

Serial No. _____

Addressed to: _____

INFORMATION MEMORANDUM

Utkarsh Micro Finance Private Limited

Aprivatelimitedcompanyincorporated under the Companies Act, 1956

Date of Incorporation: 15th May, 1990

Registered Office: S-2/639-56, VarunaVihar Colony,

J P Mehta Road, Cantt.Varanasi – 221002

Telephone No: 0542 2282002

Website: www.utkarshmfi.com

Information Memorandum for issue of Debentures on a private placement basis on October 23, 2013

Issue of 300 (Three Hundred) Secured, Rated, Listed, Redeemable, Transferable, Non-convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only)each, aggregating up to Rs. 30,00,00,000/- (Rupees Thirty Crores only) on a private placement basis (the “Issue”)

Background

This Information Memorandum is related to the Debentures to be issued by Utkarsh Micro Finance Private Limited(the “**Issuer**” or “**Company**”) on a private placement basis and contains relevant information and disclosures required for the purpose of issuingof the Debentures. The issue of the Debentures comprised in the Issue and described under this Information Memorandum has been authorised by the Issuer through a resolution passed by the Board of Directors of the Issuer on October 17, 2013 and in accordance with the provisions of the Companies Act 1956 and the Memorandum and Articles of Association of the Company. Pursuant to the resolution passed by the Company’s shareholders dated October22, 2013 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 Rs. 50000.0 lakhs. 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.

Credit Rating

The Debentures proposed to be issued by the Issuerhave been rated by ICRA Limited(“**Rating Agency /ICRA**”). The Rating Agencyhas vide its letter dated October 17, 2013 assigned a rating of ‘BBB-’ 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 October17,2013from the Rating Agency assigning the credit rating abovementioned and the letter dated October 17,2013 issued by the Rating Agency disclosing the rating rationale adopted for the aforesaid rating.

Issue Schedule

Issue Opens on: October 23, 2013

Issue Closing on: October 25, 2013

Deemed Date of Allotment: October 25, 2013

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**



Abhishek Kumar
**IFMR
Capital**

10th Floor-Phase 1,
IIT-Madras
Research Park,
Kanagam

**Registrar & Transfer
Agent**



13 AB Samhita
Warehousing Complex,
2nd Floor, Sakinaka
Telephone Exchange Lane,
Off Andheri-Kurla Road,

Debenture Trustee



**IDBI Trusteeship
Services Ltd.**

Asian Building, Ground
Floor
17. R. KamaniMarg,
Ballard Estate, Mumbai
400 001,
Maharashtra, India



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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, to apply for subscription to the Debentures, which is annexed to this Information Memorandum and marked as Annexure IV.
Arranger / Sole Arranger	IFMR Capital Finance Private Limited
Board/Board of Directors	The Board of Directors of the Issuer
Business Day	Shall mean a day (other than a public holiday or a Sunday) on which banks are normally open for business in Mumbai and [Varanasi]
CDSL	Central Depository Services (India) Limited
Debentures / NCDs	300(Three Hundred) Secured Rated Listed RedeemableTransferableNon-Convertible Debentures bearing a face value of Rs. 10,00,000(Rupees Ten Lakhonly) each,aggregating to Rs. 30,00,00,000/- (Rupees ThirtyCrores 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	October25, 2013
Debenture Trustee	IDBI Trusteeship Services 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.
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	Thisdocument 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 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



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Issue	Private Placement of the Debentures.
Issue Opening Date	October 23,2013
Issue Closing Date	October 25, 2013
Issuer/ Company	Utkarsh Micro Finance 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 66% (Sixty Six per cent) of the value of the nominal amount of the Debentures for the time being outstanding.
Maturity Date	October 25, 2019, being 72 (Seventy Two months) from the Deemed Date of Allotment, subject to a Put Option or Call Option 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	The effect or consequence of an event, circumstance, occurrence or condition which has caused, as of any date of determination, a material and adverse effect on (i) the financial condition, business or operation of the Issuer; (ii) the ability of the Issuer to perform their obligations under the Transaction Documents; or (iii) the validity or enforceability of any of the Transaction Documents (including the ability of any party to enforce any of its remedies thereunder).
N.A	Not Applicable.
Net Assets	Net Assets shall mean the total assets on the balance sheet of the Issuer excluding any securitised assets and managed (non-owned) loan portfolio.
NSDL	National Securities Depository Limited.
PAN	Permanent Account Number.
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 Sharepro Services (India) 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.



