

**Private and Confidential - For Private Circulation only**

(This Disclosure Document is neither a Prospectus nor a Statement in Lieu of Prospectus)

Dated: October 14, 2013

**ESS KAY AUTO FINANCE PRIVATE LIMITED**

(Date of Incorporation of the company was 21<sup>st</sup> November 1994. The company was incorporated as a Private Limited Company under the Companies Act of 1956.)

Registered office: G1&2, New Market, Khasa Koti Circle, Jaipur  
302006 Tel: +91-141-4091300; Fax: +91-141-5061305

Corporate office: 301, Adarsh Plaza, Khasa Koti Circle, Jaipur  
302006 E-mail: info@skfin.in Website: [www.skfin.in](http://www.skfin.in)

**ISSUE BY WAY OF PRIVATE PLACEMENT BY ESS KAY AUTO FINANCE PRIVATE LIMITED (THE "COMPANY") OF 1,100 SECURED REDEEMABLE NON CONVERTIBLE DEBENTURES OF FACE VALUE OF RS 100,000/- EACH AGGREGATING TO RS 110,000,000/- (THE "ISSUE")**

<b>GENERAL RISKS</b>	
Investment in debt and debt related securities involve a degree of risk and investors should not invest any funds in the debt instruments, unless they can afford to take the risks attached to such investments. For taking an investment decision, the investors must rely on their own examination of the Company and the Issue including the risks involved. The Debentures have not been recommended or approved by Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this document.	
<b>GENERAL DISCLAIMER</b>	
This disclosure document (" <b>Disclosure Document</b> " or the " <b>Offer Document</b> " or the " <b>Information Memorandum</b> ") is neither a prospectus nor a statement in lieu of prospectus and does not constitute an offer to the public generally to subscribe for or otherwise acquire the Debentures to be issued by Ess Kay Auto Finance Private Limited. This Disclosure Document is for the exclusive use of the intended recipient(s) to whom it is delivered and it should not be circulated or distributed to third parties. It cannot be acted upon by any person other than to whom it has been specifically addressed. Multiple copies hereof given to the same entity shall be deemed to be offered to the same person.	
<b>CREDIT RATING</b>	
The Debentures have a long term rating of BBB- by Credit Analysis & Research Ltd. for Rs. 110,000,000/- (Rupees Eleven Crores) indicating "Moderate credit risk". The rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating. The Credit Rating Agency has a right to suspend or withdraw the rating at any time on the basis of factors such as new information.	
<b>LISTING</b>	
The Debentures are proposed to be listed on the Wholesale Debt Market segment (" <b>WDM</b> ") of Bombay Stock Exchange Limited.	
Axis Trustee Services Limited has given its consent vide its letter dated October 7, 2013 for being appointed as the Debenture Trustee for the Issue of Debentures under this Disclosure Document. The copy of the consent letter from Axis Trustee Services Limited to act as Debenture Trustee for and on behalf of the holders of Debentures is annexed to the Disclosure Document.	
<b>ISSUER</b>	
ESS KAY AUTO FINANCE PRIVATE LIMITED G1&2, New Market, Khasa Koti Circle, Jaipur 302006, Rajasthan Tel: +91-141-4091300; Fax: +91-141-5061305 Corporate office: 301, Adarsh Plaza, Khasa Koti Circle, Jaipur 302006 E-mail: info@skfin.in Website: <a href="http://www.skfin.in">www.skfin.in</a>	
<b>DEBENTURE TRUSTEE</b>	<b>REGISTRAR &amp; TRANSFER AGENT</b>
AXIS TRUSTEE SERVICES LIMITED Axis House, 2 <sup>nd</sup> Floor, Wadia International Centre Pandurang Budhkar Marg, Worli, Mumbai – 400 025 Tel: +91 22 2425 2525 Website: <a href="http://www.axistrustee.com">www.axistrustee.com</a>	SHEREPRO SERVICES (I) PVT. LTD. 13 AB Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Sakinaka, Andheri (E), Mumbai - 400 072 Tel: +91 22 6772 0300/400, Fax: +91 22 2859 1568 Website: <a href="http://www.shareproservices.com">www.shareproservices.com</a>

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## 1. DEFINITION AND ABBREVIATIONS

Term	Description
Affiliate(s)	Affiliate (s) shall mean with respect to any person, any other person directly or indirectly Controlling, Controlled by, or under direct, indirect or common Control with, such person
Amounts Due	the outstanding Debenture Subscription Amount, Interest, redemption premium, costs, charges, expenses, commissions, fees (including the remuneration for acting on behalf of or for the benefit of Debenture Holder (including without limitation any receiver) and all fees costs, charges and expenses payable to such person), liquidated damages and other monies whatsoever payable by any of the Obligors without double counting, in respect of the Debentures
Application Form	The form in which an investor can apply for subscription to the Debentures
Articles of Association	The Articles of Association of a Company as amended from time to time
BSE/ Stock Exchange	Bombay Stock Exchange Limited
Beneficial Owner(s)	Holder(s) of the debentures in dematerialized form as defined under section 2 of the Depositories Act
Board of Directors/ Board	The board of directors of the Company or a committee constituted thereof
CDSL	Central Depositories Services (India) Limited
Control	As applied to any person, the power to direct the management or policies of such person by contract or otherwise. There will be presumption of Control when a person has: <ul style="list-style-type: none"> <li>a) Direct or indirect legal or beneficial ownership of more than fifty percent (50%) of the voting securities of such other person, or</li> <li>b) The power to elect a majority of the directors on the board of directors of such other person</li> </ul>
Credit Rating Agency	Credit Analysis & Research Limited
Debentures	1100 secured, redeemable, non-convertible debentures of face value of Rs 100,000/- each, aggregating to Rs 110,000,000/-
Depository(ies)	A depository registered with the SEBI under the SEBI (Depositories and Participant) Regulations, 1996 as amended from time to time, in this case being NSDL and CSDL
Depositories Act	The Depositories Act, 1996 as amended from time to time
Debenture Certificate	Certificate issued in registered form by the Company to the Debenture Holder, evidencing ownership of the Debentures
Disclosure Document/ Information Memorandum/ Offer Document	This disclosure document through which the Debentures are offered on private placement basis
DP-ID	Depository Participant Identification Number
Debenture Trustee	Axis Trustee Services Limited
Debenture Trustee Agreement	The debenture trustee agreement dated October 14, 2013 entered into between the Debenture Trustee and the Company
“Ess Kay Auto Finance Private Limited” or “EAFPL” or the “Company” or the “Issuer”	Ess Kay Auto Finance Private Limited, a private limited company incorporated under the Companies Act, 1956 and having its registered office at G1&2, New Market, Khasa Koti Circle, Jaipur 302006, India
Equity Shares	Equity Shares of the Company of Face Value of Rs. 100 each
FII	Foreign Institutional Investor (as defined under the Securities and Exchange Board of India (Foreign Institutional Investor) Regulations, 1995) registered with SEBI
FY	Financial Year
INR/Rs./Rupees	The lawful currency of the Republic of India

Issue	Issue by way of Private Placement of the debenture by the Issuer
Memorandum of Association	The Memorandum of Association of the Company as amended from time to time
NSDL	National Securities Depository Limited
Obligors	The Issuer and Mr. Rajendra Kumar Setia collectively. The term ‘Obligor’ shall be construed accordingly
PAN	Permanent Account Number
Promoters	Mr. Rajendra Kumar Setia, Mrs. Shalini Setia and Mr. Arjun Das Setia
RBI	Reserve Bank of India
Register of Debenture Holders	The Register maintained by the Company obtaining the name of Debenture Holders entitled to receive interest in respect of the Debentures on the Record Date, which shall be maintained at the Corporate Office
SCRA	Securities Contract (Regulations) Act, 1956
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	The Securities and Exchange Board of India Act, 1992 as amended from time to time
Transaction Documents	Debenture Trustee Agreement, this Disclosure Document, Memorandum of Association, Articles of Association and any other documents or transactions contemplated in this Disclosure Document between the Debenture Holder, Debenture Trustee and the Obligors. For avoidance of all doubts it is clarified that this disclosure document is designated as the Transaction Document
“We”, “Us”, “Our”	Unless the context otherwise requires, the Company and its Affiliates, Articles of Association of the Company as amended from time to time
Working Day	A day other than a Saturday, a Sunday, or a Public Holiday, on which banks are open for business in Mumbai, Jaipur, Mauritius and Singapore for carrying out high value clearing of cheques and/or for effective transfer of payments through the Real Time Gross Settlement system operated by or on behalf of RBI or any other payment system

**DISCLOSURES AS PER SCHEDULE – I OF SEBI (ISSUE AND LISTING OF DEBT SECURITIES) REGULATION 2008**

**2. NAME AND ADDRESS OF THE REGISTERED AND CORPORATE OFFICE OF THE ISSUER:**

**ESS KAY AUTO FINANCE PRIVATE LIMITED**

**Registered Office:**

G1&2, New Market, Khasa Koti Circle,  
Jaipur 302006 India

**Corporate Office:**

G1&2, Adarsh Plaza, Khasa Koti Circle,  
Jaipur 302006 India

Tel: +91-141-5161300 | Fax: +91-141-5161305 | E-mail: info@skfin.in | Website: [www.skfin.in](http://www.skfin.in)

**3. NAMES AND ADDRESSES OF THE DIRECTORS OF THE ISSUER AS ON OCTOBER [●], 2013 (I.E. AS ON DATE OF APPLICATION)**

Sr. No.	Name	Designation	Address
1	Rajendra Kumar Setia	Managing Director	2 cha 12 Jawahar Nagar, Jaipur
2	Shalini Setia	Director	2 cha 12 Jawahar Nagar, Jaipur
3	Arjun das Setia	Director	2 cha 12 Jawahar Nagar, Jaipur
4	Naval Jawaharlal Totla	Director	201 Sablok; 226 Sher e Punjab, Andheri (E), Mumbai 400093

**4. NAMES AND ADDRESSES OF THE AUDITORS OF THE ISSUER**

Gopal Ghiya And Associates  
B-49, Gautam Marg, Hanuman Nagar,  
Jaipur

Note: There has been no change in the auditors of the issuer since incorporation.

