIB Portion. In case of a Mutual Fund registered with SEBI, separate Bids by individual schemes of Mutual Funds will be aggregated to determine the minimum application size of ₹ 100 million.

3. One-third of the Anchor Investor Portion shall be reserved for allocation to domestic mutual funds.

4. The Bidding for Anchor Investors shall open one Working Day before the Bid/Issue Opening Date and shall be completed on the same day.

5. The Bid/Issue Period for QIB Bidders shall close one day prior to the Bid/Issue Closing Date.

6. The Company in consultation with the BRLMs and the CBRLM shall finalise Allocation to the Anchor Investors on a discretionary basis, subject to compliance with requirements regarding minimum number of Allottees.

7. Allocation to Anchor Investors shall be completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the BRLMs and the CBRLM before the Bid/Issue Opening Date.

8. Anchor Investors are required to pay the entire Bid Amount at the time of submission of the Bid cum Application Form. In case the Issue Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Issue Price and the Anchor Investor Allocation Price shall be paid by the Anchor Investors by the Pay-in-Date. In the event the Issue Price is lower than the Anchor Investor Allocation Price, the Allotment to Anchor Investors shall be at the higher price i.e. the Anchor Investor Allocation Price and this shall constitute the Anchor Investor Issue Price.

9. The Equity Shares allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment in the Issue.

10. None of BRLMs nor the the CBRLM nor any person related to the BRLMs, the CBRLM or Promoters, Promoter Group shall participate in the Anchor Investor Portion.

11. Bids made by Anchor Investors under both the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.

12. The payment instruments for payment into the Escrow Account should be drawn in favour of:

    (i) In case of resident Anchor Investors: "Escrow Account–MFL Public Issue–Anchor Investor -R"
    (ii) In case of non-resident Anchor Investors: "Escrow Account–MFL Public Issue–Anchor Investor– NR"

The minimum number of Allottees in the Anchor Investor Portion shall not be less than:

(a) two, where the allocation under Anchor Investor Portion is up to ₹ 2,500 million; and
(b) five, where the allocation under Anchor Investor Portion is more than ₹ 2,500 million.

Additional details, if any, regarding participation in the Issue under the Anchor Investor Portion shall be disclosed in the advertisement for the Price Band which has been taken out by the Company in a national English and Hindi newspaper and a Malayalam news daily at least two Working Days prior to the Bid/Issue Opening Date.

The Red Herring Prospectus, in so far as it relates to terms of the Issue should be read in conjunction with the aforestated paragraphs, to the extent applicable.

Bidder's PAN, Depository Account and Bank Account Details

Bidders should note that on basis of PAN of the Bidders Depository Participant identification number and beneficiary account number provided by them in the Bid cum Application Form or ASBA Form, the Registrar to the Issue will obtain from the Depository, demographic details of the Bidders such as their address, PAN, occupation and bank account details (hereinafter referred to as "Demographic Details") for printing on refund orders or giving credit through NECS, NEFT RTGS or Direct Credit. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch credit of refunds to Bidders or unblocking of ASBA Account at the Bidders' sole risk and neither the BRLMs, nor the CBRLM nor our Company, its Directors and officers, nor the Registrars to Issue shall have any responsibility or undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details on the Bid cum Application Form or ASBA form, as the case may be.

Bidders may note that in case the Depository Participant identification number, client identification number of the demat account of the Bidder, and PAN mentioned in the Bid cum Application Form or the ASBA Form, as the case may be and entered into the electronic bidding system of the stock exchanges by the Syndicate Members do not match with the Depository Participant identification number, client identification number of the demat account of the Bidder, and PAN available in the Depository database, the application Bid cum Application Form or the ASBA Form, as the case may be is liable to be rejected.

These Demographic Details will be used for all correspondence with the Bidders including mailing of the refund orders/NECS credit for refunds/direct credit of refund/CANs/AI CAN/allocation advice/NEFT or RTGS for refunds and printing of Company particulars on the refund order. The Demographic Details given by Bidders in the Bid cum Application Form will not be used for any other purposes by the Registrar to the Issue.

By signing the Bid cum Application Form or ASBA Form, the Bidder will be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders/Allotment advice/CANs would be mailed to the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/Allotment advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure re-dispatch of refund orders. Please note that any such delay shall be at the Bidder's sole risk and neither our Company, its Directors and officers, nor Escrow Collection Banks, nor the BRLMs, nor the CBRLM nor the Registrar to the Issue shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or pay any interest for such delay. **In case of refunds through electronic modes as detailed in the Red Herring Prospectus, Bidders may note that refunds may get delayed if bank particulars or the MICR code obtained from the Depository Participant are incorrect or incomplete.**

In case no corresponding record is available with the Depositories, which matches the three parameters, namely PAN of the Bidder, the DP ID/Client ID, then such Bids are likely to be rejected.

Bids by Non-Residents, including Eligible NRI s and FIIs on repatriation basis

Bids and revision to the Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

2. In a single name or joint names (not more than three and in the same order as their Depository Participant details).

3. Eligible NRIs for a Bid Amount of up to ₹ 200,000 would be considered under the Retail Portion for the purposes of allocation and for a Bid Amount of more than ₹ 200,000 would be considered under Non-Institutional Portion for the purposes of allocation. Other Non-Resident Bidders must Bid for a minimum of such number of Equity Shares in multiples of 40 Equity Shares so that the Bid Amount exceeds ₹ 200,000. For further details, see the section titled "Issue Procedure - Maximum and Minimum Bid Size" on page 339.

4. In the names of individuals, or in the names of FIIs, etc but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding Eligible NRIs) or their nominees.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE Accounts, details of which are received from the Depositories as part of the demographic details of the First Bidder/ sole Bidder. Our Company, its Directors and officers will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Non-Residents, including Eligible NRIs and FIIs and all Non-Residents will be treated on the same basis with other categories for the purpose of allocation.

As per the existing policy of the GoI, OCBs cannot participate in this Issue.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid cum Application Form as applicable. Failing this, our Company reserve the right to reject such Bids in whole or in part without assigning reasons thereof. Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company/the BRLMs/the CBRLM may deem fit without assigning reasons thereof.

In case of the Bids made pursuant to a power of attorney by FIIs and Mutual Funds, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to reject such Bid in whole or in part without assigning reasons thereof.

Bids made by Insurance Companies

In case of the Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to reject such Bids in whole or in part without assigning reasons thereof.

Bids made by Provident Funds

In case of the Bids made by provident funds, subject to applicable law, with minimum corpus of ₹ 250 million and pension funds with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

PAYMENT INSTRUCTIONS

Escrow Accounts shall be opened with the Escrow Collection Banks for the collection of the Bid Amount payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue. Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Accounts

1. The Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the entire Bid Amount in favour of the Escrow Account(s) and submit the same to the member of the Syndicate. Bid cum Application Forms accompanied by cash, stockinvest, money order or postal order shall not be accepted.

2. The Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the entire Bid Amount in favour of the Escrow Accounts and submit the same to the members of the Syndicate. The payment instruments for payment into the Escrow Accounts should be drawn in favour of:

    (a) In the case of Resident QIBs: "Escrow Account—MFL Public Issue—QIB-R".

    (b) In the case of Non-Resident QIBs: "Escrow Account—MFL Public Issue—QIB-NR".

    (c) In the case of Resident Retail and Non-Institutional Bidders: "Escrow Account—MFL Public Issue—R".

    (d) In the case of Non-Resident Retail and Non-Institutional Bidders: "Escrow Account—MFL Public Issue—NR".

    (e) In the case of Resident Anchor Investors: "Escrow Account – MFL Public Issue – Anchor Investor - R"

    (f) In case of Non-Resident Anchor Investors: "Escrow Account – MFL Public Issue Anchor Investor - NR"

3. In the event of Issue Price being higher than the Anchor Investor Allocation Price, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the Anchor Investor Allocation Price and the Issue Price. If the Issue Price is lower than the Anchor Investor Allocation Price, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them.

4. In the case of Bids by Eligible NRIs applying on a repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of NRO Account of the Non-Resident Bidder bidding on a repatriation basis. Payment by draft should be accompanied by a bank certificate confirming that the draft has been issued by debiting a NRE Account or a FCNR Account.

5. In the case of Bids by Eligible NRIs applying on a non-repatriation basis, the payments can be made out of an NRO Account of a Non-Resident Bidder bidding on a non-repatriation basis.

6. In case of Bids by FIIs the payment should be made out of funds held in a special rupee account along with documentary evidence in support of the remittance. Payment by draft should be accompanied by a bank certificate confirming that the draft has been issued by debiting a special rupee account.

7. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on Bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account.

8. The monies deposited in the Escrow Accounts will be held for the benefit of the Bidders until the Designated Date.

9. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts as per the terms of the Escrow Agreement, the Red Herring Prospectus and the Prospectus into the Public Issue Account.

10. No later than 12 Working Days from the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier, the Issuer shall complete steps to refund all amounts payable to unsuccessful Bidders and the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

11. **Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/stockinvest/money orders/postal orders will not be accepted.**

12. Bidders are advised to mention the Bid cum Application Form number on the reverse of the cheque/demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.

13. In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected.

Payment Instructions for Anchor Investors

1. Anchor Investors are required to pay the entire Bid Amount at the time of submission of the Bid cum Application Form by drawing a cheque or demand draft for the entire Bid Amount in favour of the Escrow Account of the Escrow Collection Bank(s) and submit the same to the member of the Syndicate to whom the Bid cum Application Form is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted.

2. In case the Issue Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Issue Price and the Anchor Investor Allocation Price shall be paid by the Anchor Investors by the Pay-in-Date. In the event the Issue Price is lower than the Anchor Investor Allocation, the Allotment to Anchor Investors shall be at the higher price i.e. the Anchor Investor Allocation Price, and this shall constitute the Anchor Investor Issue Price.

3. Our Company in consultation with the BRLMs and the CBRLM, in their absolute discretion, shall decide the list of Anchor Investors to whom the AI CAN shall be sent, pursuant to which the details of the Equity Shares allocated to them and the details of the amounts payable, if any for allotment of such Equity Shares in their respective names shall be notified to such Anchor Investors.

Payment by Stockinvest

Under the terms of the RBI Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Accordingly, payment through Stockinvest will not be accepted in this Issue.

OTHER INSTRUCTIONS

Joint Bids in case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all refund payments will be made in favour of the Bidder whose name appears first in the Bid cum Application Form/ASBA Form or Revision Form/ASBA Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. In this regard, all Bids will be checked for common PAN as per Depository records and all such bids will be treated as multiple bids and are liable to be rejected.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. Bids by QIBs under the Anchor Investor Portion and QIB Portion (excluding Anchor Investor Portion) will not be considered as multiple Bids.

After submitting a bid using an ASBA Form either in physical or electronic mode, where such ASBA Bid has been submitted to the SCSBs and uploaded with the Stock Exchanges, an ASBA Bidder cannot Bid, either in physical or electronic mode, whether on another ASBA Form, to either the same or another Designated Branch of the SCSB, or on a Bid cum Application Form. Submission of a second Bid in such manner will be deemed a multiple Bid and would be rejected either before entering the Bid into the electronic Bidding system or at any point of time prior to the allocation or Allotment of Equity Shares in the Issue. However, ASBA Bidders may revise their Bids through the Revision Form, the procedure for which is described in "Issue Procedure – Build Up of the Book and Revision of Bids".

More than one ASBA Bidder may Bid for Equity Shares using the same ASBA Account, provided that the SCSBs will not accept a total of more than five ASBA Forms with respect to any single ASBA Account.

Duplicate copies of ASBA Forms downloaded and printed from the website of the Stock Exchanges bearing the same application number are liable to be rejected.

The procedures which would be followed by the Registrar to the Issue to detect multiple Bids are provided below.

- All Bids will be checked for common PAN as per the records of Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN will be treated as multiple Bids and will be rejected.

- For Bids from Mutual Funds and FII sub-accounts, which were submitted under the same PAN, as well as Bids on behalf of the Central or State Government, an official liquidator or receiver appointed by a court and residents of Sikkim, for whom the submission of PAN is not mandatory, the Bids were scrutinised for DP ID and Beneficiary Account Numbers. In case such Bids bore the same DP ID and Beneficiary Account Numbers, these were treated as multiple Bids and were rejected.

Permanent Account Number or PAN

Except for Bids by or on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, the Bidders, or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. In accordance with the SEBI ICDR Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. The exemption to residents of Sikkim is subject to the Depository Participants verifying the veracity of the claim of the investors that they are residents of Sikkim by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Bids, the Registrar will check under the Depository records for the appropriate description under the PAN field and whether the PAN has been enabled.

Any Bid cum Application Form or ASBA Form without the PAN is liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.

Right to reject Bids by our Company

In case of QIBs, our Company in consultation with the BRLMs and the CBRLM may reject Bids provided that the reason for rejecting the Bid shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company will have a right to reject Bids based on technical grounds only.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on, *inter alia*, the following technical grounds:

1. Amount paid is less than the amount payable for the highest value of Equity Shares Bid for;
2. Age of Bidder not given;
3. Bid submitted without payment of the entire Bid Amount;
4. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply. However a limited liability partnership firm can apply in its own name.;
5. Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors and insane persons;
6. PAN not stated, or GIR number furnished instead of PAN;
7. Bids for lower number of Equity Shares than the minimum Bid specified for that category of investors;
8. Bids at a price less than the lower end of the Price Band;
9. Bids at a price more than the higher end of the Price Band;
10. Bids at Cut-off Price by Non-Institutional Bidders and QIBs;
11. Bids for a number of Equity Shares, which are not in multiples of 40;
12. Category not indicated;
13. Multiple Bids;
14. In the case of a Bid under power of attorney or by limited companies, corporates, trusts etc., relevant documents are not submitted;
15. Bids accompanied by money order/postal order/cash;

16. Signature of sole and/or joint Bidders missing;

17. Bid cum Application Form does not have the stamp of the BRLMs, the CBRLM or the Syndicate Members;

18. Bid cum Application Form does not have the Bidder's depository account details;

19. In case the Depository Participant identification number, client identification number of the demat account of the Bidder, and PAN mentioned in the Bid cum Application Form or the ASBA Form, as the case may be and entered into the electronic bidding system of the stock exchanges by the Syndicate Members do not match with the Depository Participant identification number, client identification number of the demat account of the Bidder, and PAN available in the Depository database;

20. Bid is not registered within the time prescribed and as per the instructions in the Bid cum Application Form;

21. In case no corresponding record is available with the Depositories that matches two parameters, namely, the Depository Participant's identity (DP ID) and the beneficiary account number;

22. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;

23. Bids by QIBs (except ASBA Bidders) not submitted through members of the Syndicate and/or their Affiliates;

24. Bids by OCBs;

25. Bids by U.S. residents excluding "Qualified Institutional Buyers" as defined in Rule 144A under the Securities Act or other than in reliance on Regulation S under the Securities Act;

26. Bids by persons who are not eligible to acquire Equity Shares under any applicable law, rule, regulation, guideline or approval, inside India or outside India;

27. Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;

28. Bids by any person outside India if not in compliance with applicable foreign and Indian Law;

29. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

30. Bids not uploaded on the terminals of the Stock Exchanges;

31. Bids or revision thereof by QIBs and Non – Institutional Bidders where the Bid amount is in excess of ₹ 200,000, uploaded after 4.00 p.m or any such time as prescribed by Stock Exchange on the Bid/Issue Closing Date;

32. Bids which do not comply with securities laws at their specific jurisdictions.

Equity Shares in Dematerialised form with NSDL or CDSL

As per the provisions of section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialised form (i.e., not in the form of physical certificates but fungible statements issued in electronic mode).

In this context, two tripartite agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

(a) an agreement dated December 08, 2010 among NSDL, our Company and the Registrar to the Issue; and

(b) an agreement dated December 08, 2010 among CDSL, our Company and the Registrar to the Issue.

Bidders will be allotted Equity Shares only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.

2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing on the Bid cum Application Form and Revision Form.

3. Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

4. Names in the Bid cum Application Form/ASBA Form, Bid Revision Form/ASBA Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.

5. If incomplete or incorrect details are given under the heading "Bidders Depository Account Details' in the Bid cum Application Form/ASBA Form or Bid Revision Form/ASBA Revision Form, it is liable to be rejected.

6. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form/ASBA Form or vis-à-vis those recorded with his or her Depository Participant.

7. Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

8. The trading of the Equity Shares would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

COMMUNICATIONS

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or first Bidder, Bid cum Application Form number or ASBA number, details of the beneficiary account, number of Equity Shares applied for, date of Bid cum Application Form/ASBA Form, name and address of the member of the Syndicate or SCSB where the Bid was submitted and cheque or draft number and issuing bank thereof.

PAYMENT OF REFUND

Bidders, other than ASBA Bidders, should note that on the basis of the Bidder's DP ID and beneficiary account number provided by them in the Bid cum Application Form/ASBA Form, the Registrar to the Issue will obtain from the Depository the Bidder's bank account details including a nine digit MICR code as appearing on a cheque leaf to make refunds. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in credit of refunds to Bidders, as the case may be, at the Bidder's sole risk and neither our Company, its Directors and officers, the Syndicate Members, the Escrow Collection Banks, the BRLMs, the CBRLM nor the Registrar to the Issue shall have any responsibility and undertake any liability for the same. On the Designated Date and no later than 12 Working Days from the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier, the Escrow Collection Bank shall despatch refund orders for all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also the excess amount paid on bidding, if any, after adjusting for allocation/Allotment to such Bidders.

Mode of making refunds

The payment of refund, if any, would be done through various modes, not necessarily in the following order of preference:

1. NECS – Payment of refund would be done through NECS for applicants having an account at any of the following 68 centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the centres where clearing houses are managed by the RBI, except where the applicant is eligible and opts to receive refund through direct credit or RTGS.

2. NEFT - Payment of refund may be undertaken through NEFT wherever the applicants' bank branch has been assigned the Indian Financial System Code, which can be linked to a MICR code, if any, available to that particular bank branch. IFSC will be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR code of the Bidder's bank. Wherever the applicants have registered the nine digit MICR code of the branch of the bank where they are having their account and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC of that particular bank branch and the payment of refund will be made to the applicants through this method. It is observed that the payment through this mode is successful, if the correct account number has been registered with the depository participant. It is also observed that a number of banks, particularly in the public sector, have assigned a new multi digit account number as a consequence to the implementation of centralised core banking solution in the branches.

3. Direct Credit—Applicants having their bank account with the Refund Banker shall be eligible to receive refunds, if any, through direct credit. Charges, if any, levied by the Refund Bank(s) for the same will be borne by our Company.

4. RTGS—Where the refund amount exceeds ₹ 0.2 million, the same shall be remitted through RTGS provided the bidder has registered the nine digit of their branch with their DP and that for the corresponding micr code an IFSC code is available as per RBI web site. Charges, if any, levied by the applicant's bank receiving the credit will be borne by the applicant.

5. For all the other applicants, including applicants who have not updated their bank particulars along with the nine-digit MICR Code, the refund orders will be dispatched through registered port or speed post. Refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Banker(s) which shall be payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Mode of making refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar shall instruct the SCSBs to unblock the funds in the relevant ASBA Accounts to the extent of the Bid Amount specified in the ASBA Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days from the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier.

Interest in case of delay in despatch of Allotment Letters or Refund Orders/ instruction to the SCSBs by the Registrar

Our Company agrees that (i) Allotment of Equity Shares; and (ii) credit to the successful Bidders' depositary accounts will be completed within 12 Working Days from the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier. Our Company further agrees that it shall pay interest at the rate of 15% p.a. if the Allotment letters or refund orders have not been despatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within 12 Working Days from the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

DISPOSAL OF APPLICATIONS AND APPLICATIONS MONEY AND INTEREST IN CASE OF DELAY

Our Company shall ensure dispatch of Allotment advice, transfer advice or refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within 12 Working Days from the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier. Our Company shall dispatch all refunds by registered post or speed post at the sole or first Bidder's sole risk, except for refunds through the NECS facility or RTGS or Direct Credit.

The Company shall ensure that Equity Shares are allotted and/or refund orders, dispatched within 12 Working Days from the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI ICDR Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, within 12 Working Days from the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier;

- With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 Working Days from the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier. With respect to the ASBA Bidders' instructions for unblocking of the ASBA Bidder's bank account shall be within 12 Working Days from the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier; and

- Our Company shall pay interest at 15% p.a. if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within 12 Working Days from the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier. If such money is not repaid within eight days from the day the Company becomes liable to repay, the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under sub section (2) and (2A) of Section 73 of the Companies Act.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Save and except for refunds effected through the electronic mode, i.e., NECS, NEFT, direct credit or RTGS, refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by us, as a Refund Banker which shall be payable at par at places where Bids are received. Bank charges, if any, for encashing such

cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

The Company shall ensure that Equity Shares are allotted and/or refund orders, dispatched within 12 Working Days from the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence within 12 Working Days of expiration of the Bid/Issue Closing Period.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years".

ALLOTMENT

Basis of Allotment

A. For Retail Individual Bidders

- Bids received from Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all successful Retail Individual Bidders will be made at the Issue Price.
- The Issue Size less Allotment to Non-Institutional Bidders and QIBs shall be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the valid Bids in this portion are less than or equal to 18,025,000 Equity Shares at or above the Issue Price, full Allotment shall be made to Retail Individual Bidders to the extent of their valid Bids.
- If the valid Bids in this portion are greater than 18,025,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis of not less than 40 Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate Basis of Allotment, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue Size less allocation to QIBs and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the valid Bids in this portion are less than or equal to 7,725,000 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their valid Bids.

- If the valid Bids in this portion are greater than 7,725,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis of not less than 40 Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate Basis of Allotment, refer below.

C. For QIBs in the Net QIB Portion

- Bids received from QIBs at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to QIBs will be made at the Issue Price.

- The QIB Portion shall be available for allocation to QIBs who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

- Allotment shall be undertaken in the following manner:

(a) After allocation to Anchor Investors, in the first instance allocation to Mutual Funds for up to 5% of the Net QIB Portion shall be determined as follows:

(i) If Bids from Mutual Funds exceed 5% of the Net QIB Portion, allocation to Mutual Funds shall be made on a proportionate basis of not less than 40 Equity Shares and in multiples of one Equity Share thereafter up to 5% of the Net QIB Portion.

(ii) If the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price.

(iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to QIBs as set out in (b) below.

(b) In the second instance allocation to all QIBs bidding in the Net QIB Portion shall be determined as follows:

(i) In the event of an oversubscription in the Net QIB Portion, all QIBs who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis of not less than 40 Equity Shares and in multiples of one Equity Share thereafter for up to 95% of the Net QIB Portion.

(ii) Mutual Funds who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis of not less than 40 Equity Shares and in multiples of one Equity Share thereafter along with other QIBs.

(iii) Under-subscription below 5% of the Mutual Fund Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIBs on a proportionate basis.

The BRLMs, the CBRLM, the Registrar to the Issue and the Designated Stock Exchange shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the SEBI ICDR Regulations. The drawing of lots (where required) to finalise the Basis of Allotment shall be done in the presence of a public representative on the Governing Board of the Designated Stock Exchange.