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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 1.
WDM	Wholesale Debt Market.



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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. Further, since the Issue is being made on a private placement basis, the provision of Section 60 of the Act shall not be applicable and accordingly, a copy of this Information Memorandum / Disclosure Document has not been filed with the ROC.

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 Issue 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 are adequate and in conformity with the SEBI Debt Listing Regulations. Further, the Issuer accepts no responsibility for statements made otherwise than in the Information Memorandum or any other material issued by or at the instance of the Issuer and anyone placing



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reliance on any source of information other than this Information Memorandum would be doing so at its own risk.

This Information Memorandum and the contents hereof 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 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 being issued have been sent. Any application by a person to whom the Information Memorandum has not been sent by the Issuer shall be rejected without assigning any reason.

The person who is in receipt of this Information Memorandum 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 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 decides not to participate in the Issue, that recipient must promptly return this Information Memorandum 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 to reflect subsequent events after the date of Information Memorandum 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 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 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 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



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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.

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. 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. Neither is the Sole Arranger responsible for preparing, clearing, approving, scrutinizing or vetting this Information Memorandum, 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. The Sole Arranger shall be entitled to rely on the truth, correctness and completeness of this Information Memorandum. It is to be distinctly understood that the aforesaid use of this Information Memorandum by the Sole Arranger should not in any way be deemed or construed to mean that the Information Memorandum has been prepared, cleared, approved, scrutinized or vetted by the Sole Arranger. Nor should the contents of this Information Memorandum 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.

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 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 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. 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. No responsibility or liability or duty of care is or will be accepted by the Sole Arranger for updating or supplementing this Information Memorandum nor for providing access to any additional information as further information becomes available.



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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. The receipt of this Information Memorandum 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 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 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 Mumbai. This Information Memorandum 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, 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 DEMATERIALIZED 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



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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: October 23,2013

To:IFMR Capital Finance Private Limited and/or any of its affiliates (the “Arranger”)

Dear Sirs:

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

Utkarsh Micro Finance Private Limited (the “Company” or the “Issuer”), refer to the information memorandum dated October 23,2013 (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 authorise 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 agree 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 atMumbaifor the resolution of any dispute arising in connection with this letter.

Yours faithfully,
For and on behalf of
Utkarsh Micro Finance Private Limited

By:
Name: Abhisheka Kumar
Title: Chief Financial Officer



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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 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 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.

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



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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 non-performing loans ("NPAs") in the future, or if the Issuer's loan loss reserves are*



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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.

As at September 30, 2013, the gross NPA was Rs[0.29] lakhs on a gross portfolio of Rs. 24674.60 lakhs (including managed / securitized portfolio of Rs. 1601.5] lakhs).

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 are 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 handle a large amount of cash due to high volume of small transactions. This could harm its operations and its financial position.

As the Issuer handle 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



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technical system flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect.

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.

- (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 is consequently expanding operations in the states of Bihar, Madhya Pradesh, Delhi and Uttarakhand, enabling access a wider geographical area. 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



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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 us to manage the Issuer's business and growth and to meet key objectives.

- (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 establishment 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



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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 fail 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



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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 Board / Committee Resolution authorizing the borrowing and list of authorized signatories;
- (e) Certified true copy of the resolution passed by the Company at the Extra Ordinary General Meeting held on Oct 22, 2013 authorising the Company to borrow, upon such terms as the Board may think fit, upto an aggregate limit of INR 50000.0 lakhs Only);
- (f) 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, where the debt securities have been listed, within 5 (five) working days of execution of the same; and
- (g) 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.