**5. COMPLIANCE OFFICER**

**Mr. Atul Arora**

Chief Financial Officer  
301, 3rd Floor, Adarsh Plaza, Khasa Kothi Circle,  
Jaipur-302006  
Phone: +91 141 5161340 (direct) , Fax : +91 141 5161305  
Email: atul@skfin.in

Investors can contact the compliance officer in case of any post-Issue related problems such as non-receipt of letters of allotment, credit of Debentures, interest on application money in the respective beneficiary account or refund orders, etc.

**6. A BRIEF SUMMARY OF THE BUSINESS/ ACTIVITIES OF THE ISSUER AND ITS LINE OF BUSINESS**

- EAFPL is a non-deposit accepting non-banking finance company registered with Reserve Bank of India under “NBFC-ND-SI-AFC” category.
- The Company was incorporated in the year 1994 and is engaged in financing of income generating assets, majorly commercial vehicles.
- The target customers are self-employed individuals from rural and semi-urban areas.
- Headquartered at Jaipur operates through its 65 branches spread across the states of Rajasthan and Gujarat.
- EAFPL is leading lender against used commercial vehicles in Rajasthan.
- The Company with its unique geographical and income strata focus has attracted private equity investment from BanyanTree Growth Capital LLC (Rs. 180 million in March 2012)

## 7. KEY OPERATIONAL AND FINANCIAL PARAMETERS

PARAMETERS	FY 2013	FY 2012	FY 2011
Net worth	4417.82	3799.95	803.69
Total Debt	9942.30	1526.99	840.81
Of which-Non Current Maturities of Long Term Borrowing	3697.73	6.77	12.92
-Short Term Borrowing	5126.06	1514.08	821.75
-Current Maturities of Long Term Borrowing	1118.51	6.14	6.14
Net Fixed Assets	201.74	148.92	70.02
Non Current Assets	10558.92	4015.89	1242.19
Cash and Cash Equivalents	1260.98	269.46	90.03
Current Investments	0.00	0.00	0.00
Current assets	8130.70	2121.98	540.41
Current Liabilities	11876.02	2663.97	1098.68
Assets Under management	14987.91	4147.66	1191.45
Off Balance Sheet Assets	3375.00	2840.09	843.23
Interest Income	3997.07	2757.24	1185.22
Interest Expense	1083.64	308.37	105.15
Provisioning and Write-offs	217.31	120.61	43.76
PAT	719.13	676.83	228.32
Gross NPA (%)	0.26%	0.32%	1.10%
Net NPA (%)	0.13%	0.27%	1.00%
Tier I Capital Adequacy Ratio (%)	19.71%	40.39%	43.53%
Tier II Capital Adequacy Ratio (%)	6.38%	0.79%	0.16%

(All figures, except where specifically mentioned, are in Rs. lacs)

## 8. A BRIEF HISTORY OF THE ISSUER SINCE ITS INCORPORATION GIVING DETAILS OF ITS ACTIVITIES INCLUDING ANY REORGANIZATION, RECONSTRUCTION OR AMALGAMATION, CHANGES IN ITS CAPITAL STRUCTURE, (AUTHORIZED, ISSUED AND SUBSCRIBED) AND BORROWINGS, IF ANY

### (a) History of the Issuer :

- (i) **Inception:** The Company commenced operations with 5 employees and promoters equity was the only source of funds. Initially, the Company focused on two wheeler financing;
- (ii) **1999:** In this year employees strength increased to 20 and the Company started financing commercial three wheelers;
- (iii) **2006:** Company started channel financing business with Shriram Transport Finance Company Limited, ICICI Bank Limited and AU Financers (India) Private Limited. In the first year, Company did business volumes of INR 100 million in this vertical;
- (iv) **2009:** Company started portfolio assignment and did total assignment of INR 250 million in this year;
- (v) **2010:** Employee strength crossed 100 and crossed business volumes of INR 500 million;
- (vi) **2011:** Started building up Company's own loan book, thus giving boost to Company business. Company did business of INR 1.1 billion, employee strength cross 225 and branch network crossed 30; and
- (vii) **2012:** Equity investment from reputed private equity investor, BanyanTree Growth Capital LLC. Large customer base in excess of 28,000 with active customers being ~13,000.

### (b) Main Objects of the Issuer

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

- (i) To carry on and undertake the business of hire- purchase, leasing, purchasing, selling, hiring or letting on hire all kinds of vehicle, auto parts, auto mobile goods and to assist in financing of all and of every kind and description of hire purchases or deferred payment or similar transaction of the concerns firm and individuals having any type of financial assistance from the company and maintenance of vehicles including resale thereof.

- (ii) To carry on the business of financiers, merchant bankers, financing agents, financial brokers, recovery agents, bill discounters and to undertake carry on and execute all kinds of financial operation and provide finance for houses, business complexes shops and to carry on the business of money lending (Subject to the provision of law) including hire purchase, leasing, financing of movable and immovable properties, machineries and commodities of all kinds either by way of pledge, mortgage, hypothecation, charges or without any securities to any person, individual, body corporate firm, organization, authority and subject to the provision of section 58A of the Companies Act, 1956 and the rules framed there under and the directors issued by the RBI from time to time as may be applicable and defined as under the Banking Regulations Act, 1949. Provided that the company shall not carry on any Banking Business within the meaning of the Banking Regulation Act, 1949.
- (iii) To Carry on the business of investment and to underwrite, sub-underwrite, merchant bankers, to invest in and acquire and hold, sell, buy or otherwise deal in shares, debentures, debenture stock, bonds, unites, eximscrips, obligation portfolio management and securities issued or guaranteed by Indian or foreign governments, state, domination, sovereigns, municipalities of public authorities or bodies and share, debentures, stock, debenture-stocks, bonds and securities issued or guaranteed by company, corporation, firms or person, whether incorporated or established in India or elsewhere and also to manage investment pools, syndicated on shares, stock and securities and to render services of shares registrar, transfer agents and to invest in other businesses for sharing profits and losses and losses, subject to any approval/consent or incident required to be obtains under SEBI Act.
- (iv) To acquire and give on lease, let out on hire, sub-let mortgage, pledge, hypothecate, in whole or any part of house, buildings, machineries, plants, accessories, equipment, gadgets, computers electrical equipments, all domestic goods, computer program software, office equipments of all kinds, security system, motor vehicles, boats, spare parts, tools, instruments, tabulation, excavates, agriculture equipments, cranes and other capital goods to industrial undertakings, agriculture traders, animal and fishery farms of manufactures, users, mine holders and to receive, earn rentals, lease money, installments thereof in any part of India or abroad.