Procedure and Time of Schedule for Allotment and demat Credit of Equity Shares

The Issue was conducted through a "Book Building Process" pursuant to which the members of the Syndicate accepted Bids for the Equity Shares during the Issue Period. The Issue Period commenced on April 18, 2011 and expired on April 21, 2011. Following the expiration of the Issue Period, our Company in consultation with the BRLMs and the CBRLM has determined the Issue Price. Our Company in consultation with the BRLMs and the CBRLM will determine the Basis of Allotment based on the Bids received and subject to confirmation by the Designated Stock Exchange. The Equity Shares will then be credited to the investors' demat accounts maintained with the relevant Depository Participant. The Company shall ensure that Equity Shares are allotted and/or refund orders, dispatched within 12 Working Days from the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence within 12 Working Days of expiration of the Bid/Issue Closing Period.

Method of proportionate Basis of Allotment

In the event the Issue is oversubscribed, the Allotment shall be as per the Basis of Allotment approved by the Designated Stock Exchange. The executive director or managing director (or any senior official nominated by them) of the Designated Stock Exchange along with the BRLMs, the CBRLM and the Registrar to the Issue shall be responsible for ensuring that the Basis Of Allotment is finalised in a fair and proper manner. Allotment to Bidders shall be made in marketable lots on a proportionate basis as explained below:

(a) Bidders will be categorised according to the number of Equity Shares applied for by them.

(b) The total number of Equity Shares to be Allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the oversubscription ratio.

(c) The number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is the total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the oversubscription ratio.

(d) If the proportionate Allotment to a Bidder is a number that is more than 40 but is not a multiple of one (which is the market lot), the decimal will be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it will be rounded off to the lower whole number. Allotment to all Bidders in such categories shall be arrived at after such rounding off.

(e) In all Bids where the proportionate Allotment is less than 40 Equity Shares per Bidder, the Allotment shall be made as follows:

- Each successful Bidder shall be Allotted a minimum of 40 Equity Shares; and
- The successful Bidders out of the total Bidders for a portion shall be determined by the drawing of lots in a manner such that the total number of Equity Shares Allotted in that category is as far as possible equal to the number of Equity Shares calculated in accordance with (c) above; and

(f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that portion, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance of Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for the minimum number of Equity Shares.

Undertakings by our Company

Our Company undertakes as follows:

- that complaints received in respect of this Issue shall be dealt with expeditiously and satisfactorily. Our Company has authorised our Company Secretary as the Compliance Officer to redress all complaints, if any, of the investors participating in this Issue;
- that it shall be ensured that dispatch of share certificates/refund orders and demat credit is completed and the allotment and listing documents shall be submitted to the Stock Exchanges within two Business Days of the date of Allotment;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed within 12 Working Days of the Bid/Issue Closing Date;
- that our Company shall apply in advance for the listing of Equity Shares;
- that the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company;

- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 Working Days from the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

- that the promoter's contribution in full, wherever required, shall be brought in advance before the Issue opens for the public subscription;

- that the refund orders or Allotment advice to the Non-Resident Bidders shall be dispatched within the specified time;

- no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus and the Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.;

- that adequate arrangements shall be made to collect all ASBA Forms and all ASBA shall be considered similar to other applications while finalising the Basis of Allotment; and

- that our Company shall pay interest at 15% p.a. if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within 12 Working Days from the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier. If such money is not repaid within eight days from the day the Company becomes liable to repay, the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under sub section (2) and (2A) of Section 73 of the Companies Act.

The Board of Directors certifies that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in Section 73(3) of the Companies Act;

- details of all monies utilised out of the Issue shall be disclosed under an appropriate heading in the balance sheet of our Company indicating the purpose for which such monies have been utilised;

- details of all unutilised monies out of the Issue, if any, shall be disclosed under the appropriate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested; and

- our Company shall not have recourse to the proceeds of the Issue until the final listing and trading approvals from the Stock Exchanges have been obtained.

ISSUE PROCEDURE FOR ASBA BIDDERS

SEBI has recently introduced a new mode of payment in public issues i.e., application supported by blocked amount wherein the application money remains in the ASBA Account until allotment in the public issue. Mode of payment through ASBA became effective on September 1, 2008. Further on April 06, 2010, SEBI further amended the procedure through ASBA applicable to all issues which shall open after May 01, 2010. Since this is a new mode of payment, set forth below is the procedure for bidding under the ASBA procedure, for the benefit of the Bidders.

This section is only to facilitate better understanding of aspects of the procedure for bidding which is specific to ASBA Bidders. ASBA Bidders should nonetheless read this document in entirety

Our Company, its Directors and officers, the BRLMs and the CBRLM are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Form is correctly filled up, as described in this section.

The list of banks who have been notified by SEBI to act as SCSBs for the ASBA are provided at http://www.sebi.gov.in/pmd/scsb.pdf. For details on designated branches of SCSB collecting the ASBA Form, please refer the above mentioned SEBI link.

ASBA Process

A Bidder can submit his bid through as ASBA Form either in physical or electronic mode to the SCSB with whom the bank account of the ASBA Bidder or bank account utilised by the ASBA Bidder is maintained. The SCSB shall block an amount equal to the Bid Amount in the ASBA Account specified in the ASBA Form, physical or electronic, on the basis of an authorisation to this effect given by the account holder at the time of submitting the ASBA Bid. The ASBA Bid data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchanges. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the allocated Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid, as the case may be. Once the Basis of Allotment is finalised, the Registrar to the Issue shall send an appropriate request to the Controlling Branch for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful ASBA Bidders to the Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

Who can Bid?

In accordance with the SEBI ICDR Regulations, any Bidder can submit its application through ASBA process to Bid for the Equity Shares of the Company.

ASBA Form

An ASBA Bidder shall use the ASBA Form obtained from the Designated Branches for the purpose of making an ASBA Bid in terms of the Red Herring Prospectus. ASBA Bidders are required to submit their bids under the Issue, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA Form at the Designated Branch. In case of application in electronic form, the ASBA Bidder shall submit the ASBA Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Bids. For further information on how to complete ASBA Forms, see the section titled "Issue Procedure- Instructions for Completing the ASBA Form" on page 371.

- After determination of the Issue Price, the number of Equity Shares Bid for by the ASBA Bidders will be considered for allocation along with the other Bidders who have Bid for the Equity Shares at or above the Issue Price or at the Cut-off Price.

- In the ASBA Form, the ASBA Bidder shall, *inter alia*, give the following confirmations/declarations:

  (i) That he/she is an ASBA Bidder as per the SEBI ICDR Regulations;

  (ii) That he/she has authorised the SCSBs to do all acts as are necessary to make an application in the Issue, upload his/her Bid, block or unblock the funds in the ASBA Account and transfer the funds from the ASBA Account to the Public Issue Account after finalisation of the Basis of Allotment entitling the ASBA Bidder to receive Equity Shares in the Issue etc.; and

  (iii) That he/she has authorised the Registrar to the Issue to issue instructions to the SCSBs to unblock the funds in the ASBA Account upon finalisation of the Basis of Allotment and to transfer the requisite money to the Public Issue Account.

- An ASBA Bidder cannot bid under the Issue, either in physical or electronic mode, on another ASBA Form or Bid cum Application Form after bidding on one ASBA Form either in physical or electronic mode. Submission of a second ASBA Form to either the same or another Designated Branch or a Bid cum Application to the Syndicate will be treated as multiple Bid and will be liable to be rejected at any point of time prior to the Allotment of Equity Shares in the Issue.

- Upon completing and submitting the ASBA Form to the Designated Branch, the ASBA Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus

as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

Maximum and Minimum Bid Size for ASBA Bidders

The ASBA Bid must be for a minimum of 40 Equity Shares and in multiples of 40 Equity Shares thereafter. The ASBA Bid in case of Retail Individual Investors cannot exceed ₹ 200,000.

Information for the ASBA Bidders:

1. Our Company has filed the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.

2. Our Company in consultation with the BRLMs and the CBRLM, has declared the Bid/Issue Opening Date, the Bid/Issue Closing Date in the Red Herring Prospectus filed with the RoC and also published the same in two circulated national newspapers (one each in English and Hindi) and one Malayalam newspaper, each with wide circulation in the place where our Registered Office is situated. The Price Band and the Minimum Bid Size has been decided by our Company in consultation with the BRLMs and the CBRLM and advertised by our Company at least two Working Days prior to the Bid/Issue Opening Date. This advertisement, subject to the provisions of section 66 of the Companies Act, contains the disclosure requirements as specified under Schedule XIII of the SEBI ICDR Regulations. The SCSBs shall accept ASBA Bids from the ASBA Bidders during the Issue Period.

3. ASBA Bidders who would like to obtain the Red Herring Prospectus and/or the ASBA Form can obtain the same from the Designated Branches. ASBA Bidders can also obtain a copy of the Red Herring Prospectus and/or the ASBA Form in electronic form on the websites of the SCSBs.

4. The ASBA Bids should be submitted to the SCSBs on the prescribed ASBA Form if applied in physical mode. SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account. For further information on how to complete ASBA Forms, see the section titled "Issue Procedure -Instructions for Completing the ASBA Form" on page 371.

5. In accordance with the SEBI ICDR Regulations, our Company in consultation with the BRLMs and the CBRLM, reserves the right to revise the Price Band during the Issue Period. In case of revision, the cap on the Price Band will not be more than 120% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.

6. Our Company in consultation with the BRLMs and the CBRLM, has finalised the Issue Price within the Price Band, without the prior approval of, or intimation to, the ASBA Bidders.

7. The Issue Period shall be for a minimum of three Business Days and shall not exceed 10 Business Days. In case the Price Band is revised, the revised Price Band and Issue Period will be published in two national newspapers (one each in English and Hindi) and one Malayalam newspaper, each with wide circulation and also by indicating the change on the website of the BRLMs and the CBRLM, and at the terminals of the members of the Syndicate. The Issue Period shall be extended by an additional three Business Days, subject to the total Issue Period not exceeding 10 Business Days.

Mode of Payment

Upon submission of an ASBA Form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorised the Designated Branch to block the Bid Amount in the ASBA Account.

ASBA Form should not be accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account.

SCSBs shall block the Bid Amount in the ASBA Account. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment or withdrawal/failure of the Issue or withdrawal/failure of

the ASBA Bid, as the case may be. In the event the ASBA Account does not have a sufficient credit balance for the Bid Amount, the ASBA Bid shall be rejected by the SCSB and no funds shall be blocked in the that ASBA Account.

On the Designated Date, the SCSBs shall unblock and transfer the Bid Amount from the ASBA Account for successful Bids into the Public Issue Account and the balance amount, if any, shall be unblocked.

Electronic Registration of Bids

Upon receipt of the ASBA Form, the Designated Branch shall register and upload the Bid. **The BRLMs, the CBRLM, our Company and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Bids accepted by SCSBs, Bids uploaded by SCSBs, Bids accepted but not uploaded by SCSBs or Bids accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.**

At the time of registering each Bid, the Designated Branches shall enter the information pertaining to the investor into the online system, including the following details:

- Application number;
- Permanent account number;
- Number of Equity Shares Bid for all the options;
- Bid price for various options;
- Depository participant identification No.; and
- Client identification number of the Bidder's beneficiary account.

In case of electronic ASBA Form, the ASBA Bidder shall himself fill in all the above mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the abovementioned details in the electronic bidding system provided by the Stock Exchanges.

A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. **It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branches.** The registration of the Bid by the Designated Branch does not guarantee that the Equity Shares Bid for shall be Allocated to the ASBA Bidders. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

The Stock Exchanges offer a screen-based facility for registering Bids for the Issue which will be available on the terminals of Designated Branches during the Issue Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Designated Branches shall upload the Bids till such time as may be permitted by the Stock Exchanges.

Build up of the book and revision of Bids

1. Bids registered through the Designated Branches of the SCSBs shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis.

2. The book gets built up at various price levels.

3. During the Issue Period, any ASBA Bidder who has registered his/ her or its interest in the Equity Shares at a particular price level is free to revise his/ her or its Bid within the Price Band using the printed ASBA Revision Form, which is a part of the ASBA Form. Revisions can be made in both the desired number of Equity Shares and the Bid Amount (including the price per Equity Share) by using the ASBA Revision Form. Apart from mentioning the revised options in the revision form, the ASBA Bidder must also mention the details of all the options in his/ her or its ASBA Form or earlier ASBA Revision Form. For example, if an ASBA Bidder has Bid for three options in the ASBA Form and he is changing only one of the options in the ASBA Revision Form, he is required to fill in the details of the remaining two options that are not being revised, in the ASBA Revision Form. The SCSB will not accept incomplete or inaccurate Revision Forms.

4. The ASBA Bidder can make this revision any number of times during the Issue Period. However, for any revision(s) in the Bid, the ASBA Bidders will have to use the services of the same Designated Branch of the SCSB with whom he/she or it holds the bank account. ASBA Bidders are advised to retain copies of the ASBA Revision Form and the revised Bid must be made only in such ASBA Revision Form or copies thereof.

5. Any revision of the Bid shall be accompanied by an instruction to block the incremental amount on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be unblocked by the SCSB.

6. When an ASBA Bidder revises his/her or its Bid, he/she or it shall surrender the earlier TRS and get a revised TRS from the SCSBs. **It is the responsibility of the ASBA Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

7. The SCSBs shall provide aggregate information about the numbers of ASBA Forms uploaded, total number of Equity Shares and total amount blocked against the uploaded ASBA Bid cum Application Form and other information pertaining to the ASBA Bidders. The Registrar to the Issue shall reconcile the electronic data received from the Stock Exchanges and the information received from the SCSBs. In the event of any error or discrepancy, the Registrar to the Issue shall inform the SCSB of the same. The SCSB shall be responsible to provide the rectified data within the time stipulated by the Registrar to the Issue. Further the decision of the Registrar to the Issue in consultation with the BRLMs, the CBRLM, our Company and the Designated Stock Exchange, in this regard shall be final and binding.

8. Only Bids that are uploaded on the online IPO system of the BSE and NSE shall be considered for allocation/ Allotment.

Unblocking of ASBA Account

Once the Basis of Allotment is finalised, the Registrar to the Issue shall send an appropriate request to the Controlling Branches for unblocking the ASBA Accounts and for the transfer of requisite amount to the Public Issue Account. On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch regarding finalisation of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or withdrawal or rejection of the ASBA Bid, as the case may be.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the Registrar to the Issue has aggregated the demand generated under the ASBA along with the demand generated by other Bidders to determine the demand generated.

2. Our Company in consultation with the BRLMs and the CBRLM has finalised the Issue Price.

3. Our Company in consultation with the BRLMs and the CBRLM, reserve the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Allotment, without assigning any reason thereof.

Interest in Case of Delay in Dispatch of Allotment Letters/ Refund Orders or Instructions to SCSBs

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI ICDR Regulations, our Company undertakes that:

- Allotment shall be made only in dematerialised form within 12 Working Days from the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier;
- Dispatch of refund orders, except for Bidders who can receive refunds through Direct Credit, NEFT, RTGS or NECS, shall be done within 12 Working Days from the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier;
- Instructions to SCSBs to unblock the funds in the relevant ASBA Account for withdrawn rejected or unsuccessful Bids shall be made within 12 Working Days from the Bid/Issue Closing Date or 15 days from

Bid/Issue Closing Date, whichever is earlier.

- It shall pay interest at 15% per annum. if the allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT, RTGS or NECS, the refund instructions have not been given to the clearing system in the disclosed manner within 12 Working Days from the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier or if instructions to SCSBs to unblock funds in the ASBA Accounts are not given within 12 Working Days from the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier.

The SCSBs will unblock funds in the ASBA Accounts to the extent of the refund to be made based on instructions received from the Registrar to the Issue.

Our Company shall not have recourse to the Issue proceeds until the approvals for trading of the Equity Shares has been received from the Stock Exchanges.

Filing of the Red Herring Prospectus and the Prospectus with the RoC

We have filed a copy of the Red Herring Prospectus with the RoC and will file the Prospectus with the RoC in terms of sections 56, 60 and 60B of the Companies Act.

Announcement of pre-Issue Advertisement

Subject to section 66 of the Companies Act, our Company has, after registering the Red Herring Prospectus with the RoC, published an advertisement, in the form prescribed by the SEBI ICDR Regulations, in two national newspapers (one each in English and Hindi) and one Malayalam newspaper, each with wide circulation.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by our Company after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the date of the Red Herring Prospectus and the Prospectus shall be included in such statutory advertisement.

Issuance of CAN

(a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send the Controlling Branches, a list of the ASBA Bidders who have been allocated Equity Shares in the Issue, along with:

- The number of Equity Shares to be allotted against each successful ASBA;
- The amount to be transferred from the ASBA Account to the Public Issue Account, for each successful ASBA;
- The date by which the funds referred to in sub-para (ii) above, shall be transferred to the Public Issue Account; and
- The details of rejected ASBAs, if any, along with reasons for rejection and details of withdrawn/ unsuccessful ASBAs, if any, to enable SCSBs to unblock the respective ASBA Accounts.

Investors should note that our Company shall ensure that the instructions by our Company for demat credit of the Equity Shares to all investors in this Issue shall be given on the same date; and

(b) The ASBA Bidders shall directly receive the CANs from the Registrar. The dispatch of a CAN to an ASBA Bidder shall be deemed a valid, binding and irrevocable contract with the ASBA Bidder.

Allotment of Equity Shares

- Our Company will ensure that the Allotment of Equity Shares is done within 12 Working Days from the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier. After the funds are transferred from the ASBA Accounts to the Public Issue Account on the Designated Date, to the extent

applicable, our Company would ensure the credit of the Allotted Equity Shares to the depository accounts of all successful ASBA Bidders' within two Business Days from the date of Allotment.

- As per the SEBI ICDR Regulations, Equity Shares will be issued, transferred and allotted only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares so Allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

GENERAL INSTRUCTIONS

DO's:

1. Check if you are eligible to Bid under ASBA.

2. Ensure that you use the ASBA Form specified for the purposes of ASBA.

3. Read all the instructions carefully and complete the ASBA Form.

4. Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.

5. Ensure that the ASBA Form is submitted at a Designated Branch, with a branch of which the ASBA Bidder or a person whose bank account will be utilised by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to our Company or the Registrar to the Issue or the BRLMs or the CBRLM.

6. Ensure that the ASBA Form is signed by the account holder in case the applicant is not the account holder.

7. Ensure that you have mentioned the correct ASBA Account number in the ASBA Form.

8. Ensure that you have funds equal to the number of Equity Shares Bid for at the Cap Price available in your ASBA Account before submitting the ASBA Form to the respective Designated Branch.

9. Ensure that you have correctly checked the authorisation box in the ASBA Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA Form in your ASBA Account maintained with a branch of the concerned SCSB.

10. Ensure that you receive an acknowledgement from the Designated Branch for the submission of your ASBA Form.

11. Ensure that you have mentioned your PAN.

12. Ensure that the name(s) given in the ASBA Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA Form.

13. Ensure that the Demographic Details are updated, true and correct, in all respects.

DON'Ts:

1. Do not bid for lower than the minimum Bid size.

2. Do not Bid on another ASBA Form or on a Bid cum Application Form after you have submitted a Bid to a Designated Branch.

3. Payment of Bid Amounts in any mode other than blocked amounts in the ASBA Accounts, shall not be accepted under the ASBA.

4. Do not send your physical ASBA Form by post; instead submit the same to a Designated Branch.

5. Do not submit the GIR number instead of the PAN Number.

6. Do not submit more than five applications against one bank account.

INSTRUCTIONS FOR COMPLETING THE ASBA FORM

1. Bids through ASBA must be made only in the prescribed ASBA Form (if submitted in physical mode) or electronic mode.

2. The ASBA Bid may be made in single name or in joint names (not more than three, and in the same order as their Depository Participant details).

3. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein and in the ASBA Form.

4. The Bids must be for a minimum of 40 Equity Shares and in multiples of 40 Equity Shares thereafter.

5. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

6. ASBA Bidders should correctly mention the ASBA Account number in the ASBA Form and ensure that funds equal to the Bid Amount are available in the ASBA Account before submitting the ASBA Form to the respective Designated Branch.

7. If the ASBA Account holder is different from the ASBA Bidder, the ASBA Form should be signed by the account holder as provided in the ASBA Form.

8. ASBA Bidders should correctly mention their DP ID and Client ID in the ASBA Form. For the purpose of evaluating the validity of Bids, the Demographic Details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA Form.

ASBA Bidder's Depository Account and Bank Details

ALL ASBA BIDDERS SHALL RECEIVE THE EQUITY SHARES ALLOTTED TO THEM IN DEMATERIALISED FORM. ALL ASBA BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER AND PAN DETAILS IN THE ASBA FORM. ASBA BIDDERS MUST ENSURE THAT THE NAME GIVEN IN THE ASBA FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE ASBA FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE ASBA FORM.

ASBA Bidders should note that on the basis of Depository Participant's identification number and beneficiary account number, the Registrar to the Issue will obtain from the Depository, Demographic Details of the ASBA Bidders including address. Hence, ASBA Bidders should carefully fill in their Depository Account details in the ASBA Form.

As these Demographic Details would be used for all correspondence with the ASBA Bidders they are advised to update their Demographic Details as provided to their Depository Participants.

By signing the ASBA Form, the ASBA Bidder is deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

CAN/allocation advice would be mailed at the address of the ASBA Bidder as per the Demographic Details received from the Depositories. ASBA Bidders may note that delivery of CAN/allocation advice may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Note that

any such delay shall be at the sole risk of the ASBA Bidders and neither of the Designated Branches, the members of the Syndicate, our Company, or the Registrar to the Issue shall be liable to compensate the ASBA Bidder for any losses caused to the ASBA Bidder due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the ASBA Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such Bids are liable to be rejected.

ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.

ASBA Bids under Power of Attorney

In case of an ASBA Bid pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA Form. Failing this, our Company in consultation with the BRLMs and the CBRLM, reserves the right to reject such Bids. Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the ASBA Form, subject to such terms and conditions that we, in consultation with the BRLMs and the CBRLM may deem fit.

OTHER INSTRUCTIONS

Withdrawal of ASBA Bids

ASBA Bidders are entitled to revise their Bids. They can withdraw their Bids during the Issue Period by submitting a request for the same to the SCSBs who shall do the requisite, including deletion of details of the withdrawn ASBA Form from the electronic bidding system of the Stock Exchanges and unblocking of the funds in the ASBA Account.

In case the ASBA Bidder, other than a QIB biddng through an ASBA Form, wishes to withdraw the Bid after the Bid/Issue Closing Date, the same can be done by submitting a withdrawal request by the ASBA Bidder to the Registrar to the Issue. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file and give instruction to the SCSB for unblocking the ASBA Account after finalisation of the Basis of Allotment.

Joint ASBA Bids

ASBA Bids may be made in single or joint names (not more than three). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his address.

Multiple ASBA Bids

An ASBA Bidder should submit only one Bid. Two or more Bids either through ASBA process or regular bid-cum-application form will be deemed to be Multiple Bids if the sole or first Bidder is the same. Criteria for determining multiple application will be PAN as per depository records. However, not more than five Bid cum Application Form can be made from an ASBA Account.

Permanent Account Number

The ASBA Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. **Applications without this information will be considered incomplete and are liable to be rejected by the SCSBs**. It is to be specifically noted that ASBA Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.

RIGHT TO REJECT ASBA BIDS

The Designated Branches shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the ASBA Account, the respective Designated Branch ascertains that sufficient funds are not available in the ASBA Account.

Further, in case any DP ID, Client ID or PAN mentioned in the ASBA Form does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue.