6.3 Name and Address of Registered Office of the Issuer



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Name: Utkarsh Micro Finance Private Limited
Registered Office of Issuer: S-2/639-56, VarunaVihar Colony, J P Mehta Road, Cantt.
Varanasi – 221002
Corporate Office of Issuer: Utkarsh Micro Finance Private Limited
S-2/639-56, VarunaVihar Colony, J P Mehta Road, Cantt.
Varanasi – 221002
Compliance Officer of Issuer: Shubashish KumarMishra
CFO of Issuer: Abhisheka Kumar
Registration Number: B-07-00781
Corporate Identification Number: U65191UP1990PTC045609
Phone No.: 0452 2282002
Contact Person: Abhisheka Kumar
Email: abhisheka.kumar@utkarshmfi.com
Website of Issuer: www.utkarshmfi.com

Auditors of the Issuer: BSR and Co. (KPMG)
Address: Reliance Humsafar, IV Floor,
Road No. 11, Banjara Hills
Hyderabad – 500034, India

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

Trustee to the Issue: IDBI Trusteeship Services Limited
Address: Asian Building, Ground Floor
17. R. KamaniMarg,
Ballard Estate, Mumbai 400 001,
Maharashtra, India

Registrar to the Issue: Sharepro Services (India) Private Limited
13 AB Samhita Warehousing Complex, 2nd Floor,
Sakinaka, Telephone Exchange Lane,
Off Andheri-Kurla Road, Sakinaka, Andheri (East)
Mumbai – 400 072

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

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

(a) Overview

Utkarsh Micro Finance Pvt Ltd (“Utkarsh”) is a non-banking financial company (“NBFC”) registered with the Reserve Bank of India with its corporate office in Varanasi (Uttar Pradesh). The Company started its microfinance operations in September 2009. Utkarsh was established to provide financial and non-financial services in its area of operations to the financially excluded population. Through its branches, Utkarsh has extended credit and insurance facilities



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to its client base, and also has plans to undertake other non-financial activities to serve its clients better.

Utkarsh operates in the states of Uttar Pradesh, Bihar, Madhya Pradesh, Uttarakhand and Delhi where the level of competition from other MFIs is not high and the area is largely underpenetrated. Utkarsh has been able to maintain excellent portfolio quality since its inception with Portfolio at Risk (PAR)>0 days at 0.01% as on September 2013 with only thirty out of 2.50Lacs clients in overdue bucket.

Utkarsh is planning to expand its product suite and offer multiple loan products. It has already started offering small business loans to its clients and NPS Lite (pension). The Company is piloting a couple of other products as well and would like to scale up the product depending on their experience in the next 6 months. The underwriting process and team for the new products will be separate from that of the group loan business. The Company is also in discussion with banks to explore opportunities on direct origination.

Utkarsh is one of very few MFIs to have received an equity investment of INR 2crore fifty two lakhs at the start-up stage from International Finance Corporation (IFC). It has been awarded the Microfinance India Organisation (medium and small category) of the year, 2012, at the Microfinance India Summit, 2012 organised by Access Development Services. ICRA has reaffirmed the MFI grading of Utkarsh Micro Finance Private Limited (Utkarsh) atM2 as of June 2013. The grading is valid till June 2014 and shows the MFI's improved ability to manage its microfinance operations. It has also won Microfinance India Awards 2012 in recognition of the contribution to the growth of the microfinance sector in India.