(c) **Details of Share Capital of the Issuer**

**Share capital structure as on last quarter end as on 30<sup>th</sup> June, 2013**

<b>Share Capital</b>	<b>31,945,800</b>
<b>Authorized</b>	
Equity Shares of 100/- each	45,000,000
Preference shares of Rs. 100/ each	12,500,000
<b>Total</b>	<b>57,500,000</b>
<b>Issued , Subscribed and Paid Up</b>	
Equity Shares of 100/- each	19,951,800
Preference shares of Rs. 100/ each	11,994,000
<b>Total</b>	<b>31,945,800</b>

**History of change in Authorized share capital – Equity Shares**

<b>Date</b>	<b>Description &amp; No. of Equity Shares increased at a time</b>	<b>Face value (in Rs.)</b>	<b>Amount of Share Capital Increased at a time</b>	<b>Cumulative value of Share Capital (in Rs.)</b>
At the time of Incorporation	1,000	100	100,000	100,000
12.01.1995	29,000	100	2,900,000	3,000,000
27.12.1995	10,000	100	1,000,000	4,000,000
12.08.1996	35,000	100	350,000	7,500,000



11.03.1997	50,000	100	5,000,000	12,500,000
28.01.2010	125,000	100	12,500,000	25,000,000
31.03.2012	200,000	100	20,000,000	45,000,000

#### History of change in Authorized share capital – Preference Shares

Date	Description & No. of Equity Shares increased at a time	Face value (in Rs.)	Amount of Share Capital Increased at a time	Cumulative value of Share Capital (in Rs.)
At the time of Incorporation	-	-	-	-
31.03.2012	125,000	100	12,500,000	12,500,000

#### History of change in Paid-up share capital

Date of Allotment	Type of Security allotted (Equity / Preference)	No. of equity / Preference shares	Face value (Rs.)	Issue price (Rs.)	Amount of issue (in Rs.)	Mode of payment	Cumulative no. of equity/ Preference shares	Cumulative paid-up share capital (in Rs.)
29.12.2008	Equity	12,250	100	500	6,125,000	Cheque	102,420	10,242,000
30.03.2009	Equity	9,880	100	500	4,940,000	Cheque	112,300	11,230,000
31.03.2010	Equity	10,850	100	500	5,425,000	Cheque	123,150	12,315,000
31.03.2011	Equity	41,640	100	500	20,820,000	Cheque	164,790	16,479,000
27.12.2011	Equity	17,620	100	500	8,810,000	Cheque	182,410	18,241,000
05.03.2012	Equity	60	100	1500	90,000	Cheque	182,470	18,247,000
31.03.2012	Equity	17,078	100	2000	34,096,000	Cheque	199,548	19,954,800
05.03.2012	0.01% Preference	119,940	100	100	179,910,000	RTGS	319,488	31,948,800

#### Details of Equity Shares issue for the last five years

Date of Allotment	No of Equity Shares	Face Value (Rs)	Issue Price (Rs)	Consideration (Cash, other than cash etc)		Cumulative			Remarks
				Cash	Other than cash	No of Equity Shares	Equity Shares Capital (Rs)	Equity Shares Premium(Rs)	
29.12.2008	12,250	100	500	6,125,000	-	102,420	10,242,000.00	5,900,000.00	
30.03.2009	9,880	100	500	4,940,000	-	112,300	11,230,000.00	9,852,000.00	
31.03.2010	10,850	100	500	5,425,000	-	123,150	12,315,000.00	14,192,000.00	
31.03.2011	41,640	100	500	20,820,000	-	164,790	16,479,000.00	30,848,000.00	
27.12.2011	17,620	100	500	8,810,000	-	182,410	18,241,000.00	37,896,000.00	
05.03.2012	60	100	1500	90,000	-	182,470	18,247,000.00	37,980,000.00	
31.03.2012	17,078	100	2000	34,096,000	-	199,548	19,954,800.00	70,428,200.00	

#### Shareholding pattern (Equity Shares) as on June 30, 2013

Sr. No.	Particulars	Total No of Equity Shares	No of Shares in demat form	Total Shareholding as % of total no of equity shares
1	Shalini Setia	99,768	99,768	50.00
2	Rajendra Kumar Setia	90,360	90,360	45.29
3	Arjun Das Setia	9,330	9,330	4.68
4	Banyan Tree Growth Capital LLC	60	60	0.03

Note: None of the Shares are pledged or encumbered.

#### Shareholding pattern (Preference Shares) as on June 30, 2013

Sr. No.	Particulars	Total No of Equity Shares	No of Shares in demat form
1.	Banyan Tree Growth Capital LLC	119,940	119,940

**Details of Promoter Holding in the Company as on June 30, 2013**

Sr. No.	Name of the Shareholders	Total no. of Equity Shares	No of shares in demat form	Total shareholding as % of total no of Equity Shares	No. of Shares Pledged	% of Shares pledged with respect to shares owned
1	Shalini Setia	99,768	99,768	50.00	-	-
2	Rajendra Kumar Setia	90,360	90,360	45.29	-	-
3	Arjun Das Setia	9,330	9,330	4.68	-	-

(d) **Details of borrowings as on 30<sup>th</sup> June, 2013**

**Details of Secured Loan Facilities**

Lender's Name	Type of Facility	Amount Sanctioned (in Rs. lacs)	Principal Amount Outstanding (in Rs. lacs)	Repayment Date/ Schedule	Security
IDBI Bank Limited	Cash Credit	500.00	478.56		<p><b>Primary</b> Pari Passu charge with Existing Bankers to the extent of 133% of outstanding amount</p> <p><b>Collateral</b> 1. Equitable mortgage of Showroom having area of 97.95 sq. yards and construction area of 2200 sq feet situated at Plot No-70, Santosh Nagar, Ajmer Road, Jaipur in Name of Mr. Surendra Kumar Setia 2. Equitable mortgage of Shop having constructed area of 270 sq. feet situated at Shop No-6, The Bazar No-3 Jetsar, Sriganganagar in Name of Mr. Arjun das Setia</p>
State Bank of Bikaner and Jaipur	Cash Credit	1000.00	1000.95		<p><b>Primary</b> Pari Passu charge with Existing Bankers to the extent of 133% of outstanding amount</p> <p><b>Collateral</b> 1. Equitable Mortgage of Residential house No-2 Cha 12, Jawahar nagar, Jaipur in the name of Mr. Arjun das Setia and Mrs. Bhajan Devi Setia having estimated MV of Rs. 203.31 Lac, Realisable value Rs. 162.65 Lacs, DLC rate Rs. 96.70 Lacs 2. Lien of FDR of Rs. 1.00 Crore in favour of Bank</p>
Central Bank of India	Cash Credit	1000.00	987.48		<p><b>Primary</b> Pari Passu charge with Existing Bankers to the extent of 133% of outstanding amount</p> <p><b>Collateral</b> Lien of FDR of Rs. 2.00 Crore in favour of Bank</p>
Bank of Maharashtra	Cash Credit	1000.00	970.06		<p><b>Primary</b> Pari Passu charge with Existing Bankers to the extent of 133% of outstanding amount</p> <p><b>Collateral</b> Cash Margin in FDR-Rs. 10 Lacs</p>
State Bank of Patiala	Cash Credit	750.00	743.63		<p><b>Primary</b> Pari Passu charge with Existing Bankers to the extent of 133% of outstanding amount</p> <p><b>Collateral</b> Lien of FDR of Rs. 1.50 Crore in favour of Bank</p>

Indian Overseas Bank	Cash Credit	1000.00	490.85		<b>Primary</b> Hypothecation of loan receivables in respect of vehicle loans having aggregate book value equivalent to 133% of sanctioned limit. <b>Collateral</b> 1. 2 Crore in the form of Fixed Deposit 2. First charge on current assets, fixed assets, movable & immovable assets on pari passu basis with existing/future lenders
HDFC Bank	Term Loan	1000.00	612.62	TL 1 - 07.09.2013 TL 2- 07.05.2015	<b>Primary</b> Exclusive hypothecation to the extent of 133.33% of the sanctioned limit.
Ratanakar Bank	Term Loan	1200.00	1073.80	24.08.2016	<b>Primary</b> Exclusive hypothecation to the extent of 120% of the sanctioned limit. <b>Collateral</b> FDR of Rs. 1.80 Crores
SIDBI	Term Loan	750.00	500.00	10.09.2016	<b>Primary</b> Exclusive first charge by way of hypothecation on specific book debts to the minimum extent of 133% of sanctioned limit.
MAS Financial Services Limited	Term Loan	500.00	347.22	29.06.2015	<b>Primary</b> Exclusive hypothecation to the extent of 133% of the sanctioned limit. <b>Collateral</b> FDR of Rs. 1.50 Crores
MAS Financial Services Limited	Term Loan	500.00	361.11	06.08.2015	
MAS Financial Services Limited	Term Loan	500.00	443.88	01.02.2016	

#### Details of NCDs

Debentures Series	Tenor/Period of Maturity	Coupon	Date of Allotment	Redemption on date/Schedule	Credit Rating	Secured/ Unsecured	Security
1 to 1650	5 years	18% p.a.	15 <sup>th</sup> October, 2012	17 <sup>th</sup> October, 2017	BB+ (Stable) By ICRA Limited	Unsecured	Unsecured

#### List of Debenture Holders as on June 30, 2013

Sr. No.	Name of Debenture Holders	Amount (in Rs. lacs)
1	BanyanTree Growth Capital L.L.C	1650.00

#### Notes:

- There has been no default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness.
- There has not been any borrowings taken/ debt securities issued taken/ issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option

