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Serial No.1  
Addressed to: Reliance Mutual Fund

**INFORMATION MEMORANDUM  
UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED**

A private limited company incorporated under the Companies Act, 1956  
Date of Incorporation: October 31, 2005  
Registered Office: Grape Garden, 3rd 'A' Cross, 18th Main, 6th Block, Koramangala, Bengaluru 560095  
Telephone No: +91-80-4071 2121  
Website: <http://www.ujjivan.com>

**Information Memorandum for issue of Debentures on a private placement basis on  
March 20, 2015**

**Issue of 750 (Seven Hundred and Fifty) Secured, Rated, Listed, Redeemable, Non-convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to Rs. 750,000,000/- (Rupees Seventy Five Crores only) on a private placement basis (the "Issue")**

**Background**

This Information Memorandum is related to the Debentures to be issued by Ujjivan Financial Services Private Limited (the "Issuer" or "Company") on a private placement basis and contains relevant information and disclosures required for the purpose of issuing of the Debentures. The issue of the Debentures comprised in the Issue and described under this Information Memorandum has been authorised by the Issuer through resolutions passed by the shareholders of the Issuer on May 07, 2014 and the Board of Directors of the Issuer on January 27, 2015 and the Memorandum and Articles of Association of the Company. Pursuant to the resolution passed by the Company's shareholders dated December 23, 2014 in accordance with provisions of the Companies Act, 2013, the Company has been authorised to borrow, upon such terms and conditions as the Board may think fit for amounts up to INR 4500,00,00,000/- (Rupees Four thousand Five hundred Crores only). The present issue of NCDs in terms of this Information Memorandum is within the overall powers of the Board as per the above shareholder resolution(s).

**Credit Rating**

The Debentures proposed to be issued by the Issuer have been rated by ICRA Limited ("Rating Agency / ICRA"). The Rating Agency has vide its letter dated March 10, 2015 assigned a rating of "[ICRA] A- (A minus)" with Positive Outlook in respect of the Debentures. The above rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the rating agency and should be evaluated independently of any other ratings. Please refer to Annexure II of this Information Memorandum for the letter dated March 10, 2015 from the Rating Agency assigning the credit rating abovementioned and the letter dated March 19, 2015 issued by the Rating Agency disclosing the rating rationale adopted for the aforesaid rating.

**Issue Schedule**

Issue Opens on: March 20, 2015  
Issue Closing on: March 20, 2015  
Deemed Date of Allotment: March 20, 2015

The Issuer reserves the right to change the Issue Schedule including the Deemed Date of Allotment at its sole discretion, without giving any reasons or prior notice. The Issue shall be open for subscription during the banking hours on each day during the period covered by the Issue Schedule.

The Debentures are proposed to be listed on the wholesale debt market of the Bombay Stock Exchange ("BSE").

**Sole Arrangers**

**IFMR Capital Finance Pvt. Ltd.**

10th Floor-Phase 1, IIT-Madras  
Research Park, Kanagam Village,  
Tharamani, Chennai- 600 113  
Contact Person: Mr Gaurav Kumar  
Tel: +91-44-6668 7354  
Fax: +91-44-6668 7010  
Email: [contact.capital@ifmr.co.in](mailto:contact.capital@ifmr.co.in)  
Website: [www.ifmr.com](http://www.ifmr.com)

**Registrar & Transfer Agent**

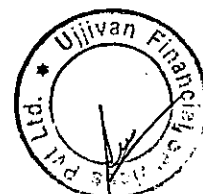
**Karvy Computershare Private Limited**

16/22 Bake House, Maharashtra  
Chamber of Commerce Lane,  
Opposite MSC Bank, Fort,  
Mumbai – 400 023  
Maharashtra, India

**Debenture Trustee**

**GDA Trusteeship Limited**

GDA House, Plot No. 85, Bhusari  
Colony (Right), Paud Road, Pune - 411  
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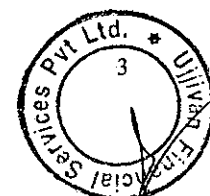
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**SECTION 1: DEFINITIONS AND ABBREVIATIONS**

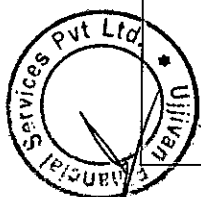
Unless the context otherwise indicates or requires, the following terms shall have the meanings given below in this Information Memorandum.

Allot/Allotment/Allotted	Unless the context otherwise requires or implies, the allotment of the Debentures pursuant to this Issue.
Application Form	The form used by the recipient of this Disclosure Document and/or the Private Placement Offer Letter, to apply for subscription to the Debentures, which is in the form annexed to this Information Memorandum and marked as Annexure IV.
Approved Instructions	Means the written instructions from the Majority Debenture Holders or from authorised signatories on behalf of the Majority Debenture Holders.
Arranger / Sole Arranger	IFMR Capital Finance Pvt. Ltd.
Board/Board of Directors	The Board of Directors of the Issuer
Business Day	Shall mean a day (other than a public holiday, a Saturday or a Sunday) on which banks are normally open for business in Mumbai and Karnataka.
CDSL	Central Depository Services (India) Limited
Debentures / NCDs	750 (Seventy Fifty) Secured Rated Listed Redeemable Non-Convertible Debentures bearing a face value of Rs. 1,000,000/- (Rupees Ten Lakhs only) each, aggregating to Rs. 750,000,000/- (Rupees Seventy Five Crores only).
Debenture Holders / Investors	The holders of the Debentures issued by the Issuer and shall include the registered transferees of the Debentures from time to time
Deemed Date of Allotment	March 20, 2015
Debenture Trustee	GDA Trusteeship Limited
Debenture Trustee Agreement	Agreement to be executed by and between the Debenture Trustee and the Company for the purposes of appointment of the Debenture Trustee to act as debenture trustee in connection with the issuance of the Debentures.
Debt	Means at any time all the amounts payable by the Company to the Secured Parties, pursuant to the terms of the Transaction Documents, including the following amounts:  (a) the principal amount of the Debentures and the Interest (including Default Interest) thereon;  (b) all other moneys, debts and liabilities of the Company, including indemnities, liquidated damages, costs, charges, expenses and fees and interest incurred under, arising out of or in connection with the Transaction Documents (to which it is a party);  (c) any and all sums expended by the Debenture Holders, or the Trustee on their behalf, or by any other person in order to preserve any Security Interest; and  (d) any and all costs, expenses, fees and duties for the



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	enforcement and collection of any amounts due under the Transaction Documents (to which it is a party), including expenses of preservation, enforcement and realisation of the Security Interest and costs and expenses set out in Clause 7.5( <i>Fees and Expenses</i> ) hereto.
Demat	Refers to dematerialized securities which are securities that are in electronic form, and not in physical form, with the entries noted by the Depository.
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository	A Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depository Participant / DP	A depository participant as defined under the Depositories Act
Director(s)	Director(s) of the Issuer.
Disclosure Document / Information Memorandum	This document which sets out the information regarding the Debentures being issued on a private placement basis.
DP ID	Depository Participant Identification Number.
Due Date	Any date on which the holders of the Debentures are entitled to any payments, whether on maturity or upon exercise of the option to redeem the Debentures prior to the scheduled Maturity Date.
EFT	Electronic Fund Transfer
Financial Indebtedness	Means any indebtedness for or in respect of: <ul style="list-style-type: none"> <li>(a) moneys borrowed;</li> <li>(b) any amount raised by acceptance under any acceptance credit, bill acceptance or bill endorsement facility or dematerialized equivalent;</li> <li>(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument including but not limited to foreign currency convertible bonds;</li> <li>(d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with the GAAP, be treated as a finance or capital lease;</li> <li>(e) receivables sold or discounted (excluding any receivables sold on a non-recourse basis, but including any first loss or second loss credit enhancement provided for such receivables);</li> <li>(f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;</li> <li>(g) deferred purchase price of property, goods or services (other than payables incurred in the ordinary course of Business);</li> <li>(h) any conditional sale or other title retention agreement with respect to property acquired (even</li> </ul>

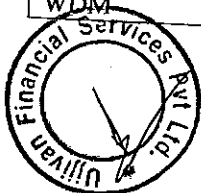


	<p>though the rights and remedies of the seller or the bank under such title retention agreement in the event of default are limited to repossession or sale of such property);</p> <p>(i) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price including any credit support arrangement in respect thereof (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);</p> <p>(j) shares which are expressed to be redeemable or any shares or instruments convertible into shares or any shares or other securities which are otherwise the subject of a put option or any form of guarantee;</p> <p>(k) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or a financial institution; and</p> <p>(l) the amount of any liability in respect of any guarantee or indemnity or put option for any of the items referred to in paragraphs (a) to (k) above.</p>
Financial Year/ FY	Twelve months period commencing from April 1 of a particular calendar year and ending on March 31 of the subsequent calendar year
GAAP	Generally Accepted Accounting Principles
Issue	Private Placement of the Debentures.
Issue Opening Date	March 20, 2015
Issue Closing Date	March 20, 2015
Issuer/ Company	Ujjivan Financial Services Private Limited
Majority Debenture Holders	Debenture Holders whose participation or share in the principal amount(s) outstanding with respect to the Debentures aggregate to more than 75% (Seventy Five per cent) of the value of the nominal amount of the Debentures for the time being outstanding.
Maturity Date	March 20, 2017 being 24 (Twenty Four) months from the Deemed Date of Allotment, or such other date on which the final payment of the principal of the Debentures becomes due and payable as therein or herein provided, whether at such stated maturity date, by declaration of acceleration, or otherwise.
Material Adverse Effect	<p>Means an event or circumstance which has or could reasonably be expected to have a material adverse effect on or material adverse change in:</p> <p>(a) the condition (financial or otherwise), assets, operations, credit standing, properties, prospects or business of the Company;</p> <p>(b) the international or domestic money markets, banking, foreign exchange and capital markets,</p>



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	<p>currency exchange, exchange control or the debt syndication market;</p> <p>(c) the international and domestic socio-political and economic situation (including as a result of hostilities along the borders of the Republic of India) or any event, whether domestic or international;</p> <p>(d) the ability of the Company to perform and comply with any of its obligations under any Transaction Document to which it is a party;</p> <p>(e) the validity, legality or enforceability of any Security expressed to be created pursuant to any Security Document or the priority and ranking of any Security; or</p> <p>(f) the validity, legality or enforceability of, or the rights or remedies of any party under, any Transaction Document.</p>
N.A	Not Applicable.
NSDL	National Securities Depository Limited.
PAN	Permanent Account Number.
Private Placement Offer Letter	Shall mean the offer letter prepared in compliance with Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014.
RBI	Reserve Bank of India.
Rating Agency	ICRA Limited
Record Date	The date which will be used for determining the Debenture Holders who shall be entitled to receive the amounts due on any Due Date, which shall be the date falling 15 (Fifteen) calendar days prior to any Due Date.
R&T Agent	Registrar and Transfer Agent to the Issue, in this case being Karvy Computershare Private Limited
ROC	Registrar of Companies.
Rs. / INR	Indian National Rupee.
RTGS	Real Time Gross Settlement.
SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 (as amended from time to time).
SEBI Debt Listing Regulations	The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulation, 2008 issued by SEBI, as amended from time to time.
Security	The security for the Debentures as specified in Annexure I.
TDS	Tax Deducted at Source.
The Companies Act/ the Act	The Companies Act, 1956 ("1956 Act"), or where applicable, the notified provisions of the Companies Act, 2013 ("2013 Act").
Terms & Conditions	Shall mean the terms and conditions pertaining to the Issue as outlined in the Transaction Documents
Transaction Documents	Shall mean the documents executed or to be executed in relation to the issuance of the Debentures as more particularly set out in Annexure I.
WDM	Wholesale Debt Market.



**SECTION 2: NOTICE TO INVESTORS AND DISCLAIMERS**

**2.1 ISSUER'S DISCLAIMER**

This Information Memorandum is neither a prospectus nor a statement in lieu of a prospectus and should not be construed to be a prospectus or a statement in lieu of a prospectus under the Companies Act. The issue of the Debentures to be listed on the WDM segment of the BSE is being made strictly on a private placement basis. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. This Information Memorandum does not constitute and shall not be deemed to constitute an offer or invitation to subscribe to the Debentures to the public in general. The Issuer has mandated IFMR Capital Finance Private Limited to act as an arranger for the Debentures and to distribute either itself and/or through its affiliates this Information Memorandum to identified potential investors.

As per the applicable provisions, it is not necessary for a copy of this Information Memorandum/ Disclosure Document to be filed or submitted to the SEBI for its review and/or approval. However pursuant to the provisions of Section 42 of the Companies Act 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, the copy of this Information Memorandum/ Private Placement Offer Letter shall be filed with the ROC and SEBI within the stipulated timelines under the Companies Act, 2013.

This Information Memorandum has been prepared in conformity with the SEBI (Issue and Listing of Debt Securities) Regulations, 2008 as amended from time to time and applicable RBI Circulars governing private placements of debentures by NBFCs. This Information Memorandum has been prepared solely to provide general information about the Issuer to the Eligible Investors (as defined below) to whom it is addressed and who are willing and eligible to subscribe to the Debentures. This Information Memorandum does not purport to contain all the information that any Eligible Investor may require. Further, this Information Memorandum has been prepared for informational purposes relating to this transaction only and upon the express understanding that it will be used only for the purposes set forth herein.

Neither this Information Memorandum nor any other information supplied in connection with the Debentures is intended to provide the basis of any credit or other evaluation and any recipient of this Information Memorandum should not consider such receipt as a recommendation to subscribe to any Debentures. Each Investor contemplating subscription to any Debentures should make its own independent investigation of the financial condition and affairs of the Issuer, and its own appraisal of the creditworthiness of the Issuer. Potential investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Debentures and should possess the appropriate resources to analyze such investment and the suitability of such investment to such Investor's particular circumstances.

The Issuer confirms that, as of the date hereof, this Information Memorandum (including the documents incorporated by reference herein, if any) contains all the information that is material in the context of the Issue and regulatory requirements in relation to the Issue and is accurate in all such material respects. No person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Information Memorandum or in any material made available by the Issuer to any potential Investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer. The Issuer certifies that the disclosures made in this Information Memorandum and/or the Private Placement Offer Letter are adequate and in conformity with the SEBI Debt Listing Regulations and the Companies (Prospectus and Allotment of Securities) Rules, 2014. Further, the Issuer accepts no responsibility for



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statements made otherwise than in the Information Memorandum or any other material issued by or at the instance of the Issuer and anyone placing reliance on any source of information other than this Information Memorandum would be doing so at its own risk.

This Information Memorandum, the Private Placement Offer Letter and the contents hereof and thereof respectively are restricted only for the intended recipient(s) who have been addressed directly and specifically through a communication by the Issuer 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 contents of this Information Memorandum and/or the Private Placement Offer Letter are intended to be used only by those Investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced by the recipient.

No invitation is being made to any persons other than those to whom Application Forms along with this Information Memorandum and the Private Placement Offer Letter being issued have been sent. Any application by a person to whom the Information Memorandum and/or the Private Placement Offer Letter has not been sent by the Issuer shall be rejected without assigning any reason.

The person who is in receipt of this Information Memorandum and/or the Private Placement Offer Letter shall not reproduce or distribute in whole or part or make any announcement in public or to a third party regarding the contents hereof without the consent of the Issuer. The recipient agrees to keep confidential all information provided (or made available hereafter), including, without limitation, the existence and terms of the Issue, any specific pricing information related to the Issue or the amount or terms of any fees payable to us or other parties in connection with the Issue. This Information Memorandum and/or the Private Placement Offer Letter may not be photocopied, reproduced, or distributed to others at any time without the prior written consent of the Issuer. Upon request, the recipients will promptly return all material received from the Issuer (including this Information Memorandum) without retaining any copies hereof. If any recipient of this Information Memorandum and/or the Private Placement Offer Letter decides not to participate in the Issue, that recipient must promptly return this Information Memorandum and/or the Private Placement Offer Letter and all reproductions whether in whole or in part and any other information, statement, notice, opinion, memorandum, expression or forecast made or supplied at any time in relation thereto or received in connection with the Issue to the Issuer.

The Issuer does not undertake to update the Information Memorandum and/or the Private Placement Offer Letter to reflect subsequent events after the date of Information Memorandum and/or the Private Placement Offer Letter and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the Issuer.

Neither the delivery of this Information Memorandum, and/or the Private Placement Offer Letter nor any sale of Debentures made hereafter shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof.

This Information Memorandum and/or the Private Placement Offer Letter does not constitute, nor may it be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. No action is being taken to permit an offering of the Debentures or the distribution of this Information Memorandum and/or the Private Placement Offer Letter in any jurisdiction where such action is required. Persons into whose possession this Information Memorandum comes are required to inform themselves about and to observe any such restrictions. The Information Memorandum is made available to potential Investors in the Issue on the strict understanding that it is confidential.





## **2.2 DISCLAIMER CLAUSE OF STOCK EXCHANGES**

As required, a copy of this Information Memorandum has been filed with the BSE in terms of the SEBI Debt Listing Regulations. It is to be distinctly understood that submission of this Information Memorandum to the BSE should not in any way be deemed or construed to mean that this Information Memorandum has been reviewed, cleared, or approved by the BSE; nor does the BSE in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum, nor does the BSE warrant that the Issuer's Debentures will be listed or will continue to be listed on the BSE; nor does the BSE take any responsibility for the soundness of the financial and other conditions of the Issuer, its promoters, its management or any scheme or project of the Issuer.

## **2.3 DISCLAIMER CLAUSE OF SEBI**

As per the provisions of the SEBI Debt Listing Regulations, it is not stipulated that a copy of this Information Memorandum has to be filed with or submitted to the SEBI for its review / approval. It is to be distinctly understood that this Information Memorandum should not in any way be deemed or construed to have been approved or vetted by SEBI and that this Issue is not recommended or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of any proposal for which the Debentures issued thereof is proposed to be made or for the correctness of the statements made or opinions expressed in this Information Memorandum. However the Company undertakes to file this Information Memorandum/Offer Letter with SEBI within 30 days from the Deemed Date of Allotment as per the provisions of the Companies Act, 2013 and the rules thereunder.

## **2.4 DISCLAIMER CLAUSE OF THE SOLE ARRANGER**

The Issuer hereby declares that it has exercised due-diligence to ensure complete compliance with prescribed disclosure norms in this Information Memorandum and/or the Private Placement Offer Letter. The only role of the Sole Arranger with respect to the Debentures is confined to arranging placement of the Debentures on the basis of this Information Memorandum as prepared by the Issuer. Without limiting the foregoing, the Sole Arranger is not acting, and has not been engaged to act, as an underwriter, merchant banker or other intermediary with respect to the Debentures. The Issuer is solely responsible for the truth, accuracy and completeness of all the information provided in this Information Memorandum and/or the Private Placement Offer Letter. Neither is the Sole Arranger responsible for preparing, clearing, approving, scrutinizing or vetting this Information Memorandum and/or the Private Placement Offer Letter, nor is the Sole Arranger responsible for doing any due-diligence for verification of the truth, correctness or completeness of the contents of this Information Memorandum and/or the Private Placement Offer Letter. The Sole Arranger shall be entitled to rely on the truth, correctness and completeness of this Information Memorandum and/or the Private Placement Offer Letter. It is to be distinctly understood that the aforesaid use of this Information Memorandum and/or the Private Placement Offer Letter by the Sole Arranger should not in any way be deemed or construed to mean that the Information Memorandum and/or the Private Placement Offer Letter has been prepared, cleared, approved, scrutinized or vetted by the Sole Arranger. Nor should the contents of this Information Memorandum and/or the Private Placement Offer Letter in any manner be deemed to have been warranted, certified or endorsed by the Sole Arranger as to the truth, correctness or completeness thereof. Each recipient must satisfy itself as to the accuracy, reliability, adequacy, reasonableness or completeness of the Information Memorandum and/or the Private Placement Offer Letter.

The Sole Arranger has not conducted any due diligence review on behalf or for the benefit of the Debenture Trustee or any of the Debenture Holders. Each of the Debenture Holders



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should conduct such due diligence on the Issuer and the Debentures as it deems appropriate and make its own independent assessment thereof.

Distribution of this Information Memorandum and/or the Private Placement Offer Letter does not constitute a representation or warranty, express or implied by the Sole Arranger that the information and opinions herein will be updated at any time after the date of this Information Memorandum and/or the Private Placement Offer Letter. The Sole Arranger does not undertake to notify any recipient of any information coming to the attention of the Sole Arranger after the date of this Information Memorandum and/or the Private Placement Offer Letter. No responsibility or liability or duty of care is or will be accepted by the Sole Arranger for updating or supplementing this Information Memorandum and/or the Private Placement Offer Letter nor for providing access to any additional information as further information becomes available.

Neither the Sole Arranger nor any of their respective directors, employees, officers or agents shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement in or omission from this Information Memorandum or in any other information or communications made in connection with the Debentures.

The Sole Arranger is acting for the Company in relation to the Issue of the Debentures and not on behalf of the recipients of this Information Memorandum and/or the Private Placement Offer Letter. The receipt of this Information Memorandum and/or the Private Placement Offer Letter by any recipient is not to be constituted as the giving of investment advice by the Sole Arranger to that recipient, nor to constitute such a recipient a customer of the Sole Arranger. The Sole Arranger is not responsible to any other person for providing the protection afforded to the customers of the Sole Arranger nor for providing advice in relation to the Debentures.

Each recipient of this Information Memorandum and/or the Private Placement Offer Letter acknowledges that:

- (a) each recipient has been afforded an opportunity to request and to review and has received all additional information considered by the recipient to be necessary to verify the accuracy of or to supplement the information contained herein; and
- (b) such recipient has not relied on the Sole Arranger in connection with its investigation of the accuracy of such information or its investment decision.

### **2.5 DISCLAIMER IN RESPECT OF JURISDICTION**

This Issue is made in India to Investors as specified under the clause titled "Eligible Investors" of this Information Memorandum, who shall be/have been identified upfront by the Issuer. This Information Memorandum and/or the Private Placement Offer Letter does not constitute an offer to sell or an invitation to subscribe to Debentures offered hereby to any person to whom it is not specifically addressed. Any disputes arising out of this Issue will be subject to the exclusive jurisdiction of the courts and tribunals at New Delhi. This Information Memorandum and/or the Private Placement Offer Letter does not constitute an offer to sell or an invitation to subscribe to the Debentures herein, in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction.

### **2.6 DISCLAIMER IN RESPECT OF RATING AGENCIES**

Ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. The Rating Agency has based its ratings on information obtained from sources believed by it to be accurate and reliable. The Rating Agency does not, however, guarantee the accuracy,

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adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by the Rating Agency have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

**2.7 ISSUE OF DEBENTURES IN DEMATERIALISED FORM**

The Debentures will be issued in dematerialised form. The Issuer has made arrangements with the Depositories for the issue of the Debentures in dematerialised form. Investors will have to hold the Debentures in dematerialised form as per the provisions of Depositories Act. The Issuer shall take necessary steps to credit the Debentures allotted to the beneficiary account maintained by the Investor with its depository participant. The Issuer will make the Allotment to Investors on the Deemed Date of Allotment after verification of the Application Form, the accompanying documents and on realisation of the application money.



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**SECTION 3: AUTHORISATION LETTER**

Date: March 20, 2015

To: **IFMR Capital Finance Pvt. Ltd. (the “Arranger”)**

Dear Sirs:

**Issue of Secured Rated Listed Redeemable Non-Convertible Debentures on a Private Placement basis (the “Debentures”)**


Ujjivan Financial Services Private Limited (the “Company” or the “Issuer”), refers to the information memorandum dated March 20, 2015 (the “Information Memorandum”) in connection with the Debentures proposed to be issued by the Issuer.

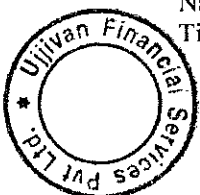
The Issuer confirms that, as at the date of this letter, the factual information contained in the Information Memorandum is true and accurate and no factual information has been omitted that renders such information contained in the Information Memorandum untrue or inaccurate in any material respect and any financial forecasts and projections contained in any part of the Information Memorandum have been prepared on the basis of recent historical information and assumptions believed by the Issuer to be fair and reasonable. All expressions of opinion, statements and estimates set forth and reflected in the Information Memorandum have been made by the Issuer after due and proper consideration. In addition, the Issuer is not aware of any information not contained in the Information Memorandum, the omission of which would lead to the Information Memorandum being inaccurate, untrue or misleading in any material respect. The Issuer further confirms that it is in compliance and shall comply with all applicable laws and regulations in relation to the proposed issue of the Debentures.