Grounds for Technical Rejections under the ASBA Process

ASBA Bidders are advised to note that Bids under the ASBA Process are liable to be rejected on, *inter alia*, the following technical grounds:

1. Application on plain paper;

2. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;

3. Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors and insane persons, (except where the guardian applies on behalf of a minor);

4. Amount mentioned in the ASBA Form does not tally with the amount payable for the value of Equity Shares Bid for;

5. PAN not stated, or GIR number furnished instead of PAN;

6. Bids for number of Equity Shares, which are not in multiples of 40;

7. Authorisation for blocking funds in the ASBA Account not ticked or provided;

8. Multiple Bids as described in the Red Herring Prospectus;

9. In case of Bid under power of attorney, relevant documents are not submitted;

10. Signature of sole and/or joint Bidders missing in case of ASBA Forms submitted in physical mode;

11. ASBA Form does not have the Bidder's depository account details;

12. ASBA Form is not delivered, either in physical or electronic form, by the Bidder within the time prescribed and as per the instructions provided in the ASBA Form and the Red Herring Prospectus;

13. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA Form at the time of blocking such Bid Amount in the ASBA Account;

14. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number; and

COMMUNICATIONS

All future communication in connection with ASBA Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First ASBA Bidder, ASBA Form number, details of Depository Participant, number of Equity Shares applied for, date of ASBA Form, name and address of the Designated Branch where the ASBA Bid was submitted and bank account number of the ASBA Account, with a copy to the relevant SCSB. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or wilful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held.

ASBA Bidders can contact the Compliance Officer, the Designated Branch where the ASBA Form was submitted, or the Registrar to the Issue in case of any pre or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

Disposal of Investor Grievances

All grievances relating to the ASBA may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked on application, bank account number of the ASBA Account number and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY IN INSTRUCTIONS TO SCSBs BY THE REGISTRAR TO THE ISSUE

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI ICDR Regulations, we undertake that:

- Allotment and transfer shall be made only in dematerialised form within 12 Working Days from the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier;

- Instructions for unblocking of the ASBA Bidder's Bank Account shall be made; and

- Our Company shall pay interest at 15% p.a. beyond the period mentioned above, if Allotment is not made and/or demat credits are not made to investors within 12 Working Days from the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier or if instructions to SCSBs to unblock ASBA Accounts are not issued within 12 Working Days from the Bid/Issue Closing Date or 15 days from Bid/Issue Closing Date, whichever is earlier.

Undertaking by our Company

With respect to the ASBA Bidders, our Company undertakes that adequate arrangements shall be made to collect all ASBA Forms and ASBA Bidders shall be considered similar to other Bidders while finalising the Basis of Allotment.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GoI and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Foreign investment is allowed up to 100% under automatic route in our Company.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

Transfers of equity shares previously required the prior approval of the FIPB. However, vide a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "**Securities Act**") or any state securities laws in 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. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in transactions exempt from the registration requirements of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

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

The above information is given for the benefit of the Bidders. Our Company, the BRLMs and the CBRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION XI: MAIN PROVISIONS OF OUR ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares/debentures and/or on their consolidation/splitting, as applicable on and from the date of the Prospectus subsequent to the determination of the Issue Price, are detailed below.

Subject as hereinafter provided, the Regulations contained in Table "A" in the First Schedule to the Companies Act, 1956 shall apply to this Company. All references herein contained to any specified Regulations of Table "A", shall be inclusive of the first and the last Regulations referred to and in case of any conflict between the provisions herein contained and the incorporated Regulation of Table "A", the provisions herein contained shall prevail.

1. In these present regulations, the following words and expressions shall have the following meanings, unless excluded by the subject or context;

   (a) "**Annual General Meeting**" means the annual general meeting of the Company convened and conducted in accordance with the Act.

   (b) "**Articles of Association**" or "**Articles**" means these Articles of Association of the Company as originally framed or as altered from time to time by Special Resolution.

   (c) "**Auditors**" means and includes those persons appointed as such for the time being by the Company.

   (d) "**Beneficial Owner**" means a person whose name is recorded as such with a depository.

   (e) "**Board**" or "**Board of Directors**" means the Directors of the Company collectively referred to in the Act.

   (f) "**Bye-Laws**" means Bye-laws made by a Depository under Section 26 of the Depositories Act, 1996.

   (g) "**Capital**" means the share capital, for the time being raised or authorised to be raised for the purposes of the Company.

   (h) The term "**Control**" in relation to an entity, shall mean the legal or beneficial ownership directly or indirectly of more than 50% of the voting securities of such entity or controlling the majority of the composition of the Board of Directors or power to direct the management or policies of such entity by contract or otherwise. The term "controlling" and "controlled" shall be construed accordingly.

   (i) "**Corporation**" includes a company, whether incorporated in India or abroad or any other form of organization established/incorporated as a separate legal entity under any charter of Government, whether State or Centre or with a combination of both.

   (j) "**Debenture holders**" means the duly registered holders from time to time of the debentures of the Company and shall include in case of debentures held by a Depository, the beneficial owners whose names are recorded as such with the Depository.

   (k) "**Debenture**" includes debenture-stock, bonds and other securities of the Company, whether constituting a charge on the assets of the Company or not.

   (l) "**Depositories Act**" means the Depositories Act, 1996, including any statutory modifications or re-enactment for the time being in force.

   (m) "**Depository**" means a Company formed and registered under the Act and which has been granted a Certificate of Registration as a Depository under the Securities and Exchange Board of India Act, 1992.

(n) "**Directors**" means the Directors, for the time being of the Company and includes Alternate Directors.

(o) "**Dividend**" includes interim dividend unless otherwise stated.

(p) "**Executor**" or "**Administrator**" means a person who has obtained probate or Letters of Administration, as the case may be, from some competent Court having effect in India and shall include the executor or Administrator or the holder of a certificate, appointed or granted by such competent court and authorised to negotiate or transfer the shares of the deceased member.

(q) "**Extraordinary General Meeting**" means an extraordinary general meeting of the Company convened and conducted in accordance with the Act.

(r) "**Financial Year**" shall have the meaning assigned thereto by Section 2 (17) of the Companies Act, 1956.

(s) "**Managing Director**" shall have the meaning assigned thereto in the Act.

(t) "**Member**" means the duly registered holder, from time to time, of the shares of the Company and includes the subscribers to the Memorandum of Association and in case of shares held by a Depository, the Beneficial Owners whose names are recorded as such with the Depository.

(u) "**Month**" means the English Calendar month.

(v) "**Office**" means the Registered Office, for the time being of the Company.

(w) "**Officer**" shall have the meaning assigned thereto by the Act.

(x) "**Ordinary Resolution**" shall have the meaning assigned thereto by the Act.

(y) "**Paid up**" includes "**credited as paid up**".

(z) "**Participant**" means a person registered as such under Section 12 (1A) of the Securities and Exchange Board of India Act, 1992.

(aa) "**Person**" shall include any Association, Corporation, Company as well as individuals.

(bb) "**Proxy**" includes Attorney duly constituted under a Power Attorney.

(cc) "**Record**" includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the Regulations issued by the Securities and Exchange Board of India in relation to the Depositories Act, 1996.

(dd) "**Register**" means the Register of Members to be kept pursuant to the said Act.

(ee) "**Registered Owner**" means a depository whose name is entered as such in the records of the Company.

(ff) "**Registrar**" means the Registrar of Companies, Kerala and Lakshadweep at Ernakulam.

(gg) "**Seal**" means Common seal, for the time being of the Company.

(hh) "**SEBI**" means the Securities and Exchange Board of India.

(ii) "**Secretary**" means a Company Secretary within the meaning of clause (c) of sub-Section (1) of Section 2 of the Company Secretaries Act, 1980 and includes a person or persons appointed by the board to perform any of the duties of a Secretary subject to the provisions of the Act.

(jj) "**Section**" means Section of the Companies Act, 1956.

(kk) "**Security**" means such security as may be specified by the Securities and Exchange Board of India from time to time.

(ll) "**Share Warrant**" means share warrant issued pursuant to Section 114 of the Act.

(mm) "**Shares**" means the Equity shares of the Company unless otherwise mentioned.

(nn) "**Special Resolution**" shall have the meaning assigned thereto by Section 189 of the Companies, Act 1956.

(oo) "**Subordinated Debt Instruments**" or "**Subordinated Debts**" means an instrument, which is fully paid up, is unsecured, is subordinated to the claims of other creditors, is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority of the Company.

(pp) "**The Act**" means the Companies Act, 1956 and subsequent amendments thereto or any statutory modification or re-enactment thereof, for the time being in force.

(qq) "**The Company**" or "**This Company**" means Muthoot Finance Limited.

(rr) "**these Presents**" or "**Regulations**" means these Articles of Association as originally framed or altered from time to time and include the Memorandum where the context so requires.

(ss) "**Transfer**" means (in either the noun or the verb form and including all conjugations thereof with their correlative meanings) with respect to the Shares, the sale, assignment, transfer or other disposition (whether for or without consideration, whether directly or indirectly) of any Shares or of any interest therein or the creation of any third party interest in or over the Shares, but excluding any renunciation of any right to subscribe for any shares offered pursuant to a rights issue to existing shareholders in proportion to their existing shareholding in the Company.

(tt) "**Writing**" and "**Written**" means and includes words, hand written, printed, typewritten, lithographed, represented or reproduced in any mode in a visible form.

(uu) Words and expressions used and not defined in the Act but defined in the Depositories Act, 1996 shall have the same meaning respectively assigned to them in that Act.

(vv) Words imparting persons include Corporations.

(ww) Words imparting the singular number include the plural and vice versa.

CAPITAL

(1) *Authorised Share capital*

The authorised share capital of the Company shall be such amount as is given in Clause V of the Memorandum of Association, as amended from time to time.

(2) *Shares at the disposal of the Directors*

Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Board of Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares, and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

(3) *Restrictions on Allotment*

(a) The Directors shall in making the allotments duly observe the provision of the Act;

(b) The amount payable on application on each share shall not be less than 5% of the nominal value of the share; and

(c) Nothing therein contained shall prevent the Directors from issuing fully paid up shares either on payment of the entire nominal value thereof in cash or in satisfaction of any outstanding debt or obligation of the Company.

(4) *Increase of capital*

The Company at its General Meeting may, from time to time, by an Ordinary Resolution increase the capital by creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. The new shares shall be issued on such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe, and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 of the Companies Act 1956. Whenever the capital of the Company has been increased under the provisions of the Articles, the Directors shall comply with the provisions of Section 97 of the Act.

(5) *Reduction of Share capital*

The Company may, subject to the provisions of Sections 78, 80, 100 to 105 (both inclusive) and other applicable provisions of the Act from time to time, by Special Resolution reduce its capital and any Capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorised by law, and in particular, the capital may be paid off on the footing that it may be called up again or otherwise.

(6) *Sub-division and consolidation of Shares*

Subject to the provisions of Section 94 of the Act, the Company in General Meeting, may by an ordinary resolution from time to time:

(a) Divide, sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is sub-divided, may determine that as between the holders of the shares resulting from such sub-division one or more of such shares have some preference of special advantage as regards dividend capital or otherwise as compared with the others

(b) Subject as aforesaid, cancel shares which at the date of such general meeting have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

(7) *Power to issue preference shares*

Subject to the provisions of Section 80 of the Act, the Company shall have the powers to issue preference shares which are liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of such redemption.

(8) *Further Issue of shares*

(a) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares then:

(i) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those share at that date.

(ii) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of offer within which the offer, if not accepted, will be deemed to have been declined.

(iii) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right.

(iv) After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as they may think, most beneficial to the Company.

(b) Notwithstanding anything contained in sub-clause (1) the further shares aforesaid may be offered to any persons {whether or not those persons include the persons referred to in clause (a) of sub- clause (1) hereof) in any manner whatsoever.

(i) If a special resolution to that effect is passed by the Company in General Meeting, or

(ii) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman.) by the members who, being entitled to do so, vote in person, or where proxies are allowed by proxy, exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.

(c) Nothing in sub-clause (iii) of Article (13)(a) hereof shall be deemed:

(i) To extend the time within which the offer should be accepted; or

(ii) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

(d) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debentures issued or loans raised by the Company:

(i) To convert such debentures or loans into shares in the Company; or

(ii) To subscribe for shares in the Company.

Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

(A) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and

(B) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

(9) *Rights to convert loans into capital*

Notwithstanding anything contained in sub-clauses(s) above, but subject, however, to Section 81(3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures or loans raised by the Company to convert such debentures or loans into shares or to subscribe for shares in the Company.

(10) *Allotment on application to be acceptance of Shares*

Any application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the register, shall, for the purpose of these articles, be a Member.

(11) *Restrictions on Allotment*

The Board shall observe the restrictions as regards allotment of shares to the public contained in Section 69 and 70 of the Act and as regards return on allotments, the Directors shall comply with Section 75 of the Act.

(12) *Money due on Shares to be a debt to the Company*

The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them, shall immediately on the inscription of the name of allottee in the Register of Members as the name of the holder of such shares become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

(13) *Shareholders or heirs to pay unpaid amounts*

Every Member or his heir's executors or administrators shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being remain unpaid thereon, in such amounts, at such time or times and in such manner, as the Board shall from time to time, in accordance with the Company's regulations require or fix for the payment thereof.

SHARE CERTIFICATES

2. (a) *Every Member entitled to certificate for his shares*

(i) Every member or allottee of shares shall be entitled, without payment, to receive one or more certificates specifying the name of the person in whose favour it is issued, the shares to which it relates, and the amount paid thereon. Such certificates shall be issued only in pursuance of a resolution passed by the Board or a Committee thereof and on surrender to the Company of fractional coupon of requisite value, save in case of issue of share certificates against letters of acceptance of or renunciation or in cases of issues of bonus shares.

(ii) Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of (1) two Directors or persons acting on behalf of the Directors under duly registered powers of attorney; and (2) the Secretary or some other persons appointed by the Board for the purpose and the two Directors or their attorneys and the secretary or other persons shall sign the Share Certificate, provided that if the composition of the Board permits, at least one of the aforesaid two Directors shall be a person other than the Managing Director.

(iii) Particulars of every share certificate issued shall be entered in the Registrar of Members against the name of the person to whom it has been issued, indicating date of issue.

(b) *Joint ownership of Shares*

Any two or more joint allottees of shares shall be treated as a single member for the purposes of this article and any share certificate, which may be the subject of joint ownership, may be delivered to any one of such joint owners on behalf of all of them. The Company shall comply with the provisions of Section 113 of the Act. The shares may be registered in the name of any person, company or other body corporate. Not more than four persons shall be registered as joint holders of any share.

(c) *Issue of new certificates in place of defaced, lost or destroyed certificate*

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deems adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding ₹ 2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contract (Regulation) Act, 1956 or any other Act or rules applicable in this behalf.

The provision of this Article shall *mutatis mutandis* apply to debenture certificates of the Company.

(d) *Renewal of Share Certificate*

When a new share certificate has been issued in pursuance of clause(d) of this article, it shall state on the face of it and against the stub or counterfoil to the effect that it is issued in lieu of share certificate No ……. sub-divided/replaced on consolidation of shares.

(e) When a new certificate has been issued in pursuance of clause (d) of this Article, it shall state on the face of it against the stub or counterfoil to the effect that it is duplicate issued in lieu of share certificate No……. The word 'Duplicate' shall be stamped or punched in bold letters across the face of the share certificate and when a new certificate has been issued in pursuance of clauses (c), (d), (e) and (f) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificates indicating against it ,the names of the persons to whom the certificate is issued, the number and the necessary changes indicated in the Register of Members by suitable cross references in the "remarks" column.

(f) All *blank* forms, share certificates shall be printed only on the authority of a resolution duly passed by the Board.

3. *Rules to issue share certificates*

The rules under "The Companies (Issue of Share Certificate) Rules, 1960 shall be complied with in the issue, reissue, renewal of share certificates and the format sealing and signing of the certificates and records of the certificates issued shall be maintained in accordance with the said rules. The Company shall keep ready share certificates for delivery within 2 months after allotment.

4. *Responsibilities to maintain records*

The Managing Director of the Company for the time being or if the Company has no Managing Director, every Director of the Company shall be responsible for maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates.

5. *Rights of joint holders*

If any share stands in the names of two or more persons, the person first named in the Register shall, as regards receipt of dividends or bonus or service of notices and all or any other matters connected with the Company, except voting at meeting and the transfer of the shares be deemed the sole holder thereof but the joint holders of share shall be severally as well as jointly liable for payment of all installments and calls due in respect of such share and for all incidents thereof according to the Company's regulations.

UNDERWRITING & BROKERAGE

6. *Commission for placing shares, debentures, etc*

(a) Subject to the provisions of the Act, the Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares, debentures, or debenture-stock of the Company or underwriting or procuring or agreeing to procure subscriptions (whether absolute or conditional) for shares, debentures or debenture-stock of the Company

(b) The Company may also, in any issue, pay such brokerage as may be lawful.

LIEN

7. *Company's lien on shares /debentures*

The Company shall have a first and paramount lien upon all the shares /debentures (other than fully paid up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at fixed time in respect of such shares/debentures, and no equitable interest in any shares shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed, the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from provisions of this clause.

CALLS ON SHARES

8. *Board to have right to make calls on Shares*

The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution), make such call as it thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively and each member shall pay the amount of every call so made on him to the person or persons and the member(s) and place(s) appointed by the Board. A call may be made payable by installments.

Provided that the Board shall not give the option or right to call on shares to any person except with the sanction of the Company in General Meeting.

9. *Notice for call*

Fourteen days notice in writing of any call shall be given by the Company specifying the date, time and places of payment and the person or persons to whom such call be paid.

10. *Liability of joint holders for a call*

The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

11. *Calls to carry interest*

If a member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at 5% per annum or such lower rate as shall from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.

12. *Dues deemed to be calls*

Any sum, which, as per the terms of issue of a share, becomes payable on allotment or at a fixed date whether on account of the nominal value of the share or by way of premium, shall for the purposes of the Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same may become payable and in case of non payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

13. *Proof of dues in respect of Shares*

On any trial or hearing of any action or suit brought by the Company against any member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares it shall be sufficient to prove (i) that the name of the members in respect of whose shares the money is sought to be recovered appears entered in the Register of Members as the holder, at or subsequent to the date on which the money sought to be recovered is alleged to have become due on the shares, (ii) that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the member or his representatives pursuance of these Articles, and (iii) it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive of the debt.

14. *Partial payment not to preclude forfeiture*

Neither a judgment nor a decree in favour of the Company, for call or other moneys due in respect of any share nor any part payment or satisfaction thereunder, nor the receipt by the Company of a portion of any money which shall, from time to time be due from any member to the Company in respect of his shares either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce forfeiture of such shares as hereinafter provided.

15. *Payment in anticipation of call may carry* interest

(a) The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

(b) The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable.

FORFEITURE OF SHARES

16. *Board to have right to forfeit Shares*

If any member fails to pay any call or installment of a call or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter during such time as the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

17. *Notice for forfeiture of Shares*

(a) The notice shall name a further day (not earlier than the expiration of fourteen days from the date of notice) and place or places on which such call or installment and such interest thereon (at such rate as the Directors shall determine from the day on which such call or installment ought to have been paid) and expenses as aforesaid, are to be paid.

(b) The notice shall also state that in the event of the non-payment at or before the time the call was made or installment is payable the shares will be liable to be forfeited.

18. *Effect of forfeiture*

If the requirements of any such notice as aforesaid are not complied with, every or any share in respect of which such 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. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.

19. *Forfeited Shares to be the property of the Company*

Any share so forfeited shall be deemed to be the property of the Company and may be sold, re-allocated or otherwise disposed of either to the original holder thereof or to any other person upon such terms and in such manner as the Board shall think fit.

20. *Member to be liable even after forfeiture*

Any member whose shares have been forfeited shall, notwithstanding the forfeiture be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with the interest thereon from time to time of the forfeiture until payment at such rates as the Board may determine and the Board may enforce the payment thereof, if it thinks fit.

21. *Claims against the Company to extinguish on forfeiture*

The forfeiture of a share involves extinction, at the time of the forfeiture of all interest in and all claims and demands against the Company, in respect of the shares and all other rights incidental to the share, except only such of those rights as by these Articles expressly saved.

22. *Evidence of forfeiture*

A duly verified declaration in writing that the declarant is a Director or Secretary of the Company, and that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.

23. *Effecting sale of Shares*

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinafter given, the Board may appoint some person to execute an instrument of transfer of the shares sold, cause the purchaser's name to be entered in the register in respect of the share sold, and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person.

24. *Certificate of forfeited Shares to be void*

Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relevant shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and have no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.

TRANSFER AND TRANSMISSION OF SHARES

25. *Register of transfers*

The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of shares.

26. *Form or Instrument of Transfer*

The instrument of transfer shall be in writing and all the provisions of Section 108 of the Act, and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof. The Company shall use a common form of transfer in all cases.

27. *Directors may refuse to register transfer*

Subject to the provisions of Section 111A of the Act, Section 22A of the Securities Contracts (Regulation) Act, 1956, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board of Directors may, at their own absolute and uncontrolled discretion and by giving reason, refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company, whether fully paid or not. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send notice of refusal to the transferee and transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever, except where the Company has a lien on the shares.

28. *Transfer of partly paid Shares*

Where in the case of partly paid shares, an application for registration is to be made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.

29. *Survivor of joint holders recognised*

In case of the death of any one or more persons named in the Register of Members as the joint-holders of any shares, the survivors shall be the only person recognised by the Company as having any title to or interest in such share but nothing therein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.

30. *Transfers not permitted*

No share shall in any circumstances be transferred to any minor, insolvent or person of unsound mind, except fully paid shares through a legal guardian.

31. *Share Certificates to be surrendered*

Before the registration of a transfer, the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with (save as provided in Section 108) properly stamped and executed instrument of transfer.

32. *No fee on transfer or transmission*

No fee shall be charged for registration of transfers, transmission, probate, succession certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other documents.

33. *Company not liable to notice of equitable rights*

The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the register of members) to the prejudice of persons having or claiming any equitable rights, title or interest in the said shares, notwithstanding that the Company may have had notice of such equitable rights referred thereto in any books of the Company and the Company shall not be bound by or required to regard or attend to or give effect to any notice which may be given to it of any equitable rights, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the board shall so think fit.

34. *Dematerialisation Of Securities*

(a) *Company to recognise interest in dematerialised securities under the Depositories Act, 1996*.

Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a depository in Electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act, 1996 as amended from time to time or any statutory modification(s) thereto or re-enactment thereof.

(b) *Dematerialisation/Re-Materialisation of Securities*

Notwithstanding anything to the contrary or inconsistent contained in these Articles, the Company shall be entitled to dematerialise its existing securities, re-materialise its securities held in Depositories and/or offer its fresh securities in the de-materialised form pursuant to the Depositories Act, 1996 and the rules framed there under, if any.

(c) *Option to receive security certificate or hold securities with depository*

Every person subscribing to or holding securities of the Company shall have the option to receive the security certificate or hold securities with a Depository. Where a person opts to hold a security with the Depository, the Company shall intimate such Depository of the details of allotment of the security and on receipt of such information, the Depository shall enter in its record, the name of the allottees as the beneficial owner of that security.