Utkarsh is promoted by Mr.GovindSingh;whois the MD andCEO of the Company. He is the former Business Head for Micro banking at ICICI Bank, the largest private sector bank in India. In this capacity, he oversaw the largest microfinance portfolio for any commercial bank in India, relationships with over 100 MFIs, as well as the Business Correspondent and Bulk Jewel Loan businesses. A banker for over 22 years, he was previously the Business Head for Rural and Agri Liabilities, and the Trust, Societies, Associations, and Clubs (TASC) segment. He also has extensive experience with the Retail Liabilities group and Retail Infrastructure Group at ICICI Bank. He had worked previously with State Bank of Patiala, Surya Roshni group (Financial services), Bank International Indonesia and Axis Bank. He was also nominated by ICICI Bank on the Boards of Cashpor Micro Credit and AsmithaMicrofin Ltd. He was a member of the RBI's Working Group to Review the Business Correspondent Model. He travelled to Brazil and South Africa in 2007 as part of RBI study team for financial inclusion.

In August, 2009, Utkarsh Micro Finance Pvt. Ltd was founded. Currently the company is operating in 5 states, through 119 branches, catering to more than 2.67 Lacs members with a portfolio of more than INR 2467.46Mn. In November 2012, the company was awarded Microfinance Organization of the year (Medium & small) by Access development Services, Access- Assist & HSBC India.

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



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

(b) Corporate Structure

i. Vision and Mission

Utkarsh's mission is: "Support underprivileged and underserved segments by providing financial and non-financial services through a socially responsible, sustainable and scalable institution"

Vision: "Serving one million households through a range of socially oriented products and services by 2016"

ii. Current Corporate Status

The Issuer was incorporated as a private limited company on 15th May 1990 and is currently registered as a non-deposit accepting NBFC with the RBI. The Issuer has already applied for NBFC-MFI licence with the RBI. The Issuer derives the following benefits of being registered as an NBFC:

- **Access to Funds:** Commercial lenders have greater comfort lending to a regulated NBFC with transparent ownership. As an Issuer, Utkarsh can raise equity and offer commercial returns.
- **Diverse Funding Sources:** An NBFC can access commercial investors and international capital markets, diversifying away from donors or members as equity funders.
- **Commercialisation:** Classifying Utkarsh as an NBFC increases its commercial credibility and integrates it and its clients into the formal financial sector which ultimately increases its outreach potential.
- **Mainstream Resources:** As a for-profit commercial NBFC, Utkarsh will be more likely to attract mainstream capital resources which Societies or Trusts would find difficult to attract.
- **Regulatory Coverage:** As Utkarsh grows in size, operating as an NBFC within the regulatory framework mitigates risks from political and regulatory intervention.
- **Stakeholder Involvement:** As an NBFC, Utkarsh can bring a variety of stakeholders to the table, including clients, management, employees and investors.

iii. Brief Profile of the Board of Directors

Name	Background
Mr Ajay Maniar	Nominee Director; He has over 14 years of experience across rating agencies & banks. He started his career with CARE (a credit rating agency) & then worked in HDFC Bank & Citi Bank. He has successfully undertaken diverse role within the risk domain. He has extensive experience in dealing with large, mid-size and small business units. He is a chemical engineer & has done his Masters in Management Studies (MMS) from Jamnalal Bajaj Institute of Management Studies (JBIMS), Mumbai, 1996.



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Mr Ajai Raj Sharma	Independent Director; He joined the Indian Police Service in 1966 and served in several sensitive districts of Uttar Pradesh, from 1970 to 1982. He has had a distinguished career in the country's police services.
Ulf Linder	Nominee Director; He is the Investment Director of the NMI Frontier Fund. Earlier appointments include president of ABB Leasing GmbH, Mannheim; Vice President ABB Europe Ltd, Brussels; Senior Banker at European Bank/EBRD London as well as facilitator for OEM production and brand sourcing originated in China and India.
Ms RamniNirula	Independent Director; She was Senior General Manager in ICICI Bank and was responsible for Corporate Banking and Government Banking Group. She served as Managing Director and Chief Executive Officer of ICICI Securities from January 1, 2003 to January 31, 2004.
Ms Vijayalakshmi Das	Independent Director; She is the Managing Director of Ananya Finance, an apex funding agency for MFIs in India & Chief Executive Officer of FWFB,
Mr Govind Singh	Promoter Director; He is former Business Head for Microbanking at ICICI Bank. A banker for over 22 years, he was previously the Business Head for Rural and Agri Liabilities, and the Trust, Societies, Associations, and Clubs (TASC) segment at the bank.
Mr TrilokNathShukla	Director; He was the General Manager in Cashpor Micro Credit, Varanasi and was part of the Operations Team.