## 9. DETAILS REGARDING THE DIRECTORS OF THE COMPANY

Details of the current directors of the Company

Name, Designation and DIN	Age (years)	Address	Director of the Company Since	Details of other directorship
Rajendra Kumar Setia, Managing Director DIN-957374	45	2 Cha 12, Jawahar Nagar, Jaipur	Since Incorporation	1. Step- In cars Private Limited 2. Satyam Premises Private Limited 3. Star Auto Lounge Private Limited
Shalini Setia, Whole Time Director DIN-2817624	40	2 Cha 12, Jawahar Nagar, Jaipur	01.01.2010	-
Arjun das Setia, Director DIN-469127	67	2 Cha 12, Jawahar Nagar, Jaipur	Since Incorporation	-
Naval Jawahar lal Totla, Nominee Director DIN-2408585	40	201 Sablok; 226 Sher e Punjab, Andheri (E); Mumbai 400 093.	05.03.2012	Director in 1. Wellknown Business Ventures Private Limited 2. Dilip Buildcon Limited 3. Axiom Cordages Limited

**Note:** There is no director in the Company who are appearing in the RBI defaulter list and/or ECGC default list.

Details of change in directors since last three years:-

Name, Designation and DIN	Date of Appointment /Resignation	Director of the Company Since (in case of resignation)	Remarks
Shalini Setia, Whole Time Director DIN-2817624	01.01.2010		Appointment
Naval Jawaharlal Totla Director DIN-2408585	05.03.2012		Appointment
Ritesh Sharma, Whole Time Director DIN-03358352	25.10.2011	15.01.2011	Appointment and Resignation

## 10. ABRIDGED AUDITED FINANCIAL INFORMATION

(Figures in Rs. lacs)

Particulars		Financial year ended 31.03.2013	Financial year ended 31.03.2012	Financial year ended 31.03.2011
1	Interest earned (a) + (b) + (c) + (d)	3750.86	2583.89	1171.18
(a)	Interest/disc. on advances/ bills	3034.88	901.02	508.01
(b)	Income on investments	0.00	0.00	0.00
(c)	Interest on balance with Reserve Bank of India and other inter bank funds	0.00	0.00	0.00
(d)	Others	715.99	1682.87	663.17
2	Other income	246.20	173.35	14.04
3	Total income (1+2)	3997.06	2757.24	1185.22
4	Interest expended	1083.64	308.37	105.15
5	Operating expenses (i) + (ii)	1801.12	1395.36	724.96
(i)	Employee cost	529.90	435.47	279.93
(ii)	Other operating expenses	1271.21	959.90	445.03
6	Total expenses (4+5) excluding provisions and contingencies	2884.76	1703.73	830.11
7	Operating profit before provisions and contingencies (3-6)	1112.30	1053.51	355.11
8	Provisions (other than tax) and contingencies	43.72	58.92	8.28
9	Exceptional items	0.00	0.00	0
10	Profit (+)/ Loss (-) from ordinary activities before tax (7-8-9)	1068.58	994.59	346.83
11	Tax expense	349.46	317.76	118.51
12	Net profit (+)/ loss (-) from ordinary activities after tax (10-11)	719.13	676.83	228.32
13	Extraordinary items (net of tax expense)	0.00	0.00	0
14	Net profit (+)/ loss (-) for the period (12-13)	719.13	676.83	228.32
15	Paid-up equity share capital (Face Value of the Share shall be indicated)	319.46 (FV 100/- each)	319.46 (FV 100/- each)	164.79 (FV 100/- each)
16	Reserves excluding Revaluation Reserves (as per balance sheet of previous accounting year)	4098.36	3379.243	630.80
17	Analytical ratios			
(i)	Capital Adequacy Ratio	26.09%	41.18%	34.18%
(ii)	Earning Per Share (EPS)	Rs. 360/-	Rs. 400/-	Rs. 185/-
18	NPA Ratios			
(a)	Gross/Net NPA	41.50/20.75	13.05/11.26	12.84/11.57
(b)	% of Gross/Net NPA	0.27% /0.13%	0.32% /0.27%	1.09%/0.98%
(c)	Return on Assets	4%	10%	11%

**Note:** There has been no auditor qualification during the last 3 financial years

## 11. ANY MATERIAL EVENT/DEVELOPMENT OR CHANGE AT THE TIME OF ISSUE OR SUBSEQUENT TO THE ISSUE WHICH MAY AFFECT THE ISSUE OR THE INVESTOR'S DECISION TO INVEST/CONTINUE TO INVEST IN THE DEBT SECURITIES

### Material Developments since the Last Balance Sheet Date, March 31, 2013

In the opinion of the Board, other than as disclosed in this Disclosure Document, there has not arisen, since the date of the last financial statements, any circumstance that materially or adversely affects the profitability of our Company taken as a whole or the value of our consolidated assets or our ability to pay our material liabilities over the next 12 months.

### Other Material Developments

Other than as disclosed in this Disclosure Document, there are no other material events or developments or changes at the time of this Issue or subsequent to the Issue which may affect the Issue or the investors' decision to invest/ continue to invest in the Issue.

**12. DETAILS OF DEBT SECURITIES ISSUED AND SOUGHT TO BE LISTED INCLUDING FACE VALUE, NATURE OF DEBT SECURITIES MODE OF ISSUE I.E. PUBLIC ISSUE OR PRIVATE PLACEMENT.**

The Issue is a private placement of Debentures. For further details of the Debentures, please refer to the summary term sheet as set out in para 25 of this Disclosure Document.

**13. ISSUE SIZE**

Issue Size is Rs. 110,000,000.

**14. DETAILS OF UTILIZATION OF THE ISSUE PROCEEDS**

The proposed issue is for branch expansion and growth capital requirement.

**15. STATEMENT CONTAINING PARTICULARS OF THE DATES OF, AND PARTIES TO ALL MATERIAL CONTRACTS, AGREEMENTS INVOLVING FINANCIAL OBLIGATIONS OF THE ISSUER**

Except as stated herein, there are no material contracts, agreements involving financial obligations of the Issuer.

Our Company, in the ordinary course of its business, enters into various agreements, including loan agreements, which may contain certain financial obligations and/or provisions which may have an impact on its financial condition. Such contracts or agreements may be inspected at the registered office of the Company from 11.00 am to 4.00 pm on any Working Day.

Mentioned below is an illustrative list of certain material contracts/ agreements/documents entered into by our Company as on date of this Disclosure Document:

- (a) Consent letter dated October 7, 2013 from Axis Trustee Services Limited consenting to act as Debenture Trustee to the Issue
- (b) Letter appointing Sharepro Services (India) Private Limited as Registrar and Transfer Agents (“Registrar”);
- (c) Memorandum of Understanding entered into between the Company and the Registrar;
- (d) Memorandum of Association;
- (e) Article of Association;
- (f) Board resolution dated September 25, 2013 authorizing issue of Debentures offered under terms of this Disclosure Document;
- (g) Board resolution dated October 15, 2013 authorizing allotment of Debentures offered under terms of this Disclosure Document;
- (h) Letter dated October 1, 2013 from CARE conveying the credit rating for the Debentures of the Company and the rating rationale pertaining thereto;
- (i) Debenture Trustee Agreement dated October 14, 2013; and
- (j) Deed of Hypothecation dated October 14, 2013
- (k) Deed of Personal Guarantee dated October 14, 2013
- (l) Tripartite Agreement dated February 15, 2012 between the Company, NSDL and the Registrar for the Issue of Debentures in dematerialized form.
- (m) Tripartite Agreement October 17, 2012 between the Company, CDSL and the Registrar for the Issue of Debentures in dematerialized form.

**16. AN UNDERTAKING THAT THE ISSUER SHALL USE A COMMON FORM OF TRANSFER**

The Debentures would be issued and traded in dematerialized form. Therefore the debentures issued under this issue would be only in dematerialized form and there would be no physical certificate.

However, the Company would use a common transfer form for physical holdings if at a later stage there is some holding in physical form due to the Depository giving the rematerialization option to any investor.

**17. REDEMPTION AMOUNT, PERIOD OF MATURITY, YIELD ON REDEMPTION**

For details in relation to redemption amount, period of maturity and yield please refer to the summary term sheet as set out in para 25 of this Disclosure Document.

## **18. INFORMATION RELATING TO THE TERMS OF OFFER OR PURCHASE**

For a summary of the terms of Debentures, please refer to the summary term sheet as set out in para 25 of this Disclosure Document.

## **19. THE DISCOUNT AT WHICH SUCH OFFER IS MADE AND THE EFFECTIVE PRICE FOR THE INVESTOR AS A RESULT OF SUCH DISCOUNT**

The Debentures are not being issued at a discount.

## **20. THE DEBT EQUITY RATIO PRIOR TO AND AFTER ISSUE OF THE DEBT SECURITY**

The debt equity ratio prior to the issuance of Debentures is 2.77:1 based on debt of Rs. 137.44 Crores (as at September 30, 2013) and Equity & Reserves of Rs. 49.57 Crores (as at September 30, 2013).

The debt equity ratio after the issuance of Debentures (assuming full subscription) would be 2.99:1 based on Equity & Reserves of Rs. 49.57 Crores and debt of Rs. 148.44 Crores.