(d) *Securities in electronic form*

All securities held by a Depository shall be dematerialised and held in electronic form. No certificate shall be issued for the securities held by the Depository. Nothing contained in Section 153, 153A, 153B, 187 B, 187 C and 372 of the Act, shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

(e) *Beneficial owner deemed as absolute owner*

Except as ordered by the Court of competent jurisdiction or by law required, the Company shall be entitled to treat the person whose name appears on the register of members as the holders of any share or whose name appears as the beneficial owner of the shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any *benami*, trust, equity, equitable contingent, future, partial interest, other claim to or interest in respect of such shares or (except only as by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof but the Board shall at their sole discretion register any share in the joint names of any two or more persons or the survivor or survivors of them.

(f) *Rights of depositories and beneficial owners*

Notwithstanding anything to the contrary contained in the Act, or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.

Save as otherwise provided above, the Depository is the registered owner of the securities, and shall not have any voting rights or any other rights in respect of the securities held by it.

Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository

(g) *Register and index of beneficial owners*

The Company shall cause to be kept a Register and Index of members in accordance with all applicable provisions of the Act and the Depositories Act, 1996 with details of shares and debentures held in physical and dematerialised forms in any media as may be permitted by law including any form of electronic media.

The Register and Index of beneficial owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be a Register and Index of members for the purposes of this Act. The Company shall have the power to keep in any state or country outside India a Branch register of Members resident in that State or Country.

(h) *Cancellation of certificates upon surrender by person*

Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a participant, the Company shall cancel such certificates and shall substitute in its record, the name of the depository as the Registered owner in respect of the said securities and shall also inform the Depository accordingly.

(i) *Service of documents*

Notwithstanding anything contained in the Act, or these Articles, to the contrary, where securities are held in a depository, the record of the beneficial ownership may be served by such depository on the Company by means of hard copies or through electronic mode or by delivery of floppies or discs.

(j) *Allotment of securities*

Where the securities are dealt within a Depository, the Company shall intimate the details of allotment of relevant securities to the Depository on allotment of such securities.

(k) *Transfer of securities*

The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly, particulars of every transfer or transmission of shares held in material form. Nothing contained in these Articles shall apply to transfer of securities held in depository.

(l) *Distinctive number of securities held in a depository*

The shares in the capital shall be numbered progressively according to their several denominations, provided, however that the provisions relating to progressive numbering shall not apply to the shares of the Company which are in dematerialised form. Except in the manner provided under these Articles, no share shall be sub-divided. Every forfeited or surrendered share be held in material form shall continue to bear the number by which the same was originally distinguished.

(m) *Provisions of articles to apply to shares held in depository*

Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depositories Act, 1996.

(n) *Depository to furnish information*

Every Depository shall furnish to the Company information about the transfer of securities in the name of the beneficial owner at such intervals and in such manner as may be specified by laws and the Company in that behalf.

(o) *Option to opt out in respect of any such security*

If a beneficial owner seeks to opt out of a Depository in respect of any security, he shall inform the Depository accordingly. The Depository shall on receipt of such information make appropriate entries in its records and shall inform the Company. The Company shall within 30 (thirty) days of the receipt of intimation from a Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

(p) *Overriding effect of this article*

Provisions of the Articles will have full effect and force not withstanding anything to the contrary or inconsistent contained in any other Articles of these presents.

35. *Nomination Facility*

(a) Every holder of shares, or holder of debentures of the Company may at any time, nominate, in the prescribed manner a person to whom his shares in or debentures of the Company shall vest in the event of his death.

(b) Where the shares in or debentures of the Company or held by more than one person jointly, the joint holders may together nominate in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.

(c) Notwithstanding any thing contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise in respect of such shares in or debentures of the Company where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or debentureholder of the Company or as the case may be on the death of the joint holders become entitled to all the rights in the shares or debentures of the Company or as the case may be all the joint holders in relation to such shares in or debenture of the Company to the exclusion of all the other persons, unless the nomination is varied or cancelled in the prescribed manner.

(d) Where the nominee is a minor it shall be lawful for the holder of shares or debentures, to make the nomination and to appoint in the prescribed manner any person to become entitled to shares in or debentures of the Company in the event of his death in the event of minority of the nominee.

(e) Any person who becomes a nominee by virtue of the provisions of Section 109 A upon the production of such evidence as may be required by the Board and subject as hereinafter provided elect either

(i) registered himself as holder of the shares or debentures as the case may be , or

(ii) To make such transfer of the share or debenture as the case may be, as the deceased shareholder or debenture holder, as the case may be could have made.

(f) If the person being a nominee, so becoming entitled, elects to be registered himself as a holder of the share or debenture as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied by a Death Certificate of the deceased share holder or debenture holder as the case may be.

(g) All the limitations, restrictions and provisions of this Act, relating to the right to transfer and registration of transfer of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer where a transfer is signed by that shareholder or debenture holder, as the case may be.

(h) A person being a nominee, becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to same dividends and other advantages to which he would be entitled if he were the registered holder of the share or debenture, except that he shall not, before being registered a member in respect of his share of debenture, be entitled in respect of it to exercise any right conferred by membership in relation to the meetings of the Company.

(i) 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 or debenture and if the notice is not complied with within 90 days, the Board may thereafter withhold payments of all dividends, bonus, or other monies payable in respect of the share or debenture, until the requirements of the notice have been complied with.

(j) A Depository may in terms of Section 58 A at any time, make a nomination and above provisions shall as far as may be, apply to such nomination..

36. *Buy back of Shares*

The Company shall be entitled to purchase its own shares or other securities, subject to such limits, upon such terms and conditions and subject to such approvals as required under Section 77 A and other applicable provisions of the Act, The Securities and Exchange Board of India Act, 1992 and the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 and any amendments, modification(s), re-promulgation (s) or re-enactment(s) thereof.

SHARE WARRANTS

37. *Rights to issue share warrants*

(a) The Company may issue share warrants subject to, and in accordance with provisions of Section 114 and 115 of the Act .

(b) The Board may, in its discretion, with respect to any share which is fully paid up on application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Board may from time to time require as to the identity of the person signing the application, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require having been paid, issue a warrant.

38. *Rights of warrant holders*

(a) The bearer of the share warrant may at any time deposit the warrant at the office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right to signing a requisition, for calling a meeting of the Company, and of attending, and voting and exercising other privileges of a member at any meeting held after the expiry of two clear days from time of the deposit, as if his name were inserted in the Register of Members as the holder of the shares included in the deposited warrant.

(b) Not more than one person shall be recognised as the depositor of the share warrant.

(c) The Company shall, on two days written notice, return the deposited share warrant to the depositor.

39. (a) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any other privileges of a member at a meeting of the Company, or be entitled to receive any notice from the Company.

(b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the shares included in the warrant, and he shall be a member of the Company.

40. *Board to make rules*

The Board may, from time to time, make rules as to the terms on which it shall think fit, a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

GENERAL MEETINGS

41. *Annual General Meeting*

The Company shall, in addition to any other meetings hold a General Meeting which shall be called as its Annual General Meeting, at the intervals and in accordance with the provisions of the Act.

42. *Extraordinary General Meeting*

(a) The Board may, whenever it thinks fit, convene an Extraordinary General Meeting at such date, time and at such place as it deems fit, subject to such directions if any, given by the Board.

(b) The Board shall, on the requisition of members, convene an Extraordinary General Meeting of the Company in the circumstances and in the manner provided under Section 169 of the Act.

43. *Notice for General Meeting*

All General Meetings shall be convened by giving not less than twenty- one days notice excluding the day on which the notice is served or deemed to be served (i.e. on expiry of 48 hours after the letter containing the same is posted) and the date of the meeting, specifying the place and hour of the meeting and in case of any special business proposed to be transacted, the nature of that business shall be given in the manner mentioned in Section 173 of the Act. Notice shall be given to all the share-holders and to such persons as are under Act and/or these Articles entitled to receive such notice from the Company but any accidental omission to give notice to or non-receipt of the notice by any member shall not invalidate the proceedings of any General Meeting.

44. *Shorter Notice admissible*

With the consent of all the members entitled to vote, at an Annual General Meeting or with the consent of the members holding 95 percent of such part of the paid-up share capital of the Company as gives a right to vote thereat, any general meeting may be convened by giving a shorter notice than twenty one days.

45. *Special and Ordinary Business*

(a) All business shall be deemed special that is transacted at an Extraordinary General Meeting and also that is transacted at an Annual General Meeting with the exception of sanctioning of dividend, the consideration of the accounts, balance sheet and the reports of the Directors and Auditors, the election of Directors in place of those retiring by rotation and the appointment of and the fixing up of the remuneration of the Auditors.

(b) In case of special business as aforesaid, an explanatory statement as required under Section 173 of the Act shall be annexed to the notice of the meeting.

46. *Quorum for General Meeting*

Five members or such other number of members as the law for the time being in force prescribes, personally present shall be quorum for a General Meeting and no business shall be transacted at any General Meeting unless the requisite quorum is present at the commencement of the meeting.

47. *Time for Quorum and adjournment*

If within half an hour from the time appointed for a meeting a quorum is not present, the meeting, if called upon the requisition of members, shall be dissolved and in any other case, it shall stand adjourned to the same day in the next week at the same time and place and if at the adjourned meeting also, a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be quorum.

48. *Chairman of General Meeting*

The Chairman, if any, of the Board of Directors shall preside as Chairman at every General Meeting of the Company.

49. *Decision by Poll*

If a poll is duly demanded, it shall be taken in such manner as the Chairman directs and the results of the poll shall be deemed to be the decision of the meeting on the resolution in respect of which the poll was demanded.

50. *Poll to be immediate*

(a) A poll demanded on the election of Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time not later than forty eight hours from the time of demand as the Chairman of the meeting directs.

(b) A demand for a poll shall not prevent the continuance of a Meeting of the transaction of any business other than that on which a poll has been demanded.

(c) The demand for a poll may be withdrawn at any time before the declaration of the result by the person or persons who made the demand.

51. *Postal Ballot*

(a) Notwithstanding any of the provisions of these Articles the Company may, and in the case of resolutions relating to such business as notified under the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 to be passed by postal ballot, shall get any resolution passed by means of a postal ballot, instead of transacting the business in the general meeting of the Company.

(b) Where the Company decides to pass any resolution by resorting to postal ballot, it shall follow the procedures as prescribed under section 192A of the Act and the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, as amended from time to time.

VOTE OF MEMBERS

52. *Vote of Shareholders*

(a) On a show of hands every member holding equity shares and present in person shall have one vote.

(b) On a poll, every member holding equity shares therein shall have voting rights in proportion to his shares of the paid up equity share capital.

(c) On a poll, a member having more than one vote, or his proxy or other persons entitled to vote for him need not use all his votes in the same way.

53. *Voting by joint holders*

In the case of joint-holders the vote of the first named of such joint holders who tender a vote whether in person or by proxy shall be accepted to the exclusion of the votes of other joint holders.

54. *Proxy*

On a poll, votes may be given either personally or by proxy.

55. *Instrument of Proxy*

(a) The instrument appointing a proxy shall be in writing under the hand of appointer or of his attorney duly authorised in writing or if appointed by a Corporation either under its common seal or under the hand of its attorney duly authorised in writing. Any person whether or not he is a member of the Company may be appointed as a proxy.

(b) The instrument appointing a proxy and Power of Attorney or other authority (if any) under which it is signed must be deposited at the registered office of the Company not less than forty eight hours prior to the time fixed for holding the meeting at which the person named in the instrument proposed to vote, or, in case of a poll, not less than twenty four hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

(c) The form of proxy shall be a two-way proxy as given in Schedule IX of the Act enabling the share holder to vote for/against any resolution.

56. *Validity of Proxy*

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.

57. *Corporate Shareholders*

Any Corporation which is a member of the Company may, by resolution of its Board of Directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company and the said person so authorised shall be entitled to exercise the same powers on behalf of the Corporation which he represents as that Corporation could have exercised if it were an individual member of the Company.

DIRECTOR

58. *Number of Directors*

Unless otherwise determined by General Meeting, the number of Directors shall not be less than three and not more than twelve, including all kinds of Directors.

59. *Share qualification not necessary*

Any person whether a member of the Company or not may be appointed as Director and no qualification by way of holding shares shall be required of any Director.

60. *Director's power to fill-up casual vacancy*

Any casual vacancy occurring in the Board of Directors may be filled up by the Directors, and the person so appointed shall hold office up to the date, up to which Director in whose place he is appointed would have held office if it has not been vacated as aforesaid

61. *Additional Directors*

The Board of Directors shall have power at any time and from time to time to appoint one or more persons as Additional Directors provided that the number of Directors and Additional Directors together shall not exceed the maximum number fixed. An additional Director so appointed shall hold office up to the date of the next Annual general Meeting of the Company and shall be eligible for re-election by the Company at that Meeting.

62. *Alternate Directors*

The Board of Directors may appoint an Alternate Director to act for a Director (hereinafter called the original Director) during the absence of the original Director for a period of not less than 3 months from the state in which the meetings of the Board are ordinarily held. An Alternate Director so appointed shall vacate office if and when the original Director returns to the state in which the meetings of the Board are ordinarily held. If the term of the office of the original Director is determined before he so returns to the state aforesaid any provision for the automatic reappointment of retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.

63. *Remuneration of Directors*

Every Director other than the Managing Director and the Whole-time Director shall be paid a sitting fee not exceeding such sum as may be prescribed by the Act or the Central Government from time to time for each meeting of the Board of Directors or any Committee thereof attended by him and shall be paid in addition thereto all travelling, hotel and other expenses properly incurred by him in attending and returning from the meetings of the Board of Directors or any committee thereof or General Meeting of the Company or in connection with business of the Company to and from any place.

64. *Continuing Director may act*

The continuing Directors may act notwithstanding any vacancy in the Board but if the number is reduced below three, the continuing Directors or Director may act for the purpose of increasing the number of Directors to three or for summoning a general meeting of the Company but for no other purpose.

ROTATION AND RETIREMENT OF DIRECTORS

65. *One-third of Directors to retire every year*

Subject to the provisions of Article 138 of the Articles, at the Annual General Meeting of the Company to be held in every year, one third of such of the Directors as are liable to retire by rotation for time being, or, if their number is not three or a multiple of three then the number nearest to one third shall retire from office, and they will be eligible for re-election.

66. *Increase or reduction in the number of Directors*

Subject to the provisions of Section 252, 255, 259 of the Act, the Company in General Meeting may by Ordinary Resolution increase or reduce the number of its Directors.

67. *Power to remove Director by ordinary resolution*

Subject to the provisions of the Act, the Company may by an ordinary resolution in General Meeting remove any Director before the expiration of his period of office and may, by an ordinary resolution, appoint another person instead; the person so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected as Director.

68. *Director for subsidiary Company*

Directors of this Company may be or become a Director of any Company promoted by this Company or in which it may be interested as Vendor, Shareholder or otherwise and no such Director shall be accountable for any benefits received as a Director or member of such Company.

69. *Meetings of the Board*

(a) The Board of Directors shall meet at least once in every three calendar months for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit provided that at least four such meetings shall be held in every year.

(b) The Managing Director may, at any time summon a meeting of the Board and the Managing Director or a Secretary or a person authorised in this behalf on the requisition of Director shall at any time summon a meeting of the Board. Notice of meeting of the Board shall be given in writing or by other electronic mode atleast 7 days prior to the meeting to every Director for the time being in India, and at his usual address in India to every other Director.

70. *Quorum*

The quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher, provided that where at any time the number of interested Directors is equal to or exceeds two-thirds of total strength, the number of remaining Directors, that is to say the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such time. The total strength of the Board shall mean the number of Directors actually holding office as Directors on the date of the resolution or meeting, that is to say, the total strength of Board after deducting therefrom the number of Directors, if any, whose places are vacant at the time.

71. *Questions how decided*

(a) Save as otherwise expressly provided in the Act, a meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Regulations of the Company for the time being vested in or exercisable by the Directors generally and all questions arising at any meeting of the Board shall be decided by a majority of the Board.

(b) In case of an equality of votes, the Chairman shall have second or casting vote in addition to his vote as Director.

72. *Right of continuing Directors when there is no quorum*

The continuing Directors may act notwithstanding any vacancy in the Board but if and so long as their number is reduced below three, the continuing Directors or Director may act for the purpose of increasing the number of Directors to three or of summoning a General Meeting of the Company but for no other purpose.

73. *Election of Chairman of Board*

(a) The Board may elect a Chairman of its meeting and determine the period for which he is to hold office.

(b) If no such Chairman is elected or at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting the Directors present may choose one among themselves to b the Chairman of the Meeting.

74. *Powers to be exercised by Board only at a Meeting of the Board of Directors*

(a) The Board of Directors shall exercise the following powers on behalf of the Company and the said powers shall be exercised only by resolution passed at a meeting of the Board:

(i) Power to make calls on shareholders in respect of moneys unpaid on their shares;
(ii) Power to issue debentures;
(iii) Power to borrow money otherwise than on debentures:
(iv) Power to invest the funds of the Company;
(v) Power to make loans.

(b) The Board of Directors may by a meeting delegate to any committee or the Directors or to the Managing Director the powers specified in sub clauses (iii), (iv) and (v) above.

(c) Every resolution delegating the power set out in sub clause (iii) above shall specify the total amount up to which moneys may be borrowed by the said delegate.

(d) Every resolution delegating the power referred to in sub-clause (iv) above shall specify the total amount, up to which the fund may invested and the nature of the investments which may be made by the delegate.

(e) Every resolution delegating the power referred to in sub-clause (v) above shall specify the total amount up to which the loans may be made by the delegate, the purposes for which the loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.

75. *Delegation of Powers*

(a) The Board may, subject to the provisions of the Act, delegate any of its powers to any committee or the Directors or to the Managing Director as it thinks fit.

(b) Any committee so formed shall, in the exercise of the power so delegated conform to any regulations that may be imposed on it by the Board.

76. *Validity of acts done by Board or a Committee*

All acts done by any meeting of the Board, 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 even such Director or such person has been duly appointed and was qualified to be a Director.

(c) *Resolution by Circulation*

Save as otherwise expressly provided in the Act, a resolution in writing circulated in draft together with the necessary papers, if any, to all the Directors or to all the members of the committee then in India, not being less in number than the quorum fixed of the meeting of the Board or the Committee, as the case may be and to all other Directors or members at their usual address in India and approved by such of the Directors as are then in India or by a majority of such of them as are entitled to vote at the resolution shall be valid and effectual as if it had been a resolution duly passed at a meeting of he Board or committee duly convened and held.

77. *Assignment of Securities*

Debentures, debenture-stock, bonds or other securities may be assignable free from any equities between the Company and the person to whom the same may be issued.

78. *Terms of Issue of Debentures*

Any debentures, debenture stock, or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall or shall not be convertible into shares of any denomination and with or with out any privileges and conditions as to redemption, surrender, drawings, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with a right of conversion into or allotment of shares shall be issued only with the consent of the Company in a General Meeting by a Special Resolution.

79. *Debenture Directors*

Any Trust Deed for securing debentures or debenture stock may, if so arranged, provide for the appointment from time to time by the trustee thereof or by the holders of debentures or debenture stock of some person to be a Director of the Company and may empower such trustee or holders of debentures or debenture stock from time to time to remove any Directors so appointed. A Director appointed under this Article is herein referred to as a "Debenture Director" and the Debenture Director means a Director for the time being in office under this Article. A Debenture Director shall not be bound to hold any qualification shares, not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provision shall have effect notwithstanding any of the other provisions herein contained.

80. *Nominee Directors*

(a) So long as any moneys remain owing by the Company to any All India Financial Institutions, State Financial Corporation or any financial institution owned or Controlled by the Central Government or State Government or any Non Banking Financial Company Controlled by the Reserve Bank of India or Banks or any such Company from whom the Company has borrowed for the purpose of carrying on its objects or each of the above has granted any loans / or subscribes to the Debentures of the Company or so long as any of the aforementioned companies of financial institutions holds or continues to hold debentures /shares in the Company as a result of underwriting or by direct subscription or private placement or so long as any liability of the Company arising out of any guarantee furnished on behalf of the Company remains outstanding, and if the loan or other agreement with such corporation so provides, the corporation shall have a right to appoint from time to time any person or persons as a Director or Directors, whole- time or non whole- time (which Director or Director/s is/are hereinafter referred to as "Nominee Directors/s) on the Board of the Company and to remove from such office any person or person so appointed and to appoint any person or persons in his /their place(s).

(b) The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as they holds or continues to hold Debentures/shares in the Company as result of underwriting or by direct subscription or private placement or the liability of the Company arising out of the Guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall vacate such office immediately on the moneys owing by the Company to the Corporation are paid off or they ceasing to hold Debentures/Shares in the Company or on the satisfaction of the liability of the Company arising out of the guarantee furnished.

(c) The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the Committee of which Nominee Director/s is/are member/s as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes.

(d) The Company shall pay the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees commission, monies or remuneration in any form is payable to the Directors of the Company, the fees, commission, monies and remuneration in relation to such Nominee Director/s shall accrue to the nominee appointer and same shall accordingly be paid by the Company directly to the Corporation.

(e) Provided that the sitting fees, in relation to such Nominee Director/s shall also accrue to the appointer and same shall accordingly be paid by the Company directly to the appointer. .

81. *Register of Charges*

The Directors shall cause a proper register to be kept, in accordance with the Act, of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the Act in regard to the registration of mortgages and charges therein specified.

82. *Subsequent assigns of uncalled capital*

Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same, subject to such prior charges and shall not be entitled to obtain priority over such prior charge.

(d) *Charge in favour of Director for Indemnity*

If the Director or any person, shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or part of the assets of the Company by way of indemnity to secure the Directors or other persons so becoming liable as aforesaid from any loss in respect of such liability.

MANAGING DIRECTOR(S)/ WHOLE-TIME DIRECTOR(S)

83. (a) The Board may from time to time and with such sanction of the Central Government as may be required by the Act, appoint one or more of the Directors to the office of the Managing Director or whole-time Directors. The Managing Director shall not be liable to retirement by rotation as long as he holds office as Managing Director.

(b) The Directors may from time to time resolve that there shall be either one or more Managing Directors or Whole time Directors.

(c) In the event of any vacancy arising in the office of a Managing Director or Whole-time Director, the vacancy shall be filled by the Board of Directors subject to the approval of the members.

If a Managing Director or whole time Director ceases to hold office as Director, he shall ipso facto and immediately cease to be Managing Director/whole time Director.

84. *Powers and duties of Managing Director or Whole-Time Director*

The Managing Director/Whole-time Director shall subject to the supervision, control and direction of the Board and subject to the provisions of the Act, exercise such powers as are exercisable under these presents by the Board of Directors, as they may think fit and confer such power for such time and to be exercised as they may think expedient and they may confer such power either collaterally with or to the exclusion of any such substitution for all or any of the powers of the Board of Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any such powers. The Managing Directors/ whole time Directors may exercise all the powers entrusted to them by the Board of Directors in accordance with the Board's direction.

85. *Remuneration of Managing Directors/Whole Time Directors*

Subject to the provisions of the Act and subject to such sanction of Central Government\Financial Institutions as may be required for the purpose, the Managing Directors\whole-time Directors shall receive such remuneration (whether by way of salary commission or participation in profits or partly in one way and partly in another) as the Company in General Meeting may from time to time determine.

86. *Reimbursement of expenses*

The Managing Directors\whole-time Directors shall be entitled to charge and be paid for all actual expenses, if any, which they may incur for or in connection with the business of the Company. They shall be entitled to appoint part time employees in connection with the management of the affairs of the Company and shall be entitled to be paid by the Company any remuneration that they may pay to such part time employees.