The Issuer authorises the Arranger and/or its affiliates to deliver copies of the Information Memorandum to those specified persons identified by the Company/Arranger from whom the Arranger proposes to seek participation in the Debentures. The Issuer agrees to indemnify and hold the Arranger, its affiliates and each of its and their officers, employees, representatives, and agents harmless from and against any and all losses, liabilities, damages, claims, costs or expenses which may be imposed on or incurred by the Arranger or its affiliates, officers, employees, representatives, and agents as a result of any inaccurate, untrue or misleading statement contained in the Information Memorandum or caused by an omission of any material fact which is necessary to make any of the statements contained in the Information Memorandum not misleading.

This letter and all claims arising in connection with it are governed by, and are to be construed in accordance with, Indian law. The Issuer submits to the exclusive jurisdiction of the courts and tribunals at New Delhi for the resolution of any dispute arising in connection with this letter.

Yours faithfully,  
For and on behalf of  
Ujjivan Financial Services Private Limited

By:   
Name: Ms. Sudha Suresh,  
Title: Chief Financial Officer



## **SECTION 4: RISK FACTORS**

The following are the risks relating to the Company, the Debentures and the market in general envisaged by the management of the Company. Potential investors should carefully consider all the risk factors in this Information Memorandum and/or the Private Placement Offer Letter for evaluating the Company and its business and the Debentures before making any investment decision relating to the Debentures. The Company believes that the factors described below represent the principal risks inherent in investing in the Debentures, but does not represent that the statements below regarding risks of holding the Debentures are exhaustive. The ordering of the risk factors is intended to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another. Investors should also read the detailed information set out elsewhere in this Information Memorandum and/or the Private Placement Offer Letter and reach their own views prior to making any investment decision.

### **4.1 REPAYMENT IS SUBJECT TO THE CREDIT RISK OF THE ISSUER.**

Potential investors should be aware that receipt of the principal amount (i.e. the redemption amount) and any other amounts that may be due in respect of the Debentures is subject to the credit risk of the Issuer. Potential investors assume the risk that the Issuer will not be able to satisfy their obligations under the Debentures. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Issuer, the payment of sums due on the Debentures may not be made or may be substantially reduced or delayed.

### **4.2 THE SECONDARY MARKET FOR DEBENTURES MAY BE ILLIQUID.**

The Debentures may be very illiquid and no secondary market may develop in respect thereof. Even if there is a secondary market for the Debentures, it is not likely to provide significant liquidity. Potential investors may have to hold the Debentures until redemption to realize any value.

### **4.3 CREDIT RISK & RATING DOWNGRADE RISK**

The Rating Agency has assigned the credit ratings to the Debentures. In the event of deterioration in the financial health of the Issuer, there is a possibility that the rating agency may downgrade the rating of the Debentures. In such cases, potential investors may incur losses on revaluation of their investment or make provisions towards sub-standard/ non-performing investment as per their usual norms.

### **4.4 CHANGES IN INTEREST RATES MAY AFFECT THE PRICE OF NCDs.**

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



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**4.5 TAX CONSIDERATIONS AND LEGAL CONSIDERATIONS**

Special tax considerations and legal considerations may apply to certain types of investors. Potential investors are urged to consult with their own financial, legal, tax and other advisors to determine any financial, legal, tax and other implications of this investment.

**4.6 ACCOUNTING CONSIDERATIONS**

Special accounting considerations may apply to certain types of taxpayers. Potential investors are urged to consult with their own accounting advisors to determine implications of this investment.

**4.7 SECURITY MAYBE INSUFFICIENT TO REDEEM THE DEBENTURES**

In the event that the Company is unable to meet its payment and other obligations towards Investors under the terms of the Debentures, the Debenture Trustee may enforce the Security as per the terms of security documents, and other related documents. The Investors recovery in relation to the Debentures will be subject to (i) the market value of such secured property, (ii) finding willing buyers for the Security at a price sufficient to repay the potential investors amounts outstanding under the Debentures. The value realised from the enforcement of the Security may be insufficient to redeem the Debentures.

**4.8 MATERIAL CHANGES IN REGULATIONS TO WHICH THE ISSUER IS SUBJECT COULD IMPAIR THE ISSUER'S ABILITY TO MEET PAYMENT OR OTHER OBLIGATIONS.**

The Issuer is subject generally to changes in Indian law, as well as to changes in government regulations and policies and accounting principles. Any changes in the regulatory framework could adversely affect the profitability of the Issuer or its future financial performance, by requiring a restructuring of its activities, increasing costs or otherwise.

**4.9 LEGALITY OF PURCHASE**

Potential investors of the Debentures will be responsible for the lawfulness of the acquisition of the Debentures, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates or for compliance by that potential investor with any law, regulation or regulatory policy applicable to it.

**4.10 POLITICAL AND ECONOMIC RISK IN INDIA**

The Issuer operates only within India and, accordingly, all of its revenues are derived from the domestic market. As a result, it is highly dependent on prevailing economic conditions in India and its results of operations are significantly affected by factors influencing the Indian economy. An uncertain economic situation, in India and globally, could result in a further slowdown in economic growth, investment and consumption. A slowdown in the rate of growth in the Indian economy could result in lower demand for credit and other financial products and services and higher defaults. Any slowdown in the growth or negative growth of sectors where the Issuer has a relatively higher exposure could adversely impact its performance. Any such slowdown could adversely affect its business, prospects, results of operations and financial condition.

**4.11 RISKS RELATED TO THE BUSINESS OF THE ISSUER**

- (a) *Majority of the Issuer's loans are unsecured and the clients of these unsecured loans are of the high risk category and if the Issuer is unable to control the level of*



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*non-performing loans (“NPAs”) in the future, or if the Issuer’s loan loss reserves are insufficient to cover future loan losses, the financial condition and results of operations may be materially and adversely affected.*

A majority of the Issuer’s loans are unsecured and the clients of these unsecured loans are of the high risk category. There is uncertainty on the client’s ability to fulfil its loan obligations as MFI clients typically do not have bank accounts or proper income proof verification so it can be difficult to verify all client details and assess the risk. Such non-performing or low credit quality loans can negatively impact our results of operations.

The Issuer has various procedures and process controls in place to mitigate the risk. All group lending loans are provided under the Grameen Model and based on the joint liability of the group.

The Issuer cannot assure that it will be able to effectively control and reduce the level of the NPAs of its Client Loans. The amount of its reported NPAs may increase in the future as a result of growth of Client Loans, and also due to factors beyond its control, such as over-extended member credit that it is unaware of. If the Issuer is unable to manage our NPAs or adequately recover its loans, the results of its operations will be adversely affected.

The current loan loss reserves of the Issuer may not be adequate to cover an increase in the amount of NPAs or any future deterioration in the overall credit quality of Client Loans. As a result, if the quality of its total loan portfolio deteriorates the Issuer may be required to increase its loan loss reserves, which will adversely affect its financial condition and results of operations.

The members are poor and, as a result, might be vulnerable if economic conditions worsen or growth rates decelerate in India, or if there are natural disasters such as floods and droughts in areas where the Issuer’s members live. Moreover, there is no precise method for predicting loan and credit losses, and the Issuer cannot assure that its monitoring and risk management procedures will effectively predict such losses or that loan loss reserves will be sufficient to cover actual losses. If the Issuer is unable to control or reduce the level of its NPAs or poor credit quality loans, its financial condition and results of its operations could be materially and adversely affected.

**(b) *The Issuer’s business operates through a large number of rural and semi urban branches and is exposed to operational risks including fraud***

The Issuer is exposed to operational risks, including fraud, petty theft and embezzlement, as it handles a large amount of cash due to high volume of small transactions. This could harm its operations and its financial position.

As the Issuer handles a large amount of cash through a high volume of small transactions taking place in its network, the Issuer is exposed to the risk of fraud or other misconduct by its employees or outsiders. These risks are further compounded due to the high level of delegation of power and responsibilities that the Issuer’s business model requires. Given the high volume of transactions processed by the Issuer, certain instances of fraud and misconduct may go unnoticed before they are discovered and successfully rectified. Even when the Issuer discovers such instances of fraud or theft and pursue them to the full extent of the law or with its insurance carriers, there can be no assurance that the Issuer will recover any such amounts. In addition, the Issuer’s dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect.



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The Issuer maintains an internal audit process to ensure the operations team follows the defined procedures and reports any deviations to the operations staff and management team. The Issuer also has a strong MIS system that has a wide range of data that can be used to monitor financial and operational performance.

To mitigate the above risk, the Issuer maintains an internal audit process to ensure the operations team follows the defined procedures and reports any deviations to the operations staff and management team. The Issuer also has a MIS system able to generate data analysis that can be used to monitor financial and operational performance.

- (c) ***Loans due within two years account for almost all of the Issuer's interest income, and a significant reduction in short term loans may result in a corresponding decrease in its interest income***

All of the loans the Issuer issues are due within approximately two years of disbursement. The relatively short-term nature of the Issuer's loans means that the Issuer's long-term interest income stream is less certain than if a portion of its loans were for a longer term. In addition, the Issuer's customers may not obtain new loans from the Issuer upon maturity of their existing loans, particularly if competition increases. The potential instability of the Issuer's interest income could materially and adversely affect the Issuer's results of operations and financial position.

The loans given by the issuer are at fixed interest rate, and the tenor of the underlying asset has increased from one year to two year which has provided stability to the portfolio and interest income and has also smoothed operating expense.

- (d) ***The Issuer is exposed to certain political, regulatory and concentration of risks***

Due to the nature of its operations, the Issuer is exposed to political, regulatory and concentration risks. The Issuer believes a mitigant to this is to expand its geographical reach and may consequently expand its operations to other states. If it is not effectively able to manage such operations and expansion, it may lose money invested in such expansion, which could adversely affect its business and results of operations.

Large scale attrition, especially at the senior management level, can make it difficult for the Issuer to manage its business.

If the Issuer is not able to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain the Issuer's quality and reputation, it will be difficult for the Issuer to manage its business and growth. The Issuer depends on the services of its executive officers and key employees for its continued operations and growth. In particular, the Issuer's senior management has significant experience in the microfinance, banking and financial services industries. The loss of any of the Issuer's executive officers, key employees or senior managers could negatively affect its ability to execute its business strategy, including its ability to manage its rapid growth. The Issuer's business is also dependent on its team of personnel who directly manage its relationships with its members. The Issuer's business and profits would suffer adversely if a substantial number of such personnel left the Issuer or became ineffective in servicing its members over a period of time. The Issuer's future success will depend in large part on its ability to identify, attract and retain highly skilled managerial and other personnel. Competition for individuals with such specialized knowledge and experience is intense in this industry, and the Issuer may be unable to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain its quality and reputation or to sustain or expand its operations. The loss of the services of such personnel or the inability to identify, attract and retain qualified personnel in the future would make it difficult for the Issuer to manage its business and growth and to meet key objectives.





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- (e) ***The Issuer's business and results of operations would be adversely affected by strikes, work stoppages or increased wage demands by employees***

The employees are not currently unionized. However, there can be no assurance that they will not unionize in the future. If the employees unionize, it may become difficult to maintain flexible labour policies, and could result in high labour costs, which would adversely affect the Issuer's business and results of operations.

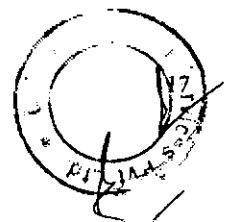
- (f) ***The Issuer's insurance coverage may not adequately protect it against losses. Successful claims that exceed its insurance coverage could harm the Issuer's results of operations and diminish its financial position***

The Issuer maintains insurance coverage of the type and in the amounts that it believes are commensurate with its operations and other general liability insurances. The Issuer's insurance policies, however, may not provide adequate coverage in certain circumstances and may be subject to certain deductibles, exclusions and limits on coverage.

In addition, there are various types of risks and losses for which the Issuer does not maintain insurance, such as losses due to business interruption and natural disasters, because they are either uninsurable or because insurance is not available to the Issuer on acceptable terms. A successful assertion of one or more large claims against the Issuer that exceeds its available insurance coverage or results in changes in its insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect the Issuer's business, financial condition and results of operations.

- (g) ***The Issuer requires certain statutory and regulatory approvals for conducting its business and the failure to obtain or retain them in a timely manner, or at all, may adversely affect operations***

NBFCs in India are subject to strict regulation and supervision by the RBI. Pursuant to guidelines issued by the RBI (circular dated August 3, 2012 and NBFC-MFI Directions) the Issuer is required to maintain its status as a NBFC- MFI in order to be eligible for categorization as priority sector advance for bank loans. See 'risk factor titled —Current Microfinance Industry Challenges' for details. The Issuer requires certain approvals, licenses, registrations and permissions for operating its business, including registration with the RBI as a NBFC-MFI. Further, such approvals, licenses, registrations and permissions must be maintained/renewed over time, applicable requirements may change and the Issuer may not be aware of or comply with all requirements all of the time. Additionally, the Issuer may need additional approvals from regulators to introduce new insurance and other fee based products to its members. In particular, the Issuer is required to obtain a certificate of registration for carrying on business as a NBFC-MFI that is subject to numerous conditions. In addition, its branches are required to be registered under the relevant shops and establishments laws of the states in which they are located. The shops and establishments laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. If the Issuer fails to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, its business may be adversely affected. If the Issuer fails to comply, or a regulator claims that it has not complied, with any of these conditions, the Issuer's certificate of registration may be suspended or cancelled and it shall not be able to carry on such activities. If the Issuer fails to comply with the NBFC-MFI Directions and fails to maintain the status of NBFC-MFI, it will not be eligible for priority sector loans from the Indian banking sector and may also attract penal provisions under the RBI Act, 1934 for non-compliance.



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**SECTION 5: FINANCIAL STATEMENTS**

Set out in **Annexure V** hereto



## **SECTION 6: REGULATORY DISCLOSURES**

The Information Memorandum is prepared in accordance with the provisions of SEBI Debt Listing Regulations and in this section, the Issuer has set out the details required as per Schedule I of the SEBI Debt Listing Regulations.

### **6.1 Documents Submitted to the Exchanges**

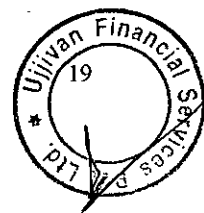
The following documents have been / shall be submitted to the BSE:

- (a) Memorandum and Articles of Association of the Issuer and necessary resolution(s) for the allotment of the Debentures;
- (b) Copy of last 3 (Three) years audited Annual Reports;
- (c) Statement containing particulars of, dates of, and parties to all material contracts and agreements;
- (d) Copy of the resolution passed by the shareholders of the Company at the Extra-Ordinary General Meeting held on May 07, 2014, authorizing the issue/offer of non-convertible debentures by the Company;
- (e) Copy of the Board / Committee Resolution authorizing the borrowing and list of authorized signatories;
- (f) Certified true copy of the resolution passed by the Company at the Extra Ordinary General Meeting held on May 07, 2014 & 23<sup>rd</sup> December 2014 authorising the Company to borrow, upon such terms as the Board may think fit, upto an aggregate limit of INR 4500,00,00,000/- (Rupees Four Thousand Five Hundred Crores Only);
- (g) An undertaking from the Issuer stating that the necessary documents for the creation of the charge, including the Trust Deed would be executed within the time frame prescribed in the relevant regulations/acts/rules etc and the same would be uploaded on the website of the BSE, within 5 (five) working days of execution of the same and;
- (h) Any other particulars or documents that the recognized stock exchange may call for as it deems fit.

### **6.2 Documents Submitted to Debenture Trustee**

The following documents have been / shall be submitted to the Debenture Trustee:

- (a) Memorandum and Articles of Association of the Issuer and necessary resolution(s) for the allotment of the Debentures;
- (b) Copy of last 3 (Three) years audited Annual Reports;
- (c) Statement containing particulars of, dates of, and parties to all material contracts and agreements;
- (d) Latest audited / limited review half yearly consolidated (wherever available) and standalone financial information (profit & loss statement, balance sheet and cash flow statement) and auditor qualifications, if any.
- (e) An undertaking to the effect that the Issuer would, until the redemption of the debt securities, submit the details mentioned in point (d) above to the Trustee within the timelines as mentioned in Simplified Listing Agreement issued by SEBI vide circular No.SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 as amended from time to time, for furnishing / publishing its half yearly/ annual result. Further, the Issuer shall within 180 (One Hundred and Eighty) calendar days from the end of the financial year, submit a copy of the latest annual report to the Trustee and the Trustee shall be obliged to share the details submitted under this clause with all 'Qualified Institutional Buyers' and other existing debenture-holders within 2 (two) Business Days of their specific request.



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**6.3 Name and Address of Registered Office of the Issuer**

Name: Ujjivan Financial Services Private Limited  
Registered Office of Issuer: Grape Garden, 3rd 'A' Cross, 18th Main, 6th Block,  
Koramangala, Bengaluru - 560095  
Corporate Office of Issuer: Grape Garden, 3rd 'A' Cross, 18th Main, 6th Block,  
Koramangala, Bengaluru - 560095  
Compliance Officer of Issuer: Mr Sanjeev Barnwal  
CFO of Issuer: Ms Sudha Suresh  
Registration Number: N-02-00224  
Corporate Identification Number: U65999KA2004PTC035329

Phone No.: +91- 80-40712121  
Contact Person: Mr Sanjeev Barnwal  
Email: sanjeev.barnwal@ujjivan.com  
Website of Issuer: www.ujjivan.com  
Auditors of the Issuer: Deloitte Haskins & Sells, Chartered Accountants  
Address: Deloitte Centre, Anchorage III,  
100/2 Richmond Road,  
Bangalore- 560025

Arranger to the Issue: IFMR Capital Finance Private Limited  
Address: 10th Floor-Phase 1, IIT-Madras Research  
Park, Kanagam Village, Taramani, Chennai – 600  
113

Trustee to the Issue: GDA Trusteeship Limited  
Address: GDA House, Plot No. 85, Bhusari Colony  
(Right), Paud Road, Pune - 411 038

Registrar to the Issue: Karvy Computershare Private Limited  
Address: 16/22 Bake House, Maharashtra Chamber  
of Commerce Lane, Opposite MSC Bank, Fort,  
Mumbai – 400 023, Maharashtra

Credit Rating Agency of the Issue: ICRA Limited  
1105, Kailash Building, 11th Floor, 26,  
Kasturba Gandhi Marg,  
New Delhi - 110001



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A brief summary of business / activities of the Issuer and its line of business

### **(a) Overview**

The Issuer is based in Bangalore with the mission of providing a full range of financial services, including loans, life and health insurance, to the economically active poor. As on date of this Offer Letter, the Issuer has no Subsidiaries.

The Issuer's unique venture combines successful models in microfinance with the technology and efficiencies of modern retail banking. The Issuer focuses on the urban poor and its target customers include salaried women working in garment factories, hospitals, or as house maids, cooks, or office workers, and self-employed women working as vegetable or fruit vendors, small shop owners, tailors, or agar bathi.

The Issuer currently operate 423 (Four hundred and twenty three) branches spread over 24 (twenty four) states in 4 (four) regions – South, East, North and West - with a staff of 6,547 (Six thousand five hundred and forty seven) employees. The Issuer's present customer base is 20,08,371 (Twenty lakhs eight thousand three hundred seventy one) as on 31st December, 2014 with Rs. 9,862 Crores (Rupees Nine thousand Eight Hundred Sixty two Crores) disbursed from inception and Rs. 2,850 Crores (Rupees Two Thousand Eight Hundred and Fifty Crores ) as the portfolio outstanding in loans disbursed.

The Issuer's mission is to provide financial services to the economically active poor, to enable them to lead a "better life". Its primary objects are to: (i) provide financial services to customers to enable them to be free of poverty; (ii) expand nationally in both urban and rural areas and serve 20,00,000 (twenty lakh) customers by the 10th(tenth) year of operations with 500 (five hundred) branches nationwide with 4 (four) hubs: Bangalore, Delhi, Kolkata and Pune; (iii) operate a viable business and provide an attractive return on equity of not less than 15% to investors and not be dependent on grants and donations; (iv) provide professionally and financially rewarding careers to employees and attract and retain top quality talent; and (v) participate in a holistic approach to alleviate poverty through a partnership with Parinaam NGO by collaborating with institutions focused on childcare, education, health, vocational training, community development, shelter, and disaster relief.

### **Industry Overview**

Indian microfinance now has 70 million borrower accounts, by-far the largest in any country across the world. Over the last year Indian microfinance institutions that are organised as NBFC-MFIs and operating in remote rural areas of India have emerged as effective financial intermediaries offering an alternative to the inaccessible formal financial institutions. Most of them who received funding and growth capital from banks, have demonstrated commendable scale, sustainability and impact.

Many NBFC-MFIs have received a good quantum of capital in FY 2014 in the form of both debt and equity. Almost all NBFC-MFIs (less than INR 1000 crores of assets under management) have been consistent in their growth, maintaining excellent portfolio quality in FY 2013.

As a result of a crisis in the MFI industry on October 2010 in the southern state of Andhra Pradesh, the RBI set up a committee to study issues and concerns in the MFI sector, which provided the Malegam Committee Report. The Malegam Committee Report has made various operational and financial recommendations on the microfinance sector that may have negative implications on the operating and financial performance of MFIs including the Issuer. Some of the recommendations made include:



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- i. Increase in regulatory restrictions on a NBFC-MFI (minimum net worth, establishing client protection codes, increase in information technology systems and corporate governance, maintenance of solvency and penalty on MFI for non-compliance);
- ii. State level legislations to be enacted for regulation of MFIs; Maximum indebtedness of an individual borrower;
- iii. Maximum annual income of a household qualifying for a loan from an NBFC-MFI;
- iv. Maximum number of loans to an individual borrower;
- v. Restrictions on the end usage of the loan for income generating purposes; and
- vi. Maximum interest rate and maximum margin over cost of funds, maximum processing fees.

Most of the recommendations made under the Malegam Committee Report in January 2011 have been accepted by RBI and the RBI has issued circular dated July 20, 2012 to banks stating that bank loans to micro finance sector will be eligible for categorization as priority sector advance if they meet the eligibility criteria's set out in the said circular and has created a new category of NBFCs called the Non-Banking Financial Company-Micro Finance Institution (the NBFC-MFIs). The directions issued by the RBI on August 3, 2012 have been incorporated and now form part of the NBFC-MFI Directions.

All non-deposit taking NBFCs (other than a company licensed under Section 25 of the Indian Company Act, 1956) that has not less than 85% of its net assets in the nature of —qualifying assets and has a minimum net owned funds of Rs. 5 Crores other than the ones registered in north eastern region of the country for which net owned fund requirement stands at Rs. 2 Crores. The existing NBFCs to be classified as NBFC-MFIs will be required to comply with the NBFC-MFI Directions w.e.f. April 01, 2012. Existing NBFCs with asset size of more than Rs. 100 Crores are required to maintain a minimum CRAR of 15% from Dec 2, 2011 onwards. Some of the key requirements of the NBFC-MFI Directions which the Issuer is required to comply with which will affect the business operations of the Issuer, which are:

- i. All registered NBFCs intending to convert to NBFC-MFI must seek registration with immediate effect and in any case not later than October 31, 2012, subject to the condition that they shall maintain Net Owned Funds (NOF) at Rs.3 Crores by March 31, 2013 and at Rs.5 Crores by March 31, 2014, failing which they must ensure that lending to the Microfinance sector i.e. individuals, SHGs or JLGs which qualify for loans from MFIs, will be restricted to 10 per cent of the total assets;
- ii. NBFC-MFIs are required to maintain not less than 85 per cent of their net assets as Qualifying Assets. In view of the problems being faced by NBFCs in complying with these criteria on account of their existing portfolio, it has been decided that only the assets originated on or after January 1, 2012 will have to comply with the Qualifying Assets criteria. As a special dispensation, the existing assets as on January 1, 2012 will be reckoned towards meeting both the Qualifying Assets criteria as well as the Total Net Assets criteria.
- iii. Rate of interest on individual loans may exceed 26%, the maximum variance permitted for individual loans between the minimum and maximum interest rate cannot exceed 4 per cent.
- iv. Maintain margin cap of 10% for NBFC- MFIs with assets more than INR 100 Crores and 12% for NBFC-MFIs with assets less than INR 100 Crores

NBFC-MFIs are also required to ensure that the aggregate amount of loans given for income generation is not less than 70 per cent of the total loans extended.