\*For this disclosure the Company has used the figures of provisional unaudited Balance Sheet as on September 30, 2013. For arriving at the post issue debt equity ratio, the current proposed issue amount is added to the aforesaid outstanding figure as on September 30, 2013.

## **21. THE NAMES OF THE DEBENTURE TRUSTEE(S) SHALL BE MENTIONED WITH A STATEMENT TO THE EFFECT THAT DEBENTURE TRUSTEE(S) HAS GIVEN HIS CONSENT TO THE ISSUER FOR HIS APPOINTMENT UNDER REGULATION 4 (4) AND ALSO IN ALL THE SUBSEQUENT PERIODICAL COMMUNICATIONS SENT TO THE HOLDERS OF DEBT SECURITIES**

The Issuer confirms that Axis Trustee Services Limited has given its consent to act as the Debenture Trustee to the Debenture Holder(s) vide its letter dated October 7, 2013 and such consent has not been withdrawn as of the time of filing this Information Memorandum with BSE. Such declaration will be mentioned in all subsequent periodical communications sent to the Debenture Holders. The address and contact details of the Debenture Trustee are given below:

Axis House  
2<sup>nd</sup> Floor, Wadia International Centre  
Pandurang Budhkar Marg, Worli, Mumbai – 400 025  
Tel: +91 22 2425 2525

The consent letter of Axis Trustee Services Limited to act as the Debenture Trustee to the Debenture Holders is annexed to this Disclosure Document as Annexure B.

## **22. THE RATING RATIONALE (S) ADOPTED BY THE RATING AGENCIES SHALL BE DISCLOSED**

The Credit Rating Agency has assigned a rating of CARE BBB- to this Issue of Debentures by the Issuer to the extent of upto Rs. 110,000,000. For details in relation to the rationale for this credit rating, please see Annexure B.

Kindly note that the rating is not a recommendation to buy, sell or hold the Debentures and prospective investors should make their own investment decisions. The rating(s) may be subject to revision or withdrawal at any time by the Credit Rating Agency and each rating should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future. The Credit Rating Agency has a right to suspend or withdraw the rating at any time on the basis of new information, etc. Necessary co-operation would be given to the Credit Rating Agency in providing true and adequate information until the debt obligations in respect of the Debentures are outstanding.

For further details, please see the credit rating letter appended as Annexure C.

## **23. NAMES OF ALL THE RECOGNISED STOCK EXCHANGES WHERE SECURITIES ARE PROPOSED TO BE LISTED CLEARLY INDICATING THE DESIGNATED STOCK EXCHANGE AND ALSO WHETHER IN PRINCIPLE APPROVAL FROM THE RECOGNISED STOCK EXCHANGE HAS BEEN OBTAINED.**

The Debentures are proposed to be listed on the WDM of the BSE. The designated stock exchange is the BSE. BSE has given its in-principle approval for listing of the Debentures by way of its letter dated October 10, 2013.

## 24. DISCLAIMERS

This Disclosure Document in relation to the Debentures is made available by the Company to the applicant on the further strict understanding that:

- (a) in providing this Disclosure Document to the applicant, there will be no violation of rules, regulations and byelaws issued by any applicable authority including those issued by the SEBI;
- (b) The applicant has sufficient knowledge, experience, and professional advice to make his own evaluation of the merits and risks of a transaction of the type under this Disclosure Document; and
- (c) the applicant is not relying on the Issuer nor on any of the Affiliates of the Company for information, advice or recommendations of any sort except for the accuracy of specific factual information about the possible terms of the transaction.

The Company is not acting as the advisor or agent of the applicant.

Prior to entering in to any proposed transaction, the applicant should independently determine, without reliance upon the Company or the Affiliates of the Company, the economic risks and merits, as well as the legal, tax, and accounting characterizations and consequences of the transaction and including that the applicant is able to assume these risks.

This Disclosure Document and its contents are the Company's property, and are to be considered proprietary information and may not be reproduced or otherwise disseminated in whole or in part without the Issuer's written consent unless required to by judicial or administrative proceeding, and then with prior notice to the Company.

Applicants must understand that while the Debentures would be listed, marketability may be impacted in a manner that cannot be determined. Applicants should carefully read and retain this Information Memorandum. However, the applicants are not to construe the contents of this Information Memorandum as investment, legal, accounting, regulatory or tax advice, and the applicants should consult with their own advisors as to all legal, accounting, regulatory, tax, financial and related matters concerning an investment in the Debentures.

No liability whatsoever is accepted for any loss arising (whether direct or consequential) from any use of the information contained in this Disclosure Document. The Company undertakes no obligation to affect any updates on information. Any opinions attributed to the Company, and/or the Affiliates of the Company constitute the Company's judgment as of the date of the material and are subject to change without notice. Provision of information may cease at any time without reason or notice being given. Commissions and other transaction costs may not have been taken into consideration. Any scenario analysis is provided for illustrative purposes only and does not represent actual termination or unwind prices, nor does it present all possible outcomes or describe all factors that may affect the value of your investment.

### **NOTE:**

This Disclosure Document is not intended for distribution and it is meant solely for the consideration of the person to whom it is addressed and specifically through a communication by the Company and should not be reproduced by the recipient. The Debentures mentioned herein are being issued on a private placement basis and this offer does not constitute nor should it be considered a public offer/invitation. Nothing in this Disclosure Document shall constitute and/or deem to constitute an offer or an invitation to an offer to the Indian public or any section thereof to subscribe for or otherwise acquire the Debentures. This Disclosure Document and the contents hereof are restricted for only the intended recipient(s) who have been addressed directly through a communication by the Company and only such recipients are eligible to apply for the Debentures. All investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this Issue. The Company or any other parties, whose names appear herein, shall not be liable for any statements made herein or any event or circumstance arising there from. A copy of this Disclosure Document has not been filed or submitted to the SEBI for its review and/or approval. Potential investors are required to make their own independent evaluation and judgment before making the investment and are believed to be experienced in investing in debt markets and are able to bear the economic risk of investing in such instruments.



Nothing in this Disclosure Document constitutes an offer of securities for sale in the United States or any other jurisdiction where such offer or placement would be in violation of any law, rule or regulation.

### STOCK EXCHANGE DISCLAIMER CLAUSE

As required, a copy of this Disclosure Document has been filed with the BSE in terms of the SEBI regulations. No filing has been made, or will be made, with SEBI. It is to be distinctly understood that filing of this Disclosure Document with the Stock Exchange should not, in any way, be deemed or construed that the same has been cleared or approved by the Stock Exchange. The Stock Exchange 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 this Disclosure Document.

25. **A SUMMARY TERM SHEET SHALL BE PROVIDED WHICH SHALL INCLUDE BRIEF INFORMATION PERTAINING TO THE SECURED / UNSECURED NON CONVERTIBLE DEBT SECURITIES (OR A SERIES THEREOF) AS SET OUT IN THE GUIDELINES**

Please find below a summary term sheet with the requisite details as set out in the Guidelines

Security Name	12.20% Secured NCD 2017
Issuer	Ess Kay Auto Finance Pvt. Ltd.
Instrument	Secured Redeemable Non-Convertible Debentures
Face Value	Rs. 1,00,000/- per Debenture
Issue Price per Debenture	At Par
Issue Size	Rs. 11,00,00,000/- (Rupees Eleven Crores only)
Debenture Subscription Amount	Rs. 11,00,00,000/- (Rupees Eleven Crores only)
Objects of the Issue	To finance business growth
Coupon Rate	12.20. % p.a.
Coupon payment frequency	Bi-annually
Interest Payment Date	Interest/Coupon on the Debentures is payable, in arrears, by the Issuer on the 31 <sup>st</sup> March and 30 <sup>th</sup> September of every year
Interest Period	Each period beginning on and including the Deemed Date of Allotment or any Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date
Coupon type	Fixed
Day count basis	Actual
Default Interest Rate	(a) Upon the occurrence of an Event of Default in respect of the failure of the Company to pay Interest on any Interest Payment Date or principal on any Redemption Date, Interest shall accrue on the amounts that are due and payable from the date on which such amounts became due and payable up to the date of actual payment (both before and after judgment) of such amounts, at the rate of 3% per annum over and above the Interest Rate (the "Default Interest Rate"). Such interest (collectively, "Default Interest") shall accrue from day to day and be calculated on the basis of the actual number of days elapsed in that year until actually paid; and (b) The levy of Default Interest shall not prevent the Debenture Holder(s) or the Debenture Trustee acting on behalf of the Debenture Holder(s) from declaring an Event of Default for delay/default in payment by the Company and shall not prejudice the exercise of any rights and remedies available to the Debenture Holder(s) upon the occurrence of an Event of Default
Tenor	41 months 16 days from Deemed Date of Allotment
Redemption Date	31 <sup>st</sup> March, 2017
Redemption Value	At Par
Redemption Amount	Rs. 11,00,00,000/- payable as under:

	Date	Amount	
	March 31,2014	27,500,000	
	March 31,2015	27,500,000	
	March 31,2016	27,500,000	
	March 31,2017	27,500,000	
Put/ Call option	None		
1. Issue Opening Date	October 15, 2013		
2. Issue Closing Date	October 15, 2013		
3. Pay-in Date	October 15, 2013		
4. Deemed Date of Allotment	October 15, 2013		
Listing	The Company proposes to list these Debentures on the WDM Segment of the BSE		
Issuance	Dematerialized form		
Trading	Dematerialized form only		
Settlement mode	Payment will be made by way of direct credit through Real Time Gross Settlement (RTGS), ECS (Electronic Clearing Service), Direct Credit or NEFT (National Electronic Funds Transfer)		
Depository	NSDL/CDSL		
Rating	CARE BBB-		
Record Date	For payment of interest, or repayment of Redemption Amount on each Redemption Date, shall be 1 (one) Working Day prior to each Interest Payment Date on the Debentures, or the Redemption Date respectively, or such other date as may be agreed between the Debenture Holders and the Company		
Security	(a) Hypothecation over Book receivable to the extent of 125% of the outstanding principal amount, on exclusive charge basis, to be maintained at all times. Receivables provided as security shall not be overdue for more than 30 days. (b) Personal guarantee of Mr. Rajendra Setia The security shall be created in favour of the Debenture Trustee within 180 days from the Deemed Date of Allotment and the relevant documents shall be submitted to Debenture trustee within 30 days of creation of security		
Governing Law	Laws of India.		
Dispute Resolution	Provisions relating to the Dispute Resolution as set out in the Debenture Trustee Agreement entered into or to be entered into by and between the Obligors and the Debenture Trustee shall apply mutatis mutandis to this Disclosure Document. It is clarified for avoidance of all doubts that the Debenture Holder(s) and the Debenture Trustee shall act jointly for the purposes of this clause.		
Jurisdiction	Subject to the provisions relating to Dispute Resolution above, the courts of Jaipur, India shall have exclusive jurisdiction		

### Trustee to Debenture Holders

Axis Trustee Services Limited has consented to being appointed as Debenture Trustee for the Debentures issued and proposed to be issued. The Company and the Debenture Trustee has entered into the Debenture Trustee Agreement specifying inter alia, the powers, authorities and obligations of the Debenture Trustee and the Company in respect of issue of the Debentures.

By applying for the Debentures, the Debenture Holders shall have without further action or deed, be deemed to have irrevocably given their consent to and authorised the Debenture Trustee or any of their agents or authorised officials to do inter alia all acts, deeds, matters and things in respect of or relating to the Debentures. Any payment by the Company to the Debenture Trustee on behalf of the Debenture Holders, shall completely and irrevocably from the time of making such payment discharge the Company pro tanto as regard its liability to the Debenture Holders of the Issue. All the rights and remedies of the Debenture Holders shall also vest in and shall also be exercised by the Debenture Trustee. The Debenture

Trustee will endeavour to protect the interest of the Debenture Holders in the event of default in regard to timely payment of principal by the Company.

The Debenture Trustee shall ensure disclosure of all material events on an ongoing basis. The Debenture Trustee will protect the interest of the Debenture Holders on the occurrence of an event of default by us in regard to timely payment of Interest and repayment of principal and they will take necessary action at the Company's cost as may be provided in the Debenture Trustee Agreement.

### **Events of Default**

If one or more of the events specified herein below (hereinafter called the “**Events of Default**”) takes place, Debenture Holder shall, in addition to other rights available to it under law, contract or equity have the right to have the Amounts Due including the outstanding Debenture Subscription Amount of the Debentures together with all accrued but unpaid Interest thereon paid by giving the Company a notice specifying the date of such early redemption (the “**Early Redemption Notice**”). On receiving the Early Redemption Notice, the Company shall, with intimation to the Debenture Holders and Debenture Trustee, take all such steps to ensure that the Debentures are accordingly redeemed in whole and the Debenture Holder are paid all amounts outstanding in respect of the Amounts Due including but not limited to the outstanding Debenture Subscription Amount of the Debentures and the accrued and unpaid Interest thereon on or prior to the date designated in the Early Redemption Notice.

- (a) **Failure to list the Debentures**  
Failure of the Company to procure listing of the Debentures on the Stock Exchange within the period of 15 days from the date of allotment of Debentures to the Debenture Holders.
- (b) **Non-Payment**  
The Company does not pay on any due date any amount payable by it pursuant to the Transaction Documents including without limitation the failure to pay the Interest on the Interest Payment Date or failure to redeem the Debentures by Redemption Date.
- (c) **Failure in creation of Security**  
Failure of the Company to create security in favour of the Debenture Trustee within the specified time period.
- (d) **Occurrence of events of default**  
Occurrence of an event of default in any other agreements or documents entered into, inter-alios, by the Obligors with the Debenture Holder, in relation to any other transaction.
- (e) **Cross Acceleration:**  
Any (i) Financial Indebtedness of the Company is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described) or (ii) creditor of the Company declares any Financial Indebtedness of the Company due and payable prior to its specified maturity as a result of an event of default (howsoever described); save where the amount of the Financial Indebtedness that is the subject of either of the foregoing clauses (i) and (ii) does not exceed Rs. 10,000,000 and such default has not been remedied within a period of 90 (ninety) days from the date of occurrence of such default.

For the purpose of this paragraph, “Financial Indebtedness” means any obligation for the payment or repayment of money for or in respect of: (i) moneys borrowed; (ii) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent; (iii) any amount raised pursuant to any note purchase facility or the issue of debentures, notes, securities including redeemable shares, preference shares, loan stock or any similar instrument; (iv) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with the accounting standards, be treated as a finance or capital lease; (v) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis); (vi) any amount raised under any other transaction (including any forward sale or deferred purchase agreement) having the commercial effect of raising finance; (vii) any amount raised by the issue of redeemable securities which are redeemable before the final conversion date; (viii) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account); (ix) any

securitization, portfolio assignment and channel financing transaction minus the cash margin provided; (x) any counter-indemnity obligation in respect of a guarantee, indemnity, debenture, standby or documentary letter of credit or any other instrument issued by a bank or financial or other institution; and (xi) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (i) to (x) above, but excluding any amount raised through issue of any compulsorily convertible instrument such as compulsorily convertible debentures any subordinated debt that has been subordinated on terms acceptable to the Debenture Holder.

- (f) Insolvency Proceedings:
  - (i) Any corporate action, legal proceedings or other procedure or step is taken in relation to: (A) the suspension of payments, a moratorium of any indebtedness, administration or reorganisation (byway of voluntary arrangement, scheme of arrangement or otherwise) of any of the Obligors; (B) a composition, compromise, assignment or arrangement with any creditor of any of the Obligors; (C) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of any of the Obligors or its assets; (D) enforcement of any security over any assets of any of the Obligors; or (E) any analogous procedure or analogous step is taken in any jurisdiction.
  - (ii) Any proceedings are admitted by a court of first instance or an effective resolution is passed for the winding up, liquidation or dissolution of any of the Obligor.
- (g) Creditors' Process  
Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any of the Obligors having an aggregate value of at least Rs. 10,000,000/- (or its equivalent) and is not discharged within 30 (thirty) Working Days of the commencement of such process.
- (h) Unlawfulness and Invalidity
  - (i) It is or becomes unlawful for any Obligor to perform any of its obligations under any Transaction Documents to which it is a Party;
  - (ii) Any obligation of any Obligor under any Transaction Document to which it is a party is not or ceases to be legal, valid, binding or enforceable; and
  - (iii) Any Transaction Document ceases to be in full force and effect or is alleged by a party to it to be ineffective.
- (i) Cessation of Business  
The Company suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business.
- (j) Expropriation  
The authority or ability of any of the Company to conduct its business is substantially limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any Governmental authorities or other person in relation to the Company or any of its assets.
- (k) Change of Control  
A change of Control of the Company occurs without prior written consent of the Debenture Holder.
- (l) Litigation  
Any material litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced or threatened in relation to the Transaction Documents or the transactions contemplated in the Transaction Documents or against any Obligor which will affect the ability of such Obligor to fulfill its obligations under the Transaction Documents.

For the purpose of this paragraph, "Court Day" means a day on which the relevant court giving such judgment, award or order is open for any application or hearing of any application contesting such order, award or judgment.

- (m) Material Adverse Effect

Any event or circumstance occurs which has, had or would in the determination of the Debenture Holder be likely to have Material Adverse Effect.

For the purpose of this paragraph, "Material Adverse Effect" means any: (i) event, occurrence, fact, condition, change, development or effect that is, materially adverse to the valuation business, operations, financial condition, properties (including intangible properties), assets (including intangible assets) or liabilities of the Company, or (ii) material impairment of the ability of the Obligors to perform their respective obligations under the Transaction Documents, or (iii) adverse effect on the validity or enforceability of the Transaction Documents or the rights and remedies of the Debenture Holder under the Transaction Documents except when such material adverse effect is caused due to change in applicable law.