iv. Brief Profile of the Senior Management

Name & Function	Background
Mr Govind Singh MD & CEO	He is former Business Head for Microbanking at ICICI Bank. A banker for over 22 years, he was previously the Business Head for Rural and Agri Liabilities, and the Trust, Societies, Associations, and Clubs (TASC) segment at the bank
Mr Abhisheka Kumar Finance and Accounts	He has 12 years of experience with ICICI Bank, FWFB and Times of India. At ICICI Bank, he has handled various responsibilities in the Microfinance Division, both as a Product Manager and Relationship Manager.
Mr TrilokNathShukla Operations	He was the General Manager in Cashpor Micro Credit, Varanasi and was part of the Operations Team. Mr. Shukla has more than 17 years of microfinance experience.
Mr Sulabh Jain HR	He has 12 years of experience in banking and retail business. At ICICI Bank, he handled various responsibilities in Microfinance division and was the Relationship manager for MFIs operating in Uttar Pradesh.
Mr Rahul Dey	



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Head Micro enterprise Loan & IT	He has more than 10years of experience in Banking and Microfinance. He served as Regional Business Manager at Ujjivan Financial Services Pvt Ltd, responsible for their Individual lending business in East. At ICICI Bank, he was responsible for the Bank’s MFI business in West Bengal and North East.
Shubashish Kumar Mishra, Risk & Compliance	He has over 23 years of experience in Banking and Financial Services..Earlier, he worked atMansar Finance Ltd,Shriram Fortune Solutions Ltd, BajajAlianz Life Insurance company Ltd (micro-insurance channel). He started his career as an officer in Bihar KshetriyaGramin Bank
Vivek Kashyap, Audit	He has over 7 years of experience in Microfinance, Housing Micro finance, sales and marketing. Prior to Joining Utkarsh, he was with SwarnaPragati Housing Microfinance Private Limited Apart from this, he has also worked in various capacities with SKS ... He has also worked with TATA Motors and FINO Ltd..
Mr AbhishekVerma	He is an IT professional and was the Head of IT at Sonata Finance Pvt. Ltd. He has more than 5 years of experience in microfinance sector.
MIS & IT	
Mr Sanjay Singh	He has more than 8 years of experience in micro finance operations with CASHPOR Micro Credit.
Operations	
Mr S. S. Rai	He is a qualified chartered accountant with over 10 years of experience in accounts, taxation, audit etc. He served as Head of Accounts at CASHPOR Micro Credit for more than a year.
Accounts	
Mr IndraDeoPandey	He is a law graduate & an MBA. He has more than 10 years of experience in law, finance & secretarial matters.
Responsible Finance	

v. Business Segments

Utkarsh is in the business of extending loans to the poor in rural, semi urban and urban areas of North and Central India, and its corporate mission is to support underprivileged and underserved segments by providing financial and non-financial services through a socially responsible, sustainable and scalable institution.

Utkarsh follows the Grameen model of joint liability for their group loans. Standard processes of group formation, training, group recognition test are followed. The loan products provided by Utkarsh are- “UtkarshPragati” with a loan ticket size of uptoRs 15,000 and “UtkarshKiran” with a loan ticket size of uptoRs30,000. Joint Liability Group (“JLG”) loans are the key product which is offered to rural women for income generation activities. Post the RBI guidelines for NBFC-MFIs, the lending rate charged by Utkarsh is 25.94% with a processing fee of 1%.The borrowers are involved in animal husbandry projects, small trade, cottage industries, agriculture- based activities and other textile related activities.

Utkarsh also offers a micro enterprise loan - “UtkarshSamridhi” with loan ticket sizes of uptoRs 300,000 and an interest rate of 29%.