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- vi. NBFIs MFIs will have to ensure compliance with, among others, conditions relating to annual household income levels Rs. 60,000/- for rural and Rs. 1,20,000/- for urban and semi urban households, total indebtedness not to exceed Rs. 50,000/- membership of SHG/JLG, borrowing sources as well as percentage of qualifying assets and percentage of income generating assets
- vii. Maintain fair practices in lending as stated in the NBFC-MFI Directions;
- viii. Ensure that it has a code of conduct and systems are in place for supervision of field staff such that non- coercive methods for recovery are used;
- ix. Ensure corporate governance norms are adopted and there is improvement in efficiency, information technologies etc.; and submit statutory auditors certificate with reference to the position of the company as at end of the financial year ended March 31 every year which should also indicate that the company fulfils all conditions stipulated to be classified as an NBFC-MFI.

**(b) Corporate Structure**

**i. Vision and Mission:**

**Mission:**

Provide full range of financial services to the economically active poor to build better lives

**Goals:**

- Provide full range of financial services required by the customers
- Build an institution which is best in class in all aspects: customer service, innovation, efficiency, work place engagement, leadership, governance and reputation
- Operate a viable business to provide satisfactory returns for investors
- Provide professionally rewarding careers to employees and, attract and retain quality talent
- Holistically approach poverty reduction, in partnership with Parinaam Foundation, through social welfare; healthcare, education, vocational training, community development, shelter, and disaster relief, to enable customers lead a "better life"

**ii. Current Corporate Status:**

The Issuer was incorporated as a private limited company on December 28, 2004 and is currently registered as a non-deposit accepting NBFC with the RBI. The Issuer has received the NBFC-MFI licence from the RBI in September 05, 2013.



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**Brief Profile of the Board of Directors**

Name	Background
K. R. Ramamoorthy	Mr. Ramamoorthy is credited with providing transformational leadership to these two banks. He also served as an Advisor to CRISIL, a leading Credit Rating Agency in India. After his career in leadership positions, he has been consulting independently and also through his firm BankConsult, for the World Bank, IMF, IFC and leading commercial banks in India and other developing countries. He serves as an independent director on the Boards of ING Vysya Bank, Fidelity Trustee Company, Clearing Corporation of India and other leading corporations.
Samit Ghosh	Samit Ghosh pioneered consumer banking in India with Ravindra Bahl and Jaitirth Rao at Citibank in 1985. He subsequently led the launch of retail banking for Standard Chartered in the Middle East and South Asia and for HDFC Bank in India. His last commercial assignment was Chief Executive India, of Bank Muscat. He has had international banking experience for over thirty years now. He is an alumnus of Jadavpur University and Wharton School.
Sunil Patel	Sunil Patel is the former Director of A. F. Ferguson and Co. and Partner, A. F. Ferguson Associates. He has had consulting assignments in corporate strategy, FDI, financial services, IT and pharmaceutical sectors. He has an MBA from Wharton Business School.
Bhama Krishnamurthy	Bhama Krishnamurthy has over 30 years experience in development banking both in IDBI and SIDBI covering areas relating to Human Resource Development (HRD), Treasury and Funds Management, Resources raising from domestic and International markets, Direct Finance Operations, Risk Management and Asset Liability Management, Market Risk Management and NBFC portfolio. As in-charge of the Karnataka Region, generated number of proposals under Micro Finance and sanctioned assistance to MFIs, was also in-charge of the Corporate Social Responsibility Activity of the Bank. She holds a Masters Degree in Science.
Mona Kachhwaha	Mona has over 17 years of financial services industry experience. Prior to joining Caspian, Mona worked with the Global Consumer Group of Citibank India. At Citibank, she worked in a range of functions including Operations, Sales, Product Development, Credit Risk Management and Business Management. During her tenure she held various senior positions, including as head of credit risk (Policy & Credit Administration) for the mortgage business.  In 2005, Mona assumed responsibility for setting up and heading Citibank's microfinance business in India. As the head of microfinance business, some of her key responsibilities included creating business alliances and partnerships with microfinance institutions, developing relationships with industry bodies, funding agencies and networks.  Mona holds an MBA from Xavier Labour Relations Institute (XLRI), Jamshedpur and a B.Sc in Mathematics from Delhi University.
Sandeep Farias	Sandeep has a Varied experience with NBFCs, Micro Finance companies and other financial and investment companies and holds Law & Arts Honors Degree from the National Law School of India University in Bangalore, India and one of the well-known names in microfinance





	<p>industry.</p> <p>Previously, Sandeep founded Unitus' India operations in 2004 and was Chief Innovation Officer of Unitus in 2007. He conceptualized Unitus' India strategy, built the India team and partnered with seven microfinance institutions that cumulatively lent to over 2.5 million women across multiple states, test piloting ideas and projects on a global basis shaping Unitus' long term strategy. Sandeep came to the impact space from Nishith Desai Associates (NDA), one of India's leading law firms where he founded the firm's development sector practice, incubated new practice areas and led its corporate law practice (mergers and acquisitions, capital markets, and investments). He also established the firm's offices in Palo Alto, California and Bangalore, India.</p> <p>Lack of access to basic services for any individual is really an issue of discrimination and must be challenged. If a service can be provided by a business on a low cost, high volume basis to the masses, it is imperative that we leverage the power of markets to scale and provide access to life changing services to millions of individuals and communities It is this idea that drives Sandeep to provide equity to entrepreneurs who challenge discrimination, help them prove their business model, establish the right governance, and raise additional capital to grow.</p> <p>Sandeep's work after the Gujarat earthquake in 2000 on behalf of American India Foundation helped NDA win the Asian Law Firm of the Year (Pro Bono) Award by the International Financial Law Review. In different capacities, Sandeep has represented or advised organizations such as Google, Amazon, Ashoka, Singapore Telecom and IL&amp;FS Trust Company.</p> <p>Sandeep serves as a Director of Vistaar Finance, Aarusha Homes, Glocal Healthcare, Shubham Housing Finance, Madura Microfinance and a non-profit entity Dream A Dream and earlier served as a Director of Ujjivan.</p>
Mohit Bhatnagar	<p>Mohit Bhatnagar serves on the boards of Bharti Telesoft, Ideacts, Mauj, Nazara, Prizm Payments, Satnav Technologies and SKS Microfinance. Prior to joining Sequoia Capital, Mohit served as the Senior Vice President - Value Added Services at India's leading telecom company, Bharti Cellular Ltd where his experiences spanned electronic payments, mobile entertainment, interactive media and the Internet. Mohit's first entrepreneurial venture was Brightpod which he co-founded by orchestrating a spin off from Ericsson. Earlier in his career he worked at Ericsson based in North America, Taiwan and Philippines. He received an MBA with distinction from UNC - Chapel Hill and an MSEE in Fibre Optics &amp; Telecom from Virginia Tech.</p>
Venkatesh Natarajan	<p>Venky Natarajan has almost 15 years of work experience in engineering and investment. Prior to joining Lok, he served in various positions at Intel and Intel Capital, including product manager and strategic investment manager. As a strategic investment manager he was responsible for sourcing, due-diligence, structuring, negotiating, closing and monitoring of Intel Capital's venture investments. He assisted portfolio companies with issues concerning executive recruitment, market positioning, global strategy, fund raising, financial analysis, competitive analysis and strategic relationships. Venky holds an MBA from Cornell University, a Master's degree in Electrical Engineering from Arizona State University and a Bachelor's in Electronics &amp;</p>

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	Instrumentation Engineering from Annamalai University, India.
Sanjiv Kapur	<p>Sanjiv Kapur heads the Asian operations of Wolfensohn Capital Partners, an emerging markets private equity fund. Currently based in New Delhi, he joined Wolfensohn in 2006, in Singapore. Previously, he was Senior Partner &amp; Head, Asia Pacific for Henderson Private Capital in Singapore where he founded and managed a pan-Asia fund. He has served as a Director/Observer on the Boards of Fabindia (India - Retail), HT Media (India - Media), Maginet (Singapore - Technology), and Airmate (China - Outsourcing).</p> <p>As the Chief Investment Officer, Private Capital for AMP Henderson Global Investors, he established the successful India infrastructure fund with UTI and also managed private equity/ infrastructure funds in Australia/ New Zealand.</p> <p>Mr. Kapur has held various investment positions at the IFC (World Bank Group) in Washington D.C. including as Head, Private Equity and Head, International Securities Group, investing in financial institutions, corporates and investment funds across Asia, Latin America, Central Europe and Africa. He served on the Boards of Handlowy Heller (Poland) and CIC (Chile). Mr. Kapur also worked in New York City at the HSBC Group, AIG and State Bank of India.</p> <p>He has a BA (Hons.) in Economics from St. Stephen's College (Delhi University) and an MBA degree with distinction from the Thunderbird School of Global Management (US).</p>
Christina Juhasz	<p>Christina has over 18 years of rich experience in Investment Banking, Global Banking, Finance and Microfinance sectors and also in Investment Analysis. She is currently working for WWB-New York. She has worked for Deutsche Bank, Merrill Lynch, Goldman Sachs &amp; Co and began her career in the US Military. Christina holds a MBA from Stanford University.</p>
Vandana Viswanathan	<p>Vandana Viswanathan has 18 years of work experience that spans key roles in HR, design and consulting in HR strategy, organizational effectiveness and leadership development. She began her career as Personnel Manager at Hindustan Unilever in Mumbai, managing restructuring, labour unions, worker productivity and engagement. She worked with HUL for a little over 6 years, and in 2000, she co-founded CoCoon, a niche design and consulting firm.</p> <p>CoCoon works with clients in the business and social sectors in the areas of organizational effectiveness and leadership development. Vandana has worked with clients in India and Asia, in an advisory and partner role, supporting them on strategic business, HR and talent related priorities. Her work includes design and implementation support in organization design, leadership development, talent management, managing change and transitions (for leaders and organizations), and HR strategy. Vandana has worked extensively with MFIs in India, to help them to scale, grow, and transition sustainably, through effective HR and leadership solutions.</p> <p>She has a Master's degree in Industrial Relations and Personnel Management from the Tata Institute of Social Sciences.</p>
Sarvesh Suri	<p>Sarvesh joined IFC Indonesia as the Country Manager effectively on January 3, 2012.</p>



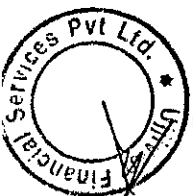
	<p>Prior to his current job, Sarvesh was Special Assistant to IFC Executive Vice President Lars Thunell, supporting him in all aspects of the Corporation's strategy and operations -- spanning investments, mobilization and advisory services. From 2005 to 2009, Mr. Suri was a Senior Investment Officer in General Manufacturing and Services as well as the Acting Sector Head for the Forest Products Sector team at HQ. He led a number of complex debt and equity transactions across sectors and regions, which have yielded high developmental impact and financial returns. Mr. Suri started his career in IFC's Delhi office, where he was an Investment Officer focusing on business development and client relationship management for the real sector in the South Asia region.</p> <p>Mr. Suri holds a Post-Graduate Diploma in Business Management from the Indian Institute of Management, Ahmedabad and Bachelor's in Mechanical Engineering from the Delhi University. He is a member of Cohort 4 of IFC's Global Business Leadership Program.</p>
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**iii. Brief Profile of the Senior Management**

<b>Name &amp; Function</b>	<b>Background</b>
Samit Ghosh Chief Executive Officer and Managing Director	Samit Ghosh has been in international banking for over 30 (thirty) years. At Citibank, he co-pioneered consumer banking in India in 1985. He led the launch of retail banking for Standard Chartered in the Middle East and South Asia and for HDFC Bank in India. His last assignment was as Chief Executive (India) of BankMuscat. He founded the Issuer in 2005 as a pioneering microfinance firm for the urban poor. He is an alumnus of Jadavpur University and Wharton School.
Sudha Suresh Chief Financial Officer	She is a chartered accountant with a rich corporate career spanning over 2 (two) decades. Her expertise and contributions include areas of fiscal management, strategic planning, capital and debt syndication, MIS and compliances in private and public limited companies. She is amongst the CFO 100 Roll of Honour for 2013 awarded by CFO India. She is also a qualified cost accountant and company secretary.
Carol Furtado Chief Operating Officer – South & North	Carol has been with the Issuer since inception. She is a finance professional with over 15 (fifteen) years of experience, having worked in ANZ Grindlays and Bank Muscat, where she specialized in modern retail banking operations. In 2009, she won the Financial Women's Association of New York Leadership Award. Carol is an MBA from Mount Carmel Institute of Management, Bangalore.
Jolly Zachariah Chief Operating Officer – West	He has over 22 (twenty two) years of international banking experience with Citibank. Jolly led and managed consumer banking and credit card businesses in India and overseas. His last assignment was with Citigroup's Citi Cards as Senior Vice President and Director, Agent and Affinity Banking, in New York. He is responsible for establishing the Issuer as the leading microfinance service provider in urban Maharashtra and Gujarat.

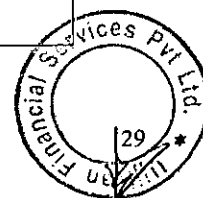
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Rajat Singh	Rajat joined the Issuer in 2007 as a financial analyst. His first assignment was to build and expand the organizational finance function. Rajat was instrumental in developing and implementing organizational budgeting processes and basic business analytics structures. In June 2010 he was appointed Chief of Staff for the Eastern region, overseeing the regional business and was soon promoted as Chief Operating Officer (East) in October 2011. Recently, in April 2013, Rajat became Chief Operating Officer of North. Rajat has a B.Tech degree in Agricultural and Food Engineering from IIT, Kharagpur.
Head of Strategy & Planning	
Abhiroop Chatterjee	Abhiroop joined the Issuer in April 2008 as part of the first batch of management trainees. His first assignment was to establish operations at Jharkhand as Area Manager. He later went on to taking up the role of Distribution Manager in May 2010. Later Abhiroop worked across all the states of operations in East. In January 2014 he was appointed Chief of Staff for the Eastern region and was soon promoted as Chief Operating Officer of East in April 2014. Abhiroop has a PGDM-Rural Management from Xavier Institute of Management, Bhubaneswar.
Chief Operating Officer – East	
Martin Pampilly	He has over 13 (thirteen) years of retail banking experience with ANZ Grindlays, Bank Muscat and Centurion Bank. Martin was a core member in setting up the centralized back office and customer services unit for Centurion Bank. He joined the Issuer in 2009 as Regional Operations Manager (South), and also managed the successful testing, training and implementation of the Core Banking Project. Martin attended the strategic leadership program at Harvard in April 2013. He also served as the Chief Operating Officer of Eastern region for sometime. Martin is a computer science graduate from St. Joseph's College, Bangalore.
Head of Operations	
Sneh Thakur	Sneh joined the Issuer in April 2008 in the first batch of management trainees. She was a corporate financial analyst and handled corporate finance and investor relationships for over 2 (two) years. During this time she stewarded 2 (two) rounds of equity fund raising. In 2011, Sneh was appointed as the Regional Credit Manager (South) overseeing the transition phase of credit bureau verifications and compliance to regulatory changes. Recently, in April 2013, she was appointed Head of Credit. Sneh has an MBA in Finance from SDM, Mysore.
Head of Credit	
Alagarswamy AP	He is a banking and financial services professional with over 19 (nineteen) years of experience in sales, credit, risk and audit. Alagar was with ICICI Bank for over 8 (eight) years in Retail Assets and Rural Business Groups handling various roles in sales, credit and risk functions. His last assignment was as Assistant Vice President - Risk with Fullerton India Credit Company. He was part of the core team which launched their rural business and also handled audit. Alagarswamy is a Management Graduate from Osmania University, Hyderabad.
Head of Audit	



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Sunil Kutty	
Head of HR	Sunil Kutty joined Ujjivan as Head HR in August 2014 as it gets geared-up to expand it's branch operations and product offerings across India. Sunil holds a Masters degree in HR from Pune University. He has over 25 years experience having worked in IT, NBFC, Realty industries with organizations like Kale Consultants Ltd., KPIT Cummins Ltd., Tata Capital and Nelco. Sunil has led HR practices in training and development, performance management, employee engagement before heading the HR function in the last five years with a mandate for change management, organization restructuring, succession planning and leadership development.
Deepak Ayare	
Chief Technology Officer	Deepak is an IT professional with 23 (twenty three) years of experience in different aspects of Technology. He worked in the Gulf and in East Africa for 14 (fourteen) years. His core strengths lie in implementing ERP and developing business systems for organizations in different verticals, IT Vision and cost saving with open source technology. He graduated from Bombay University. Additionally, Deepak has good knowledge about animal husbandry and related business at a rural level.
Premkumar G	
Head of Vigilance and Corporate Administration	He has over 14 (fourteen) years of experience in administration positions with One World Hospital and PaulD'Souza & Associates, a leading law firm. Prem was Head of Administration for 4 (four) years, prior to his current role. He has recently moved as Head of Vigilance. Prem holds a commerce degree and is a member of the Indian Society of Ergonomics.
Suresha C	
CEO, Ujjivan Social Services Foundation	Suresha has 6 (six) years of experience in NGOs and research institutes related to health, socio-economic and community development. Development economics being his main area of interest, he has been greatly interested in the microfinance domain. Starting with the Issuer in 2007 as a Branch Manager, he has served in various sales positions in the Bangalore region for 3 (three) years. He has been instrumental in setting up the Issuer's service quality department, starting in 2009, and has ensured end-to-end implementation of processes on customer service, complaint management and responsible finance practices. He holds a Masters in Economics from Kuvempu University, Karnataka.
Murli Manohar	
National Program Manager - Individual Lending	Murli comes with a work experience of a decade, distributed equally between government and private sectors. He was with ICICI Bank till February 2013 where his last assignment was in Small Enterprises(Finance) Group. He had studied economics and education before joining Xavier Institute of Management-Bhubaneswar, from where he graduated in 2008 with a gold medal in PGDM- Rural Management. He has interests in the areas of financial inclusion, micro-enterprise finance and business development.
S Aryendra Kumar	



<p>Head of Housing Finance</p>	<p>S. Aryendra Kumar most prominently known as Aryean, comes with an Engineering background with an MBA and with 20 years of Professional experience spread across the spectrum of Businesses in service sector. The experience has blend of Business &amp; People Management which includes working in different types of large organizations, different functions and varied work culture and capability to manage large team. The experience is spread across in Mortgage finance (Sales &amp; Credit), Business Analysis &amp; IT Sales related to consumer finance, Human Resource Management Exposure includes Rural, Semi Urban &amp; Urban mortgage Lending with Vysya Bank, SBI, Citibank and Tata Capital. Has worked in various capacities in IT and HR function with work experience in Denmark and UK. The last assignment was with Tata Capital Housing finance as Head Mortgages responsible for building up profitable business. Ayendra joined Ujivan as the head of housing finance in the month of September.</p>

**i. Business Segments**

The Issuer conducted a unique and in-depth market research study of the socio-economic conditions, financial needs, and aspirations of the urban poor working women of Bangalore, in conjunction with Delphi Market Research. The findings of the market research study were published in “A Study of Economically Active Poor Women in Bangalore” in November 2006. In addition to this, the Issuer also conducted a study of the present providers of financial services to this particular segment, which includes their products, pricing, and mode of operations. Based on this study the Issuer approaches the market through working in the major urban slum areas and organizing working women in groups through its branch net work and field teams under the model devised by the Grameen Bank of Bangladesh.

The Issuer offers three basic loan products: (i) Family Loans; (ii) Business Loans; and (iii) Individual Loans. Family loans allow women to use loans to finance a range of family needs, including school expenses, medical care, housing expenses, and the repayment of high-cost debt previously taken for family needs (“Family Loans”). Business loans give women access to loans to finance a range of business needs, including working capital, capital equipment, vocational training, or the repayment of high-cost debt previously taken for business needs (“Business Loans”). Individual loans provide business owners access to financing for capital expansion and asset improvement of business (“Individual Loans”).

Additional loan products offered by the Issuer include: (i) top-up loans; (ii) emergency/festival loans; and (iii) education loans, for customers with strong track records for at least 6 (six) months.

The Issuer also offers the following individual loan products: (i) individual business loans; (ii) housing loans; and (iii) livestock loans. Housing loans give women access to financing for rental deposits, lease amounts, or house improvements (“Housing Loans”). Individual business loans are given to customers and/or their husbands who are running viable businesses for working capital or investment (“Individual Business Loans”).



**PRODUCT DETAILS**

<b>Loan Product</b>	<b>Loan Tenure</b>	<b>Interest Rate</b>	<b>Processing Fees</b>	<b>Repayment Method</b>
Business Loan	12-24 months	23.6%	1%	Monthly
Family Loan	12-24 months	23.6%	1%	Monthly
Business Top-up Loan	9 months	23.6%	1%	Monthly
Emergency Loan	6 months	23.6%	Nil	Monthly
Education Loan	12 months	23.6%	1%	Monthly
Individual Business Loan	6-24 months	28%	2.2%	Monthly
Home Improvement Loan	12-24 months	24%	1%	Monthly
Higher Education Loan	6-60 months	26%	1%	Monthly

The Issuer offers customers a mandatory life insurance cover while spouse cover is optional. We have partnered with Bajaj Allianz for the Group Term Life policy. Customers and their spouses are covered in case of natural or accidental death.

The Issuer is well positioned to manage competition. The significance of competition for the Issuer differs from region to region and place to place (within a region) as far as its operations are concerned. Primarily, the competition significance is based on parameters such as loan sizes and turn-around times in loan disbursements. The Issuer's competitive advantage lies in its demonstrated commitment to the double bottom line philosophy. The Issuer considers itself as a 'social enterprise' and works towards fulfilling its organizational objective of poverty alleviation of the economically active poor.

The Issuer's key differentiator is a 'customer centric' approach, which deviates from the traditional transactional and process oriented focus of the microfinance industry. This philosophy has yielded dividends on two fronts: (i) products suite; and (ii) customer service. The Issuer offers a wide variety of products covering different life cycle needs of a customer. The Issuer strives to tailor products to an individual customer's needs culminating in the customer paving her way out of poverty.

The Issuer has also carried out pioneering initiatives on the customer service front. The Issuer is one of the few MFIs to have a dedicated service quality department to optimize customer service and address grievances. The Issuer has conducted market research in terms of a customer satisfaction survey to gauge customer sentiment and gather feedback on products and services. The results of this study were used to benchmark its services on various parameters and identify areas of focus for the future.

The Issuer has the following competitive advantage: (i) quality customer service – the Issuer has a dedicated service quality vertical to ensure that customers are receiving the highest quality of service in the industry; (ii) transparency - each and every financial transaction other than repayment is recorded by cash receipt; (iii) industry leaders in number of products offered (both financial and non financial); (iv) reduced interest rate –; and (v) strong training program for customers.

**ii. Lending Methodology**



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The Issuer utilizes the joint-liability lending methodology, in which 5 members form a group and cross-collateralize each other's loans. The Issuer also does a thorough background check on each potential customer based on several parameters designed to assess credit-worthiness and ability to repay a loan. Finally, the Issuer has a policy, wherein the Issuer will not give a loan to a member if they have more than two other loans outstanding. These measures have helped the Issuer mitigate the credit risk in a sector and have allowed it to maintain a cumulative repayment rate of over 98%.

### **Cash Management:**

The Issuer has taken many steps to ensure that it is able to mitigate its cash handling risk. Cash handling risk arises due to cash in transit risk when the branch staff transports cash to and from the bank (for deposits and withdrawals). All the cash-handling employees of the Issuer have fidelity coverage. Further all cash related transactions are insured by National Insurance Company Limited. During repayment week when collections are extremely high, cash is transported in a vehicle with adequate security (armed guard) back to head office to ensure risk is minimized. Finally, in some of the working areas, the Issuer has outsourced its cash management to a cash management facility which is responsible for transporting cash between the branch and the bank and vice versa each day.