(n) Licence

Any licence, approval, consents, registrations etc. requisite or material for the purposes of the business of the Company expires or is cancelled, terminated or revoked and such default remains unremedied for a period not less than 30 (thirty) days.

## **26. ISSUE PROCEDURE**

### **Terms of the Issue**

The Company proposes to issue secured, redeemable, non-convertible debentures of the face value of Rs. 100,000/- per Debenture aggregating to Rs. 110,000,000. The coupon rate of the Debentures will be 12.20% per annum.

### **List of Beneficial Owners**

The Company shall request the Depositories to provide a list of Beneficial Owners as at the end of the Record Date. This shall be the list, which shall be considered for payment of Interest or repayment of Redemption Amount, as the case may be.

### **Computation of interest**

Interest for each Interest Period shall be computed on actual/actual basis (calendar year), on the outstanding Debenture Subscription Amount at the Interest Rate from the Deemed Date of Allotment or the last Interest Payment Date.

### **Effect of Holidays**

Should any of the date(s), including the Deemed Date of Allotment, Redemption Date, or the Record Date, as defined in this Disclosure Document, fall on a Sunday or a public holiday or no high-value clearing is available for any reason whatsoever at a place where the Registered/Corporate Office is situated, the next Working Day shall be considered as the effective date. In cases where it is not possible to determine disruption in high-value clearing as stated above 1 (one) day prior to the Redemption Date, the next Working Day shall be considered as the effective date.

### **Tax Deduction at Source**

As per the provisions of the Income Tax Act, 1961 with effect from June 1, 2008, no tax is deductible at source from the amount of interest payable on any listed dematerialized security, held by a person resident in India. Since the Debentures shall be issued in dematerialized mode and shall be listed on the BSE, no tax will be deductible at sources on the payment/credit of interest on Debentures held by any person resident in India. In the event of dematerialization of the Debentures, or Debentures held by person resident outside India or a change in applicable law governing the taxation of the Debentures, the following provisions shall apply:

- a) In the event the Company is required to make a tax deduction, we shall make the payment required in connection with that tax deduction within the time allowed and in the minimum amount required by applicable law.
- b) The Company shall within 30 (thirty) days after the due date of payment of any tax or other amount which it is required to pay, deliver to the Debenture Holders and the Debenture Trustee evidence of

such deduction, withholding or payment and of the remittance thereof to the relevant taxing or other authority.

#### **Debenture Redemption Reserve**

The Company will create Debenture Redemption Reserve as may be required under laws in case of privately placed debentures.

#### **Right of the Company to Purchase, Re -sell and Re -issue Debentures**

- a) **Purchase and Resale of Debentures:** The Company may, subject to applicable law at any time and from time to time, purchase Debentures under this issue at discount, at par or premium in the open market or otherwise. Such Debentures may, at the option of the Company, be cancelled, held or resold.
- b) **Reissue of Debentures:** Where the Company has redeemed any such Debentures, subject to the provisions of Section 121 of the Companies Act, 1956 and other applicable legal provisions, the Company shall have and shall be deemed always to have had the right to keep such Debentures alive for the purpose of reissue and in exercising such right, the Company shall have and shall be deemed always to have had the power to reissue such Debentures either by reissuing the same Debentures or by issuing other Debentures in their place in either case, at such a price and on such terms and conditions (including any variations, dropping of or additions to any terms and conditions originally stipulated) as the Company may deem fit.

#### **Face Value**

The Face Value of the Debentures shall be Rs. 100,000 per Debenture.

#### **Issue Price**

The Issue Price of the Debentures shall be Rs. 100,000 per Debenture.

#### **Issue Size**

The current issue size of Debentures is of Rs. 110,000,000.

#### **Discount**

The Debentures are being issued at face value and no discount is being offered.

#### **Market Lot**

The minimum lot size for trading of the Debentures on BSE is proposed to be 1 (one) Debenture and in multiples of 1 (one) thereafter.

#### **Minimum Number of Debentures**

The applications must be made for a minimum of 1 (one) Debenture and in multiples of (one) Debenture thereafter.

#### **Application for the Debentures**

##### **How to Apply**

Applications for the Debentures must be made in the Application Form as provided by the Company and must be completed in block letters in English by the investors. Application Forms must be accompanied by either a demand draft or cheque or electronic transfer drawn or made payable in favour of “Ess Kay Auto Finance Private Limited” and should be crossed “Account Payee only”. The applicant may transfer payments required to be made in relation to any Application Form by electronic transfer of funds/RTGS, to the bank account of the Issuer as per details mentioned below:

Account no.	13298470000025
Account name	Ess Kay Auto Finance Private Limited
IFSC code	HDFC0001329
Bank	HDFC Bank Ltd., 3D, Villa Station, Jaipur

The full amount of the face value applied for has to be paid along with the delivery of the fully completed and executed Application Form.

**Who can apply?**

Nothing in this Disclosure Document shall constitute and/or deem to constitute an offer or an invitation to an offer, to be made to the public or any section thereof through this Disclosure Document and this Disclosure Document and its contents should not be construed to be a prospectus under the Companies Act, 1956.

This Disclosure Document and the contents hereof are restricted for only the intended recipient(s) who have been addressed directly through a communication by the Company and only such recipients are eligible to apply for the Debentures. The categories of investors eligible to subscribe to the Debentures in this Issue, when addressed directly, are:

- a) Banks;
- b) Public Financial Institutions (as defined under Section 4A of the Companies Act, 1956);
- c) Non Banking Financial Companies;
- d) Companies;
- e) Mutual Funds;
- f) Insurance Companies; and
- g) Any other eligible investor who are authorized to invest in the debentures.

All investors are required to comply with the relevant regulations/ guidelines applicable to them for investing in this issue of Debentures.

RBI vide its circular No. 89 dated March 1, 2012 had decided that SEBI registered FIIs/sub-accounts of FIIs can invest in primary issues of Non-Convertible Debentures (NCDs)/ bonds only if listing of such bonds / NCDs is committed to be done within 15 days of such investment. In case the NCDs/bonds issued to the SEBI registered FIIs / sub-accounts of FIIs are not listed within 15 days of issuance to the SEBI registered FIIs / sub-accounts of FIIs, for any reason, then the FII/sub-account of FII shall immediately dispose of these bonds/NCDs either by way of sale to a third party or to the issuer.

Pursuant to the said RBI circular No. 89, the Company hereby undertakes that in case the Debentures are not listed within 15 days of issuance (the “**Listing Period**”) to the SEBI registered FIIs / sub-accounts of FIIs, for any reason, the Company shall on the next Business Day on expiry of the Listing Period redeem / buyback the Debentures from the FIIs/sub-accounts of FIIs.

**Note: Participation by potential investors in the issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them.**

**Transfers**

The Debentures may be transferred to any party duly qualified under the applicable laws, to apply for such debentures.

**Basis of Allotment**

The Company reserves the sole and absolute right to allot the Debentures to any applicant.

**Right to Accept or Reject Applications**

The Company is entitled at its sole and absolute discretion to accept or reject any application, in part or in full, without assigning any reason. Application Forms that are not complete in all respects may be rejected at the sole and absolute discretion of the Company.

**Interest on Application Money**

Interest on application money will be paid to investors at Coupon Rate from the date of realization of subscription money up to one day prior to the Deemed Date of Allotment. Such interest shall be payable within 7 (seven) Working Days from the Deemed Date of Allotment. In this particular Issue as the Deemed Date of Allotment is same as the Issue Closing Date and Pay-in-Date hence this clause is not applicable.

**Deemed Date of Allotment**

All benefits relating to the Debentures will be available to the investors from the Deemed Date of Allotment.

**Payment on Redemption**

Payment of the Redemption Amount of the Debentures will be made by the Company to the Beneficial Owners as per the beneficiary list provided by the Depositories as on the Record Date. The Debentures shall be taken as discharged on payment of the Redemption Amount and all other Amounts Due by the Company to the Beneficial Owners as per the beneficiary list. Such payment will be a legal discharge of the liability of the Company towards the Debenture Holders. On such payment being made, the Company will inform the Depositories and accordingly the account of the Debenture Holders with Depositories will be adjusted. Upon dispatching the payment instrument towards payment of all Amounts Due including the Redemption Amount as specified above in respect of the Debentures, the liability of the Company shall stand extinguished.

**Call and Put Option**

No call option or put option is intended to be created on the Debentures.

**Currency of Payment**

All obligations under the Debentures including yield, are payable in Indian Rupees only.

**Issue of Debentures in Dematerialized Form**

The Debentures /letters of allotment will be issued in dematerialized form within 2 [two] Working Days from the Deemed Date of Allotment. The Company has made arrangements with the Depositories for the issue of the Debentures /letters of allotment regarding the Debentures in dematerialized form. Investors will have to hold the Debentures in dematerialized form as per the provisions of Depositories Act. The Depository Participant's name, DPID and beneficiary account number must be mentioned at the appropriate place in the Application Form. The Company shall take necessary steps to credit the Debentures allotted/letters of allotment to the depository account of the investor.