87. *Business to be carried on by Managing Directors/ Whole time Directors*

(a) The Managing Directors\Whole Time Directors shall have subject to the supervision, control and discretion of the board, the management of the whole of the business of the Company and of all its affairs and shall exercise all powers and perform all duties in relation to the Management of the affairs and transactions of Company, except such powers and such duties as are required by law or by these presents to be exercised or done by the Company in General Meeting or by Board of Directors and also subject to such conditions or restriction imposed by the Act or by these presents.

(b) Without prejudice to the generality of the foregoing and subject to the supervision and control of the Board of Directors, the business of the Company shall be carried on by the Managing Director/ Whole time Director and they shall have all the powers except those which are by law or by these presents or by any resolution of the Board required to be done by the Company in General Meeting or by the Board.

(c) The Board may, from time to time delegate to the Managing Director or Whole time Director such powers and duties and subject to such limitations and conditions as they may deem fit. The Board may from time to time revoke, withdraw, alter or vary all or any of the powers conferred on the Managing Director or Whole time Director by the Board or by these presents.

COMMON SEAL

88. *Custody of Common Seal*

The Board shall provide for the safe custody of the Common Seal for the Company and they shall have power from time to time to destroy the same and substitute a new seal in lieu thereof; and the Common Seal shall be kept at the Registered Office of the Company and committed to the custody of the Managing Director or the Secretary if there is one.

89. *Seal how affixed*

The seal shall not be affixed to any instrument except by authority of a resolution of the Board or a committee of the Board authorised by it in that behalf, and except in the presence of at least one Director or of the secretary or such other person as the Board may appoint for the purpose except for the purpose of executing the share certificate. Every deed or other instrument to which the seal is required to be affixed shall, unless the same is executed by a duly constituted attorney for the Company, be signed by that Director or the secretary or such other person aforesaid in whose presence the seal shall have been affixed provided nevertheless that any instrument bearing the seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority issuing the same.

DIVIDENDS

90. *Right to dividend*

(a) The profits of the Company, relating thereto created or authorised to be created by these presents and subject to the provisions of the presents as to the Reserve Fund, shall be divisible among the members in proportion to the amount of capital paid up on the shares held by them respectively and the last day of the year of account in respect of which such dividend is declared and in the case of interim dividends on the close of the last day of the period in respect of which such interim dividend is paid.

(b) Where capital is paid in advance of calls, such capital shall not, confer a right to participate in the profits.

91. *Declaration of Dividends*

The Company in General Meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.

92. *Interim Dividends*

The Board may from time to time pay to the members such interim dividends as appear to them to be justified by the profits of the Company.

93. *Dividends to be paid out of profits*

No dividend shall be payable except out of the profits of the year or any other undistributed profits except as provided by Section 205 of the Act.

94. *Dividend warrant*

Any dividend payment in cash in respect of a share may be paid by cheque or warrant or demand draft sent through the post to the registered address of the holder or in the case of joint holders to the registered address of the holder who is first named in the register and every cheque or warrant shall be made payable to the order of the person to whom it is sent..

95. *Reserve Funds*

(a) The Board may, before recommending any dividends, set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall at the discretion of the Board, be applied 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.

(b) The Board may also carry forward any profits when it may think prudent not to appropriate to Reserves.

96. *Deduction of arrears*

The Board may deduct from any dividend payable to any members all sums of money, if any, presently payable by him to the Company on account of the calls or otherwise in relation to the shares of the Company.

97. *Adjustment of dividends against calls*

Any General Meeting declaring a dividend may make a call on the members as such amount as the meeting fixed, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members be set off against the call.

98. *Receipt of joint holder*

Any one of two or more joint holders of a share may give effectual receipt for any dividends, or other moneys payable in respect of such shares.

99. *Notice of dividends*

Notice of any dividend that may have been declared shall be given to the persons entitled to share thereto in the manner mentioned in the Act.

100. *Dividends not to bear interest*

No dividends shall bear interest against the Company.

101. *Transfer of shares not to pass right to dividends*

Subject to the provisions of Section 206 A of the Act, any transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

102. *Unpaid or Unclaimed Dividend*

(a) Where the Company has declared a dividend but which has not been paid or claimed or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration, the Company shall transfer the total amount of dividend which remains unpaid or unclaimed within 7 days from the expiry of the said period of 30 days, to a special account to be opened by the Company in that behalf in any scheduled bank.

(b) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Fund known as Investors Education And Protection Fund established under section 205C of the Act. A claim to any money so transferred to the account may be preferred to the Central Government by the shareholders to whom the money is due.

(c) No unclaimed or unpaid dividend shall be forfeited by the Board.

There shall be no forfeiture of unclaimed dividends before the claim becomes barred by law and the Company shall comply with all the provisions of Section 205A of the Act in respect of unpaid or unclaimed divided.

CAPITALISATION OF PROFITS

103. *Capitalisation of Profits*

(a) The Company in General Meeting, may, on recommendation of the Board resolve:

(i) That it is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution; and

(ii) That such sum be accordingly set free for distribution in the manner specified in the sub-clause (b) amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportion.

(b) The sum aforesaid shall not be paid in cash but shall be applied, either in or towards:

(i) Paying up any amounts for the time being unpaid on shares held by such members respectively

(ii) Paying up in full, unissued share of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or

(iii) Partly in the way specified in sub-clause (i) and partly that specified in sub clause (ii).

(c) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

(d) A share premium account and a capital redemption reserve account may, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

104. *Power of Directors for declaration of bonus issue*

(a) Whenever such a resolution as aforesaid shall have been passed, the Board shall:

(i) 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

(ii) generally do all acts and things required to give effect thereto.

(b) The Board shall have full power:

(i) to make such provisions, by the issue of fractional certificates or by payments in cash or otherwise as it thinks fit, in the case of shares or debentures becoming distributable in fraction; and also

(ii) to authorise any person, on behalf of all the members entitled thereto, to enter into an agreement with the Company providing for the allotment to such members , credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalisation or (as the case may require) for the payment of by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised of the amounts or any parts of the amounts remaining unpaid on their existing shares.

(c) Any agreement made under such authority shall be effective and binding on all such members.

ACCOUNTS

105. *Books of Account to be kept*

(a) The Board of Directors shall cause true accounts to be kept of all sums of money received and expended by the Company and the matters in respect of which such receipts and expenditure takes place, of all sales and purchases of goods by the Company, and of the assets, credits and liabilities of the Company.

(b) If the Company shall have a Branch Office, whether in or outside India, proper books of account relating to the transactions effected at the office shall be kept at that office, and proper summarised returns made up to date at intervals of not more than three months, shall be sent by Branch Office to the Company at its registered office or to such other place in India, as the Board thinks fit where the main books of the Company are kept.

(c) All the aforesaid books shall give a fair and true view of the affairs of the Company or of its Branch Office, as the case may be with respect to the matters aforesaid, and explain its transactions.

106. *Where Books of accounts to be kept*

The Books of Account shall be kept at the Registered Office or at such other place in India as the Directors think fit.

107. *Inspection by Members*

No member (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by statute.

108. *Boards Report to be attached to Balance Sheet*

(a) Every Balance Sheet laid before the Company in General Meeting shall have attached to it a report by the Board of Directors with respect to the state of the Company's affairs, the amounts if any, which it proposes to carry to any Reserves in such Balance Sheet; and the amount, if any which it recommends to be paid by way of dividend, material changes and commitments, if any, effecting the financial positions of the Company which have occurred between the end of the financial year of the Company to which the Balance Sheet related and the date of report.

(b) The report shall, so far as it is material for the appreciation of the state of the Company's affairs by its members and will not in the Board's opinion be harmful to the business of the Company or any of its subsidiaries deal with any changes which have occurred during the financial year in the nature of the Company's business, or in the Company's subsidiaries or in nature of the business carried on by them and generally in the classes of business in which the Company has an interest.

(c) The Boards Report shall also include a statement showing the name of every employee of the Company who was in receipt of such sum as remuneration as may be prescribed by the Act or the Central Government from time to time during the year to which the Report pertains.

(d) The Board shall also give the fullest information and explanation it its report in cases falling under the proviso to Section 222 on every reservation, qualification or adverse remark contained in the auditors Report.

(e) The Board shall have the right to charge any person being a Director with a duty of seeing that the provisions of sub-clauses (a) to (c) of this Article are complied with.

AUDIT

109. *Accounts to be audited*

Every Balance Sheet and Profit & Loss Account shall be audited by one or more Auditors to be appointed as hereinafter set out.

(a) The Company at the Annual General Meeting in each year shall appoint an Auditor or Auditors to hold office from the conclusion of that meeting until conclusion of the next Annual General Meeting and every Auditor so appointed shall be intimated of his appointment within seven days.

(b) Where at an Annual General Meeting, no Auditors are appointed, the Central Government may appoint a person to fill the vacancy.

(c) The Company shall within seven days of the Central Government's power under sub clause (b) becoming exercisable, give notice of that fact to the Government.

(d) The Directors may fill any casual vacancy in the office of an Auditor but while any such vacancy continues, the remaining auditors (if any) may act. Where such a vacancy is caused by the resignation of an Auditor, the vacancy shall only be filled by the Company in General Meeting.

(e) A person, other than a retiring Auditor, shall not be capable of being appointed at an Annual General Meeting unless special notice of a resolution of appointment of that person to the office of Auditor has been given by a member to the Company not less than fourteen days before the meeting in accordance with Sec. 190 and the Company shall send a copy of any such notice to the retiring Auditor and shall give notice thereof to the members in accordance with provisions of Sec. 190 and all the other provision of Section 225 shall apply in the matter. The provisions of this sub-clause shall also apply to a resolution that a retiring Auditor shall not be re-appointed.

(f) The persons qualified for appointment as Auditors shall be only those referred to in Section 226 of the Act.

(g) None of the persons mentioned in Sec. 226 of the Act as are not qualified for appointment as Auditors shall be appointed as Auditors of the Company.

110. *Audit of Branch Offices*

The Company shall comply with the provisions of the Act in relation to the audit of the accounts of Branch Offices of the Company.

111. *Remuneration of Auditors*

The remuneration of the Auditors shall be fixed by the Board as authorised in General Meeting from time to time.

AUTHENTICATION OF DOCUMENTS

112. *Authentication of documents and proceedings*

Save as otherwise expressly provided in the Act or these Articles, a document or proceeding requiring authentication by the Company may be signed by a Director, the Managing Director, the Manager, the Secretary or an authorised officer of the Company and need not be under its seal.

WINDING UP

113. *Application of assets*

Subject to the provisions of the Act as to preferential payment the assets of the Company shall, on its winding up, be applied in satisfaction of its liabilities *pari passu* and, subject to such application shall be distributed among the members according to their rights and interests in the Company.

114. *Division of assets of the Company in specie among members*

If the Company shall be wound up whether voluntarily or otherwise, the liquidators may with sanction of a special resolution divide among the contributories in specie or kind any part of the assets of the Company and any with like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories of any of them, as the liquidators with the like sanction shall think fit, in case any share to be divided as aforesaid involve as liability to calls or otherwise any persons entitled under such division to any of the said shares may within ten days after the passing of the special resolution by notice in writing, direct the liquidators to sell his proportion and pay them the net proceeds, and the liquidators shall, if practicable, act accordingly.

SECRECY CLAUSE

115. *Secrecy*

No member shall be entitled to inspect the Company's works at its branch offices, regional offices or such other offices of the Company, without the permission of the Managing Director or to require discovery of any information respectively any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, history of trade or secret process which may be related to the conduct of the business of the Company and which in the opinion of the Managing Director it will be inexpedient in the interest of the members of the Company to communicate to the public.

116. *Duties of Officers to observe secrecy*

Every Director, Managing Directors, Manager, Secretary, Auditor, Trustee, Members of Committee, Officer, Servant, Agent, Accountant or other persons employed in the business of the Company shall, if so required by the Director before entering upon his duties, or any time during his term of office, sign a declaration pledging himself to observe secrecy relating to all transactions of the Company and the state of accounts and in matters relating thereto and shall by such declaration pledge himself not to reveal any of such matters which may come to his knowledge in the discharge of his official duties except which are required so to do by the Directors or any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provision of these Articles or law.

SECTION XII: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of this Prospectus, delivered to the Registrar of Companies for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate office of the Company from 11.00 a.m. to 5.00 p.m. on working days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Material contracts

1. Issue Agreement dated September 29, 2010 among the Company, the BRLMs and the CBRLM.

2. Memorandum of understanding dated September 29, 2010 between the Company and the Registrar to the Issue.

3. Escrow agreement dated April 11, 2011 among the Company, the BRLMs, the CBRLM, the Escrow Collection Banks, the Syndicate Members and the Registrar to the Issue.

4. Syndicate agreement dated April 11, 2011 among the Company, the BRLMs, the CBRLM, the Syndicate Members and the Registrar to the Issue.

5. Underwriting agreement dated April 28, 2011 between the Company, the BRLMs, the CBRLM and the Syndicate Members.

6. Agreement among NSDL, the Company and the Registrar to the Issue dated December 08, 2010.

7. Agreement among CDSL, the Company and the Registrar to the Issue dated December 08, 2010.

Material documents

1. The Company's Memorandum and Articles of Association, as amended.

2. Shareholders' resolution dated September 28, 2010 in relation to the Issue and other related matters.

3. Resolution of the Board dated July 23, 2010 authorising the Issue.

4. Resolution of the Board dated March 01, 2010 for the appointment of George Alexander Muthoot as the managing director of the Company.

5. Auditors' Report as required by Part II of Schedule II of the Companies Act, 1956 and mentioned in this Prospectus dated January 10, 2011.

6. Copies of annual reports of the Company for the years ended March 31, 2010, 2009, 2008, 2007 and 2006.

7. Certificate from M/s Kallukalam & Co. dated March 10, 2011 certifying the computation of 'Net Tangible Assets' and 'Monetary Assets' for the preceeding three full years (of twelve months each), is in conformity with the SEBI ICDR Regulations.

8. Consents of Auditors, Bankers to the Company, BRLMs, CBRLM, Syndicate Members, Registrar to the Issue, Escrow Bankers, Domestic Legal Advisor to the Company, Domestic Legal Advisor and International Legal Advisor to the BRLMs and the CBRLM, Monitoring Agency, Directors of the Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.

9. Consent of Auditors, M/s Rangamani & Co., Chartered Accountants, the statutory auditors' of the Company, dated March 22, 2011 for inclusion as an 'expert' as per Section 58 of the Companies Act.

10. In-principle listing approval dated December 22, 2010 and October 15, 2010 from NSE and BSE, respectively.

11. Due diligence certificate dated September 30, 2010 to SEBI from the BRLMs and the CBRLM.

12. SEBI observation letter no. CFD/DIL/ISSUES/SK/VT/115/2011 dated January 04, 2011 and our in-seriatim reply to the same dated March 16, 2011.

13. Statement of possible tax benefits dated April 04, 2011.

14. IPO Grading report by CRISIL Limited dated March 09, 2011.

15. IPO Grading report by ICRA Limited dated March 07, 2011.

16. Employment Agreement between M. G. George Muthoot and the Company dated March 31, 2010 for the appointment of M. G. George Muthoot as the whole-time director of the Company.

17. Employment Agreement between George Thomas Muthoot and the Company dated March 31, 2010 for the appointment of George Thomas Muthoot as the whole-time director of the Company.

18. Employment Agreement between George Jacob Muthoot and the Company dated March 31, 2010 for the appointment of George Jacob Muthoot as the whole-time director of the Company.

19. Employment Agreement between George Alexander Muthoot and the Company dated March 31, 2010 for the appointment of George Alexander Muthoot as the Managing Director of the Company.

20. Investment Agreement dated July 22, 2010 between Baring India Private Equity Fund III Limited and the Company.

21. Waiver letter dated September 27, 2010 issued by Baring India Private Equity Fund III Limited.

22. Investor rights agreement dated July 22, 2010 between Baring India Private Equity Fund III Limited and M. G. George Muthoot, George Alexander Muthoot, George Thomas Muthoot and George Jacob Muthoot.

23. Investment Agreement dated July 22, 2010 between Matrix Partners India Investments LLC and the Company.

24. Investment Agreement dated September 20, 2010 between Matrix Partners India Investments LLC and the Company.

25. Waiver letter dated September 27, 2010 issued by Matrix Partners India Investments LLC.

26. Investor rights agreement dated September 20, 2010 between Matrix Partners India Investments LLC and M. G. George Muthoot, George Alexander Muthoot, George Thomas Muthoot and George Jacob Muthoot.

27. Investment agreement dated August 20, 2010 between the Company, Kotak India Private Equity Fund, and Kotak Investment Advisors Limited.

28. Waiver letter dated September 27, 2010 issued by Kotak India Private Equity Fund.

29. Waiver letter dated September 27, 2010 issued by Kotak Investment Advisors Limited.

30. Investor rights agreement dated August 20, 2010 between Kotak India Private Equity Fund, Kotak Investment Advisors Limited, M G George Muthoot, George Alexander Muthoot, George Thomas Muthoot and George Jacob Muthoot.

31. Investment Agreement dated September 21, 2010 between the Company, The Wellcome Trust Limited (as trustee of The Wellcome Trust, United Kingdom), M.G. George Muthoot, George Alexander Muthoot, George Jacob Muthoot, George Thomas Muthoot, Susan Thomas, Anna Alexander, Elizabeth Jacob and Sara George.

32. Waiver letter dated September 27, 2010 issued by The Wellcome Trust Limited.

33. Investor rights agreement dated September 21, 2010 between The Wellcome Trust Limited, George Muthoot, George Alexander Muthoot, George Thomas Muthoot and George Jacob Muthoot.

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 the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We, the undersigned, hereby declare that all relevant provisions of the Companies Act, 1956 and guidelines issued by the Government of India or the regulations or guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made or regulations or guidelines issued thereunder, as the case may be. We further certify that all statements in this Prospectus are true and correct.

SIGNED BY ALL DIRECTORS:

M. G. George Muthoot Whole Time Director and Chairman	:	Sd/-
George Thomas Muthoot Whole Time Director	:	Sd/-
George Jacob Muthoot Whole Time Director	:	Sd/-
George Alexander Muthoot Managing Director	:	Sd/-
P. George Varghese Independent Director	:	Sd/-
K. John Mathew Independent Director	:	Sd/-
John K Paul Independent Director	:	Sd/-
George Joseph Independent Director	:	Sd/-

SIGNED BY THE CHIEF FINANCIAL OFFICER:

Oommen K. Mammen	:	Sd/-

SIGNED BY THE COMPANY SECRETARY AND COMPLIANCE OFFICER:

Rajesh A.	:	Sd/-

Date : April 28, 2011

Place : Kochi, India

ANNEX 1: IPO GRADING REPORT – ICRA LIMITED

ICRA has assigned an 'IPO Grade 4', indicating above-average fundamentals to the proposed Initial Public Offering of Muthoot Finance Limited (MFL). ICRA assigns an IPO grading on a scale of IPO Grade 5 through IPO Grade 1, with Grade 5 indicating 'strong fundamentals' and Grade 1 indicating 'poor fundamentals'. Muthoot Finance Limited (MFL) proposes to launch an Initial Public Offering (IPO) through an issue of 5.15 crore equity shares with a face value ₹ 10 with a premium that will be determined through a book-building process. The offers will constitute 13.85% of the fully diluted, post-issue, paid-up equity share capital of the company. Following the IPO, the shareholding of the promoters of the company will reduce from 93% to 80.12%. The offer would be made through the 100% book-building route. Of the net offer, 50% is reserved for Qualified Institutional Buyers (QIBs) while 15% and 35%, respectively, are reserved for non-institutional investors and retail investors. Post the IPO, the shares will be listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE). The objective of the offer is to augment the capital base of MFL in order to support its capital requirements arising out of anticipated growth in assets and for also compliance with regulatory capital adequacy requirements.

The above-average fundamental grading factors in the high growth prospects of MFL in the niche loan against gold ornament segment, wherein the scope for expansion is significant in view of the large holdings of gold ornaments by households and relative under-penetrated market. MFL is well-positioned to leverage the robust growth potential in the segment on the back of its strong market knowledge; well-established systems and processes and good track record in scaling up operations while maintaining a tight control on asset quality and sustaining good profitability. The company has expanded its branch network from 551 branches to 1605 branches over the last three years ending March 31, 2010, resulting in a portfolio CAGR of 73%. During the same period, credit losses on gold loans have been minimal. In FY 2010, credit losses were at ₹ 0.67 crore or less than 0.01% of average managed advances, thus supporting a healthy return on equity (RoE) of 48%. Strong growth in portfolio has been facilitated by investments towards expansion of branch network in traditional loan against gold ornaments geographies, that is, southern India as well as the relatively under-tapped new geographies in northern India. MFL's large and geographically spread branch network (numbering 2038 in September 2010) and its ability to provide a higher level of service viz.a.viz banks with respect to quicker disbursement , turnaround time and higher advance rates per gram (Loan to value ratios) are competitive factors in its favor. At the same time, MFL is exposed to adverse movements in gold prices and operational risks associated with the gold loan segment. Nevertheless, MFL has strong and established risk management, internal audit, monitoring and surveillance systems to mitigate any risks; and has been able to maintain good control over operations and asset quality while growing at a robust pace. Nevertheless, the company operates a mono-line business model and is, therefore, exposed to concentration risks. MFL enjoys good financial flexibility and raises funds at relatively competitive rates from banks and institutional investors. MFL enjoys the high credit ratings of LAA- and A1+ from ICRA, which support its ability to raise funds at competitive rates. Furthermore, the strong franchise and the group's long track record in Kerala enable MFL to tap retail funding sources (accounting for about 33% of total funding in September 2010). Roll over rates on retail borrowings have historically been high, thus supporting the liquidity profile of the company. With the augmentation of the company's capital base through its proposed IPO, MFL should be in a position to leverage the same to expand its portfolio. As on December 2010, the capital adequacy of MFL was at 15.19% (Tier 1 of 10.69%). The company raises subordinate debt (which classifies as Tier 2 capital, subject to a maximum of 50% of Tier I capital) placed primarily to its retail investors. MFL currently has limited headroom to raise additional Tier 2 capital in the form of subordinate debt but has headroom (of ₹ 590 Crore) to raise Tier 2 capital in the form of preference shares to meet its regulatory capital adequacy requirements of 15% (with effect from March 2011). ICRA expects fresh equity mobilised through the proposed IPO to create additional headroom for MFL to raise Tier 2 capital, thereby expanding its capacity to lend. The company enjoys a strong earnings profile (PAT/ Avg. Net worth of 48.90% and PAT/ Avg. Managed Assets of 3.76% in September 2010) on the back of its healthy gross interest spreads and low credit costs. ICRA has also taken note of the RBI notification of February 2011, which removes the eligibility of gold loans sourced by NBFCs from classification as agriculture advances. Consequently, the incremental cost of funding to MFL from banks could increase, as the existing bank borrowings availed under the agriculture classification get converted to higher-cost (by around 100-150 bps) non-agriculture limits. Nevertheless, ICRA expects the company's access to banking credit to remain healthy and facilitate portfolio growth. As on December 31, 2010, around 37% of the total assets of MFL were funded out of banking limits (including assignment portfolios) classified as agriculture lending. As a result, the incremental net interest margins could come down to the extent of around 50 bps. Nevertheless, ICRA expects interest margins of the company to remain healthy, which along with improving operating efficiencies should enable MFL to maintain a healthy earnings profile and returns to shareholders.