### **Holistic approach to poverty reduction**

The Issuer believes that microfinance is an important element but not the only one to eradicate poverty. Consequently, the Issuer has adopted a holistic approach to poverty reduction through its partnership with Parinaam NGO. The Issuer and Parinaam NGO collaborate with institutions focused on vocational training, job enhancement, community development, and public health. Parinaam NGO works with Labournet to provide job enhancement programs, Unnati for vocational training, government and private hospitals to provide health camps for microfinance customers, and private philanthropists to provide subsidized treatment and surgeries. Additionally Parinaam NGO plans to roll out programs in health education, community development, water and sanitation, and more in the coming year.

### **Employees**

The Issuer employs professionals seeking a career in the social sector. The Issuer sources its field staff from economically deprived sections of society similar to those of its customers. The Issuer's managerial staff brings a diverse body of experience in both social and private sectors. All the employees of the Issuer receive permanent full benefits. As at December 31, 2014, the Issuer has 6,547 employees pan-India.

### **Outstanding Litigation**

There is no outstanding litigation pending against the Issuer which may have any Material Adverse Effect on its business prospects or financial condition.

### **iii. Shareholders**





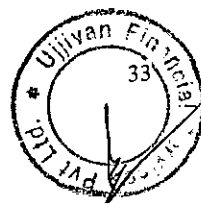
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Shareholding Pattern of the Issuer as at December 31, 2014, being the last quarter end:

S.No.	Particulars	Total No. of Equity Shares	No of shares in demat form	Total shareholding as % of total no of Equity Shares
1.	<b>Domestic Individual Investors</b>	2,550,930	50,000	3.89%
	<b>Domestic Institutional Investors</b>			
2.	AW Holding Private Limited	1,333,340	1,333,340	2.03%
3.	M.G. Industries Pvt. Ltd.	50,000		0.08%
4.	Dhruvi Securities Pvt. Ltd	50,000		0.08%
5.	Nucleus Software Exports Ltd.	250,000		0.38%
	<b>Foreign Individual Investors</b>			
6.	<b>Foreign Individual Investors</b>	1,623,300		2.48%
	<b>Foreign Institutional Investors</b>			
7.	Mauritius Unitus Corporation	4,869,476		7.43%
8.	WWB ISIS Fund Limited Partnership	5,406,628	5,406,628	8.24%
9.	Elevar Equity Mauritius	5,535,732		8.44%
10.	India Financial Inclusion Fund	5,896,182	5,896,182	8.99%
11.	Sequoia Capital India Investments III	9,529,376		14.53%
12.	Lok Capital LLC	1,583,692	1,583,692	2.41%
13.	Lok Capital II LLC	5,870,426	5,870,426	8.95%
14.	WCP Holdings III	7,017,544		10.70%
15.	FMO Netherlands	6,120,000		9.33%
16.	International Finance Corporation	7,894,737		12.04%
	<b>Total Subscribed Capital</b>	<b>65,581,363</b>	<b>20,140,268</b>	<b>100.00%</b>

**iv. Company Credit Rating**

[ICRA] A- (Pronounced "A Minus") by ICRA Ratings. The rating is based on significant infusion of capital from the promoters, satisfactory operational set up and governance framework coupled with IT infrastructure, satisfactory capitalization levels, liquidity and comfortable asset quality.



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**(c) Key Operational and Financial Parameters for the last 3 audited years**

(Rs. Crores)

PARTICULARS	Year ended March 31,			December
	2012	2013	2014	2014
	Audited			
Rs. in Crores				
Net worth	233.88	314.32	362.78	403.30
Total Debt	617.24	997.45	1,649.97	2,511
- Non current maturities of long term borrowings	255.04	383.47	565.14	1,044.84
- short term borrowings	-	4	1.93	4.50
- current maturities of long term borrowings	362.2	609.98	1,082.90	1,461.76
Net Fixed Assets	11.16	11.13	12.72	15.57
Non Current Assets	54.21	197.84	250.35	466.38
Cash and Cash Equivalents	47.83	48.28	111.61	55.85
Current Investments	113.62	130.34	282.84	6.52
Current Assets	832.15	1,151.26	1,421.18	2,468.70
Current Liabilities	397.82	654.26	1,138.73	1543.81
Assets under Management	703.42	1125.99	1,617.27	2,850.67
Off Balance Sheet Assets	12.26	-	0	19.35
Interest Income	133.82	206.63	325.45	377.49
Interest Expense	55.4	77.86	144.85	185.85
Provisioning & Write Offs	5.76	6.9	8.29	16.02
PAT	1.72	33.85	55.04	48.57
Gross NPA (%)	0.91%	0.09%	0.07%	0.08%
Net NPA (%)	0.00%	0.00%	0.01%	0.01%
Tier I Capital Adequacy Ratio (%)	32.41%	27.03%	21.81%	13.8%
Tier II Capital Adequacy Ratio (%)	0.00%	0.24%	0.92%	2.7%

**Gross Debt: Equity Ratio of the Company (As of February 28, 2015):**

Before the issue of debt securities	4.56
After the issue of debt securities	4.70

**Calculations**

As on February 28, 2015 debt-to-equity ratio is calculated as follows:-

Debt	2,551.45
Equity	559.36
Debt/Equity	4.56

Subsequent to the issue, debt-to-equity ratio shall be calculated as follows:-

Debt	2,626.45
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Equity	559.36
Debt/Equity	4.70

(d) **Project cost and means of financing, in case of funding new projects:**

Not applicable

**6.4 Brief history of Issuer since its incorporation giving details of its following activities:**

(a) **Details of Share Capital as on last quarter end i.e. December 31, 2014:**

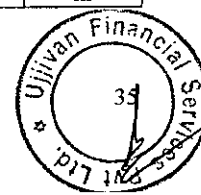
	No. of Shares	Face Value	Cumulative Face Value	Premium	Cumulative Share Capital
		in Rs.	Rs. in Crore	Rs. in Crore	Rs. in Crore
<b>AUTHORISED CAPITAL</b>	100,000,000	10	100.00	-	100.00
<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>	65,581,363	10	65.59	208.39	273.98

(b) **Changes in its capital structure as on last quarter end i.e. December 31, 2014, for the last five years:**

Date of Change (AGM/EGM)	Authorised Capital in Rs.	Particulars
August 18, 2008 - AGM	40,00,00,000	Authorised capital increased from 12.5 Crores to Rs. 40 Crores with 40,00,000 equity shares of face value of Rs. 100 each.
November 30, 2010 - EGM	60,00,00,000	Authorised capital increased from 40 Crores to Rs. 60 Crores with 60,00,000 equity shares of face value of Rs. 100 each.
November 11, 2011 - EGM	75,00,00,000	Authorised capital increased from 60 Crores to Rs. 75 Crores with 75,00,000 equity shares of face value of Rs. 100 each.
September 22, 2014 - EGM	100,00,00,000	Authorised capital increased from 75 Crores to Rs. 100 Crores with 100,00,000 equity shares of face value of Rs. 100 each.

(c) **Equity Share Capital History of the Company as on December 31, 2014, for the last five years:**

Date of Allotment	No of Equity Shares	Issue Price per Equity Share (in Rs.)		Consideration (cash, other than cash, etc)	Nature of Allotment	Cumulative		
		Face Value	Share Premium			No. of Equity Shares	Equity Share Capital	Equity Share Premium



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							Rs. in (Crore)	Rs. in (Crore)
23-Jul-08	189	100	0	Cash	ESOP	1,233,207	12.33	2.30
10-Dec-08	638,561	100	275	Cash	New allotment	2,599,707	25.99	41.70
	727,939		300					
13-Mar-09	77,044	100	275	Cash	New allotment	3,484,246	34.84	67.68
	106,240		287					
	158,499		288					
	42,804		289					
	499,952		300					
12-Oct-10	Face value of equity shares subdivide d from Rs. 100 to Rs. 10.	N.A	N.A.	N.A.	Sub- division of face value from Rs. 100 to Rs. 10 each	34,842,460	34.84	67.68
31-Jan-12	16,724,166	10	47	Cash	New allotment	51,566,626	51.57	146.28
1-Feb-12	57,20,000	10	47	Cash	New allotment	57,286,626	57.28	173.16
18-Sep-12	8,294,737	10	47	Cash	New allotment	65,581,363	65.58	212.15

(d) **Details of any Acquisition or Amalgamation in the last 1 (one) year:**

There has been no acquisition or amalgamation in the last 1 (one) year.

(e) **Details of any Reorganization or Reconstruction in the last 1 (one) year:**

There has been no reorganization or reconstruction in the last 1 (one) year.

**6.5 Details of the shareholding of the Company as on the latest quarter end, i.e. December 31, 2014:**

(a) **Shareholding pattern of the Company as on last quarter end, i.e. December 31, 2014**

S.No.	Particulars	Total No. of Equity Shares	No of shares in demat form	Total shareholding as % of total no of Equity Shares
1.	<b>Domestic Individual Investors</b>	2,550,930	50,000	3.89%
	<b>Domestic Institutional Investors</b>			
2.	AW Holding Private Limited	1,333,340	1,333,340	2.03%
3.	M.G. Industries Pvt. Ltd.	50,000		0.08%



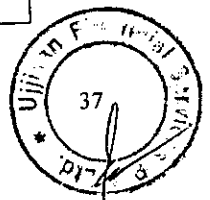
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4.	Dhruvi Securities Pvt. Ltd	50,000		0.08%
5.	Nucleus Software Exports Ltd.	250,000		0.38%
<b>Foreign Individual Investors</b>				
6.	<b>Foreign Individual Investors</b>	1,623,300		2.48%
<b>Foreign Institutional Investors</b>				
7.	Mauritius Unitus Corporation	4,869,476		7.43%
8.	WWB ISIS Fund Limited Partnership	5,406,628	5,406,628	8.24%
9.	Elevar Equity Mauritius	5,535,732		8.44%
10.	India Financial Inclusion Fund	5,896,182	5,896,182	8.99%
11.	Sequoia Capital India Investments III	9,529,376		14.53%
12.	Lok Capital LLC	1,583,692	1,583,692	2.41%
13.	Lok Capital II LLC	5,870,426	5,870,426	8.95%
14.	WCP Holdings III	7,017,544		10.70%
15.	FMO Netherlands	6,120,000		9.33%
16.	International Finance Corporation	7,894,737		12.04%
	<b>Total Subscribed Capital</b>	<b>65,581,363</b>	<b>20,140,268</b>	<b>100.00%</b>

Notes: Details of shares pledged or encumbered by the promoters (if any): NIL

(b) **List of top 10 holders of equity shares of the Company as on the latest quarter end, i.e. December 31, 2014**

Sr. No.	Name of Shareholder	Address of Shareholder	No. of Equity Shares held	No. of Equity Shares in Demat form	Total shareholding as % of total no of Equity Shares
1.	Sequoia Capital India Investments III	3000 Sand Hill Road, Bld 4, Suite 180, Mento Park, CA	9,529,376	Nil	14.53%
2.	International Finance Corporation	2121 Pennsylvania Avenue, N.W. Washington, D.C.20433 United States of America	7,894,737	Nil	12.04%
3.	WCP Holdings III	Temple Court, 2 Labourdonnais Street, Port Louis, Mauritius	7,017,544	Nil	10.70%
4.	FMO Netherlands	Anna van Saksenlaan, 71, 2593 HW, The Hague, The	6,120,000	Nil	9.33%



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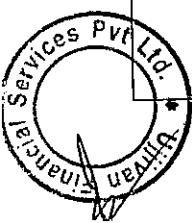
		Netherlands			
5.	India Financial Inclusion Fund	Les Cascades, Edith Cavel Street, Port Louis, Mauritius	5,896,182	5896182	8.99%
6.	Lok Capital II LLC	Les Cascades, Edith Cavel Street, Port Louis, Mauritius	5,870,426	5870426	8.95%
7.	Elevar Equity Mauritius	IFS Court, Twenty Eight Cybercity, Ebene, Mauritius	5,535,732	Nil	8.44%
8.	WWB ISIS Fund Limited Partnership	8 West 40th Street, New York, NY10018	5,406,628	5406628	8.24%
9.	Mauritius Unitus Corporation	IFS Court, Twenty Eight Cybercity, Ebene, Mauritius	4,869,476	Nil	7.43%
10.	Lok Capital LLC	Les Cascades, Edith Cavel Street, Port Louis, Mauritius	1,583,692	1583692	2.41%
	<b>Grand Total</b>		<b>59,723,793</b>	<b>18756928</b>	<b>91.06%</b>

**6.6 Following details regarding the directors of the Company:**

**(a) Details of current directors of the Company:**

This table sets out the details regarding the Company's Board of Directors as on date of the Information Memorandum:

Sr. No.	Name of the Directors	DIN	Age	Designation	Address	Director of the Issuer since	Other Directorships
1	Samit Ghosh	185369	64	Managing Director	Pairi Daesa, No 550/49, Borewell Road, 5th Cross, Whitefield, Bangalore -66	13 August, 2005	1) Parinaam Foundation (90% Shareholding) 2) Ujjivan Social Services Foundation - Director 3) Alpha Micro finance Consultants Private Limited - Director
2	Kuttalam Rajagopalan Ramamoorthy	00058467	73	Independent Director	No 519, 8th Cross Road, J P Nagar 3rd Phase, Bangalore - 560 078	28 December, 2004	1. Subros Limited  2. GMR Ambala Chandigarh Express Highway Private Limited  3. Amrit Corp. Limited ( Formerly



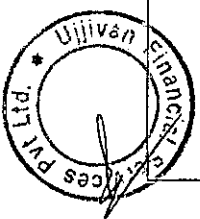
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Sr. No.	Name of the Directors	DIN	Age	Designation	Address	Director of the Issuer since	Other Directorships
							Amrit Banaspati Limited) 4. Vasan Health Care Private Limited. 5. Nilkamal Limited 6. National Securities Clearing Corporation Limited 7. UAE Exchange and Financial Services Limited
3	Sunil Vinayak Patel	00050837	64	Independent Director	2989/H, 12th Main Road, HAL 2nd Stage, Bangalore	29 July, 2006	NIL
4	Mona Kachhwaha	1856801	41	Nominee Director	T-05-A Windsor Court, DLF Phase IV, Gurgaon, 122002, Haryana, India	8 August, 2012	1.
5	Sandeep Marian Farias	00036043	41	Nominee Director	102, Lewis Manor, 7, Lewis Road, Cooke Town, Bangalore, 560005, Karnataka, India	11 November, 2013	1. Elevar Advisors Private Limited 2. Madura Microfinance 3. Vistaar Financial Services Private Limited 4. Aarusha Homes Private Limited 5. Glocal Health Care Systems Private Limited 6. Shubam Housing Finance Development Company Private Limited



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Sr. No.	Name of the Directors	DIN	Age	Designation	Address	Director of the Issuer since	Other Directorships
6	Venkatesh Natarajan	02453219	45	Nominee Director	Y/4/7B, A R Colony, Vasanth Nagar, Madurai – 625003, Tamil Nadu, India	10 December, 2008	1. Asirvad Micro Finance Private Limited. 2. Suryoday Micro Finance Private Limited 3. Rural Shores Business Services 4. Lok Advisory Services Private Limited 5. Everest Edusys and Solutions Pvt Ltd 6. MAS Financial Services Ltd
7	Mohit Bhatnagar	00381741	44	Nominee Director	A-1/19, Shanti Niketan, New Delhi - 110 057, India	10 December, 2008	1. Sequoia Capital India Advisors Private Limited 2. One Assist Consumer Solutions Private Limited 3. Ideacts Innovations Private Limited 4. Knowlarity Communications Private Limited 5. IMIMobile Private Limited 6. Citrus Payment Solutions Private Limited 7. Micromax Informatics Limited 8. Zomato Media Private Limited - Director
8	Bhama Krishnamurthy	2196839	59	Nominee Director from SIDBI	Flat.No:601, Raheja Majestic, Plot.No:161, TPS-III, Manmala Tank Road Near	11 July, 2013	1. Tamil Nadu Industrial Investment Corporation Ltd. - Nominee Director





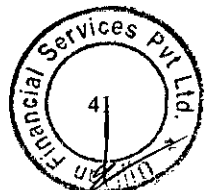
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Sr. No.	Name of the Directors	DIN	Age	Designation	Address	Director of the Issuer since	Other Directorships
					Star city cinema, Mahim (West), Mumbai-16		
9	Christina Juhasz	6451902	46	Nominee Director	99, Reade, ST # 7W, New York NY-10013	5 December, 2012	Banco WWB, Colombia Ananya Finance
10	Vandana Viswanathan	05192578	42	Independent Director	No 302, Lovedale Apartment 19/1, Kensington Road, Ulsoor Bangalore - 560 008	22 February, 2012	Phicus Social Solutions
11	Sanjiv Kapur	1356126	45	Nominee Director	No 1/13, 3rd Floor, Shanti Niketan, New Delhi - 110021	22 February, 2012	1. Wolfensohn Indian Advisors Pvt. Ltd
12	Sarvesh Suri	06760975	40	Nominee Director	258, Bank Enclave, Laxmi Nagar, Delhi, 110092, Delhi, India	20 December, 2013	NIL

\*Company to disclose name of the current directors who are appearing in the RBI defaulter list and/or ECGC default list, if any: None

**Details of change in directors since last three years:**

Name	Designation	DIN	Date of appointment	Date of Cessation	Remarks
A.Vikraman	Independent Director	01978341	July 28, 2008	November 9, 2011	-
M.K.Raveesha	SIDBI Nominee	03113608	May 17, 2010	August 12, 2011	-



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Name	Designation	DIN	Date of appointment	Date of Cessation	Remarks
S.N.Gowan	SIDBI Nominee	02306942	August 26, 2011	July 3, 2012	-
Viswanatha Prasad	Nominee Director from Bellwether	00574928	November 17, 2005	August 8, 2012	-
Geeta Goel	Nominee Director from MSDF	02277155	May 17, 2010	September 7, 2012	-
Sanjiv Kapur	Nominee Director from WCP Holdings	1356126	February 22, 2012	-	-
Vandana Viswanathan	Independent Director	05192578	February 22, 2012	-	-
K. Natarajan	SIDBI Nominee	2541816	July 3, 2012	July 11, 2013	-
Mona Kachhwaha	Nominee Director from IFIF	1856801	August 8, 2012	-	-
Christina Juhasz	Nominee Director from WWB ISIS Fund	6451902	December 5, 2012	-	-
Bhama Krishnamurthy	SIDBI Nominee	2196839	July 11, 2013	-	-
Christopher Miles Brookfield	Nominee Director from Elevar Equity	02387490	October 18, 2009	November, 11, 2013	-
Sandeep Marian Farias	Nominee Director from Elevar Equity	00036043	November, 11, 2013	-	-
Sarvesh Suri	Nominee Director from IFC	06760975	December, 20, 2013	-	-
Ritesh Bawri	Nominee Director from FMO	00604464	August 6, 2014	October 20, 2014	-

**6.7 Following details regarding the auditors of the Company:**

**(a) Details of the auditor of the Company:**

Name	Address	Auditor since	Remark
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Deloitte Haskins & Sells , Chartered Accountants	Deloitte Centre, Anchorage III, 100/2 Richmond Road, Bangalore- 560025	January 2005	None.
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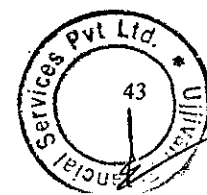
**(b) Details of change in auditors since last three years:**

Name	Address	Date of appointment / resignation	Auditor since	Remark
NIL	NIL	NIL	NIL	NIL

**6.8 Details of borrowings of the Company, as on latest quarter ended December 31, 2014 :**

**(a) Details of Secured Loan Facilities:**

Name and address of bank/institution	Fund-based credit facilities	Date of Sanction	Outstanding (Cr)	Repayment Terms	Security Offered
<b>Axis Bank Ltd</b> No.1, 2nd Floor, The New Indian Express Building, Queens Road, Bangalore - 560 001	Term Loan	5-Mar-13	6.3	8 Quarterly Installments without moratorium. First installment due from 3rd month from disbursement	Hypothecation of Book Debts
		14-Oct-13	12.5	8 Quarterly Installments without moratorium. First installment due from 3rd month from disbursement	
		18-Mar-14	31.3	8 Quarterly Installments without moratorium. First installment due from 3rd month from disbursement	
		4-Sep-14	75.0	8 Quarterly Installments without moratorium. First installment due from 3rd month from disbursement	
		22-Dec-14	50.0	8 Quarterly Installments without moratorium. First installment due from 3rd month from disbursement	
<b>SIDBI</b> 5th floor, East Wing,	Term Loan	20-Jan-10	0.2	54 Monthly Installments after 6 months moratorium	Hypothecation of Book Debts &



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Khanija Bhavan, 49 Race Course Road, Bangalore - 560 001		17-Sep-10	1.7	54 Monthly Installments after 6 months moratorium	Cash Collateral
		19-Aug-11	3.1	54 Monthly Installments after 6 months moratorium	
		13-Dec-12	6.4	27 Monthly Installments after 3 months moratorium	
		27-Nov-13	70.4	27 Monthly Installments after 3 months moratorium	
		26-Sep-14	75.0	27 Monthly Installments after 3 months moratorium	
<b>HDFC Bank Ltd</b> 2nd Floor, ESSAL Chambers No: 7 &7/1 Lalbagh Road, Richmond Circle, Bangalore - 560 027	Term Loan	7-Jan-14	6.7	15 Monthly Installments after 3 months moratorium	Hypothecatio n of Book Debts
		1-Feb-13	13.5	15 Monthly Installments after 3 months moratorium	
		17-Jul-14	72.1	15 Monthly Installments after 3 months moratorium	
Corporation Bank Koramangala Branch, No 83, 17 D Main, 6th cross, 6th Block, Koramangala, Bangalore - 560 095	Term Loan	1-Feb-13	10.0	24 equal monthly installments after 6 months moratorium	Hypothecatio n of Book Debts
<b>Development Credit Bank Ltd</b> Prestige Meridian Annex, 128 (31/1) M.G. Road, Bangalore - 560 001	Term Loan	26-Jun-14	10.8	24 equal monthly installments after 2 months moratorium	Hypothecatio n of Book Debts
		17-Aug-13	6.3	24 equal monthly installments after 2 months moratorium	
		12-Dec-13	8.8	24 equal monthly installments after 2 months moratorium	
		19-Nov-14	12.0	24 equal monthly installments after 2 months moratorium	
<b>IDBI Bank</b> IDBI House, 58 Mission Road, PO 27015, Bangalore - 560 027	Term Loan	28-Feb-12	3.4	21 Monthly Installments after 3 months moratorium	Hypothecatio n of Book Debts & Cash Collateral
		14-Feb-13	16.1	21 Monthly Installments after 3 months moratorium	
		14-Nov-13	66.3	21 Monthly Installments after 3 months moratorium	



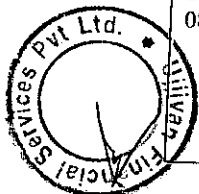
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		14-Aug-14	135.7	21 Monthly Installments after 3 months moratorium	Hypothecatio n of Book Debt
		24-Dec-14	50.0	21 Monthly Installments after 3 months moratorium	
<b>State Bank of Travancore</b> R.R.Branch, Aishwarya Castle, #10 Castle Street, Near Brigade Towers, Ashok Nagar, Bangalore - 560 025	Term Loan	28-Mar-14	14.2	21 equal monthly installments after 3 months from date of drawal	Hypothecatio n of Book Debts
<b>Standard Chartered Bank</b> 6th Floor, Crescenzo, C- 38/39, G-Block, Behind MCA Club, Bandra- Kurla Complex, Bandra [East], Mumbai - 400 051	Term Loan	17-Jan-13	4.6	8 Quarterly Installments	Hypothecatio n of Book Debts
		3-Jun-13	12.4	8 Quarterly Installments	
		5-Mar-14	56.3	4 Quarterly Installments	
		27-Nov-14	45.0	4 Quarterly Installments	
<b>The Ratnakar Bank Ltd</b> One Indiabulls Centre, Tower 2, 6th flr, 841 Senapati Bapat Marg, Elphinstone Road, Mumbai - 400 013	Term Loan	14-Mar-13	2.5	8 Quarterly Installments after 3 months from drawdown	Hypothecatio n of Book Debts
		30-Jul-13	7.5	8 Quarterly Installments commencing 3 months from drawdown	
		4-Dec-13	29.4	8 Quarterly Installments commencing 6 months from drawdown	
		11-Jun-14	35.0	8 Quarterly Installments commencing 6 months from drawdown	
		30-Oct-14	65.0	8 Quarterly Installments commencing 6 months from drawdown	
<b>Bank of America</b> 16th Floor, Express Towers, Nariman Point Mumbai - 400	Term Loan	19-Mar-14	25.0	Bullet Payment	Hypothecatio n of Book Debts