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Product Details

<u>Product</u>	<u>Interest Rate (%)</u>	<u>Cash Security (%)</u>	<u>Other charges</u>	<u>Max. Loan Size</u>	<u>Max. Tenor (Months)</u>	<u>Repayment Frequency</u>	<u>Purpose</u>
Utkarsh Pragati	25.94 %	NIL	PF: 1%+ST Insurance: 1%	Rs 15,000	14 Months	Weekly/ Fortnightly/ Monthly	Income Generation
Utkarsh Kiran	25.94 %	NIL	PF: 1%+ST Insurance: 1%	Rs 30,000	24 Months	Weekly/ Fortnightly/ Monthly	Income Generation
Utkarsh Samridhi	29%	NIL	PF: Rs 500 or 1% whichever is lower Insurance: 1%	Rs 300,000	36 Months	Monthly	Working Capital

vi. Lending Methodology

Origination Process:

Utkarsh has robust origination processes. Origination quality is ensured by allowing the customers to self-select the other members of the group based on pre-defined eligibility criteria and clearly explaining the product features and rules & regulations through Compulsory Group Training (CGT). Clients undergo a rigorous three-day CGT in which the concept of group and joint liability is enforced. The details of the product, loan terms and conditions are also explained to the clients. Group Recognition Test (“GRT”) is done on day 4 by the Area Manager (“AM”) in which the concepts of joint liability, repayment schedule, insurance rules etc, are checked.

Loan Utilization Check:

Loan utilization is done within 14 days of loan disbursement, and any deviation is reported to the Area Manager (“AM”). The credit officer performs 100% loan utilization, Branch Manager and Area Manager perform 50% and 20% loan utilization check respectively on a random basis.

Cash Management:

All branches have a safe in which cash is deposited. Disbursement is made from collections and the remaining cash is deposited in the bank branch by 3 PM each day. Emphasis is on maintaining zero cash balance at the branch at end of day and the retention limit for cash per branch is Rs.25, 000. Approval of the DM is required for cash retention from Rs. 25,000 to Rs. 50,000 and for cash balances above Rs. 50,000; approval of the Head of Operations or Accounts head is required. Utkarsh has availed adequate insurance for cash transit, deposit and handling. As per policy, cash to cash transfer between Bank to Branch & vice-versa should not be more than Rs.300,000, branch to branch should not be more than Rs.500,000 and no disbursement should be planned beyond Rs.300,000 in a single day. All Utkarsh branches are covered by New