**Splitting and Consolidation**

Splitting and consolidation of the Debentures is not applicable in the DEMAT mode form since the saleable lot is 1 (one) Debenture.

**Common Form of Transfer**

The Company will issue the Debentures in DEMAT form only.

**Succession**

In the event of demise of a Debenture Holder, or the first holder in the case of joint holders, the Company will recognize the executor or administrator of the demised Debenture Holder or the holder of succession certificate or other legal representative of the demised Debenture Holder as the Debenture Holder of such Debentures, if such a person obtains probate or letter of administration or is the holder of succession



certificate or other legal representation, as the case may be, from a court in India having jurisdiction over the matter and delivers a copy of the same to the Company. The Company may in its absolute discretion, where it thinks fit, dispense with the production of the probate or letter of administration or succession certificate or other legal representation, in order to recognize such holder as being entitled to the Debentures standing in the name of the demised Debenture holder(s) on production of sufficient documentary proof or indemnity. In case a person other than individual holds the Debentures, the rights in the Debentures shall vest with the successor acquiring interest therein, including liquidator or such any person appointed as per the applicable law.

### **Notices**

The Company agrees to send notice of all meetings of the Debenture Holders specifically stating that the provisions for appointment of proxy as mentioned in Section 176 of the Companies Act, 1956 shall be applicable for such meeting. The notices, communications and writings to the Debenture holder(s) required to be given by the Company and the Debenture Trustee shall be deemed to have been given if sent by registered post or by hand delivery to the Debenture Holder at the address as notified to the Company and the Debenture Trustee from time to time or by way of facsimile to the facsimile number as notified to the Company from time to time and shall be deemed to have been received on actual receipt of the same.

All notices, communications and writings to be given by the Debenture Holder(s) shall be sent by registered post or by hand delivery to the Company and the Debenture Trustee at their Registered Office or to such persons at such address as may be notified by the Company and the Debenture Trustee from time to time or by way of facsimile to the facsimile number as notified by the Company and the Debenture Trustee from time to time and shall be deemed to have been received on actual receipt of the same.

In the absence of evidence of earlier receipt, a notice is deemed to be received:

- a) in the case of a notice left at the address of the addressee, upon delivery at that address;
- b) in the case of a posted letter, on the third day after posting or, if posted internationally, the seventh day after posting; and
- c) in the case of a facsimile, on production of a transmission report from the machine from which the facsimile was sent which indicates that the facsimile was sent in its entirety to the facsimile number of the recipient.

A notice received or deemed to be received on a day which is not a Working Day or after 5 p.m. on any Working Day, according to local time in the place of receipt, shall be deemed to be received on the next following Working Day.

### **Rights of Debenture Holders**

The Debenture Holder(s) shall not be entitled to any right and privileges of shareholders other than those available to them under the Companies Act, 1956. The Debentures shall not confer upon the holders the right to receive notice(s) or to attend and to vote at any general meeting(s) of the shareholders of the Company.

### **Payment of outstanding amounts on the Debentures**

In terms of the Debt Listing Agreement, the Company shall ensure that services of ECS (Electronic Clearing Service), Direct Credit, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer) are used for payment of all outstanding amounts on the Debentures, including the principal and interest accrued thereon, as per the applicable norms of the RBI.

### **Tax Benefits**

In the case of the Company, the amount of interest in respect of capital borrowed for the purpose of business is allowed as a deduction under section 36(1)(iii) of the Income Tax Act, 1961. The amount of interest received/ receivable is treated as taxable income in the hands of the Debenture Holders.

**Submission of completed Application Form**

All applications duly completed accompanied by transfer instructions from the respective investor's account to the account of the Company, shall be submitted at the Registered Offices of the Company.

**Issue Programme**

- a) Issue Opening Date: October 15, 2013
- b) Issue Closing Date: October 15, 2013
- c) Pay-in Date: October 15, 2013
- d) Deemed Date of Allotment: October 15, 2013

*\*Company reserves the right to change the issue closing date and in such an event, the Deemed Date of Allotment may also be revised by the Company at its sole and absolute discretion. In the event of any change in the above issue dates, the investors shall be intimated of the revised schedule by the Company.*

**Mode of Payment**

All RTGS must be made payable according to the following details:

Account no.	13298470000025
Account name	Ess Kay Auto Finance Private Limited
IFSC code	HDFC0001329
Bank Name	HDFC Bank Ltd., 3D, Villa Station, Jaipur

**Procedure and Time of Schedule for Allotment**

The Company will execute and dispatch/ credit to the DP account of the allottee, in favour of the allottees within 2 [two] Working Days from the Deemed Date of Allotment.

**27. DECLARATION**

It is hereby declared that this Disclosure Document contains full disclosure in accordance with SEBI (Issue and Listing of Debt Securities) Regulations, 2008.

**28. SCORES**

The Company has received SCORES authentication from SEBI vide an e-mail dated September 25, 2012.





**Details for Issue of Debentures in Electronic/Dematerialised Form**

The following particulars are required to be filled up.

We understand that the Debentures of the Issuer shall be issued in the dematerialised form. Details of my/our beneficiary account are given below:

<b>DEPOSITORY PARTICIPANT NAME</b>	
<b>DP-ID</b>	
<b>BENEFICIARY ACCOUNT NUMBER</b>	
<b>NAME OF THE APPLICANT(S)</b>	

We understand that: i) in case of allotment of Debentures to us, our beneficiary account as mentioned above would get credited to the extent of allotted Debentures, ii) the applicant must ensure that the sequence of names as mentioned in the application form matches the sequence of name held with our Depository Participant, iii) if the names of the applicant(s) in this application are not identical and also not in the same order as the beneficiary account details with the above mentioned Depository Participant or if the Debentures cannot be credited to our beneficiary account for any reason whatsoever, the Issuer shall be entitled at its sole option to reject the application.

Sole/First Applicant's

Second Applicant's

Third Applicant's

Signature

Signature

Signature

FOR OFFICE USE ONLY
DATE OF RECEIPT _____ DATE OF CLEARANCE _____

*(Note: Cheque and Drafts are subject to realisation)*

----- (TEAR HERE) -----

**Esskay Auto Finance Private Limited**

**- ACKNOWLEDGMENT SLIP**

(To be filled in by Applicant) SERIAL NO.										
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Received from \_\_\_\_\_

Address
Cheque/Draft # _____ Drawn on _____ for INR _____ on account of application of _____ Debentures.

## INSTRUCTIONS FOR APPLICATION

- (a) Application(s) for the Debentures must be made in the enclosed form and must be completed in BLOCK LETTERS IN ENGLISH. A blank must be left between two or more parts of the name.
- (b) Application forms must be signed.
- (c) Minimum application shall be for 1(one) Debentures and in multiples of 1(one) thereafter.
- (d) The Debentures are being issued at face value or as otherwise stated in the Summary Term Sheet. The amount to be paid on application should be the total face value stated in the Summary Term Sheet. Applications for incorrect amounts are liable to be rejected.
- (e) Cheques/drafts must be made in the favour of "**Esskay Auto Finance Private Limited** ", crossed "Account Payee only" and, unless otherwise accepted by the Issuer be payable at par at \_\_\_\_\_. Money orders or postal orders will not be accepted.
- (f) No cash will be accepted.
- (g) The applicant should mention its permanent account number (PAN) allotted to it under the IT Act and also the relevant Income-tax circle/ward/District.
- (h) An application once submitted cannot be withdrawn.
- (i) The applications would be scrutinised and accepted as per the terms and conditions specified in this Information Memorandum.
- (j) The Issuer is entitled to accept or reject any application, in part or in full without having to assign any reason whatsoever. Any application, which is not complete in any respect, is liable to be rejected.
- (k) Applicants residing or situated outside Jaipur, may send their application along with cheques or demand drafts to the Issuer's address mentioned above. Unless otherwise accepted by the Issuer, the cheques or demand drafts must be payable at par at Delhi. The demand draft charges will have to be borne by the applicant.
- (l) The applicant applying for the Debentures in electronic, i.e., dematerialised form, should mention their Depository Participant's name, Depository Participant's identification details and beneficiary account number in the application form. In case of any discrepancy in the information of Depository/beneficiary account, the Issuer shall be entitled to issue the Debentures to the applicant in the physical form or reject the application.
- (m) The applicant is requested to contact the office of the Issuer as mentioned above for any clarifications.
- (n) In case the payment is made in RTGS, the funds have to be credited to either of the following Issuer's current account, the details of which are given below:

Name of Bank	HDFC BANK LIMITED
Address of Bank	3D VILLA STATION, VILLA STATION, JAIPUR 302001
IFSC Code	HDFC0001329
Current Account Number	13298470000025
Name of Beneficiary	ESS KAY AUTO FINANCE PRIVATE LIMITED