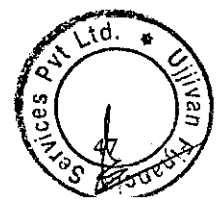
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<b>Andhra Bank</b> N.R. Road Branch, 2/3, Raja Building, Bangalore - 560 002	Term Loan	30-Mar-12	1.3	36 monthly Installments	Hypothecatio n of Book Debts
		28-Mar-13	8.3	36 monthly Installments	
		21-Jul-14	43.1	36 monthly Installments	
<b>South Indian Bank</b> MS Nagar Branch, 10/3-1, Ashwa Arcade Banaswadi Main Road, MS Nagar Bangalore - 560 033	Term Loan	30-Aug-12	3.0	10 Quarterly Installments commencing 6 months from drawdown	Hypothecatio n of Book Debts
		7-Jan-14	13.5	10 Quarterly Installments commencing 6 months from drawdown	
<b>YES Bank Ltd</b> Indiabulls Finance Centre, Tower -II , 24th Floor, Senapati Bapat Marg, Elphinstone Road, Mumbai - 400 013	Term Loan	29-Jul-13	42.7	24 monthly installments	Hypothecatio n of Book Debts
		26-Aug-14	105.7	24 monthly installments	
<b>Kotak Mahindra Bank Ltd</b> Ceebros Building, 1st Floor, 39 Montieth Road, Egmore, Chennai - 600 008	Term Loan	17-Oct-13	24.5	24 months EMI	Hypothecatio n of Book Debts
		22-Aug-14	70.0	24 months EMI	
<b>ING Vysya Bank</b> No. 757/11, Oceana Chambers 13th Cross Street, 7th Block, K.R. Road, Jayanagar, Bangalore-560 082	Term Loan	15-Jan-13	3.3	24 equal monthly installments after 3 months from date of drawal	Hypothecatio n of Book Debts
		27-Feb-13	3.1	24 equal monthly installments after 3 months from date of drawal	
		28-Sep-13	10.0	24 equal monthly installments after 3 months from date of drawal	
		9-Dec-13	9.4	24 equal monthly installments after 3 months from date of drawal	
		18-Sep-14	23.0	24 equal monthly installments after 3 months from date of drawal	



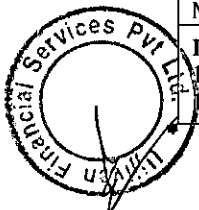
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<b>Dhanlaxmi Bank</b> No. 58/A, Vishnupriya Arcade, 18th Main, 6th Block Koramangala, Bangalore – 5600095	Term Loan	5-Feb-13	5.0	8 Quarterly Installments after 3 months from drawdown	Hypothecation of Book Debts
		17-Oct-14	20.0	8 Quarterly Installments after 3 months from drawdown	
<b>HSBC Limited,</b> No - 7, M.G. Road Bangalore - 560001	Term Loan	14-Mar-13	7.1	21 equal monthly installments after 3 months from date of drawal	Hypothecation of Book Debts
		25-Oct-13	24.3	18 monthly installments after 6 months from date of drawal	
		23-Jul-14	50.0	18 monthly installments after 6 months from date of drawal	
		23-Dec-14	20.0	18 monthly installments after 6 months from date of drawal	
<b>Union Bank of India</b> Cantonment Branch, 171, Devidoss Building, Commercial Street, Bangalore 560 001	Term Loan	25-Mar-13	8.3	24 equal monthly installments after 2 months moratorium	Hypothecation of Book Debts
		28-Dec-13	15.6	24 equal monthly installments after 2 months moratorium	
		10-Dec-14	40.0	24 equal monthly installments after 2 months moratorium	
<b>IndusInd Bank</b> 3rd Floor, Tower 10B, DLF Cyber City, Phase II Gurgaon - 122002	Term Loan	5-Aug-13	20.8	24 equal monthly installments	Hypothecation of Book Debts
		6-Feb-14	20.4	23 equal monthly installments	
		5-Aug-14	43.5	23 equal monthly installments	
		31-Oct-14	25.0	10 equal monthly installments	
<b>Bank of India</b> #15, 'Vectra House', 3rd Floor, 1st Main Road, 6th Cross, Gandhinagar, Bangalore – 560009	Term Loan	28-Sep-13	9.4	8 Quarterly Installments with a moratorium period of 3 months	Hypothecation of Book Debts



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<b>ICICI Bank</b> Plot No. 12, ICICI Bank Towers South Wing, Towers 2, Gachibowli, Nanakramguda, Hyderabad - 500 032.	Term Loan	30-Dec-13	23.1	8 Quarterly Installments with a moratorium period of 3 months	Hypothecatio n of Book Debts
		24-Mar-14	21.9	8 Quarterly Installments with a moratorium period of 3 months	
<b>Federal Bank Ltd,</b> JP Nagar Branch UDN Altius No 13, 15th Cross, 100 Feet Ring Road, 6TH Phase JP Nagar Bangalore- 560078	Term Loan	24-Jan-14	18.8	12 Quarterly Installments with a moratorium period of 3 months	Hypothecatio n of Book Debts
		15-Sep-14	22.9	12 Quarterly Installments with a moratorium period of 3 months	
<b>Central Bank of India</b> Sona Towers 71, Millers Road Bangalore – 560052	Term Loan	4-Mar-14	15.6	8 Quarterly Installments with a moratorium period of 3 months	Hypothecatio n of Book Debts
<b>Citibank NA</b> No.2, Club House Road, Anna Salai, Chennai – 600 002	Term Loan	28-Mar-14	30.0	Bullet payment	Hypothecatio n of Book Debts
<b>Oriental Bank of Commerce</b> No. 583, 9th A Main (off CMH Road) Indiranagar 1st Stage Bangalore 560038	Term Loan	28-Mar-14	9.4	24 equal monthly installments	Hypothecatio n of Book Debts
<b>Vijaya Bank</b> #41/2 MG Road Bangalore – 560001	Term Loan	24-Mar-14	15.6	8 Quarterly Installments with a moratorium period of 3 months	Hypothecatio n of Book Debts
		3-Dec-14	15.0	8 Quarterly Installments with a moratorium period of 3 months	
<b>Societe Generale</b> 13th Floor, MakerChambers - IV Mumbai 400021	Term Loan	26-Mar-14	13.5	24 equal monthly installments	Hypothecatio n of Book Debts
		24-Nov-14	45.0	24 equal monthly installments	
<b>IFMR Capital</b> 10th Floor-Phase	Term Loan	28-May-14	15.5	24 months EMI	Hypothecatio n of Book Debts &



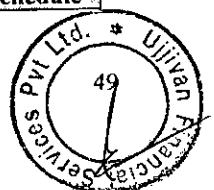


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IIT-Madras Research Park Kanagam Village, Taramani Chennai 600 113		30-Oct-14	10.2	24 months EMI	Cash Collateral
<b>BNP Paribas</b> Landmark Building , 3rd Floor, 21/15, M.G.Road, Bangalore – 560 001.	Term Loan	24-Jun-14	35.9	8 Quarterly Installments without moratorium. First installment due from 3rd month from disbursement	Hypothecatio n of Book Debts
<b>State Bank of India</b> SME Branch, Kumara Park, No. 20, Badaga Nadu Sangha Road, Sheshadripuram, Kumara Park Bangalore – 560020	Term Loan	12-Sep-12	50.0	30 Monthly Installments after 3 months moratorium	Hypothecatio n of Book Debts
<b>State Bank of Patiala</b> Mid Corporate Branch, NR Square, Badami House, Bangalore – 56002	Term Loan	5-Sep-14	25.0	33 Monthly Installments after 3 months moratorium	Hypothecatio n of Book Debts
<b>Capital First</b> Indiabulls Finance Centre, Tower -II, 15th Floor, Senapati Bapat Marg, Elphinstone Road, Mumbai – 400 013	Term Loan	16-Sep-14	50.0	Bullet Payment	Hypothecatio n of Book Debts
<b>NABARD</b> Karnataka Regional Office NABARD Tower #46 Kempegowda Road Bangalore – 560009	Refinance Facility	24-Nov-14	100.0	6 semi annual payments	Hypothecatio n of Book Debts
<b>Total Bank Borrowings</b>			<b>2,227.9</b>		

(b) **Details of Unsecured Loan Facilities:**

Lender's Name	Type of Facility	Amount	Principal Amount	Repayment Date/Schedule
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		Sanctioned	Outstanding	
SIDBI	Unsecured	5.74	5.74	6 monthly installments after 18 months moratorium
SIDBI	Unsecured	50.00	50.00	6 monthly installments after 60 months moratorium

**(c) Details of Non-Convertible Debentures as of December 31, 2014:**

Debenture Series	Tenor	Interest	Amount (Rs in Crores)	Date of Allotment	Redemption date or Schedule	Credit Rating	Secured or Unsecured	Security
NA (Closed)	3 Years	13.35%	40.00	31/12/2010	31/12/2013	CARE BBB+	Secured	Book Debts
NA (Closed)	3 Years	12.86%	23.00	27/06/2011	26/06/2014	ICRA BBB+	Secured	Book Debts
NA (Closed)	2 Years	13.12%	29.00	16/01/2012	16/01/2014	CARE BBB+	Secured	Book Debts
NA	6 Years	12.75%	40.00	30/07/2013	30/07/2019	CARE A-	Secured	Book Debts
NA	2 Years	12.75%	33.00	30/08/2013	30/08/2015	CARE A-	Secured	Book Debts
NA	5 years	12.60%	60.00	01/07/2014	28/05/2019	CARE A-	Secured	Book Debts
NA	2 Years	13.65%	50.00	12/12/2014	12/12/2016	ICRA A-	Secured	Book Debts
NA	3 Years	13.25%	40.00	30/12/2014	30/12/2017	ICRA A-	Secured	Book Debts

**(d) List of Top 10 Debenture Holders (as on December 31, 2014)**

S. No.	Name of Debenture Holder	Amount (Rs. in Crores)
1	UTI International Wealth Creators 4	40.00
2	Oiko Credit	73.00
3	International Finance Corporation	60.00
4	UTI unit linked insurance plan	25.00
5	UTI Income Opportunities fund	25.00



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- (e) **The amount of corporate guarantee issued by the Issuer along with name of the counterparty (like name of the subsidiary, JV entity, group company, etc) on behalf of whom it has been issued. (if any)**

The Company has not issued any corporate guarantee for any third party as at December 31, 2014

- (f) **Details of Commercial Paper:**

The Company has not issued any Commercial Paper as at December 31, 2014

- (g) **Details of rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares ) as on December 31, 2014:**

As at the date of this Information Memorandum, no debt securities have been issued or borrowings have been taken for consideration other than cash or in pursuance of an option or at a premium/ discount except as below:

- The non-convertible debentures issued on January 16, 2012, for Rs. 29 crores were issued at a discount of 0.45% to the face value of each NCD. These non-convertibles debentures were redeemed in full on January 16, 2014 and a no-objection certificate was received from the debenture trustee and the debenture holder.

- (h) **Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the company, in the past 5 years:**

NIL

- (i) **Details of any outstanding borrowings taken / debt securities issued where taken / issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option:**

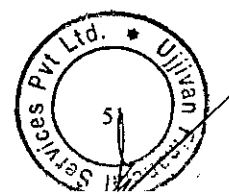
NIL

**6.9 Details of Promoters of the Company:**

- (a) **Details of Promoter Holding in Company as on latest quarter end, i.e. December 30, 2014:**

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	Samit Ghosh	868,340	868,340	1.33%	NIL	NIL
	Total	868,340	100%	1.33%	NIL	NIL

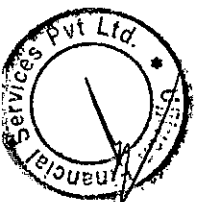
- 6.10 Abridged version of the Audited Consolidated and Standalone Financial Information (like Profit and Loss statement, Balance Sheet and Cash Flow statement) for at least last three years and auditor qualifications, if any.**



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[Note: Financial information submitted must be in line with the timelines specified in the Simplified Listing Agreement, issued vide Circular no. SEBI/IMD/BOND/1/2009/11/05, dated May 11, 2009]

Particulars	Financial Years ended March 31		
	2012	2013	2014
	Audited		
	(Rs. in crores)		
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Share Holder's Funds:</b>			
(a) Share Capital	57.29	65.58	65.58
(b) Reserves and Surplus	185.45	255.76	306.95
	<b>242.73</b>	<b>321.34</b>	<b>372.53</b>
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings	255.04	383.48	565.15
(b) Long term provisions	1.92	1.16	2.3
	<b>256.96</b>	<b>384.64</b>	<b>567.45</b>
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	-	4	1.93
(b) Trade payables	4.09	4.8	5.05
(c) Other current liabilities	383.39	631.03	1,108.33
(d) Short-term provisions	10.35	14.44	23.42
	<b>397.82</b>	<b>654.27</b>	<b>1,138.73</b>
<b>Total</b>	<b>897.51</b>	<b>1,360.24</b>	<b>2,078.70</b>
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
<i>(a) Fixed assets</i>			
(i) Tangible assets	8.73	8.28	9.8
(ii) Intangible assets	2.42	2.86	2.92
	<b>11.15</b>	<b>11.14</b>	<b>12.72</b>
(b) Non-current investments	0.1	0.1	0.1
(c) Deferred tax assets (net)	3.22	4.02	6.83
(d) Long term loans and advances	2.96	3.32	5.11
(e) Other non-current assets	47.92	190.4	238.3
	<b>54.2</b>	<b>197.84</b>	<b>250.35</b>
<b>(2) Current assets</b>			
(a) Receivables under financing activity	653.07	947.4	1,387.62
(b) Cash and Bank Balances	161.45	178.62	394.45
(c) Short-term loans and advances	2.23	6.18	10.62
(d) Other current assets	15.41	19.07	22.94
	<b>832.16</b>	<b>1,151.26</b>	<b>1,815.63</b>
<b>Total</b>	<b>897.51</b>	<b>1,360.24</b>	<b>2,078.70</b>



PARTICULARS	Financial Years ended March 31		
	2012	2013	2014
	Audited		
	(Rs. in Crores)		
<b>INCOME</b>			
Income from Operations	148.24	222.52	347.89
Other Income	8.06	11.41	9.77
<b>Total Income (A)</b>	<b>156.3</b>	<b>233.93</b>	<b>357.66</b>
<b>EXPENDITURE</b>			
Personnel Expenses	60.16	65.77	81.32
Administrative & Other Expenses	27.19	28.96	36.2
Finance charges	58.59	80.63	144.85
Depreciation	2.4	2.52	3.15
Provision for Doubtful Loans	5.76	6.9	8.29
<b>Total Expenditure ( B )</b>	<b>154.1</b>	<b>184.78</b>	<b>273.82</b>
<b>Profit/(Loss) Before Tax ( A - B )</b>	<b>2.2</b>	<b>49.15</b>	<b>83.84</b>
Excess depreciation of earlier years	-	-	-
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>2.2</b>	<b>49.15</b>	<b>83.84</b>
Income tax	1.58	16.1	31.7
Deferred Taxes	-1.1	-0.8	-2.81
Provision for earlier years	-	-	-0.08
<b>PROFIT/(LOSS) AFTER TAX</b>	<b>1.72</b>	<b>33.85</b>	<b>55.04</b>
Less: Transferred to Statutory Reserve	<b>0.34</b>	<b>6.77</b>	<b>11</b>
Less: Adjusted Depreciation			
<b>Profit /(Loss) carried forward to Balance Sheet</b>	<b>1.38</b>	<b>27.08</b>	<b>44.04</b>
Profit/(Loss) Carried forward from previous year	9.37	10.74	35.9
<b>Appropriations</b>			
Proposed Dividend	-	1.64	<b>3.28</b>
Corporate Dividend Tax	-	0.28	<b>0.56</b>
Balance Carried to Balance sheet	10.74	35.9	76.08
Profit for the year	1.72	33.85	55.04
Basic and Diluted Earnings per Share	0.44 & 0.41	5.48&5.12	8.39&7.89

**6.11 Abridged version of Latest Audited/ Limited Review Half Yearly Consolidated and Standalone Financial Information and auditors qualifications, if any.**

*[Note: Financial information submitted must be in line with the timelines specified in the Simplified Listing Agreement, issued vide Circular no. SEBI/IMD/BOND/1/2009/11/05, dated May 11, 2009]*



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Particulars	December
	2014
	Un-Audited Figures
<b>I. EQUITY AND LIABILITIES</b>	
<b>(1) Share Holder's Funds:</b>	
(a) Share Capital	65.58
(b) Reserves and Surplus	354.43
<b>(2) Non-Current Liabilities</b>	
(a) Long-term borrowings	1,044.84
(b) Long term provisions	4.36
<b>(3) Current Liabilities</b>	
(a) Short-term borrowings	4.50
(b) Trade payables	10.94
(c) Other current liabilities	1498.39
(d) Short-term provisions	29.98
<b>Total</b>	<b>3013.04</b>
<b>II. Assets</b>	
<b>(1) Non-current assets</b>	
<i>(a) Fixed assets</i>	
(i) Tangible assets	12.80
(ii) Intangible assets	2.76
<b>(b) Non-current investments</b>	
(c) Deferred tax assets (net)	0.10
(d) Long term loans and advances	13.95
(e) Other non-current assets	6.64
<b>(2) Current assets</b>	
(a) Receivables under financing activity	2414.78
(b) Cash and Bank Balances	62.37
(c) Short-term loans and advances	17.62
(d) Other current assets	36.30



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	3013.04
<b>Total</b>	

PARTICULARS	December
	2014
	Un-Audited Figures
<b>INCOME</b>	
Income from Operations	410.83
Other Income	8.95
<b>Total Income (A)</b>	<b>419.78</b>
<b>EXPENDITURE</b>	
Personnel Expenses	93.33
Administrative & Other Expenses	46.48
Finance charges	185.85
Depreciation	5.06
Provision for Doubtful Loans	16.02
<b>Total Expenditure ( B )</b>	<b>346.73</b>
<b>Profit/(Loss) Before Tax ( A - B )</b>	<b>73.05</b>
Excess depreciation of earlier years	-
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	
Income tax	31.6
Deferred Taxes	(7.12)
Provision for earlier years	-
<b>PROFIT/(LOSS) AFTER TAX</b>	<b>48.57</b>
Less: Transferred to Statutory Reserve	9.71
	1.08
<b>Profit /(Loss) carried forward to Balance Sheet</b>	<b>37.78</b>
Profit/(Loss) Carried forward from previous year	76.09
<b>Appropriations</b>	
Proposed Dividend	
Corporate Dividend Tax	
Balance Carried to Balance sheet	
Profit for the year	
Basic and Diluted Earnings per Share	

6.12 Any material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer/promoters, tax litigations resulting in material liabilities, corporate



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restructuring event etc) at the time of Issue which may affect the issue or the investor's decision to invest / continue to invest in the debt securities.

The Issuer hereby declares that there has been no material event, development or change at the time of issue from the position as on the date of the last audited financial statements of the Issuer, which may affect the Issue or the Investor's decision to invest/ continue to invest in the debt securities of the Issuer.

**6.13 Names of the Debentures Trustees and Consents thereof**

The Debenture Trustee of the proposed Debentures is GDA Trusteeship Limited. GDA Trusteeship Limited has given its written consent for its appointment as debenture trustee to the Issue and inclusion of its name in the form and context in which it appears in this Information Memorandum and in all the subsequent periodical communications sent to the Debenture Holders. The consent letter from Debenture Trustee is provided in Annexure III of this Information Memorandum.

**6.14 Rating and Rating Rationale**

The Rating Agency has assigned ratings of "[ICRA] A- (A Minus)" to the Debentures. Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.

**6.15 If the security is backed by a guarantee or letter of comfort or any other document / letter with similar intent, a copy of the same shall be disclosed. In case such document does not contain detailed payment structure (procedure of invocation of guarantee and receipt of payment by the investor along with timelines), the same shall be disclosed in the offer document.**

Not applicable

**6.16 Names of all the recognized stock exchanges where the debt securities are proposed to be listed:**

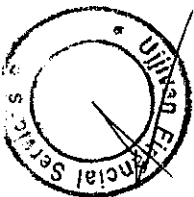
The Debentures are proposed to be listed on the WDM segment of the BSE. The Issuer shall comply with the requirements of the listing agreement for debt securities to the extent applicable to it on a continuous basis. The in-principle approval of the BSE has been obtained in this regard.

**6.17 Other details:**

**(a) Debenture Redemption Reserve Creation:**

As per Section 71 of the 2013 Act, any company that intends to issue debentures must create a debenture redemption reserve to which adequate amounts shall be credited out of the profits of the company until the redemption of the debentures. However, at present under the Companies (Issuance of Share Capital and Debentures) Rules, 2014, non-banking financial companies are exempt from this requirement in respect of privately placed debentures. Pursuant to this exemption, the Company does not presently intend to create any reserve funds for the redemption of the Debentures.

**(b) Issue / instrument specific regulations:**





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The Issue of Debentures shall be in conformity with the applicable provisions of the Companies Act including the notified rules thereunder and the SEBI Debt Listing Regulations.

### **(c) Application process:**

The application process for the Issue is as provided in Section 8 of this Information Memorandum.

### **6.18 A statement containing particulars of the dates of, and parties to all material contracts, agreements:**

The following contracts, not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than 2 (Two) years before the date of this Information Memorandum, which are or may be deemed material, have been entered into by the Company.

The contracts and documents referred to hereunder are material to the Issue, may be inspected at the registered office of the Company between 10.00 am to 4.00 pm on working days.

<b>Sr. No.</b>	<b>Nature of Contract</b>
1	Certified true copy of the Memorandum & Articles of Association of the Issuer
2	Board Resolution dated Januray 27, 2015 authorizing issue of Debentures offered under terms of this Disclosure Document.
3	Shareholder Resolution date May 07, 2014 authorizing the issue of non-convertible debentures by the Company.
4	Shareholder Resolution dated December 23, 2014 & May 07, 2014 authorizing the borrowing by the Company and the creation of security.
5	Copies of Annual Reports of the Company for the last three financial years
6	Credit rating letter from the Ratings
7	Letter from GDA Trusteeship Limited giving its consent to act as Debenture Trustee
8	Letter for Register and Transfer Agent
9	Certified true copy of the certificate of incorporation of the Company
10	Certified true copy of the tripartite agreement between the Company, the Registrar & Transfer Agent and the National Securities Depository Limited/CDSL

### **6.19 Details of Debt Securities Sought to be Issued**

Under the purview of the current document, the Issuer intends to raise an amount of Rs. 75,00,00,000/- (Rupees Seventy Five Crores only) by issue of Secured Rated Listed Redeemable Non-Convertible Debentures, on a private placement basis.

For further details of the Debentures, please refer to the terms and conditions of the debentures set out in Section 6.22 of this Information Memorandum.

### **6.20 Issue Size**

The aggregate issue size for the Debentures is. Rs. 75, 00, 00,000/- (Rupees Seventy Five Crores only).

### **6.21 Utilization of the Issue Proceeds**

The proceeds shall be used for loan portfolio growth of the company subject to such restrictions as the parties may have agreed upon and shall not be utilised for the purposes mentioned below..



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The Issuer undertakes that the proceeds of this Issue shall be utilized for the deployment of funds on its own balance sheet and not to facilitate resource requests of its group entities/parent company/associates.