However, the company remains exposed to an event risk- 'Kerala Money Lender's Act' (KML), which empowers the state government to regulate lending rates of money lenders operating in the state and requires money lenders to register branches with the state authorities apart from other things. The matter is subjudice at the Supreme Court. Any adverse ruling in this case could impact the growth prospects of the company in the state of Kerala, which accounts for around 16% of its portfolio as on September 30, 2010. However, the impact on asset quality may not be significant as the company can auctions the pledged gold ornaments.

As on September 30, 2010 MFL's credit portfolio was ₹ 11,550 crore out of which 99% was in the form of loans against gold and the balance in loans against Non Convertible Debentures issued by MFL. The company's branch network is spread across 21 states and four union territories. Gold loans traditionally have been prominent in South India as a means to raise immediate short term funding by pledging of household gold ornaments. Average ticket sizes in the segment are low at ~₹ 30,580 for MFL in Sep-10. While the gold loans have a contractual maturity of 12 months these are pre-closed and an estimated 75% of the portfolio is re-paid within 4 months. Given the popularity of the product in South India 75% of the company's portfolio and 69% of branches in Sep-10 were in the South. MFL however has over the past few years focussed on expanding outside the south and the share of portfolio of the company from these states has increased to 25% in Sep-10 against 16% in Mar-07. Going forward the company is expected to continue to expand the scale of its operations by leveraging its existing branches and also by increasing its geographic penetration.

About the Company

Muthoot Finance Ltd (MFL) is the flagship company of 'The Muthoot Group' based in southern India. The group has a presence in diverse businesses including financing, healthcare, real estate, education, hospitality, forex, wealth management services, money transfer services, power generation and entertainment. MFL is registered as a Non-Banking Financial Company - Non Deposit taking - Systemically Important (NBFC-ND-SI); and is engaged in the loan against gold ornament segment with a managed advance base of ₹ 11,550 Crore as on September 30, 2010. The lending operations of the Group were commenced in 1939 by Late. Mr. M. George Muthoot. Ever since, 'loan against gold ornaments' has remained the core business of the Group. Until 1997, the business operated under 'Muthoot Bankers', a partnership firm. 'Muthoot Finance Pvt. Ltd' was incorporated in March 1997. In November 2001, the company received its NBFC registration from the RBI and the business was gradually transferred to it. The company was converted into a public limited company in FY 2009 and its name was changed to 'Muthoot Finance Limited' (MFL). MFL is classified as an NBFC- ND- SI (Systemically Important, Non-Deposit Taking NBFC). Although the company is a non-deposit accepting NBFC, it does accept retail debentures (not considered as public deposits), which accounted for close to 33% of the company's total funding as on September 302010.

As on December 31, 2010, the promoters of MFL held a 93% stake in the company. The promoters diluted their stake from 100%, following issue of fresh shares to the extent of 6% of their shareholding during H1, 2011 to private equity investors– Matrix Partners, Baring India Private Equity, Kotak India Private Equity, Kotak Investment Advisors Limited and the Wellcome Trust Limited. Subsequently the promoters sold 1% of their shareholding to the Wellcome Trust Limited. As on December 31, 2010, the company had a capital adequacy of 15.19% and a Tier 1 Capital of 10.69%. MFL for the financial year ended March 31, 2010 reported a PAT of ₹ 227.6 Crore on a managed asset base of ₹ 8451 Crore as compared to a PAT of ₹ 97.7 Crore on a managed asset base of ₹ 4578 Crore during the previous financial year. During the half year ended September 30, 2010, MFL registered a 167% y-o-y growth in PAT to ₹ 198 Crore as compared with ₹ 74 Crore during the corresponding period in the previous financial year.

March 2011

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Muthoot Finance Limited

Issue Details

Muthoot Finance Limited (MFL) proposes to launch an Initial Public Offering (IPO) through an issue of 5.15 crore equity shares with a face value Rs. 10 with a premium that will be determined through a book-building process. The offers will constitute 13.85% of the fully diluted, post-issue, paid-up equity share capital of the company. Following the IPO, the shareholding of the promoters of the company will reduce from 93% to 80.12%. The offer would be made through the 100% book-building route. Of the net offer, 50% is reserved for Qualified Institutional Buyers (QIBs) while 15% and 35%, respectively, are reserved for non-institutional investors and retail investors. Post the IPO, the shares will be listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

Proposed Use of IPO Proceeds

The objective of the offer is to augment the capital base of MFL in order to support its capital requirements arising out of anticipated growth in assets and for also compliance with regulatory capital adequacy requirements.

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IPO Grading

ICRA has assigned an 'IPO Grade 4', indicating above-average fundamentals to the proposed Initial Public Offering of Muthoot Finance Limited (MFL). ICRA assigns an IPO grading on a scale of IPO Grade 5 through IPO Grade 1, with Grade 5 indicating 'strong fundamentals' and Grade 1 indicating 'poor fundamentals'.

An ICRA IPO Grade is a symbolic representation of ICRA's current assessment of the fundamentals of the issuer concerned. The fundamental factors assessed include,, business and competitive position; financial position and prospects; management quality; corporate governance and compliance and litigation issues, if any.

Disclaimer: Notwithstanding anything to the contrary, an ICRA IPO grade is a statement of the current opinion of ICRA; and is not a statement of appropriateness of the graded security for any of the investors. An ICRA IPO grade is assigned with due care and caution on the basis of analysis of information and clarifications obtained from the issuer concerned and also other sources considered reliable by ICRA. However, ICRA makes no representation or warranty, express or implied, as to the accuracy, authenticity, timelines, or completeness of such information. An ICRA IPO grade is not (a) a comment on the present or future price of the security concerned (b) a certificate of statutory compliance and/or (c) a credit rating. Further, the ICRA IPO grade is not a recommendation of any kind including but not limited to recommendation to buy, sell, or deal in the securities of such issuers nor can it be considered as an authentication of any of the financial statements of the company and ICRA shall not be liable for any losses incurred by users from any use of the grade in any manner. It is advisable that professional assistance be taken by any prospective investor in the securities of the company including the fields of investment banking, tax or law while making such investments. All services and information are provided by ICRA on an "as is" basis, without representations and warranties of any nature.

Strengths

- Strong franchise and leading market position of the company in the niche gold loan segment in the southern Indian States of Kerala, Tamil Nadu, Andhra Pradesh and Karnataka
- Large branch network and focus on increasing penetration in new geographies to support the company in tapping the growth potential arising on account of large holdings of gold ornaments by Indian households
- Good appraisal and market knowledge, collection and risk management systems have enabled the company to maintain robust pace of expansion while maintaining good control over operations
- Demonstrated ability to generate good risk adjusted returns (PAT/ Net worth of 48.9%); although this could come down with decline in leveraging level (currently 10.46 times[4]) following the public offering of the company; over the medium term, MFL should be in a position to maintain good return on net worth
- Good financial flexibility to grow portfolio with access to funding through banks and institutional investors; MFL enjoys high credit ratings (of LAA- and A1+ by ICRA), which should enable it to raise funding at competitive rates. Furthermore, the company enjoys access to funding through retail sources on account of healthy franchise in southern India
- Comfortable liquidity position with a well-matched, asset-liability position

Challenges

- Mono-line business model resulting in limited revenue diversification; fee income accounts for only 0.83% of the total income of the company
- Business model exposed to adverse movement of gold prices and a marginal borrower profile; however, the company has been able to mitigate the risks so far through active monitoring of the portfolio and through auctioning of ornaments of overdue contracts
- Higher operational risks associated with the large volume of transactions involving cash and gold jewellery; these risks, however, are partly mitigated by MFL's good internal control and audit functions
- Portfolio interest spreads of MFL could get impacted as competitive pressures from banks and other NBFCs increases. Furthermore interest spreads could also be impacted with an increase in bank funding costs (estimated at 100-150 bp) following RBI's notification which removed agriculture classification for Gold Loans originated by NBFCs; however the overall interest spreads of MFL are expected to remain at healthy levels, which along with improving operating efficiencies should enable MFL to maintain a healthy earnings profile and shareholder returns.
- The company is exposed to regulatory risks with respect to state government statutes on money lending activities. Any adverse regulatory rulings would impact growth prospects of the company

Grading Rationale

The above-average fundamental **'IPO Grade 4'** factors in the high growth prospects of MFL in the niche loan against gold ornament segment, wherein the scope for expansion is significant in view of the large holdings of gold ornaments by households and relative under-penetrated market. MFL is well-positioned to leverage the robust growth potential in the segment on the back of its strong market knowledge; well-established systems and processes and good track record in scaling up operations while maintaining a tight control on asset quality and sustaining good profitability. The company has expanded its branch network from 551 branches to 1605 branches over the last three years ending March 31, 2010, resulting in a portfolio CAGR of 73%. During the same period, credit losses on gold loans have been minimal. In FY 2010, credit losses were at Rs. 0.67 crore or less than 0.01% of average managed advances, thus supporting a healthy return on equity (RoE) of 48%. Strong growth in portfolio has been facilitated by investments towards expansion of branch network in traditional loan against gold ornaments geographies, that is, southern India as well as the relatively under-tapped new geographies in northern India. MFL's large and geographically spread branch network (numbering 2038 in September 2010) and its ability to provide a higher level of service viz.a.viz banks with respect to quicker disbursement , turnaround time and higher advance rates per gram (Loan to value ratios) are competitive factors in its favor. At the same time, MFL is exposed to adverse movements in gold prices and operational risks associated with the gold loan segment. Nevertheless, MFL has strong and established risk management, internal audit, monitoring and surveillance systems to mitigate any risks; and has been able to maintain good control over operations and asset quality while growing at a robust pace. Nevertheless, the company operates a mono-line business model and is, therefore, exposed to concentration risks. MFL enjoys good financial flexibility and raises funds at relatively competitive rates from banks and institutional investors. MFL enjoys the high credit

[4] Treating assignment book as debt

ratings of LAA- and A1+ from ICRA, which support its ability to raise funds at competitive rates. Furthermore, the strong franchise and the group's long track record in Kerala enable MFL to tap retail funding sources (accounting for about 33% of total funding in September 2010). Roll over rates on retail borrowings have historically been high, thus supporting the liquidity profile of the company. With the augmentation of the company's capital base through its proposed IPO, MFL should be in a position to leverage the same to expand its portfolio. As on December 2010, the capital adequacy of MFL was at 15.19% (Tier 1 of 10.69%). The company raises subordinate debt (which classifies as Tier 2 capital, subject to a maximum of 50% of Tier I capital) placed primarily to its retail investors. MFL currently has limited headroom to raise additional Tier 2 capital in the form of subordinate debt but has headroom (of Rs. 590 Crore) to raise Tier 2 capital in the form of preference shares to meet its regulatory capital adequacy requirements of 15% (with effect from March 2011). ICRA expects fresh equity mobilised through the proposed IPO to create additional headroom for MFL to raise Tier 2 capital, thereby expanding its capacity to lend. The company enjoys a strong earnings profile (PAT/ Avg. Net worth of 48.90% and PAT/ Avg. Managed Assets of 3.76% in September 2010) on the back of its healthy gross interest spreads and low credit costs. ICRA has also taken note of the RBI notification of February 2011, which removes the eligibility of gold loans sourced by NBFCs from classification as agriculture advances. Consequently, the incremental cost of funding to MFL from banks could increase, as the existing bank borrowings availed under the agriculture classification get converted to higher-cost (by around 100-150 bps) non-agriculture limits. Nevertheless, ICRA expects the company's access to banking credit to remain healthy and facilitate portfolio growth. As on December 31, 2010, around 37% of the total assets of MFL were funded out of banking limits (including assignment portfolios) classified as agriculture lending. As a result, the incremental net interest margins could come down to the extent of around 50 bps. Nevertheless, ICRA expects interest margins of the company to remain healthy, which along with improving operating efficiencies should enable MFL to maintain a healthy earnings profile and returns to shareholders.

Entity Profile

Muthoot Finance Ltd (MFL) is the flagship company of 'The Muthoot Group' based in southern India. The group has a presence in diverse businesses including financing, healthcare, real estate, education, hospitality, forex, wealth management services, money transfer services, power generation and entertainment. MFL is registered as a Non-Banking Financial Company - Non Deposit taking - Systemically Important (NBFC-ND-SI); and is engaged in the loan against gold ornament segment with a managed advance base of Rs. 11,550 Crore as on September 30, 2010. The lending operations of the Group were commenced in 1939 by Late. Mr. M. George Muthoot. Ever since, 'loan against gold ornaments' has remained the core business of the Group. Until 1997, the business operated under 'Muthoot Bankers', a partnership firm. 'Muthoot Finance Pvt. Ltd' was incorporated in March 1997. In November 2001, the company received its NBFC registration from the RBI and the business was gradually transferred to it. The company was converted into a public limited company in FY 2009 and its name was changed to 'Muthoot Finance Limited' (MFL). MFL is classified as an NBFC- ND- SI (Systemically Important, Non-Deposit Taking NBFC). Although the company is a non-deposit accepting NBFC, it does accept retail debentures (not considered as public deposits), which accounted for close to 33% of the company's total funding as on September 302010.

As on December 31, 2010, the promoters of MFL held a 93% stake in the company. The promoters diluted their stake from 100%, following issue of fresh shares to the extent of 6% of their shareholding during H1, 2011 to private equity investors– Matrix Partners, Baring India Private Equity, Kotak India Private Equity, Kotak Investment Advisors Limited and the Wellcome Trust Limited. Subsequently the promoters sold 1% of their shareholding to the Wellcome Trust Limited. As on December 31, 2010, the company had a capital adequacy of 15.19% and a Tier 1 Capital of 10.69%. MFL for the financial year ended March 31, 2010 reported a PAT of Rs. 227.6 Crore on a managed asset base of Rs. 8451 Crore as compared to a PAT of Rs. 97.7 Crore on a managed asset base of Rs. 4578 Crore during the previous financial year. During the half year ended September 30, 2010, MFL registered a 167% y-o-y growth in PAT to Rs. 198 Crore as compared with Rs. 74 Crore during the corresponding period in the previous financial year.

Promoters and Management

MFL is closely held by the promoters and family members of the Muthoot family. As on December 31, 2010, the promoters owned a 93% stake in the company; this stake would come down to 80.12%, following MFL's IPO. The promoter's family has been engaged in the gold loan business since 1939 and has strong knowledge, experience and understanding of the market.

The Managing Director of the company, Mr. George Alexander Muthoot, is closely involved in the operations of the company and has strong knowledge and understanding of the market. Under the current Managing Director, MFL registered a strong portfolio and managed a geographic expansion. The Executive Director of MFL, Mr. Padmakumar joined the company in March 2005 after retiring as the Chairman and Managing Director of Federal Bank. Mr. Padmakumar has 36 years of experience in commercial banking.

Corporate Governance

The Board of Directors of MFL currently has 8 Directors (including 4 independent directors and 4 promoter directors) and is in compliance with the requirements of Clause 49 of the Listing Agreement, that is, (i) not less than 50% constituted by non-executive Directors and (ii) at least 50% constituted by Independent Directors. The Chairman of the Board is Mr. M.G. George Muthoot, who is from the promoter's family. Independent directors include Mr. George Joseph (former Chairman and Managing Director of Syndicate Bank) and Mr. K. John Mathew (Retd. Judge of the Kerala High Court).

The Board of Directors of the company meets once a quarter for review of performance and to consider any other business related matters.

Compliance and Litigation

Accounting Policy: The financial statements of MFL are prepared on accrual basis, following the historical cost convention in accordance with the generally accepted accounting principles.

Litigation: There are 32 civil proceedings and 15 consumer complaints filed against MFL. These cases are pending before various forums in respect of approx. Rs. 9 lakhs. Such proceedings primarily pertain to customers seeking permanent injunction against MFL from disposing pledged ornaments against overdue loans availed by them.

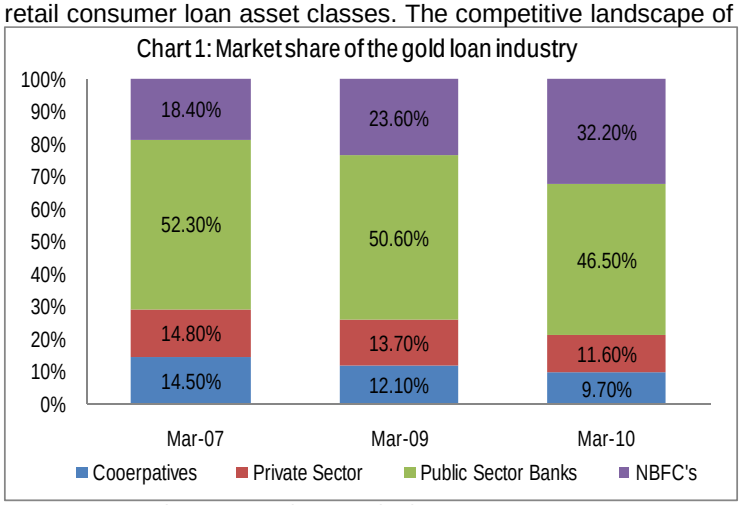
MFL has been issued show cause notices from the Government Authorities of Kerala and Gujarat in relation to compliance with relevant money lending statuettes issued by the respective State governments. Please refer to Page 7 for more information on the same.

Business and Competitive Position

MFL has an established track record in the niche Gold loan segment, and has a gold loan portfolio of Rs. 11,550 crore as on September 30 2010. The Muthoot Group enjoys strong market knowledge and a good franchise in southern India on the back of significant experience of the promoters of the Group since 1939. The growth of the company is also aided by the fact that gold loans are commonly a accepted form of financing amongst households in southern India. The gold loan asset class is characterised by small ticket size loans (average ticket size of around Rs. 30,600 for MFL) secured typically against gold ornaments. While the contractual tenure of the loan contract is 12 months, the loan tenure is typically around 3-4 months.

Strong growth prospects buoyed by large household gold holdings and specialisation of NBFCs in the segment

The participants in the organised gold loan market include public/private sector Banks, NBFCs and co-operatives as compared to other retail consumer loan asset classes. The competitive landscape of the gold loan segment is relatively fragmented on account of the specialised nature of business and underwriting skills required and the voluminous nature of transactions on account of smaller ticket sizes. Based on IMaCs report, the share of NBFCs in the gold loan segment has been steadily increasing from ~18% in Mar-07 to ~32% in Mar-10, while the share of public sector banks declined from ~52% to ~46% and private sector banks from ~15% to ~12%. NBFCs have gained market share during this period as they leveraged their specialized knowledge of the segment while adopting a focused growth approach targeting semi-urban regions, where customers typically have lower access to financing. Furthermore NBFCs through quicker turn-around time; higher product flexibility and higher advance rate per gram (higher Loan to Value Ratios) have been able to register strong portfolio growth over the past few years.



Source: IMaCs Industry Report (2010 Update)

Table 1: Gold Loan Portfolio outstanding of various financiers

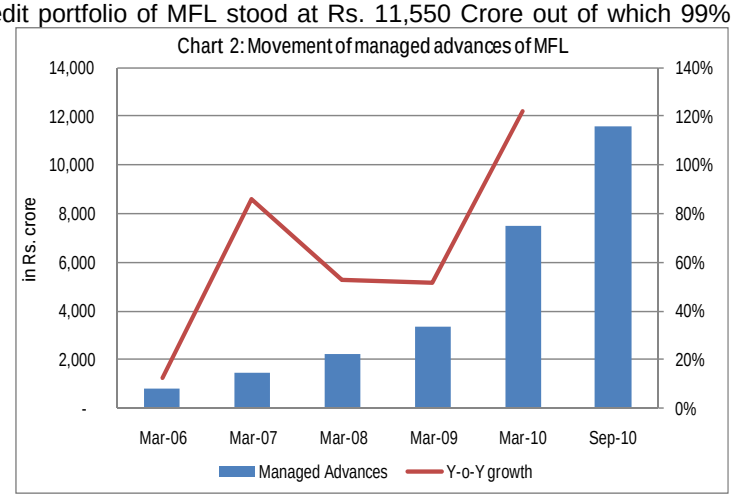
	Mar-10	Mar-09	Mar-07
Muthoot Finance Limited	7342	3300	1420
Manappuram General Finance and Leasing Limited	2560	1200	480
Muthoot Fincorp Limited	2220	1180	470
India Overseas Bank	5220	3100	1690
Indian Bank	3920	3250	1700
South Indian Bank	2350	1500	600
State Bank of Travancore	1930	1600	1140
Andhra Bank	1400	900	400
Federal Bank	860	1070	600
Three-year CAGR - Market	43%		
Three-year CAGR - NBFCs	72%		
Three-year CAGR - MFL	73%		

Note: Amounts are presented in Rs. Crore
Source: DRHP - IMaCs Industry Report (2010 Industry Update)

As per IMaCs industry report the growth in the gold loan market size has been significant over the past few years- registering a three-year CAGR of ~43% for the period ended March 31, 2010 to around Rs. 35,000-Rs. 40,000 crore. During this period, growth in NBFCs was much higher at 72% while the portfolio of MFL grew at a three-year CAGR of 73%. Going forward future market size growth prospects are expected to remain significant. The private gold holdings of Indian households are significant- as per the world gold council, the stock of gold holdings (net of central bank gold stock) is around 17,500 tons[5], against which the market value would as of March 2010 be around Rs. 27,40,000 crore. This translates into a market penetration of only 1.3%, which leaves substantial scope for future expansion.

Competitive positioning of MFL supported by its strong franchise in southern India as well as a large and geographically diversified branch network

As on September 30, 2010, the credit portfolio of MFL stood at Rs. 11,550 Crore out of which 99% was in the form of loans against gold and the balance in the form of loans against MFL's own Non-Convertible Debentures. The Muthoot Group has been engaged in the gold loan segment since 1939 and enjoys a strong franchise particularly in the four southern Indian States (of Kerala, Karnataka, Andhra Pradesh and Karnataka), where gold loans are an accepted form of financing. MFL has expanded its portfolio at a three-year CAGR of 73% on the back of its strong franchise and increasing popularity of the product within and outside South India



Source: Company

Table 2: Year-wise movement of MFL's branch network and Managed Portfolio

	# of branches	Managed Portfolio	Y-o-Y growth
Mar-08	707	2179	53%
Mar-09	985	3300	51%
Mar-10	1605	7342	122%
Sep-10	2038	11447	160%

Note: Amounts in ₹ Crore
Source: Company

The strong pace of expansion of the portfolio of MFL has been supported over the past few years by a robust augmentation of its branch network to 2038 branches in September 2010 from 707 branches in March 2008. MFL has the largest branch network amongst the NBFCs operating in the gold loan space. The company has taken concerted efforts to increase its penetration in the four southern India and also expand its presence in new geographies in northern and western India. As on September 30, 2010, MFL had a branch presence in 25 states across the country and has been able to diversify its geographic spread with the proportion of advances and branches outside South India increasing to 25% and 31%, respectively, in September 2010 from 18% and 9%, respectively, in March 2008. Strong and widespread branch network puts MFL in a good position to tap the huge growth potential in the gold loan segment.