The Issuer undertakes that proceeds of this Issue shall not be utilized for the following purposes as specified in the RBI Master Circular No. DBOD.BP.BC.No.6/21.04.172/2013-14 dated July 1, 2013:

- 1) Bills discounted / rediscounted by NBFCs, except for rediscounting of bills discounted by NBFCs arising out of: Commercial vehicles (including light commercial vehicles) and two wheeler and three wheeler vehicles, subject to the following conditions: The bills should have been drawn by the manufacturer on dealers only; The bills should represent genuine sale transactions as may be ascertained from the chassis / engine number and; Before rediscounting the bills, the bona fides and track record of NBFCs which have discounted the bills would be verified.
- 2) Investments of NBFCs both of current and long-term nature, in any company / entity by way of shares, debentures, etc. However, Stock Broking Companies may be provided need-based credit against shares and debentures held by them as stock-in-trade.
- 3) Unsecured loans / inter-corporate deposits by NBFCs to / in any company.
- 4) All types of loans and advances by NBFCs to their subsidiaries, group companies / entities.
- 5) Finance to NBFCs for further lending to individuals for subscribing to Initial Public Offerings (IPO) and for purchase of shares from secondary market

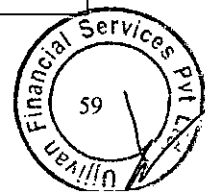
#### 6.22 Issue Details

Security Name	13.00% Ujjivan Financial Services Private Limited
Issuer	Ujjivan Financial Services Private Limited
Type of Instrument	Non-Convertible Debentures
Nature of Instrument	Secured, Redeemable, Taxable Non-Convertible, Rated, Listed Debentures
Seniority	Senior
Mode of Issue	Private placement
Eligible/Identified Investors	As provided in Clause 8.14 below
Listing	<p>Debentures are to be listed on the WDM of Bombay Stock Exchange within a maximum period of 15 (Fifteen) calendar days from the Deemed Date of Allotment.</p> <p>In the event of the Issuer's failure to do so, to the extent that any Debenture Holders are Foreign Institutional Investors or sub-accounts of Foreign Institutional Investors, or Qualified Foreign Investors, the Issuer shall immediately redeem any and all Debentures which are held by such Foreign Institutional Investor(s) or such sub-account(s) of Foreign Institutional Investor(s) or Qualified Foreign Investors.</p> <p>In case of delay in listing of the debt securities beyond 20 (Twenty) calendar days from the Deemed Date of Allotment, the Issuer will pay penal interest of at least 1 % p.a. over the Coupon Rate from the expiry of 30 (Thirty) calendar days from the Deemed Date of Allotment till the listing of such Debentures</p>
Rating of Instrument	"[ICRA] A- (A minus)" Positive Outlook
Issue Size	Rs. 75,00,00,000/- (Rupees Fifty Crores only)



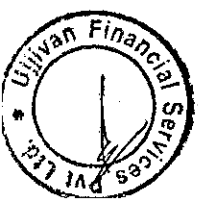
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Option to retain oversubscription	N.A.
Objects of the Issue	To raise secured debt to the extent upto Rs. 75,00,00,000/- (Rupees Seventy Five Crores only)
Details of the utilization of the Proceeds	The issue proceeds will be utilized for providing debt financing for expanding the loan portfolio of the Issuer.
Coupon Rate	13.00% (Thirteen Decimal Point) per annum basis, payable semi annually
Step Up/ Step Down Coupon Rate	N.A
Coupon Payment Frequency	Semi Annually
Coupon Payment Dates	September 20, 2015, March 20, 2016, September 20, 2016 and March 20, 2017
Coupon Type	Fixed Coupon rate
Exercise Date/Coupon Reset Date	NA
Day Count Basis	Actual / 365 (or 366 in the case of a leap year)
Interest on Application Money	13.00% per annum
Default Interest Rate	In the event of a payment default of the amounts due under this Issue or any other Event of Default (whether by way of acceleration, at maturity or otherwise), the Issuer shall pay an additional 2% (Two Percent) per annum over and above the applicable Coupon Rate on the outstanding principal amount of the Debentures, calculated from the date of the occurrence of the default until such default is cured or the Debentures are redeemed pursuant to such default, as applicable.
Prepayment Penalty	In case of early redemption of the Issue at the instance of the Issuer, on any date other than the Due Date and not arising due to an Event of Default, the Issuer shall pay a penalty of 2% (Two Percent) on the principal amount repaid. Prepayment shall be subject to the consent of the Majority Debenture-Holders which consent shall not be unreasonably withheld provided that the Issuer has given the Debenture Trustee and the Debenture Holders at least 15 (Fifteen) calendar days written notice prior to the date of such prepayment. Any such early repayment shall be subject to the applicable RBI guidelines.
Coupon Reset Process	NA
Delay Penalty	In the case of a delay in the execution of Debenture Trust Deed and the Deed of Hypothecation, the Issuer shall refund the subscription with the agreed rate of interest or shall pay penalty interest of 2% (Two Percent) per annum over the and above the applicable Coupon Rate until such time the conditions have been complied with at the option of the Investor.
Tenor	24 (Twenty Four) months from the Deemed Date of Allotment
Redemption Date	March 20, 2017
Redemption Amount	Rs. 1,000,000/- (Rupees Ten Lakhs Only) per Debenture on the Redemption Date plus accrued Coupon if any.
Redemption Premium/ Discount	N.A
Issue Price	Rs. 1,000,000/- (Rupees Ten Lakhs Only) per Debenture
Discount at which security is issued and the effective yield as a result of such discount	N.A.
Put Option Date	N.A
Put Option Price	N.A
Call Option Date	N.A

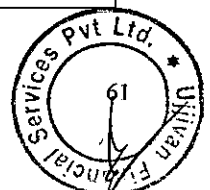


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Call Option Price	N.A.
Put Notification Time	N.A.
Call Notification Time	N.A.
Face Value	Rs. 1,000,000/- (Rupees Ten Lakhs Only) per Debenture
Minimum Application size and in multiples of __ thereafter	3 Debentures and in multiples of 1 Debenture*thereafter
Issue Timing	Issue Opening Date: March 20 2015 Issue Closing Date: March 20, 2015 Pay-in Dates: March 20 2015 Deemed Date of Allotment: March 20 2015  All documentation including, but not limited to, the Information Memorandum, Board Resolution, Rating Letter, Appointment of Trustees to be completed and made available to the Sole Arranger, 1 (One) business day prior to Issue Opening Date.
Issuance mode of the Instrument	Demat only
Trading mode of the Instrument	Demat only
Settlement mode of the Instrument	RTGS
Depositories	NSDL/CDSL
Business Days	Means a day (other than a Saturday or a Sunday or a Bank holiday) on which banks are open for general business in Mumbai and Karnataka
Business Day Convention	If any coupon payment date falls on a day that is not a working day, the payment shall be made on the immediately succeeding working day. If the redemption date/exercise date/ maturity date (also being the last coupon payment date) of the Debentures falls on a day that is not a working day, the redemption proceeds shall be paid on the immediately preceding working day.
Record Date	The date which will be used for determining the Debenture Holders who shall be entitled to receive the amounts due on any Due Date, which shall be the date falling 15 (fifteen) calendar days prior to any Due Date.
Security	The Issue shall be secured by a charge created by the Issuer in favour of the Debenture Trustee (for the benefit of the Debenture Holders) being an exclusive first ranking charge by way of hypothecation, comprising of the assets of the company as follows :  From the Deemed Date of Allotment, the charge shall be created over specific loan receivables / book debt, present and future, representing amounts due from the various borrowers of the Issuer and not overdue for more than 30 (Thirty) days ("Hypothecated Assets"), such that the principal amount of security shall be equal to 1.10 (One Decimal Point One Zero) times the aggregate amount of outstanding principal of the Debentures ("Security Cover")  It is clarified that the Security Cover shall be sufficient to cover the principal and coupon amounts outstanding under the Debentures at all times The Issuer undertakes as follows: a) To maintain the value of Security Cover at all times during the period of the Issue; b) Issuer's receivables forming part of the Hypothecated Assets shall be selected from the Company's branches where PAR 30 shall not exceed 1.5% (One Decimal Five Percent) of the portfolio of that branch;



	<p>c) Issuer’s receivables forming part of the Hypothecated Assets shall be less than 30 days overdue. If a receivable exceeds 30 days overdue, such receivable shall be replaced within 15 days;</p> <p>d) Issuer’s receivables forming part of the Hypothecated Assets must be diversified over the portfolio of the Issuer such that receivables from any state accounts for less than 30% of the receivables forming part of the Hypothecated Assets;</p> <p>e) To register and perfect the security over the Hypothecated Assets by executing a duly stamped Deed of hypothecation (“Deed of Hypothecation”) prior to the Deemed Date of Allotment and filing the relevant form immediately and no later than 15 (Fifteen) calendar days from the date of execution of the Deed of Hypothecation;</p> <p>f) The charge over the Hypothecated Assets is to be created prior to the Deemed Date of Allotment. In the event the Security Cover is not created or has insufficiently created, the proceeds from the Issue are to be placed in an escrow account until the creation of security which shall be no later than one month from the Deemed Date of Allotment. In the event of failure to create the security within 1 (One) month, the monies are to be reimbursed to the Investors;</p> <p>g) Commencing from the Deemed Date of Allotment till the Maturity Date, to provide a list, on a monthly basis, of specific loan receivables / identified book debt to the Debenture Trustee and Debenture Holders over which charge is created and subsisting by way of hypothecation in favour of the Debenture Trustee (for the benefit of the Debenture Holders) and sufficient to maintain the Security Cover (“Monthly Hypothecated Asset Report”).</p>
Transaction Documents	Shall be as set out in Clause 7.1 below
Conditions Precedent to Disbursement	<ol style="list-style-type: none"> <li>1. Execution of Debenture Trustee Agreement, Deed of Hypothecation, Debenture Trust Deed and power of attorney</li> <li>2. Constitutional documents</li> <li>3. Board and shareholder resolutions</li> <li>4. Specimen signatures</li> <li>5. Undertaking from the company secretary of the Issuer</li> <li>6. Financial statements</li> <li>7. Any governmental / regulatory / third party consents (if any required)</li> <li>8. Trustee consent letter</li> <li>9. Tripartite agreement with the registrar</li> <li>10. Rating letter</li> <li>11. A certificate from a Chartered Accountant certifying that all the eligibility conditions for the issue of the Debentures have been met by the Company on the Deemed Date of Allotment</li> </ol>
Conditions Subsequent to Disbursement	<ol style="list-style-type: none"> <li>1. Filing of the relevant documents inter alia private placement offer letter, return of allotment etc. with the ROC within the timelines specified under the rules under the Companies Act, 2013.</li> <li>2. Completion of filing the information memorandum and debenture trust deed with the stock exchange, and completing listing of Debentures on BSE within 20 days of the Deemed Date of Allotment</li> <li>3. Filing of the relevant form with the ROC for the registration of charge over the Hypothecated Assets within 30 days of the Deemed Date of Allotment.</li> <li>4. Receiving the ISIN within 5 days from the Deemed Date of</li> </ol>



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	<p>Allotment</p> <p>5. Execution of any other documents as customary for transaction of a similar nature and size. The Issuer shall also obtain a legal opinion on the enforceability of the Transaction Documents.</p>
Events of Default	As mentioned in Clause 7.7 below
Provisions related to Cross Default Clause	<p>An Event of Default shall arise if the Issuer:</p> <ul style="list-style-type: none"> <li>a. Any Financial Indebtedness of the Company is not paid when due nor within any originally applicable grace period; or</li> <li>b. Any Financial Indebtedness of the Company is declared to become due and payable prior to its specified maturity as a result of an event of default (however described); or</li> <li>c. Any Encumbrance over any assets of the Company to secure any Financial Indebtedness (other than the Debentures) is enforced by any lender.</li> </ul>
Role and Responsibilities of Debenture Trustee	To oversee and monitor the overall transaction for and on behalf of the Debenture Holders
Covenants	As mentioned in Clause 7.3 below
Representation and warranties	As mentioned in Clause 7.2 below
Illustration of Bond Cashflows	Kindly refer to Annexure VI of this Information Memorandum
Governing Law	The Debentures and documentation will be governed by and construed in accordance with the laws of India and the parties submit to the exclusive jurisdiction of the courts in New Delhi.



**SECTION 7: TRANSACTION DOCUMENTS AND KEY TERMS**

**7.1 Transaction Documents**

The following documents shall be executed in relation to the Issue (“**Transaction Documents**”):

- (a) Debenture Trustee Agreement, which will confirm the appointment of GDA Trusteeship Limited as the Debenture Trustee (“**Debenture Trustee Agreement**”);
- (b) Debenture Trust Deed, which will set out the terms upon which the Debentures are being issued and shall include the representations and warranties and the covenants to be provided by the Issuer (“**Debenture Trust Deed**”);
- (c) Deed of Hypothecation whereby the Issuer will create an exclusive charge by way of hypothecation over Hypothecated Assets in favour of the Debenture Trustee to secure its obligations in respect of the Debentures (“**Deed of Hypothecation**”); and
- (d) Such other documents as agreed between the Issuer and the Debenture Trustee.

The Transaction Documents shall be executed on or prior to the Issue Closing Date.

**7.2 Representations and Warranties of the Issuer**

The Issuer hereby makes the following representations and warranties and the same shall also be set out in the Transaction Documents.

**(i) STATUS:**

- a. It is a company, duly incorporated, registered and validly existing under the laws of India.
- b. It has the power to own its assets and carry on its business as it is being conducted.

**(ii) BINDING OBLIGATIONS:**

The obligations expressed to be assumed by it under the Transaction Documents are legal, valid, binding and enforceable obligations.

**(iii) NON-CONFLICT WITH OTHER OBLIGATIONS:**

The entry into, and performance by it of, and the transactions contemplated by, the Transaction Documents do not and will not conflict with:

- a. any law or regulation applicable to it including but not limited to laws and regulations regarding anti-money laundering or terrorism financing and similar financial sanctions;
- b. its constitutional documents; or
- c. any agreement or instrument binding upon it or any of its assets.

**(iv) POWER AND AUTHORITY:**

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Transaction



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Documents to which it is a party and the transactions contemplated by those Transaction Documents.

**(v) VALIDITY AND ADMISSIBILITY IN EVIDENCE:**

All approvals, authorizations, consents, permits (third party, statutory or otherwise) required or desirable:

- a. to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party;
- b. to make the Transaction Documents to which it is a party admissible in evidence in its jurisdiction of incorporation; and
- c. for it to carry on its business, and which are material, have been obtained or effected and are in full force and effect.

**(vi) NO DEFAULT:**

No Event of Default has currently occurred and is continuing as on the date hereof or would reasonably be expected to result from the execution or performance of any Transaction Documents or the issuance of the Debentures. To the best of the Issuer's knowledge, no other event or circumstance is outstanding which constitutes (or which would, with the lapse of time, the giving of notice, the making of any determination under the relevant document or any combination of the foregoing, constitute) a default or termination event (however described) under any other agreement or instrument which is binding on the Company or any of its assets or which might have a Material Adverse Effect as on the date hereof.

**(vii) NO PROCEEDINGS PENDING:**

There are no litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, may have a Material Adverse Effect, have (to the best of its knowledge and belief) been started against it except as disclosed by the Company in its annual reports, financial statements and this Information Memorandum.

**(viii) NO MISLEADING INFORMATION:**

All information provided by the Issuer to the Debenture Holders for the purposes of this Issue is true and accurate in all material respects as at the date it was provided or as at the date (if any) on which it is stated.

**(ix) COMPLIANCE:**

The Company is in compliance with all laws for the performance of its obligations with respect to this Issue including but not limited to environmental, social and taxation related laws, for them to carry on their business.

**(x) ASSETS:**

Except for the security interests and encumbrances created and recorded with the Ministry of Corporate Affairs (available using CIN/FCRN/LLPIN/FLLPIN: U52234OR1986PTC015931 on the website <http://www.mca.gov.in/MCA21/index.html> under the heading Index of





Charges), the Issuer has, free from any security interest or encumbrance, the absolute legal and beneficial title to, or valid leases or licenses of, or is otherwise entitled to use (in each case, where relevant, on arm's length terms), all material assets necessary for the conduct of its business as it is being, and is proposed to be, conducted.

**(xi) FINANCIAL STATEMENTS:**

- a. The Issuer's financial statements most recently supplied to the Trustee were prepared in accordance with Indian GAAP consistently applied save to the extent expressly disclosed in such financial statements.
- b. The financial statements most recently supplied to the Trustee as of March 31, 2014 give a true and fair view and represent its financial condition and operations during the relevant financial year save to the extent expressly disclosed in such financial statements.

**(xii) SOLVENCY:**

- a. The Issuer is able to, and has not admitted its inability to, pay its debts as they mature and has not suspended making payment on any of its debts and it will not be deemed by a court to be unable to pay its debts within the meaning of the applicable laws, nor in any such case, will it become so in consequence of entering into this Issue.
- b. The value of the assets of the Issuer is more than its respective liabilities (taking into account contingent and prospective liabilities) and it has sufficient capital to carry on its business.
- c. As on the date hereof, the Issuer has not taken any corporate action nor has taken any legal proceedings or other procedure or steps in relation to any bankruptcy proceedings.

**7.3 AFFIRMATIVE COVENANTS:-**

**(i) LISTING**

Take all steps necessary to get the Debentures listed within 15 (Fifteen) calendar days from the Deemed Date of Allotment. In case of a delay by the Issuer in listing the Debentures beyond 20 (Twenty) calendar days from the Deemed Date of Allotment the Issuer shall make payment the Debenture Holders of penal interest calculated on the face value of the Debentures at the rate of 1% p.a. over the Coupon Rate from the expiry of 30 (Thirty) calendar days from the Deemed Date of Allotment until the listing of the Debentures. In the event that the NCDs are not listed within 15 (Fifteen) calendar days from the Deemed Date of Allotment for any reason whatsoever, then to the extent that any Debenture Holders are Foreign Institutional Investors or sub-accounts of Foreign Institutional Investors or Qualified Foreign Investors, the Issuer undertakes to immediately redeem and/or buyback any and all Debentures within 2 (two) Business Days of the expiry of the Listing Period.

**(ii) NOTICE OF WINDING UP OR OTHER LEGAL PROCESS**

Promptly inform the Trustee if it has notice of any application for winding up having been made or any statutory notice of winding up under the provisions of the Companies Act, or any other notice under any other act relating to winding up or otherwise of any suit or other legal process intended to be filed or initiated

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against the Issuer and affecting the title to the properties of the Issuer or if a receiver is appointed in respect of any of its properties or businesses or undertakings.

**(iii) LOSS OR DAMAGE BY UNCOVERED RISKS**

Promptly inform the Trustee of any material loss or significant damage which the Issuer may suffer due to any force majeure circumstances such as earthquake, flood, tempest or typhoon, etc. against which the Company may not have insured its properties.

**(iv) ANTI-MONEY LAUNDERING AND EXCLUSION LIST \***

(a) Not permit any of the Debenture proceeds to be used to fund any form of violent political activity, terrorists or terrorist organizations, nor any money laundering process or scheme to disguise illegally obtained funds, nor any other criminal activity including arms sales, drug trafficking, robbery, fraud or racketeering.

(b) Not permit any of the Debenture proceeds to be used to fund any activity on the Exclusion List.

“*Exclusion List*” means any activity including 1) production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB’s, wildlife or products regulated under CITES, 2) production or trade in weapons and munitions, 3) production or trade in alcoholic beverages (excluding beer and wine), 4) production or trade in tobacco, 5) gambling, casinos and equivalent enterprises, 6) production or trade in radioactive materials (this does not apply to the purchase of medical equipment, quality control (measurement) equipment), 7) production or trade in unbonded asbestos fibers (this does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%), 8) drift net fishing in the marine environment using nets in excess of 2.5 km. in length, 9) production or activities involving harmful or exploitative forms of forced labor, 10) harmful child labor, 11) production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals (hazardous chemicals include gasoline, kerosene, and other petroleum products), 12) production or activities that impinge on the lands owned, or claimed under adjudication, by indigenous peoples, without full documented consent of such peoples.

**(v) COSTS AND EXPENSES**

Pay all costs, charges and expenses in any way incurred by the Trustee towards protection of Debenture Holders’ interests, including travelling and other allowances and such taxes, duties, costs, charges and expenses in connection with or relating to the Debentures subject to such expenses, costs or charges being approved in writing by the Issuer before they are incurred and shall not include any foreign travel costs.

**(vi) PRESERVE CORPORATE STATUS**



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Diligently preserve and maintain its corporate existence and status and all rights, contracts privileges, franchises and concessions now held or hereafter acquired by it in the conduct of its business.

**(vii) PAY STAMP DUTY**

Pay all such stamp duty (including any additional stamp duty), other duties, taxes, charges and penalties, if and when the Issuer may be required to pay according to the laws for the time being in force in the state where the Transaction Documents are executed, and in the event of the Issuer failing to pay such stamp duty, other duties, taxes and penalties as aforesaid, the Trustee will be at liberty (but shall not be bound) to pay the same and the Issuer shall reimburse the same to the Trustee on demand;

**(viii) FURNISH INFORMATION TO TRUSTEE**

(a) The Issuer shall furnish quarterly report to the Trustee (as may be required in accordance with SEBI guidelines) containing the following particulars –

- Updated list of the names and addresses of the Debenture Holders.
- Details of the Coupon due, but unpaid and reasons thereof.
- The number and nature of grievances received from the Debenture Holders and resolved by the Company.
- A statement that the Hypothecated Assets is sufficient to discharge the claims of the Debenture Holders as and when they become due.

(b) Promptly and expeditiously attend to and redress the grievances, if any, of the Debenture Holders. The Issuer further undertakes that it shall promptly comply with the suggestions and directions that may be given in this regard, from time to time, by the Trustee and shall advise the Trustee periodically of the compliance.

(c) Inform and provide the Trustee with applicable documents in respect of the following:

- notice of any event of default specifying the nature of such event and any steps the Company is taking and proposes to take to remedy the same
- any and all information required to be provided to the Debenture Holders under the listing agreement to be entered into between the Company and the Stock Exchange on which the Debentures are proposed to be listed.

**(ix) TRANSFER OF UNCLAIMED REDEMPTION AMOUNTS**

The Issuer shall comply with the applicable provisions of the Companies Act, relating to transfer of unclaimed / unpaid amounts of interest on Debentures and redemption of Debentures to Investor Education and Protection Fund (IEPF), if applicable to it.

The Issuer hereby further agrees and undertakes that during the currency of the Issue it shall abide by the guidelines/listing requirements if any, issued from time to time by the SEBI/RBI.

**(x) FURTHER ASSURANCES**

The Issuer shall:

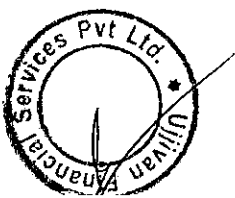


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- a. execute and/or do, at their own expense, all such deeds, assurances, documents, instruments, acts, matters and things, in such form and otherwise as the Trustee may reasonably or by law require or consider necessary in relation to enforcing or exercising any of the rights and authorities of the Trustee;
- b. obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorisations necessary to enable it lawfully to enter into and perform its obligations under this Issue or to ensure the legality, validity, enforceability or admissibility in evidence in India of this Issue;
- c. comply with all laws, rules, regulations and guidelines as applicable in respect of the Debentures and obtain such regulatory approvals as may be required from time to time, including but not limited, in relation to the following (i) the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as may be in force from time to time during the currency of the Debentures ; and (ii) the provisions of the listing agreement entered into by the Issuer with the BSE in relation to the Debentures;

**(xi) SECURITY**

- a. The Issue shall be secured in favour of the Debenture Trustee (for the benefit of the Debenture Holders) being a first ranking exclusive charge by way of hypothecation comprising of the assets of the company as follows.
- b. From the Deemed Date of Allotment, the charge shall be created over specific loan receivables / book debt, present and future, representing amounts due from the various borrowers of the Issuer and not overdue for more than 30 (Thirty) days (“**Hypothecated Assets**”), such that the principal amount of security shall be equal to 1.10 (One Decimal Point One Zero) times the aggregate amount of the outstanding principal of the Debentures (“**Security Cover**”) It is clarified that the Security Cover shall be sufficient to cover the principal and coupon amounts outstanding under the Debentures at all times.
- c. The Issuer undertakes:
  - I. to maintain the Security Cover at all times, during the period of the Issue;
  - II. Issuer’s receivables forming part of the Hypothecated Assets shall be selected from the Company’s branches where PAR 30 shall not exceed 1.5% (One Decimal Five Percent) of the portfolio of that branch;
  - III. Issuer’s receivables forming part of the Hypothecated Assets shall be less than 30 days overdue. If a receivable exceeds 30 days overdue, such receivable shall be replaced within 15 days;
  - IV. Issuer’s receivables forming part of the Hypothecated Assets must be diversified over the portfolio of the Issuer such that receivables from any state accounts for less than 30% of the receivables forming part of the Hypothecated Assets;
  - V. to register and perfect the security over the Hypothecated Assets by executing a duly stamped Deed of hypothecation (“**Deed of**



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**Hypothecation**) prior to the Deemed Date of Allotment and filing the relevant form immediately and no later than 15 (Fifteen) calendar days from the date of execution of the Deed of Hypothecation;

- VI. The charge over the Hypothecated Assets is to be created prior to the Deemed Date of Allotment. In the event the Security Cover is not created or has insufficiently created, the proceeds from the Issue are to be placed in an escrow account until the creation of security which shall be no later than one month from the Deemed Date of Allotment. In the event of failure to create the security within one month, the monies are to be reimbursed to the Investors.
- VII. Commencing from the Deemed Date of Allotment till the Maturity Date, to provide a list, on a monthly basis, of specific loan receivables / identified book debt to the Debenture Trustee and Debenture Holders over which charge is created and subsisting by way of hypothecation in favour of the Debenture Trustee (for the benefit of the Debenture Holders) and sufficient to maintain the Security Cover ("**Monthly Hypothecated Asset Report**").
- VIII. On and from the fifteen day after the Deemed Date of Allotment and until the Maturity Date, the Company shall, on the Security Cover being diminished within 30 (thirty) calendar days, add fresh loan assets to the secured assets (under the Deed of Hypothecation) so as to maintain the Security Cover.
- IX. The Company shall, on an half yearly basis, as also whenever required by the Trustee, give full particulars to the Trustee of all the moveable assets of the charge from time to time and shall furnish and verify all statements, reports, returns, certificates and information from time to time and as required by the Trustee and make furnish and execute all necessary documents to give effect to this security; and
- X. Nothing contained herein shall prejudice the rights or remedies of the Trustee and/ or the Debenture Holders in respect of any present or future security, guarantee obligation or decree for any indebtedness or liability of the Company to the Trustee and/ or the Debenture Holders.

**7.4 NEGATIVE COVENANTS:-**

Without the prior written permission of the Trustee, the Company shall not take any action in relation to the items set out in this Clause. The Trustee shall give its prior written approval/dissent within 15 (fifteen) Business Days after having received a request to give its approval provided such request is accompanied by the relevant information substantiating the request for the Debenture Holders to make a conscious discussion. The Trustee shall take the consent of the Majority Debenture Holders prior to any such approval/dissent.

**(i) CHANGE OF BUSINESS**

Change the general nature of its business from that which is permitted under the 'Non-Banking Financial Company-Micro Finance Institutions' directions issued by the RBI.

**(ii) CONSTITUTIONAL DOCUMENTS**



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Change its articles of incorporation or organizational documents in any material way which would prejudicially affect the interests of the Debenture Holders.

**(iii) DIVIDEND**

Declare or pay any dividend to its shareholders during any financial year unless it has paid all the dues to the Debenture Holders/Trustee upto the date on which the dividend is proposed to be declared or paid or has made satisfactory provisions therefor provided that such dividend shall be declared and/or paid only from income earned from the financial year in which such dividend has been declared and/or paid and so long as no Event of Default exists or is continuing or would result therefrom.

**(iv) MERGER, CONSOLIDATION, ETC.**

Undertake or permit any merger, consolidation, re-organisation, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction.

**(v) DISPOSAL OF ASSETS**

Sell, transfer, or otherwise dispose of in any manner whatsoever any material assets of the Issuer, other than in ordinary course of business including any securitization / portfolio sale of assets undertaken by the Issuer in its ordinary course of business.

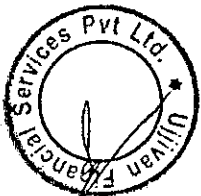
**7.5 FINANCIAL COVENANTS AND ADDITIONAL COVENANTS:-**

- (i) The ratio of Adjusted Financial Indebtedness to Tangible Net Worth shall not exceed 5:1 (five to one) at any point of time.
- (ii) Issuer's receivables shall be selected from the Company's branches where PAR 30 shall not exceed 1.5% (One Decimal Five Percent) of the portfolio of that branch.
- (iii) PAR 30 shall not exceed 1.5% (One Decimal Five Percent) of the entire assets under management of the issuer.
- (iv) Mr. Samit Ghosh shall continue to be the managing director and chief executive officer of the Company.
- (v) The ratio of Net NPA to Tangible Net Worth shall not exceed 0.10% (Zero point One Zero Percent) at all times. For the purpose of this sub clause, the term "Net NPA" shall have meaning ascribed to the term in the NBFC Guidelines.

For the purpose of this aforesaid clause, the following definitions may be relied upon:

"Adjusted Financial Indebtedness" means, at any time, the Financial Indebtedness of the Company as reduced by the amount of subordinated debt availed and outstanding that has an original tenure of at least 5 (five) years and residual maturity of at least 3 (three) years as measured on each Quarter Report Date.

"Capital Adequacy Ratio" means the ratio of capital adequacy to be maintained by non-banking financial companies in accordance with the guidelines issued by RBI from time to time.



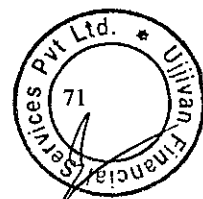
“*Portfolio-at-Risk 30*” or “*PAR 30*” shall mean, in a district or a branch or on the Company’s entire assets under management at any point of time, as the case may be, the outstanding principal value of the relevant portfolio of the Company that has one or more instalments of principal, interest, penalty interest, fee or any other expected payments overdue for 30 days or more, includes restructured loans but excludes loans that have been written off by the Company.

“*Tangible Net Worth*” means, at any time, the aggregate amount of equity capital, equity share premium and reserves (excluding revaluation reserves), as reduced by the aggregate amount of goodwill, other intangible assets and investments in group companies.

## **7.6 REPORTING COVENANTS**

The Issuer shall provide the Trustee (along with sufficient copies for all Debenture Holders if the Trustee so requests) the following:

- (a) certified true copies of the audited balance sheet and the profit and loss statement for any financial year by no later than 3 (three) Months from the end of such financial year;
- (b) certified true copies of the balance sheet and the profit and loss statement, together with schedules, for every Quarter by no later than 45 (Forty Five) days from the end of such Quarter;
- (c) within 4 (four) weeks from the Deemed Date of Allotment, the End Use Certificate;
- (d) an End Use Certificate in a form and manner acceptable to the Trustee on a periodic basis in accordance with the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993;
- (e) all documents filed with any Governmental Authority in connection with this Deed or other Transaction Documents;
- (f) a report provided within 15 (Fifteen) Business Days of each Quarter Report Date containing the following particulars with respect to the preceding financial quarter:
  - (i) compliance of the issuer with respect to the use of the proceeds raised through the issue of the Debentures;
  - (ii) details of Interest and Scheduled Redemption Amounts due but unpaid and reasons for the same;
  - (iii) a statement that the Security is sufficient to discharge the claim of the Debenture Holders as and when they become due
  - (iv) the number and nature of grievances received from the Debenture Holders and resolved by the issuer.



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- (g) within 15 (Fifteen) Business Days of each Quarter Report Date, an updated list of names and address of all Debenture Holders and the number of Debentures held by each Debenture Holder;
- (h) the issuer agrees to send to the Debenture Holder(s), and also to the Stock Exchange for dissemination a half-yearly communication, countersigned by the Debenture Trustee containing the following information:
- A. Credit rating of the Debentures;
  - B. Debt-equity ratio;
  - C. Previous due date for the payment of Interest and the Scheduled Redemption Amounts and whether the same has been paid or not; and
  - D. Next due date of payment of Interest and Scheduled Redemption Amounts.
- (i) any other document/ information required to be provided to the Trustee in accordance with the Applicable Law, including, without limitation, the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (as amended from time to time);
- (j) any other information as the Trustee (by itself or acting on Approved Instructions) may reasonably request;
- (k) Quarterly Covenant Compliance Certificate in accordance with paragraph 10.3 of Schedule 1 (*Financial Covenants and Conditions*) and as per the format provided in Schedule 9. The Quarterly Compliance Certificate shall be provided no later than 25 (Twenty Five) days from a Quarter Report Date,; and
- (l) shareholding pattern, within 15 (Fifteen) Business Days of each Quarter Report Date.
- (m) Monthly Report
- i. The Company shall ensure that the Trustee receives the Monthly Report (in the form as laid out in Schedule 11 (*Format of the Monthly Report*)) on or before a Monthly Report Date. The Monthly Report shall be certified by the authorised signatories of the Company. The Monthly Report shall contain the following:
    - ii. A list of Eligible Loan Agreements forming part of the Company's Receivables after substitution in accordance with Clause 6.3 (Eligibility and Replacement) of this Deed. Such list will provide all relevant details including for each such Eligible Loan Agreement (i) the name of the Borrower, (ii) the identifying number and details, (iii) the amount not received, (iv) amount outstanding, (v) the number of days past due date and (vi) the state from which the loan has been provided.





**7.7 EVENT OF DEFAULT**

Each of the following shall constitute an Event of Default with respect to the Debentures and shall be set out in the Transaction Documents.

a. Non-payment

An Event of Issuer Non Payment.

“**Event of Issuer Non Payment**” is the failure by the Company to make the payment of Scheduled Redemption Amounts and the Interest or any other amounts it is obligated to pay in accordance with the Transaction Documents.

b. Security

1. The reduction in the Security to Debt Ratio below 1.10:1(One Point One Zero: One) during the tenure of the Debentures; or
2. The Company defaults in the performance or observance of any other obligations under Clause 6 (Security); or
3. Any Security Document does not (once entered into) create or evidence the creation of, as the case may be, in favour of the Trustee for the benefit of the Secured Parties, Security which it is expressed to create, or whose creation it evidenced as the case may be, fully perfected, with the ranking and priority it is expressed to have; or
4. Any Security created pursuant to, or evidenced by, any Security Document, ceases to endure to the benefit of the Secured Parties.

c. Other obligations

The Company does not comply with or breaches any provision of any Transaction Document to which it is a party, including any covenants and undertakings of the Company under this Deed. A grace period of 1 (One) month shall be provided by the Trustee to the Company to correct a breach under Clause 10.2 of Schedule 1 (Financial Covenants and Conditions).

d. Misrepresentation

- (i) Any representation, warranty or statement made by the Company in any Transaction Document to which it is a party, is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.

e. Insolvency

- i. The Company is unable to, is presumed or deemed by Applicable Law to be unable to, or admits its inability to, pay its debts as they



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fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to reschedule any of its indebtedness; or

- ii. The Company commits any act of bankruptcy, insolvency, suspends payment to any of its creditors, or if any petition of bankruptcy or winding up is filed by or against any of them which petition is not withdrawn or dismissed within 60(Sixty) days of being admitted; or
- iii. A moratorium is declared in respect of any indebtedness of the Company.

f. Insolvency proceedings

Any corporate action, legal proceedings or other procedure or step is taken in relation to:

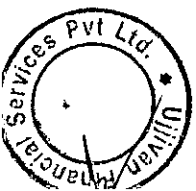
1. the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration, provisional supervision or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Company other than a solvent liquidation or reorganisation of the Company;
2. a composition, compromise, assignment or arrangement with any creditor of the Company;
3. the appointment of a liquidator (other than in respect of a solvent liquidation of the Company), receiver, administrative receiver, administrator, compulsory manager, provisional supervisor or other similar officer in respect of the Company or any of their assets; or
4. enforcement of any Security over any assets of the Company, or any analogous procedure or step is taken in any jurisdiction which have a material effect on the obligations of the Company.

g. Judgments, creditors' process

1. The Company fails to comply with or pay any sum due from it under any final judgment or any final order made or given by a court of competent jurisdiction; or
2. Any expropriation, attachment, sequestration, distress or execution affects any asset or assets of the Company

h. Moratorium

The Government of India or any relevant Governmental Authority declares a general moratorium or "standstill" (or makes or passes any order or regulation having a similar effect) in respect of the payment or repayment of any Financial Indebtedness (whether in the nature of principal, interest or otherwise) (or any indebtedness which includes



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Financial Indebtedness) owed by Indian companies or other entities (and whether such declaration, order or regulation is of general application, applies to a class of persons which includes the Company).

i. Unlawfulness / Impossibility

1. It is or becomes unlawful or impossible for the Company to perform any of its obligations under any Transaction Document to which it is a Party; or
2. Any Transaction Document, or any obligation of the Company under any Transaction Document, is not or ceases to be legal, valid, binding or enforceable; or
3. Any Transaction Document ceases to be in full force and effect or is alleged by a party to it to be ineffective for any reason.

j. Repudiation

The Company repudiates any Transaction Document to which it is a party or evidences an intention to repudiate any Transaction Document to which it is a party.

k. Expropriation

Any governmental or other authority (whether de jure or de facto) nationalises, compulsorily acquires, expropriates or seizes all or any part of the Business or assets of the Company.

l. Material Adverse Effect

The Majority Debenture Holders determine that a Material Adverse Effect exists, has occurred or could reasonably be expected to occur.

m. Material licences

Any license, authorization or approval is amended, replaced, revoked, withdrawn, terminated or suspended, which may have a Material Adverse Effect on the Business of the Company.

n. Material Litigation

Any litigation, arbitration, investigative or administrative proceeding is current, pending or threatened and is not stayed or resolved within 90 (Ninety) days from the date of its commencement:

- to restrain the Company's entry into, the exercise of any of the Company's rights under, or compliance by the Company with any of its obligations under, the Transaction Documents to which it is a Party; or



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- which the Majority Debenture Holders otherwise determine has or if, adversely determined, could reasonably be expected to have a Material Adverse Effect.

**o. Cross Default**

1. Any Financial Indebtedness of the Company is not paid when due nor within any originally applicable grace period; or
2. Any Financial Indebtedness of the Company is declared to become due and payable prior to its specified maturity as a result of an event of default (however described); or
3. Any Encumbrance over any assets of the Company to secure any Financial Indebtedness (other than the Debentures) is enforced by any lender.

**p. Cessation of Business**

The Company suspends or ceases to carry on or disposes of (or threatens to suspend or cease to carry on or to dispose of) all or a material part of its Business.

**q. Listing of the Debentures**

1. The Company fails to get the Debentures listed on the Stock Exchange within 15 (Fifteen) days from the Deemed Date of Allotment.
2. The Debentures are delisted from the Stock Exchange during the tenure of the Debentures for any reason whatsoever.

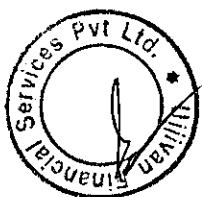
**r. Downgrade in credit rating**

The credit rating of the Debentures or Company is downgraded below A- (pronounced "A minus") by a Rating Agency or a credit rating below A- (pronounced "A minus") is assigned to the Company or to any debt availed / issued by the Company.

**7.8 CONSEQUENCES OF EVENTS OF DEFAULT**

Upon the occurrence of an Event of Default the Trustee shall (in its discretion), or shall upon a request from any Debenture Holders, notify the Company that an Event of Default has occurred and the Default Interest shall be payable. Further, the Trustee may, acting upon Approved Instructions, declare the Debt to be due and payable immediately. In case the Company does not redeem the Debentures and satisfy the Debt upon becoming due and payable as mentioned above, the Trustee shall have the following rights:

- a. upon receiving Approved Instructions, to enforce any Security created pursuant to the Transaction Documents towards repayment of the Debt;



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- b. to take all such other action expressly permitted under this Deed or in the other Transaction Documents or permitted under the Applicable Law; and
- c. to exercise such other rights as the Trustee may deem fit under Applicable Law to protect the interest of the Debenture Holders.



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**SECTION 8: OTHER INFORMATION AND APPLICATION PROCESS**

The Debentures being offered as part of the Issue are subject to the provisions of the Act, the Memorandum and Articles of Association of the Issuer, the terms of this Information Memorandum, Application Form and other terms and conditions as may be incorporated in the Transaction Documents.

**8.1 Mode of Transfer/Transmission of Debentures**

The Debentures shall be transferable freely; however, it is clarified that no Investor shall be entitled to transfer the Debentures to a person who is not entitled to subscribe to the Debentures. The Debenture(s) shall be transferred and/or transmitted in accordance with the applicable provisions of the Act and other applicable laws. The Debentures held in dematerialized form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant DPs of the transferor or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, amounts due will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the R&T Agent as on the Record Date, under all circumstances. In cases where the transfer formalities have not been completed by the transferor, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Debentures held in dematerialised form. The seller should give delivery instructions containing details of the buyer's DP account to his DP.

**8.2 Debentures held in Dematerialised Form**

The Debentures shall be held in dematerialised form and no action is required on the part of the Debenture Holder(s) for redemption purposes and the redemption proceeds will be paid by cheque/fund transfer/RTGS to those Debenture Holder(s) whose names appear on the list of beneficiaries maintained by the R&T Agent. The names would be as per the R&T Agent's records on the Record Date fixed for the purpose of redemption. All such Debentures will be simultaneously redeemed through appropriate debit corporate action.

The list of beneficiaries as of the Record Date setting out the relevant beneficiaries' name and account number, address, bank details and DP's identification number will be given by the R&T Agent to the Issuer. If permitted, the Issuer may transfer payments required to be made in any relation by EFT/RTGS to the bank account of the Debenture Holder(s) for redemption payments.

**8.3 Trustee for the Debenture Holder(s)**

The Issuer has appointed GDA Trusteeship Limited to act as trustee for the Debenture Holder(s). The Issuer and the Debenture Trustee intends to enter into the Debenture Trustee Agreement and the Debenture Trust Deed *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and the Issuer. The Debenture Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Debentures as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the Debenture Holder(s). Any payment made by the Issuer to the Debenture Trustee on behalf of the Debenture Holder(s) shall discharge the Issuer *pro tanto* to the Debenture Holder(s). The Debenture Trustee will protect the interest of the Debenture Holder(s) in regard to the repayment of principal and yield thereon and they will take necessary action, subject to and in accordance



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with the Debenture Trustee Agreement and the Debenture Trust Deed, at the cost of the Issuer. No Debenture Holder shall be entitled to proceed directly against the Issuer unless the Debenture Trustee, having become so bound to proceed, fails to do so. The Debenture Trustee Agreement and the Debenture Trust Deed shall more specifically set out the rights and remedies of the Debenture Holder(s) and the manner of enforcement thereof.

### **8.4 Sharing of Information**

The Issuer may, at its option, but subject to applicable laws, use on its own, as well as exchange, share or part with any financial or other information about the Debenture Holder(s) available with the Issuer, with its subsidiaries and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither the Issuer nor its subsidiaries and affiliates nor their agents shall be liable for use of the aforesaid information.

### **8.5 Debenture Holder not a Shareholder**

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

### **8.6 Modification of Debentures**

The Debenture Trustee and the Issuer will agree to make any modifications in the Information Memorandum which in the opinion of the Debenture Trustee is of a formal, minor or technical nature or is to correct a manifest error.

Any other change or modification to the terms of the Debentures shall require approval by the Majority Debenture Holders.

For the avoidance of doubt, the following matters require the consent of Majority Debenture Holders, either by providing their express consent in writing or by way of a resolution at a duly convened meeting of the Debenture Holders:

- (a) Creating of any additional security; and
- (b) Amendment to the terms and conditions of the Debentures or the Transaction Documents.

### **8.7 Right to accept or reject Applications**

The Board of Directors/Committee of Directors reserves its full, unqualified and absolute right to accept or reject any application for subscription to the Debentures, in part or in full, without assigning any reason thereof.

### **8.8 Notices**

Any notice may be served by the Issuer/ Debenture Trustee upon the Debenture Holders through registered post, recognized overnight courier service, hand delivery or by facsimile transmission addressed to such Debenture Holder at its/his registered address or facsimile number.

All notice(s) to be given by the Debenture Holder(s) to the Issuer/ Debenture Trustee shall be sent by registered post, recognized overnight courier service, hand delivery or by facsimile transmission to the Issuer or to such persons at such address/ facsimile number as may be



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notified by the Issuer from time to time through suitable communication. All correspondence regarding the Debentures should be marked "Private Placement of Debentures".

Notice(s) shall be deemed to be effective (a) in the case of registered mail, 3 (three) calendar days after posting; (b) 1 (One) Business Day after delivery by recognized overnight courier service, if sent for next Business Day delivery; (c) in the case of facsimile at the time when dispatched with a report confirming proper transmission; or (d) in the case of personal delivery, at the time of delivery.

### **8.9 Issue Procedure**

Only Eligible Investors as given hereunder and identified upfront by the Issuer may apply for the Debentures by completing the Application Form in the prescribed format in block letters in English as per the instructions contained therein. The minimum number of Debentures that can be applied for and the multiples thereof shall be set out in the Application Form. No application can be made for a fraction of a Debenture. Application Forms should be duly completed in all respects and applications not completed in the said manner are liable to be rejected. The name of the applicant's bank, type of account and account number must be duly completed by the applicant. This is required for the applicant's own safety and these details will be printed on the refund orders and /or redemptions warrants.

The applicant should transfer payments required to be made in any relation by EFT/RTGS, to the bank account of the Issuer as per the details mentioned in the Application Form.

### **8.10 Application Procedure**

Eligible investors will be invited to subscribe by way of the Application Form prescribed in the Information Memorandum during the period between the Issue Opening Date and the Issue Closing Date (both dates inclusive). The Issuer reserves the right to change the issue schedule including the Deemed Date of Allotment at its sole discretion, without giving any reasons or prior notice. The Issue will be open for subscription during the banking hours on each day during the period covered by the Issue Schedule.

### **8.11 Fictitious Applications**

All fictitious applications will be rejected.

### **8.12 Basis of Allotment**

Notwithstanding anything stated elsewhere, Issuer reserves the right to accept or reject any application, in part or in full, without assigning any reason. Subject to the aforesaid, in case of over subscription, priority will be given to Investors on a first come first serve basis. The investors will be required to remit the funds as well as submit the duly completed Application Form along with other necessary documents to Issuer by the Deemed Date of Allotment.

### **8.13 Payment Instructions**

The Application Form should be submitted directly or through the Sole Arranger. The entire amount of Rs. 1,000,000/- (Rupees Ten Lakhs only) per Debenture is payable along with the making of an application. Applicants can remit the application amount through RTGS on Pay-in Date. The RTGS details of the Issuer are as under:

Beneficiary Name : Ujjivan Financial Services Private Limited  
Bank Account No. : 0833215000029  
IFSC Code : HDFC0000833





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Bank Name : HDFC Bank Limited  
Branch Address : Jakkasandra Branch, Bangalore-560034

**8.14 Eligible Investors**

The following categories of Investors, who have been specifically approached and have been identified upfront, are eligible to apply for this private placement of Debentures subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form:

- (a) Mutual Funds
- (b) Non-banking financial companies
- (c) Provident Funds and Pension Funds
- (d) Corporates
- (e) Banks
- (f) Foreign Institutional Investors (FIIs)
- (g) Qualified Foreign Investors (QFIs)
- (h) Insurance Companies
- (i) Investment holding companies of high net worth individuals
- (j) Any other person eligible 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.

**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 are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them.

The Debentures are and have been placed on a private placement basis and shall not be issued to more than 49 (Forty Nine) Eligible Investors.

**8.15 Procedure for Applying for Dematerialised Facility**

- (a) The applicant must have at least one beneficiary account with any of the DP's of NSDL/CDSL prior to making the application.
- (b) The applicant must necessarily fill in the details (including the beneficiary account number and DP - ID) appearing in the Application Form under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form".
- (c) Debentures allotted to an applicant will be credited to the applicant's respective beneficiary account(s) with the DP.
- (d) For subscribing to the Debentures, names in the Application Form should be identical to those appearing in the details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details maintained with the DP.
- (e) Non-transferable allotment advice/refund orders will be directly sent to the applicant by the Registrar and Transfer Agent to the Issue.
- (f) If incomplete/incorrect details are given under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form" in the Application Form, it will be



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deemed to be an incomplete application and the same may be held liable for rejection at the sole discretion of the Issuer.