[5] Total estimated gold stock holdings of 18,000 tons less central bank holdings of 558 tons

Table 3: Percent shares of Total Managed Advances by Region

Region	Sep-10	Mar-10	Mar-09	Mar-08
South	75%	75%	80%	82%
North	14%	15%	14%	13%
West	8%	8%	5%	4%
East	3%	2%	1%	1%
% of total branches				
South	69%	70%	88%	91%
North	17%	17%	3%	2%
West	11%	10%	8%	6%
East	3%	3%	2%	1%

Source: DRHP and Company

Strong market knowledge, good appraisal and risk management systems have supported MFL in managing growth

The gold loan business is inherently safe as compared to other financing businesses as the security (gold ornament) pledged is in possession with the financier. However, the product is exposed to the risk of a sharp and sustained decline in the price of gold, leading to decrease in the value of the security and the risk of incorrect assessment of gold purity at the branch level. While MFL does lend at incremental LTVs ranging from 60-90% (average LTV of around 70%), it has put in place the following mitigants and processes so as to maintain good control over operations while pursuing robust expansion in the scale of its operations.

a) *Tracking of the Value of Contracts and Auctioning Policy*

The company's track record of collections in the gold loan segment has been good, and has been supported by good portfolio monitoring systems; borrower's sentimental attachment towards the pledged gold ornaments and rising gold prices. The company monitors the market value of the outstanding security against each of its contracts; and has the option to auction gold ornaments in case borrowers fail to repay their loans. The following are the details of auctions of the company:

Table 4: *Auctioning of gold ornaments by MFL*

	H1 2011		2009-10		2008-09		2007-08	
	Amount	%*	Amount	%*	Amount	%*	Amount	%*
Principal outstanding against loans auctioned	26	1.2%	91	2.8%	52	2.4%	22	1.6%
Loss on Auction	0		0		0		0	

**: amount auctioned as percentage portfolio outstanding with 1 year lag*
Note: Amounts in ₹ Crore;
Source: Company

As can be seen from the above table, MFL auctioned loan contracts with principal outstanding aggregating to around 2.8% of its portfolio. MFL has not incurred any loss on auction of gold ornaments during this period. Furthermore, on account of the above reasons, the overall delinquency of the portfolio of MFL has remained at manageable levels.

Table 5: Movement of MFL's delinquencies

	180+ dpd %
Mar-09	0.74%
Mar-10	1.05%
Sep-10	1.07%

Note: Delinquencies are based on a 12-month lag basis
Source: Company

b) *Internal Audit*

The internal audit team of the company consists of 500 members and is spread out in different locations. The company conducts regular audits of branches to check the efficacy of the gold assessment quality of the branches and other operational processes of the branches.

c) *Insurance and Surveillance*
MFL is exposed to operational risks, as its transactions mainly involve gold jewellery and cash. MFL maintains its gold ornaments in strong rooms that are insured against fire, theft and employees frauds. The company is also in the process of rolling out the installation of CCTV across its branch network in order to reduce the risk of theft.

Applicability of State Government regulations could affect the growth prospects of MFL
MFL has been issued show cause notices from the Government Authorities of Kerala and Gujarat in relation to compliance with relevant money lending statues issued by the respective State governments. In the case of the State of Kerala, Kerala Money Lender's Act (KML), apart from other things, empowers the State Government to regulate lending rates of money lenders operating in the State and requires money lenders to register their branches with the State authorities. Issue of applicability of the KML Act to NBFCs (including MFL) is sub-judice at the Supreme Court and any ruling that requires NBFCs to comply with the KML Act could have an adverse impact on the earnings and growth prospects of the company in the State of Kerala, which accounted for around 16% of its portfolio as on September 30, 2010. Nevertheless, the impact on asset quality may not be significant, as the company can auction the gold ornaments.

Financial Position

Healthy access to funding sources; financial flexibility supported by MFL's strong franchise in southern India enabling access to retail funding

Table 6: Funding Profile of MFL

	Sep-10	%	Mar-10	%	Mar-09	%	Mar-08	%
Bank Loans	4506	41%	2128	29%	1059	27%	547	23%
Non-convertible Debentures	3175	29%	2719	37%	1902	48%	1240	53%
Subordinated Debt – Muthoot Family Shareholders	40	0%	40	1%	110	3%	40	2%
Subordinated Debt- Retail	395	4%	285	4%				
Loan from directors & relatives/Shareholder Deposits	40	0%	57	1%	47	1%	35	2%
CP/NCD	416	4%	50	1%				
Others	2	0%	2	0%	47	1%	51	2%
Total Borrowings	**8574**	**77%**	**5281**	**72%**	**3166**	**80%**	**1914**	82%
Assignment	2497	23%	2008	28%	813	20%	434	18%
Total Funding	**11071**		**7289**		**3979**		**2348**	
Net worth	**1038**		**584**		**362**		**214**	

Note: Amounts in ₹ Crore
Source: Company

MFL has been able to leverage the strong demand for gold loans and grow its portfolio on account of its healthy access to funding. MFL enjoys strong banking relationships availing credit and assignment sanction limits from 19 banks, aggregating to Rs. 8000 crore. The company also enjoys high credit ratings of LAA- and A1+, which supports its ability to raise funds at relatively competitive rates.

Furthermore, MFL enjoys a strong franchise in Kerala and is, therefore, able to raise funding through retail debentures/ NCDs, which account for 33% of total funding for MFL. The roll over rates of retail NCDs have historically been fairly high, which bring stability to the funding profile of the company.

Impact of RBI's notification removing agriculture classification from Gold Loans sourced by NBFCs

The Reserve Bank of India (RBI), through its notification dated February 2, 2011, has clarified that banks can no longer consider loan against gold sourced by NBFCs as agricultural advances. Furthermore, banks are no longer permitted to treat investments in securitised pools and portfolios purchased through assignment of 'loan against gold jewellery receivables' originated by NBFCs as agriculture advances. MFL has in the past been raising a part of its bank funding at competitive rates, as such loans were being considered under agriculture lending classification. However as a consequence of this notification incremental cost of funding to MFL from banks could increase, as existing bank borrowings availed under the agriculture classification get converted to higher costing (by around 100-150 bps) non agriculture borrowings. Nevertheless, ICRA expects the company's

access to banking credit to remain healthy and thus facilitate portfolio growth. As of December 2010, around 37% of the total assets of MFL were funded out of banking limits (including assignment portfolios) classified as agriculture lending; as a result, incremental net interest margins could come down to the extent of around 50 bps. Nevertheless, ICRA expects the earnings profile and returns to shareholders of MFL to remain at healthy levels on the back of improving operating efficiencies.

Impact of RBI's draft guidelines on securitization transactions

In June 2010, the Reserve Bank of India (RBI) came out with draft guidelines with respect to minimum holding period required for securitised portfolios. Under these proposed guidelines, issuers would be required to hold loans (with contractual maturity of upto 24 months and with a bullet repayment) for a minimum period of 12 months before becoming eligible to be securitised.

While Gold loan offered by MFL have a contractual maturity of 12 months and have a bullet repayment schedule, MFL has so far availed funding through bilateral assignments (instead of through securitization), which currently do not come under the purview of this draft guideline and RBI's earlier regulations with respect to securitization transactions. However if the final guidelines were to apply to MFL's gold loan assignment transactions, its access to funding through this source would be restricted. As on September 30, 2010 around 23% of MFL's total funding was through the assignment route. In such a case company however should be in a position to tap funding through traditional lines of credit from banks although these may be at a higher cost higher than assignment funding. ICRA however expects MFL to continue to maintain good profitability in such a scenario.

Healthy capitalisation and headroom to augment Tier 2 provides scope to maintain capitalisation levels while improving shareholder returns

MFL has a good track record of raising capital to meet regulatory capital requirements while pursuing a robust portfolio expansion. In H1 2011 the company raised Rs. 256 Crore through issue of fresh equity to private equity investors.With the augmentation of the company's capital base through its proposed IPO, MFL should be in a position to leverage the same to expand its portfolio while meeting regulatory capital adequacy requirements over the medium term. As of December 2010, the capital adequacy of MFL was at 15.19% (Tier 1 of 10.69%). The company raises subordinate debt (which classifies as Tier 2 capital, subject to a maximum of 50% of Tier I capital) placed primarily to its retail investors. While MFL now has a limited headroom to raise additional Tier 2 capital in the form of subordinate debt, it has headroom (of Rs. 590 Crore) to raise Tier 2 capital in the form of preference shares to meet its regulatory capital adequacy requirements of 15% (with effect from March 2011). ICRA expects fresh equity mobilised through the proposed IPO to create additional headroom for MFL to raise Tier 2 capital, and thereby expand its capacity to lend.

Table 7: Capitalization levels of MFL

	Dec-10	Mar-10	Mar-09
Tier I Capital	1,180	584	362
Tier II Capital	497	292	110
Total Capital	1,677	876	472
Risk Weighted Assets	11,040	5,925	2,897
Reported Tier I Capital	10.69%	9.86%	12.51%
Reported Tier II Capital	4.50%	4.93%	3.79%
Reported CRAR	15.19%	14.79%	16.30%
Tier I Capital (Managed)	8.32%	7.61%	10.13%
Tier II Capital (Managed)	3.51%	3.80%	3.07%
CRAR	11.83%	11.41%	13.20%
Reported Gearing	8.60	9.04	8.74
Adj. Gearing (treating assigned book as debt)	11.57	12.30	10.62

Note: Amounts in ₹ Crore
Source: Company

Mono-line business model results in limited revenue diversification

MFL has a mono-line business model focussed almost entirely on the gold loan segment and has limited revenue diversification. MFL is, therefore, exposed to concentration risks because its revenue

profile is almost entirely dependent on interest income with limited income through fee-based sources. MFL acts as a payment agent for several companies towards foreign inward remittance for personal purposes under the Money Transfer Service Scheme (MTSS) and has been appointed as a distributor for the New Pension Scheme (NPS. However, its overall contribution from such sources is limited. ICRA takes into account the fact that fee income accounted for only 0.83% of the total income or 0.14% of average managed assets of MFL in H1, FY 2011.

Profitability and Earnings Profile

Table 8: Key Financial Ratio's

KEY RATIOS	Sep-10	Mar-10	Mar-09	Mar-08	Mar-07
Yield on Average Loans	18.51%	19.42%	21.13%	19.00%	19.45%
Yield on Average Earning Assets	17.47%	17.15%	17.59%	17.44%	18.43%
Cost of Average Interest Bearing Funds	8.99%	8.41%	9.79%	9.43%	8.80%
Lending Spreads	9.51%	11.01%	11.34%	9.57%	10.65%
Gross Interest Spread	8.47%	8.74%	7.80%	8.01%	9.62%
PROFITABILITY RATIOS					
Interest income /AMA	17.03%	16.54%	16.72%	16.35%	17.17%
Interest Expense / AMA	7.83%	7.27%	8.48%	8.13%	7.57%
Net Interest Margin /AMA	9.20%	9.27%	8.24%	8.22%	9.60%
Non- interest income/ AMA	0.14%	0.18%	0.24%	0.32%	0.54%
Operating expenses / AMA	3.61%	4.10%	4.43%	4.12%	5.03%
Operating Profit / AMA	5.73%	5.35%	4.05%	4.41%	5.11%
Credit Prov. & Write-offs /AMA	0.03%	0.04%	0.02%	0.03%	0.01%
PAT/ AMA	3.76%	3.49%	2.68%	2.88%	3.33%
PAT / Average Net worth	48.83%	48.08%	33.90%	34.01%	35.12%
Cost Income Ratio	38.69%	43.42%	52.26%	48.32%	49.63%

Source: MFL financial statements and ICRA research

- The return on net worth (RoNW) of MFL is very healthy at 48.90% as of September 2010 on the back of good profitability of MFL and its ability to maintain regulatory capitalisation by raising Tier 2 debt. While the return on equity (RoE) of MFL would come down post the IPO, ICRA expects MFL to be able to maintain its return on net worth at around 35% over the medium term.

- The yield on advances of MFL declined in H1, FY 2011, as the company launched a low IRR scheme during the period with the intention of increasing its customer base. As a result, the lending spreads of the company declined to 8.47% in September 2010 from 8.74% in March 2010. However, disbursements under this scheme have been brought down incrementally since H2, FY 2011 and the company is expected to expand in higher yielding schemes. However, ICRA expects incremental interest spreads of MFL to come down, following the notification of the RBI which clarifies that banks can no longer consider their exposures backed by gold loans originated by NBFCs as agricultural advances. As a result, the incremental cost of banking funding of MFL is expected to increase by 100-150 basis points (bps). Nevertheless, in light of the high credit ratings (of LAA- and A1+ assigned by ICRA), MFL is expected to be able to raise funding at relatively competitive rates from institutional investors and banks. While competitive pressures in the gold loan segment are likely to increase over the medium term, ICRA expects the lending spreads of MFL to remain at healthy levels.

- MFL added 620 and 433 branches, respectively, in FY 2010 and H1, FY 2011. However, the operating expenses of the company as percent of AMA declined to 4.10% in March 2010 and further to 3.64% in September 2010 from 4.43% in March 2009, as it has been able to increase its portfolio per branch to Rs. 5.69 Crore in September 2010 from around Rs. 3.42 Crore in March 2009. ICRA expects MFL to continue to benefit from cost efficiencies, as it leverages its branch network further.

- The provisions & write-offs of MFL have been insignificant in the past because of rising gold prices, good appraisal, collections and risk management systems.

In FY 2010 ended March 31 2010, MFL reported a profit after tax (PAT) of Rs. 227.6 Crore on a managed asset base of Rs. 8451 Crore as compared to a PAT of Rs. 97.7 Crore on a managed asset base of Rs. 4578 Crore in FY 2009. During the half-year ended September 30,2010, MFL registered a 167% y-o-y growth in PAT to Rs. 198 Crore as compared with Rs. 74 Crore during the corresponding period in the previous financial year.

March 2011

Fact Sheet: Muthoot Finance Limited

Company Profile	
Constitution	Public Limited Company
Status	Systemically Important, Non-Deposit taking, Non-Banking Finance Company (NBFC – ND - SI)
Registered Office	2nd Floor, Muthoot Chambers, Banerji Road, Kochi - 18
Share Capital (September 30, 2010)	Rs. 320 Crore
Net worth (30 September 30, 2010)	Rs. 1038 Crore
Balance Sheet Size (September 30 2010)	Rs. 12,625 Crore
Chairman	Mr. M. G. George Muthoot
Managing Director	Mr. George Alexander Muthoot
Auditors	M/s Rangamani & Co.

Source: Company

Shareholding Pattern as on September 30 2010	
M.G.George Muthoot	15.01%
George Alexander Muthoot	14.10%
George Jacob Muthoot	14.10%
George Thomas Muthoot	14.10%
Anna Alexander	4.70%
Susan Thomas	9.40%
Sara George	4.26%
Elizabeth Jacob	4.70%
George M George	2.11%
George M Alexander	2.35%
Alexander M George	2.11%
George M Jacob	4.70%
Eapen Alexander	2.35%
Matrix Partners India Investments, LLC	2.45%
Baring India Private Equity Fund	2.00%
Kotak India Private Equity Fund	0.95%
Kotak Invesment Advisors Limited	0.05%
The Wellcome Trust Limited	0.55%

Source: Company

Board of Directors	
M.G. George Muthoot	Whole-time Director and Chairman
George Thomas Muthoot	Whole-time Director
George Jacob Muthoot	Whole-time Director
George Alexander Muthoot	Managing Director
Justice K. John Mathew (retired)	Independent Director
P. George Varghese	Independent Director
John K Paul	Independent Director
George Joseph	Independent Director

Source: Company



ICRA Limited

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ANNEX 2: IPO GRADING REPORT – CRISIL LIMITED

[APPENDED OVERLEAF]

Muthoot Finance Limited

CRISIL IPO Grade 4/5 (Above average)

March 09, 2011

Grading summary

CRISIL has assigned a CRISIL IPO grade of '**4/5**' (pronounced "four on five") to the proposed IPO of Muthoot Finance Ltd (Muthoot Finance). This grade indicates that the fundamentals of the IPO are **above average** relative to other listed equity securities in India. However, this grade is not an opinion on whether the issue price is appropriate in relation to the issue fundamentals. The grade is not a recommendation to buy, sell or hold the graded instrument, its future market price or suitability for a particular investor.

The assigned grade reflects Muthoot Finance's leadership position in the gold financing business in terms of assets under management (AUM) backed by a wide branch distribution network. The company enjoys a strong brand name especially in South India. A highly under-penetrated domestic market for loans against gold ornaments (LAG) and increasing market share of organised players augur well for Muthoot Finance. The promoters of the company have decades of experience in the industry and have shown the ability to manage aggressive expansion and growth in AUM. Additionally, Muthoot Finance's first-mover advantage in the non-southern regions of India will support its growth plans over the medium term. The company has shown the ability to maintain strong underwriting norms with a comfortable loan to value ratio (LTV). Further, emotional attachment of the customer to household ornaments has resulted in strong asset quality. The company has implemented robust operational systems and processes resulting in quick disbursement of loans, giving it a competitive edge over banks.

However, the grade is moderated by the company's dependence on a single line of business and concentration of business in southern India (~75% of AUM in FY10). Also, competition is expected to increase with the entrance of many players, which is expected to lower yields. A sharp drop in gold prices and restrictive measures by regulators may pose challenges and remain the key monitorables for the industry.

Muthoot Finance reported gross AUM of Rs 74 bn and PAT of Rs 2.3 bn on a total income of Rs 11 bn in FY10. The average yield on the AUMs during the same period was 19.9%. In FY10, while asset quality remained strong with gross NPA of only 0.46%, the capitalisation level was comfortable with a capital adequacy ratio of 14.8%.

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About the company

Headquartered in the southern Indian state of Kerala, Muthoot Finance Ltd is a non-deposit taking 'systemically important' non-banking finance company (NBFC) incorporated in 1997. It is primarily in the business of lending against household used gold jewellery to individuals. Muthoot Finance's operating history has evolved over a period of 70 years since Mr M George Muthoot (the father of the present promoters) founded a gold loan business in 1939 under the heritage of a trading business (under partnership firm) established by his father, Ninan Mathai Muthoot in 1887. In 2001, it received the NBFC licence from the RBI.

Muthoot Finance has the largest branch network among gold loan providers in India with 1,605 branches and a strong presence in under-served rural and semi-urban markets in India. It reported AUM of Rs 74 bn in FY10. During 2010, the company received fund infusion amounting to Rs 2.5 bn from private equity players like Baring India Private Equity, Matrix Partners India, Kotak India Private Equity Fund and Wellcome Trust for a 6% stake in the company. Further, in 2011 Wellcome Trust picked up additional 1% stake from the promoters, taking the total stake of private equity investors to 7% in the company.

Current promoters Mr M. G. George Muthoot, Mr George Thomas Muthoot, Mr George Jacob Muthoot and Mr George Alexander Muthoot (all brothers) are collectively operating the company under the brand The Muthoot Group. The group has diversified interests in financial services, hospitality, healthcare, education, plantations, real estate, foreign exchange, information technology and insurance distribution.

Issue details

Shares offered to public	51,500,000
As per cent of post issue equity	13.85%
Object of the issue	• To augment the company's capital base to meet the future capital requirements for funding of loans to customers • General corporate purposes
Amount proposed to be raised	Not available at the time of grading
Price band	Not available at the time of grading
Lead managers	ICICI Securities, Kotak Mahindra Capital Company Ltd, HDFC Bank

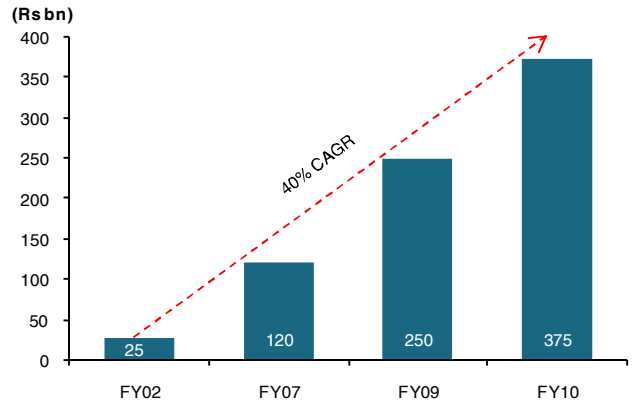
Detailed Grading Rationale

A. Business Prospects

- *Under-penetration in domestic LAG industry indicates huge untapped potential*

The annual consumption of gold in India estimated at 65 tonnes in 1982 increased to ~700 tonnes in FY10, out of which 80% is for jewellery fabrication (source: Bureau of Indian Standards). India accounts for ~10% of the global gold stock. The overall gold pledged in India accounts for hardly 4.7%; 75% is pledged with local moneylenders and pawnbrokers who constitute the unorganised market. Fast growth recorded by organised players increased their market share to more than 25% in FY10. Huge untapped potential of loan against gold (LAG) along with a high share of unorganised players augur well for the organised LAG industry in India.

Figure 1: Organised LAG in India grew at a CAGR of 40%



Source: DRHP

Figure 2: Under-penetration in LAG industry

	Value (Rs bn)	Volume (tonnes)
Estimated gold stock in India	32,000	18,000
Organised gold loans	375	211
% of estimated gold stock	*1.2%*	
Unorganised gold loans	1,125	633
% of estimated gold stock	*3.5%*	
Total pledged gold loans	1,500	844
% of estimated gold stock	4.7%	

Source: DRHP

The strong growth in the organised LAG industry is supported by increasing inflation, secular bull run in gold prices (appreciated 268% during FY02-10) and an increase in the number of branches.

- *Early-mover advantage, established track record and strong brand name*

Muthoot Finance has been in the gold loan financing business for nearly seven decades. An early entry in this business, not only in South India but also in other regions, has helped the company develop a strong brand image, wide distribution network (1,605 branches as of FY10) and AUM. The promoters' rich experience in the LAG business coupled with their execution capabilities enabled the company to scale up its operations significantly in recent years - AUM has grown at a four-year CAGR of 74% to Rs 74 bn in FY10.

- *Niche and largest player in gold financing*

Muthoot Finance has emerged as the largest player in the niche business of gold financing, both in terms of AUM and distribution network. The company has grown its market share by 9 percentage points during FY07-FY10 (relatively largest increase, where other players have even lost market share) on account of its recognisable brand name, particularly in South India. Its growth was on the back of offering innovative schemes to cater to the needs of various customers.

Major players with AUM

Gold Loans Provider	Estimated gold loans portfolio (Rs bn)					Gold loans market share (%)			
	FY07	FY09	FY10	*FY07-FY10*		FY07	FY09	FY10	*FY07-FY10*
				Absolute growth	*Growth (%)*				*% change*
Muthoot Finance#	**15**	**33**	**73**	***59***	***417%***	**11%**	**13%**	**20%**	***9%***
Muthoot Fincorp	5	12	22	*17*	*368%*	4%	5%	6%	*2%*
Manappuram#	5	12	26	*21*	*433%*	4%	5%	7%	*3%*
Indian Bank	17	33	39	*22*	*131%*	13%	13%	10%	*-3%*
Indian Overseas Bank	17	31	52	*35*	*209%*	13%	13%	14%	*1%*
Federal Bank	6	11	9	*3*	*43%*	5%	4%	2%	*-2%*
South Indian Bank	6	15	24	*18*	*292%*	5%	6%	6%	*2%*
State Bank of Travancore	11	16	19	*8*	*69%*	9%	6%	5%	*-4%*
Andhra Bank	4	9	14	*10*	*250%*	3%	4%	4%	*1%*

includes assignments

Source: DRHP

- *Strong systems and processes, quick disbursement*

  Over the years, Muthoot Finance has developed specialised credit processes to appraise loans against gold, assess gold purity and monitor loans. The management has instilled strong processes and systems, and hired experienced personnel who understand the gold loan business because although a vast proportion of the processes are automated, faster and efficient distribution of loan depends on human assessment of gold. It employs in-house staff to appraise the gold and every employee acts as an appraiser which entails quick disbursement of loans. All branches are audited either weekly or monthly, and quality of gold pledged is verified randomly for fraud and negligence by employees. The end-to-end process from appraisal to disbursement is completed swiftly, which provides an edge over banks. The internal systems and processes have minimised the number of frauds and errors by employees.