- (g) For allotment of Debentures, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-à-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for the losses, if any.
- (h) The redemption amount or other benefits would be paid to those Debenture Holders whose names appear on the list of beneficial owners maintained by the R&T Agent as on the Record Date. In case of those Debentures for which the beneficial owner is not identified in the records of the R&T Agent as on the Record Date, the Issuer would keep in abeyance the payment of the redemption amount or other benefits, until such time that the beneficial owner is identified by the R&T Agent and conveyed to the Issuer, whereupon the redemption amount and benefits will be paid to the beneficiaries, as identified.

### **8.16 Depository Arrangements**

The Issuer shall make necessary arrangement with CDSL and NSDL for issue and holding of Debenture in dematerialised form.

### **8.17 List of Beneficiaries**

The Issuer shall request the R&T Agent to provide a list of beneficiaries as at the end of each Record Date. This shall be the list, which will be used for payment or repayment of redemption monies.

### **8.18 Application under Power Of Attorney**

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories of the Investor and the tax exemption certificate/document of the Investor, if any, must be lodged along with the submission of the completed Application Form. Further modifications/additions in the power of attorney or authority should be notified to the Issuer or to its agents or to such other person(s) at such other address(es) as may be specified by the Issuer from time to time through a suitable communication.

In case of an application made by companies under a power of attorney or resolution or authority, a certified true copy thereof along with memorandum and articles of association and/or bye-laws along with other constitutional documents must be attached to the Application Form at the time of making the application, failing which, the Issuer reserves the full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereto. Names and specimen signatures of all the authorized signatories must also be lodged along with the submission of the completed Application Form.

### **8.19 Procedure for application by Mutual Funds and Multiple Applications**

In case of applications by mutual funds and venture capital funds, a separate application must be made in respect of each scheme of an Indian mutual fund/venture capital fund registered with the SEBI and such applications will not be treated as multiple application, provided that



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the application made by the asset management company/trustee/custodian clearly indicated their intention as to the scheme for which the application has been made.

The application forms duly filled shall clearly indicate the name of the concerned scheme for which application is being made and must be accompanied by certified true copies of

- (a) SEBI registration certificate
- (b) Resolution authorizing investment and containing operating instructions
- (c) Specimen signature of authorized signatories

**8.20 Documents to be provided by Investors**

Investors need to submit the following documents, as applicable

- (a) Memorandum and Articles of Association or other constitutional documents
- (b) Resolution authorising investment
- (c) Power of Attorney to custodian
- (d) Specimen signatures of the authorised signatories
- (e) SEBI registration certificate (for Mutual Funds)
- (f) Copy of PAN card
- (g) Application Form (including RTGS details)

**8.21 Applications to be accompanied with Bank Account Details**

Every application shall be required to be accompanied by the bank account details of the applicant and the magnetic ink character reader code of the bank for the purpose of availing direct credit of redemption amount and all other amounts payable to the Debenture Holder(s) through EFT/RTGS.

**8.22 Succession**

In the event of winding-up of the holder of the Debenture(s), the Issuer will recognize the executor or administrator of the concerned Debenture Holder(s), or the other legal representative as having title to the Debenture(s). The Issuer shall not be bound to recognize such executor or administrator or other legal representative as having title to the Debenture(s), unless such executor or administrator obtains probate or letter of administration or other legal representation, as the case may be, from a court in India having jurisdiction over the matter.

The Issuer may, in its absolute discretion, where it thinks fit, dispense with production of probate or letter of administration or other legal representation, in order to recognize such holder as being entitled to the Debenture(s) standing in the name of the concerned Debenture Holder on production of sufficient documentary proof and/or an indemnity.

**8.23 Mode of Payment**

All payments must be made through EFT/RTGS as set out in the Application Form.

**8.24 Effect of Holidays**

In case any Due Date falls on a day which is not a Business Day the payment to be made on such Due Date shall be made on the next Business Day, except where the Redemption Date falls on a day which is not a Business Day, in which case all payments to be made on the Redemption Date (including accrued Coupon), shall be made on the immediately preceding Business Day.



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**8.25 Tax Deduction at Source**

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source. For seeking TDS exemption/lower rate of TDS, relevant certificate/document must be lodged by the debenture holders at the office of the Registrar & Transfer Agents of the Company at least 15 (Fifteen) days before the relevant payment becoming due. Tax exemption certificate / declaration of non-deduction of tax at source on interest on application money, should be submitted along with the Application Form.

If any payments under this issuance is subject to any tax deduction other than such amounts as are required as per current regulations existing as on the date of the Debenture Trust Deed, including if the Company shall be required legally to make any payment\*for Tax from the sums payable under the Debenture Trust Deed, (“**Tax Deduction**”), the Company shall make such Tax Deduction, and shall simultaneously pay to the Debenture Holders such additional amounts as may be necessary in order that the net amounts received by the Debenture Holders after the Tax Deduction shall equal the respective amounts which would have been receivable by the Debenture Holders in the absence of such Tax Deduction.

**8.26 Letters of Allotment**

The letter of allotment, indicating allotment of the Debentures, will be credited in dematerialised form within 2 (Two) Business Days from the Deemed Date of Allotment. The aforesaid letter of allotment shall be replaced with the actual credit of Debentures, in dematerialised form, within 7 (Seven) Business Days from the Deemed Date of Allotment.

**8.27 Deemed Date of Allotment**

All the benefits under the Debentures will accrue to the Investor from the specified Deemed Date of Allotment. The Deemed Date of Allotment for the Issue is March 20,2015 by which date the Investors would be intimated of allotment.

**8.28 Record Date**

The Record Date will be 15 (Fifteen) calendar days prior to any Due Date.

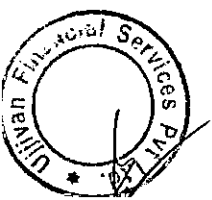
**8.29 Refunds**

For applicants whose applications have been rejected or allotted in part, refund orders will be dispatched within 7 (Seven) days from the Deemed Date of Allotment of the Debentures.

In case the Issuer has received money from applicants for Debentures in excess of the aggregate of the application money relating to the Debentures in respect of which allotments have been made, the Registrar shall upon receiving instructions in relation to the same from the Issuer repay the moneys to the extent of such excess, if any.

**8.30 Interest on Application Money**

Interest shall be payable on all application monies received at the Coupon Rate of 13.65% (Thirteen Decimal Point Six Five Percent) per annum calculated on XIRR basis, gross of withholding taxes, from the date of realization of the application monies by the Issuer until the Deemed Date of Allotment and the same shall be paid to the relevant Investors within 7 (Seven) Business Days from the Deemed Date of Allotment.



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**8.31 PAN Number**

Every applicant should mention its Permanent Account Number (“PAN”) allotted under Income Tax Act, 1961, on the Application Form and attach a self attested copy as evidence. Application forms without PAN will be considered incomplete and are liable to be rejected.

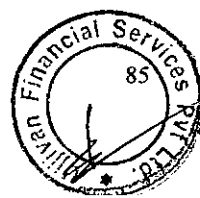
**8.32 Payment on Redemption**

Payment on redemption will be made by way of cheque(s)/redemption warrant(s)/demand draft(s)/credit through RTGS system/funds transfer in the name of the Debenture Holder(s) whose names appear on the list of beneficial owners given by the Depository to the Issuer as on the Record Date.

The Debentures shall be taken as discharged on payment of the redemption amount by the Issuer on maturity to the registered Debenture Holder(s) whose name appears in the Register of Debenture Holder(s) on the Record Date. On such payment being made, the Issuer will inform NSDL/CDSL and accordingly the account of the Debenture Holder(s) with NSDL/CDSL will be adjusted.

On the Issuer dispatching the amount as specified above in respect of the Debentures, the liability of the Issuer shall stand extinguished.

**Disclaimer:** Please note that only those persons to whom this memorandum has been specifically addressed are eligible to apply. However, an application, even if complete in all respects, is liable to be rejected without assigning any reason for the same. The list of documents provided above is only indicative, and an investor is required to provide all those documents / authorizations / information, which are likely to be required by the Issuer. The Issuer may, but is not bound to revert to any investor for any additional documents / information, and can accept or reject an application as it deems fit. Investment by investors falling in the categories mentioned above are merely indicative and the Issuer does not warrant that they are permitted to invest as per extant laws, regulations, etc. Each of the above categories of investors is required to check and comply with extant rules/regulations/ guidelines, etc. governing or regulating their investments as applicable to them and the Issuer is not, in any way, directly or indirectly, responsible for any statutory or regulatory breaches by any investor, neither is the Issuer required to check or confirm the same.

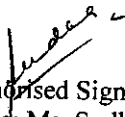


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**SECTION 9: DECLARATION**

The Issuer declares that all the relevant provisions in the regulations/guidelines issued by SEBI and other applicable laws have been complied with and no statement made in this Information Memorandum is contrary to the provisions of the regulations/guidelines issued by SEBI and other applicable laws, as the case may be. The information contained in this Information Memorandum is as applicable to privately placed debt securities and subject to information available with the Issuer. The extent of disclosures made in the Information Memorandum is consistent with disclosures permitted by regulatory authorities to the issue of securities made by the companies in the past.

For Ujjivan Financial Services Private Limited

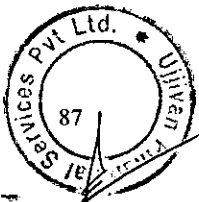
  
Authorised Signatory  
Name: Ms. Sudha Suresh  
Title: Chief Financial Officer  
Date: March 20, 2015



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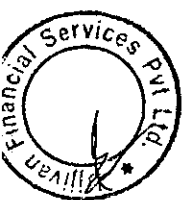
**ANNEXURE I: TERM SHEET**

**AS PER CLAUSE 6.22 ISSUE DETAILS**



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**ANNEXURE II: RATING LETTER & RATING RATIONALE**







## Ujjivan Financial Services Private Limited

	Amount in Rs. Crore	Rating Action
Non Convertible Debentures	75.00	[ICRA]A- (Positive); assigned

ICRA has assigned a rating of [ICRA]A- (pronounced ICRA A minus)\* to the Rs. 75 crore long term Non Convertible Debenture (NCD) programme of Ujjivan Financial Services Private Limited (Ujjivan). The outlook on the rating is **positive**. Additionally, ICRA also has a [ICRA]A- rating with a positive outlook outstanding on Rs. 90 crore NCD program of the company.

The rating factors in Ujjivan's sound management and diverse board composition, strong IT systems, prudent lending practices and, adequate internal control and monitoring processes. ICRA has taken note of equity infusion of Rs 140 crore in February 2015 and an additional Rs. 160 crore that the company is expecting to secure by March 2015. This infusion is likely to help the company in meeting the equity needs for the planned rapid expansion (a compounded annual growth rate of 45%-50% over the next couple of years) of the company, for which it would need consistent external equity infusion (Rs. 400-450 crore over three years, if it maintains leveraging of about 5 times). Ujjivan's ability to scale up its operations while maintaining a strict control asset quality and sustained profitability could lead to an upward revision in the rating.

So far company has maintained good asset quality (0+ dpd rate of 0.17% as on Dec-14) while growing across geographies. The company has geographically diversified presence across 24 states in India; in the current fiscal, the company has opened branches in two new states. ICRA expects the liquidity of the company to remain comfortable in light of funding lines from about 35 lenders. Overall, the rating remains constrained on account of monoline nature of its business, marginal borrower profile, high operational risk inherent in the business, lack of diversification in earnings and challenges associated with significant growth.

ICRA takes note of the rapid expansion plans (a compounded annual growth rate of 45%-50% over the next couple of years) of the company, for which it would need consistent external equity infusion (after 1.5-2 years), further increase in the funding lines as well as large scale recruitment and training of employees. The company's ability to manage such a high pace of growth will remain a key rating sensitivity, although ICRA takes comfort from the company's ability to mobilise external equity in the past as well as its relationship with large number of investors and lenders.

Though Ujjivan has funding lines from about 35 lenders, its reliance on term loans is high i.e. 83% as on Sep-14. The cost of funds for the company continues to be amongst the lowest in its peer group. Given that the spreads have been fixed by the RBI at 10%, the company has been able to offer relatively lower rates (23.6% on group loans, relatively low compared to peers) owing to its low cost of funds. The liquidity position remains comfortable given that the residual tenure of liabilities is around 2-3 years, while that of the assets is around 1-2 year, resulting in a favourable ALM position.

Ujjivan's profitability indicators have been moderate (Return on Networth of 16.3% in Dec-14 and 15.9% as in Mar-14), which was supported by relatively low operating expenses (7.6% of average managed advances). The company has increased its provisioning for the relatively riskier Individual Loan portfolio, which along with the moderation in the lending yields and increase in the gearing level (6 times Dec 2014 vis a vis 4.5 times in March 2014) resulted in some moderation in the net profitability to 2.5% (provisional) as proportion of managed assets for 9MFY2015 as compared to 3.2% in FY2014. The profitability could remain moderate in the medium term owing to further branch expansion plans of the company as well as setting up a separate infrastructure for Individual loan portfolio, which can lead to a slight increase in the operating expenses. Nevertheless, these costs are expected to rationalise and yield benefits (in terms of better monitoring leading to reduced credit costs) over the long term. Further, it would be critical for the company to maintain strong asset quality in its individual loan (includes housing loan) segment (presently this segment has low delinquency for Ujjivan i.e. 0+ dpd of 0.51% as on Dec-14), which have historically witnessed higher delinquencies for

\* For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.



other players, to keep credit costs under check. Nevertheless, ICRA notes that the individual loan portfolio of Ujjivan has been built with customers who have graduated from group loan segment and have a good credit track record with Ujjivan; hence the risk in this portfolio is expected to be relatively lower than that for first time borrowers. While the overall asset quality of the company is good, the ability of the company to maintain good asset quality indicators while growing at a significant rate remains to be seen. Moreover, the operational and credit risks associated with the unsecured lending business—particularly given the marginal credit profile of borrowers—remain high.

Owing to its strong systems and processes, the company has been able to demonstrate high collection efficiencies; access to credit bureaus and regulatory ceiling on borrower indebtedness has reduced concerns on overleveraging and multiple lending for MFIs and has helped in curbing delinquencies. Overall, in light of high expected business growth rate, interest spread cap of 10%, rise in opex owing to branch expansion, and a prudent leveraging, ICRA expects the company to maintain ROE of 14-16% over the medium term, provided it maintains a strict control on asset quality.

#### **About the Company**

Ujjivan Financial Services Pvt. Ltd. (Ujjivan) is a Microfinance Institution (MFI) that was set up in October 2005 as an NBFC and became operational from January 2006. It was founded by Mr. Samit Ghosh, who is the CEO and Managing Director of the company at present. Ujjivan has its headquarters in Bangalore, with regional offices in New Delhi, Kolkata & Pune. Ujjivan's focus is to provide financial services to the economically backward women in urban and semi-urban areas.

As of December 2014, Ujjivan operates in 24 states with a network of 423 branches, with the top 3 states i.e. Karnataka, West Bengal and Maharashtra accounting for 44.8% of the portfolio. It has a portfolio of Rs. 2,870 crore as on December 31, 2014 with a client base of about 19 lakh members. The company has been able to receive equity from multiple investors in different rounds of equity infusion, with the latest being in March 2015. As on December 31, 2014, Ujjivan had a networth of Rs. 420 crore with a gearing of about 6 times.

**March 2015**

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**ANNEXURE III: CONSENT LETTER FROM THE DEBENTURE TRUSTEE**



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**ANNEXURE IV: APPLICATION FORM**

**UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED**

A private limited company incorporated under the Companies Act, 1956

Date of Incorporation: October 31, 2005

Registered Office: Grape Garden, 3rd 'A' Cross, 18th Main, 6th Block, Koramangala, Bengaluru

Telephone No: +91-80-4071 2121 Website: <http://www.ujjivan.com>

**DEBENTURE SERIES APPLICATION FORM SERIAL NO.** 1

**ISSUE OF UPTO 750 (SEVEN HUNDRED AND FIFTY) SECURED RATED LISTED REDEEMABLE NON CONVERTIBLE DEBENTURES OF**

**RS. 1,000,000/- (RUPEES TEN LAKHS ONLY) EACH AGGREGATING UPTO RS. 75,00,00,000/- (RUPEES SEVENTY FIVE CRORE ONLY), FULLY PAID UP FOR CASH AT PAR TO THE FACE VALUE**

**DEBENTURE SERIES APPLIED FOR:**

Number of Debentures **750** In words **Seven Hundred and Fifty Only**

Amount Rs. 75,00,00,000/- in words Rupees Seventy Five Crores Only

**DETAILS OF PAYMENT:**

RTGS

No. \_\_\_\_\_ Drawn on \_\_\_\_\_

Funds transferred to Ujjivan Financial Services Private Limited

Dated \_\_\_\_\_

Total Amount Enclosed

(In Figures) \_\_\_\_\_ (In words) \_\_\_\_\_

**APPLICANT'S NAME IN FULL (CAPITALS)**

**SPECIMEN SIGNATURE**

[•]	
-----	--

**APPLICANT'S ADDRESS**

<b>ADDRESS</b>					
<b>STREET</b>					
<b>CITY</b>	Luxembourg				
<b>PIN</b>		<b>PHONE</b>		<b>FAX</b>	

APPLICANT'S PAN/GIR NO.  
IT CIRCLE/WARD/DISTRICT \_\_\_\_\_





**GDA Trustee**

Believe in yourself... Trust us!



GDA/DEB/CL-MUM/2014-15/309

04th March, 2015

Ujjivan Financial Services Pvt. Ltd.  
Grape Garden, No. 27, 3rd A Cross,  
18th Main, Koramangala, 6th Block,  
Bengaluru: 560 095

K.A: Ms. Sudha Suresh

Dear Madam,

**Consent to act as Trustee for Secured, Rated Non-Convertible Debentures aggregating to Rs. 75 crores to be issued by your Company.**

This is with reference to the discussions and also to the mail dated 04th March 2015 in respect of appointment of GDA Trusteeship Limited to act as Debenture Trustee for the Secured, Rated, non-convertible debentures aggregating to Rs.75 crores to be issued by your Company. In this connection, we are agreeable to act as Trustee on the terms and conditions as mutually agreed between the Trustee and the Company.

The Company and the Trustee shall enter into relevant trustee agreements and other necessary documents for the aforesaid issue of NCDs and term loans and also agrees & undertakes to comply with the provisions of the SEBI (Debenture Trustees) Regulations, 1993, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI Circular No. SEBI/IMD/DOF-1/Bond/2009/11/05 dated 11/05/2009 on Simplified Listing Agreement for Debt Securities read with the SEBI Circular No. SEBI/IMD/DOF-1/BOND/Cir-5/2009 dated the 26th November, 2009, the RBI Circular No. RBI/2012-13/560 dated June 27, 2013, the Companies Act, 2013 and any other applicable statutes, regulations and provisions as amended from time to time.

We are also agreeable for inclusion of our name as trustees in the Company's offer document/disclosure document/ listing application/any other document to be filed with the Stock Exchange(s) or any other authority as required.

Yours faithfully,

Authorized Signatory



**GDA Trusteeship Ltd.**

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WE ARE (x) COMPANY ( ) OTHERS ( ) SPECIFY

We have read and understood the Terms and Conditions of the issue of Debentures including the Risk Factors described in the Memorandum and have considered these in making our decision to apply. We bind ourselves to these Terms and Conditions and wish to apply for allotment of these Debentures. We request you to please place our name(s) on the Register of Holders.

Name of the Authorised Signatory(ies)	Designation	Signature

Applicant's  
Signature

We the undersigned, are agreeable to holding the Debentures of the Company in dematerialised form. Details of my/our Beneficial Owner Account are given below:

<b>DEPOSITORY</b>	<b>NSDL (X) CDSL ( )</b>
<b>DEPOSITORY PARTICIPANT NAME</b>	
<b>DP-ID</b>	[•]
<b>BENEFICIARY ACCOUNT NUMBER</b>	[•]
<b>NAME OF THE APPLICANT(S)</b>	[•]

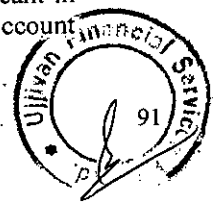
<b>Applicant Bank Account :</b>  (Settlement by way of Cheque / Demand Draft / Pay Order / Direct Credit / ECS / NEFT/RTGS/other permitted mechanisms)	<b>Beneficiary Bank Name:</b> <b>Account No:</b> <b>IFSC Code:</b> <b>Branch:</b>
--	--

<b>FOR OFFICE USE ONLY</b>
DATE OF RECEIPT _____ DATE OF CLEARANCE _____

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

We understand and confirm that the information provided in the Information Memorandum is provided by the Issuer and the same has not been verified by any legal advisors to the Issuer, the Arranger and other intermediaries and their agents and advisors associated with this Issue. We confirm that we have for the purpose of investing in these Debentures carried out our own due diligence and made our own decisions with respect to investment in these Debentures and have not relied on any representations made by anyone other than the Issuer, if any.

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 in this application are not identical and also not in the same order as the Beneficiary Account



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details with the above mentioned Depository Participant or if the Debentures cannot be credited to our Beneficiary Account for any reason whatsoever, the Company shall be entitled at its sole discretion to reject the application or issue the Debentures in physical form.

We understand that we are assuming on our own account, all risk of loss that may occur or be suffered by us including as to the returns on and/or the sale value of the Debentures and shall not look directly or indirectly to the Arranger (or to any person acting on its, or their behalf) to indemnify or otherwise hold us harmless in respect of any such loss and/or damage. We undertake that upon sale or transfer to subsequent investor or transferee (“**Transferee**”), we shall convey all the terms and conditions contained herein and in this Information Memorandum to such Transferee. In the event of any Transferee (including any intermediate or final holder of the Debentures) suing the Issuer (or any person acting on its or their behalf) we shall indemnify the Issuer and the Arranger (and all such persons acting on its or their behalf) and also hold the Issuer and Arranger and each of such person harmless in respect of any claim by any Transferee.

Applicant’s  
Signature

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

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

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

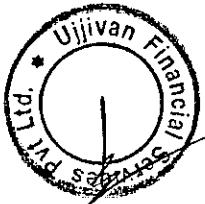
**- ACKNOWLEDGMENT SLIP**

*(To be filled in by Applicant)* SERIAL NO.

1									
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Received from \_\_\_\_\_

Address _____	
Cheque/Draft/UTR # _____	Drawn on _____ for
Rs. _____ on account of application of _____	Debenture





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**ANNEXURE V: LAST AUDITED FINANCIAL STATEMENTS**



**ANNEXURE VI: ILLUSTRATION OF BOND CASH FLOWS**

<b>Illustration of Bond Cash Flows</b>	
Company	Ujjivan Financial Services Private Limited
Face Value (per security)	INR 1,000,000/-
Issue Date	March 20, 2015
Date of Allotment	March 20, 2015
Redemption	March 20, 2017
Coupon Rate	13.00% (Thirteen Decimal Points) per annum gross of withholding taxes
Frequency of the Coupon Payment with specified dates	Semi Annual, September 20, 2015, March 20, 2016, September 20, 2016 and March 20, 2017
Day Count Convention	Actual / Actual

<b>Bond Cash Flows:</b>				
<b>Cash Flows</b>	<b>Date</b>	<b>No. of days in Coupon Period</b>	<b>Coupon Amount (in Rupees)</b>	<b>Principal Amount (in Rupees)</b>
<b>Issue amount</b>				
1st Coupon	20 <sup>th</sup> Sept 2015	184	49,150,685	187,500,000
2nd Coupon	20 <sup>th</sup> March 2016	182	36,362,705	187,500,000
3 <sup>rd</sup> Coupon	20 <sup>th</sup> Sept 2016	184	24,508,197	187,500,000
4 <sup>th</sup> Coupon	20 <sup>th</sup> March 2017	181	12,087,329	187,500,000
<b>Total</b>			<b>122,108,915</b>	<b>750,000,000</b>