- *Strong asset quality; NPA around 0.46%*

  Muthoot Finance has maintained strong asset quality supported by its comfortable loan-to-value (LTV) ratio at origination, robust systems and processes, and the highly secured nature of the LAG business. Strong underwriting standards have resulted in very low gross non-performing assets (NPA) of 0.46% for the company. Sentiment attached to the household ornament also support low NPA. Also, the ultimate losses have been lower; it has incurred credit losses lower than Rs 30 mn over the past seven years, out of cumulative disbursement of more than Rs 590 bn. Gold loan is provided on the basis of weight of the gold ornaments excluding cost of studded stones and making charges for the ornament which further lowers the LTV of the loan. Such factors along with sentiment attached to ornaments discourage customers from defaulting.

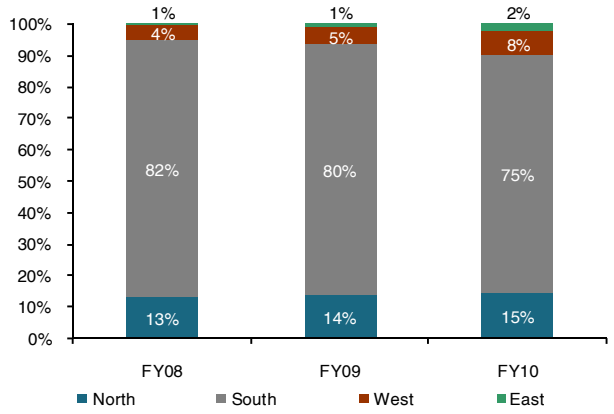
- *Enjoys diverse resource profile*

  Muthoot Finance has access to a diversified resource profile. As of FY10, it had a total debt outstanding of Rs 52 bn. Its established track record helps to mobilise funds from retail investors by issuing non convertible debentures (NCD) through its branches offering interest rates of 11-11.5%. As of FY10, NCD contributed 51% to its reported total borrowing.

- *Growing and managing branch network outside the South*

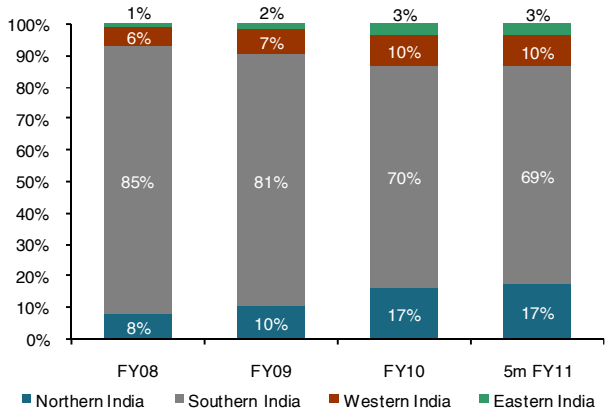
Muthoot Finance is aggressively expanding its footprint outside the South, especially in northern and western India where it sees strong business opportunities. Over the past two-three years, its branch concentration in the southern market has reduced from 85% to around 70% in FY10. Overall, AUM per branch is slightly lower in the North. However, the same is expected to improve as awareness about LAG increases.

Figure 3: Loan concentration in South India slowly reducing



Source: DRHP

Figure 4: Branch concentration in South India down



Source: DRHP

- *Dependence on single line of business; concentration in southern India*

Muthoot Finance derives 98% of revenues from the gold loan business. Also, it is expected to remain concentrated in South India, which accounts for 75% of AUM for the short to medium term despite aggressive growth plans in the northern and western states.

- *Intensifying competition to lower gold loan yields, thereby putting margin pressure*

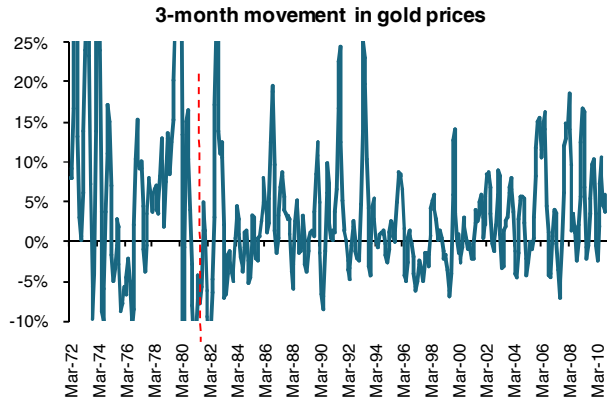
With low entry barriers in the LAG industry, many players have entered this segment. With competition heating up in the LAG industry, CRISIL Equities expects the gold loan yields to reduce, especially of NBFC players, who charge relatively high interest rates compared to banks. This will result in pressure on NBFCs' net interest margins, thereby impacting their profitability.

- *Sharp downside in gold prices a key monitorable*

A significant rise in gold prices along with the increase in loan requirement by customers has boosted Muthoot Finance's AUM. Any sharp fall in gold prices could pose challenges. However, Muthoot Finance has a comfortable LTV ratio in line with other gold financing NBFCs ranging from 70-80%, which helps it to combat the downside in gold prices. Also, the shorter tenure of gold loans (usually ranging from three to six months) offers flexibility of resetting the LTVs.

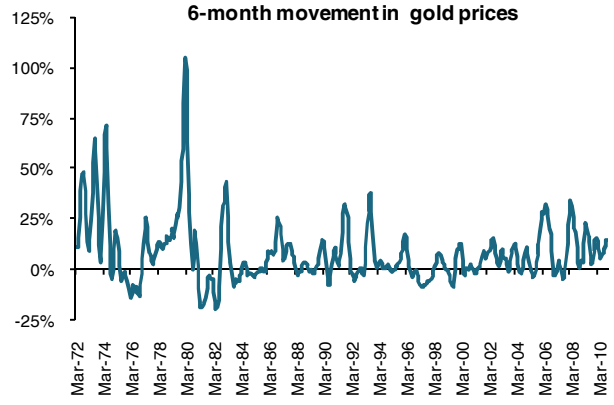
The maximum three-month and six-month downside risk based on the past 38 years' gold price movement is only 10% and 20% respectively, which provides a cushion based on the LTVs (70-80%). Our study based on the historical gold movement concludes that the probability of gold prices falling for more than 10% for the continuous three-month and six-month period is only 2% and 4%, respectively.

Figure 5: Maximum downside risk on 3-month basis is ~10%



Source: World Gold Council, CRISIL Equities

Figure 6: Maximum downside risk on 6-month basis is ~20%



Source: World Gold Council, CRISIL Equities

- *Regulatory hitches can be a bottleneck*

  The impact of the State Money Lenders Act for NBFCs, the decision on which is awaited from the Supreme Court, could not only adversely affect Muthoot Finance's lending rates but also increase its operational expenditure, given the requirements (under the act) of registering all establishments with state authorities and complying with state regulations. The decision of the Supreme Court regarding this issue remains a sensitive factor for the company. In addition, extension of regulatory restrictions on securitization to bilateral direct assignments being adopted by the company can be a hurdle. Also, any cap on interest rates can adversely affect the company's performance. We believe that RBI's recent directive for removal of priority sector lending (PSL) benefit available to commercial banks, under agriculture classification, for gold loans to (and assignment portfolios from) gold loan companies would adversely affect the company leading to an increase in borrowing cost and a moderation in return ratios.

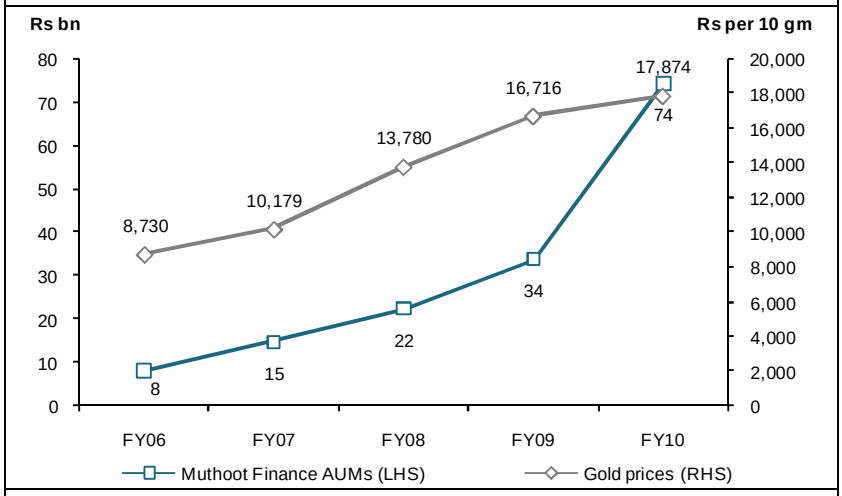
- *Potential risk of brand dilution*

  Although Muthoot Finance is a strongly entrenched brand name in gold loan financing, the use of the moniker 'Muthoot' by other gold loan financiers, like Muthoot Fincorp, could create some confusion in the market and pose a risk for Muthoot Finance. However, both these companies, till date have been able to maintain their distinct brand identities.

B. Financial Performance

Muthoot Finance's AUM increased at a CAGR of 74% from Rs 8 bn in FY06 to Rs 74 bn in FY10 driven by a rise in pledged gold and a significant spurt in gold prices.

Figure 7 : AUM up with gold prices and rise in pledged gold



Source: World Gold Council, CRISIL Equities

On the back of growth in AUM, interest income increased at a CAGR of 66% from Rs 1.4 bn in FY06 to Rs 10.8 bn in FY10. Profit after tax (PAT) improved from Rs 271 mn to Rs 2,276 mn in FY10. The adjusted EPS and adjusted book value of the company increased at a CAGR of 53% and 43% respectively over FY06-10. Gross NPAs have been contained to less than 0.5% in the past three years.

Muthoot Finance enjoys a strong capital to risk adjusted ratio (CRAR) of 15% which is in excess of the RBI's requirement of 12%. The company frequently sells its portfolio under bilateral direct assignments which also helps it keep its capital ratio strong. In 2010, the company raised Rs 2.5 bn from private equity players, which will help it shore up capital base and fund its growth.

Financial performance snapshot

		FY08	FY09	FY10
Gold AUM (including assignments)	Rs mn	21,790	33,001	73,417
Gold volume pledged	tons	30	39	66
Interest income	Rs mn	3,579	6,062	10,775
Interest expense	Rs mn	1,798	3,098	4,737
Net interest income	Rs mn	1,781	2,965	6,037
Other income	Rs mn	107	142	119
Net profit	Rs mn	636	977	2,276
Adjusted EPS	Rs	2.6	3.5	7.6
Adjusted equity shares	mn	246	280	301
Net worth	Rs mn	2131	3614	5842
Adjusted book value	Rs	8.7	12.0	19.4
RoE	%	34%	34%	48%
RoA	%	3%	3%	5%
Gross NPA	%	0.42%	0.48%	0.46%
CRAR	%	12.6%	16.3%	14.8%
Tier I capital	%	10.6%	12.5%	9.9%

Source: DRHP

C. Management Capabilities and Corporate Governance

- *Strong capability of promoters*

  Muthoot Finance is largely a promoter-driven company where the promoters belong to the same family. The current management is headed by third generation entrepreneurs. Several decades of experience of the promoters in the gold loan financing business, coupled with the company's strong processes and systems, has enabled it to scale up its operations significantly with AUM growing at a CAGR of 74% during FY06-10 and distribution network growing to 1,605 branches in FY10. Aged between 55-60 years, the promoters are fast approaching retirement. Hence, succession, especially from within the family, would be a key monitorable.

- *Strong internal processes and systems*

  Loan against gold is largely a process-driven industry. Employees mostly deal with gold and cash. The management has built in a robust internal system and processes by virtue of their years of experience in the loan against gold business. The focus has minimised number of frauds and errors by employees over the years.

- *Fairly experienced second line of management*

  The top management team is well supported by the second line of management who possess adequate qualifications and experience. Mr. K P Padmakumar, who is an executive director in the company, has more than 35 years of experience in the banking industry and is associated with the company for the past five years. Mr. K. R. Bijimon (chief general manager) has been with company since its inception.

- *Experienced and reputed independent directors*

  Muthoot Finance's board consists of eight members- four of them are the promoters and the rest are independent directors, as per the minimum requirements stipulated in the Securities and Exchange Board of India's (SEBI's) listing guidelines. The independent directors are professionals and industrialists with in-depth experience and knowledge. Out of the four independent directors, two have been associated with the company for three years while two have been appointed in July 2010.

- *Compensation level of key management personnel is low*

  The compensation level disclosed for key management personnel (KMP) appears low which can result in attrition. However, most of the senior people in the management have been associated with the company for a long time thereby minimising this risk.

Annexure I

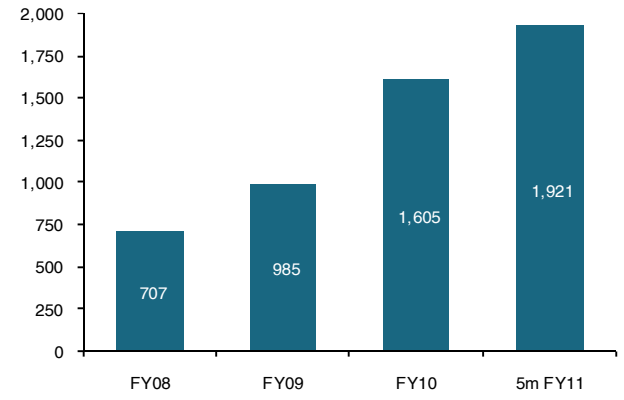
Business Profile

Business overview

Muthoot Finance is in the business of lending against household used jewellery. It is the largest gold financing company in terms of AUM as well as branch network with highest concentration in South India.

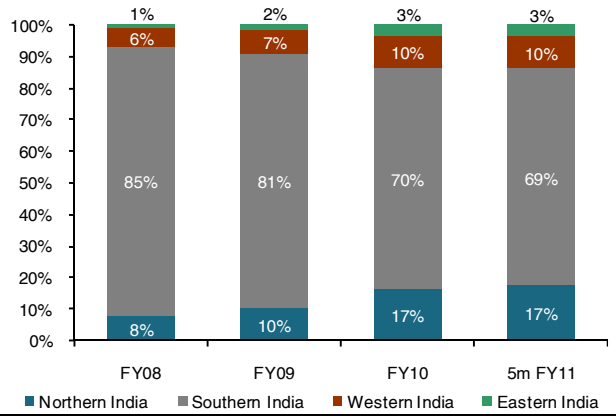
Muthoot Finance's target audience consists of small businessmen, vendors, traders, farmers and salaried individuals, who for reasons of convenience, accessibility or necessity, avail credit facilities by pledging their gold jewellery rather than by taking loans from banks and other financial institutions. It meets its funding requirement by issuing non-convertible debentures (NCD) called 'Muthoot Gold Bonds', bank loans, subordinate debt and assignments. The gold loans offerings are usually of shorter tenure ranging from three to six months with a maximum term of 12 months.

Figure 8: Branch network grew at a 3-year CAGR of 40%



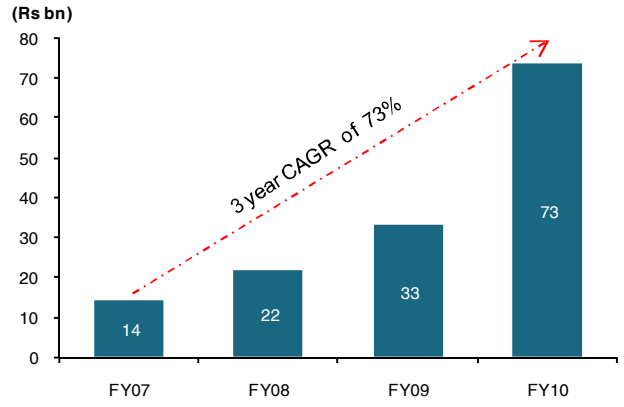
Source: DRHP

Figure 9: 69% of branches are located in South



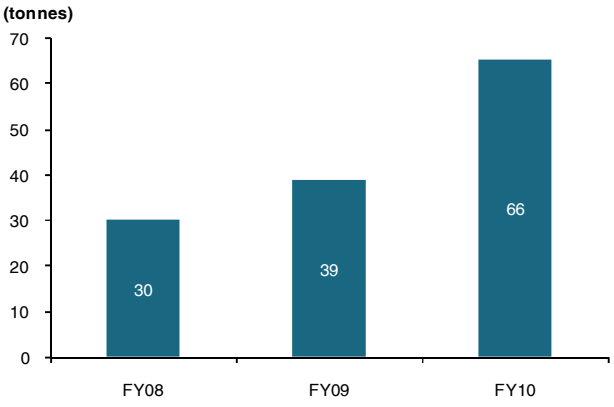
Source: DRHP

Figure 10: Gold AUM expands at a 3-year CAGR of 73%



Source: DRHP

Figure 11: Volume of gold held by Muthoot Finance



Source: DRHP

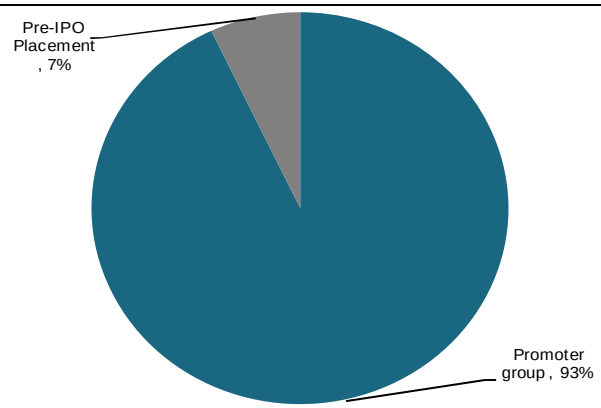
Revenues from gold loan constituted 98% of the total income. Additionally, it provides money transfer services through its branches as a sub-agent for various registered money transfer agencies and recently commenced providing collection agency services. It also operates three windmills of 1.25 MW in Tamil Nadu.

Key operational Data

Parameters	
Ticket Size	Range : Rs 2,000 to Rs 1,00,000 (Average Rs 26,183 in FY10)
Yield	Range: 12% to 30% p.a. (Average 19.94% p.a. in FY10)
Gross NPAs	Less than 0.5%

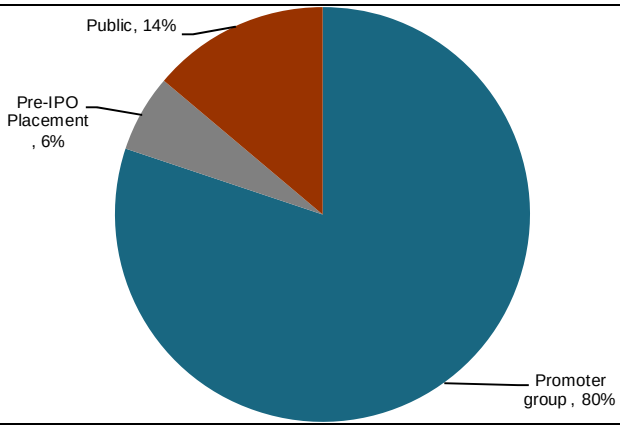
Source: DRHP

Pre-issue shareholding pattern#



Source: Company, DRHP

Post-issue shareholding pattern



Source: Company, DRHP

#In 2011, Wellcome Trust bought further 3.2 mn equity shares from the promoters

Annexure II: Profile of the Directors

Name	Designation	Age	Qualification	Date of Joining	Experience & previous employments	Directorships / partnership in other entities
M. G. George Muthoot	Promoter, Whole-time Director & Chairman	61	Engineering degree from Manipal University and businessman by profession	Since Inception	National executive committee member of the Federation of Indian Chamber of Commerce & current chairman of FICCI-Kerala State Council. Conferred the Mahatma Gandhi National Award for social service for 2001	Muthoot Gold Funds Ltd, MGM Muthoot Medical Centre Private Ltd, Muthoot Vehicle & Asset Finance Ltd, Muthoot Securities Ltd, Muthoot Commodities Ltd, Muthoot General Finance, etc
George Thomas Muthoot	Promoter, Whole-time Director	59	Businessman by profession	Since Inception		Muthoot Vehicle & Asset Finance Ltd, Muthoot General Finance, Muthoot Insurance Advisory Services, Muthoot Properties and Investments, etc
George Jacob Muthoot	Promoter, Whole-time Director	58	Civil engineering degree from Manipal University and businessman by profession. Member of the Trivandrum Management Association, the Confederation of Real Estate Developers Association of India (Trivandrum) and the Trivandrum Agenda Task Force	Since Inception		Muthoot Securities Ltd, Muthoot Commodities Ltd, Muthoot Vehicle & Asset Finance Ltd, Muthoot Investments, etc
George Alexander Muthoot	Promoter, Managing Director	55	Chartered Accountant	Since Inception	Chairman of the Kerala Non-banking Finance Companies Welfare Association from 2004 to 2007 and is currently its vice committee member of the Equipment Leasing Association, Chennai. He is also MD of Equipment Leasing Association. Founder member of the Indus Entrepreneurs International, Kochi Chapter	Muthoot Vehicle & Asset Finance Ltd, Muthoot Securities Ltd, Muthoot Commodities Ltd, Muthoot General Finance, etc
P. George Varghese	Non-executive Independent Director	62	Graduate in mechanical engineering from Kerala University	Jan 2008	MD of FCI OEN Connectors Limited and FCI Technology Services Ltd, VP of the Kerala Management Association from 2006 to 2007 Indo American and has been on managing committee of Chamber of Commerce from 1992 to 1999	FCI OEN Connectors Ltd, FCI Technology Services Ltd, Geomaths Stocks & Shares Trading Private Ltd, Prime Business Private Ltd, Prima Components Ltd, Yoj-Ujar Stocks & Shares Trading Private Ltd.

K. John Mathew	Non-executive Independent Director	78	Graduate in law from the Government Law College, Ernakulam. Retired judge of the High Court of Kerala. President of the Peoples Council for Social Justice, Kerala.	Jan 2008	Served as the Chairman of the Cochin Stock Exchange and was a SEBI nominee director of the Cochin Stock Exchange from 2002 to 2007	Nil
John K. Paul	Non-executive Independent Director	57	Graduate in engineering from the Regional Engineering College, Kozhikode and a businessman by profession.	Jul 2010	Director of Popular Automobiles Ltd, Popular Vehicles & Services Ltd, the first Maruti dealer in Kerala and of Popular Mega Motors (India) Limited., the dealer for TATA Commercial Vehicles. President of the Kerala Chamber of Commerce and Industry from 2005 to 2006. President of both the Kerala Hockey Association from 2005 onwards and the Ernakulum District Hockey Association from 2004 onwards	Popular Vehicles and Service Ltd, Popular Kuttukaran Cars Private Ltd, Kuttukaran Machine Tools, etc
George Joseph	Non-executive Independent Director	61	A commerce graduate from Kerala University	Jul 2010	Former chairman & MD of Syndicate Bank. Before joining the Syndicate Bank, he was employed with Canara Bank for over 36 years.	Nil

Source: Company, DRHP

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