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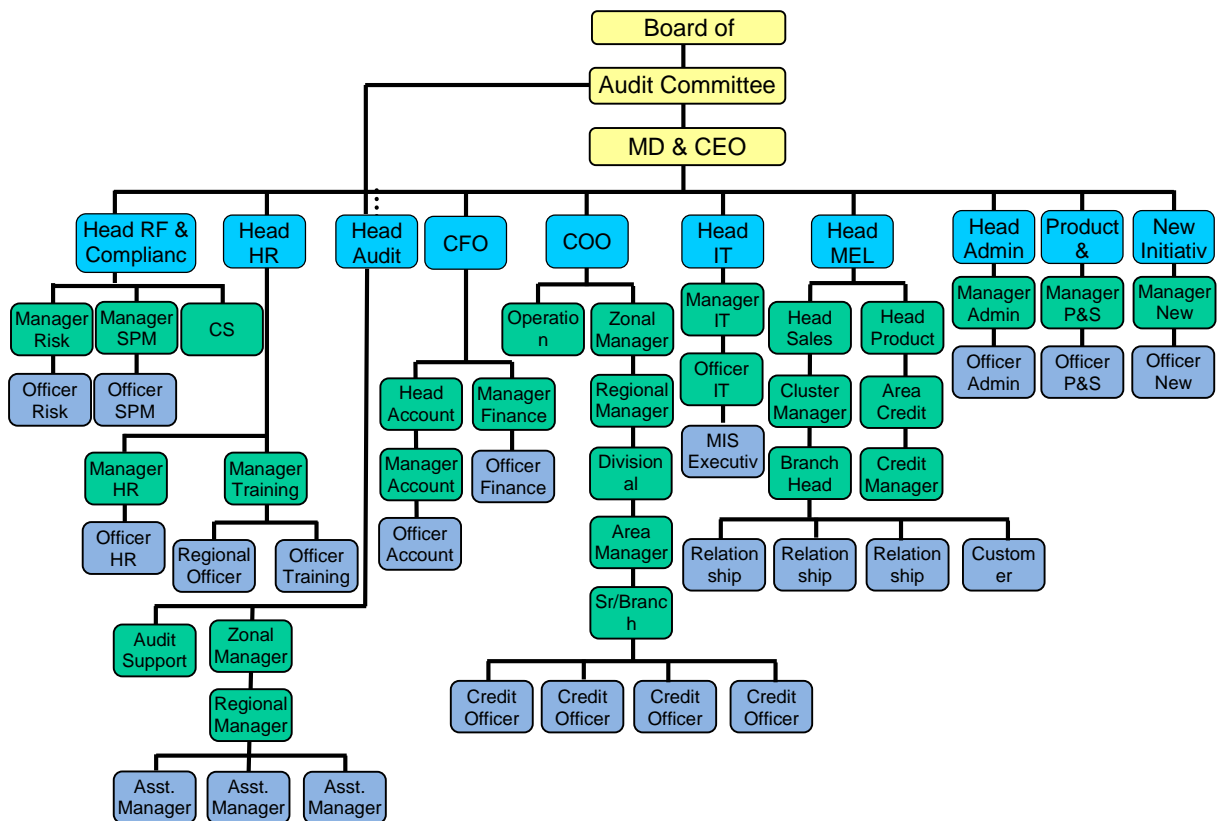
India Assurance for Cash in Transit insurance between Branch to Bank & Branch to Branch (single transfer) of up to Rs. 300,000/500,000 respectively. Cash transfers up to Rs.50,000 is to be done by 2 Credit Officers (“COs”), cash transfers above Rs. 50,000 to 100,000 are to be done by 1 BM and 1 CO and cash transfers above Rs.100,000 are to be made by 1 BM & 1 CO using a closed 4 wheeler vehicle.

- Cash in transit insurance between Branch to Branch of INR 50 Lakhs for Branches, 1 crore for divisional branches INR 2 crores for Head Office.
Cash in transit insurance between Branch to Bank of INR 3 crores for Branches & 5 crores for divisional branches
- Cash in safe and Fidelity insurance of INR 100,000 for Branches & 10 Lakhs for Divisional branches & INR 60,000 for Fidelity.

Delinquency Management:

The organization has a clearly defined policy for handling defaults and credit officers have been given instructions on how to deal with an instance of overdue payments. The emphasis is on group pressure and enforcement of joint liability which are achieved by visits from Branch Manager and Area Manager in case of a default. The follow-up process is covered in detail during the training program at the Head Office and also during the on-field training

vii. Organisational Structure and Field Hierarchy



viii. Technology and MIS



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Utkarsh uses a web based MIS module which can handle large operations and has been implemented by Craft Silicon. The MIS also has an integrated accounting module. The advantages of this software vis-à-vis the software Utkarsh was using earlier (FIMO provided by Jayam) is that it can handle a large scale operations. Further, earlier, each branch was running a separate module and all modules had to be integrated manually. With the migration to the current system the integration is automatic. This software is quite comprehensive, captures all client details, loan purpose, client attendance, loan details and also maintains the track record of loan repayment and delinquency details, if any. Daily collection and disbursement data is entered in the system at the Divisional Office. Each Divisional Office caters to approximately 9 branches and a dedicated data entry operator enters data for the branches. The loan officers work with a collections and disbursement sheet (CDS) which contain the centre-wise collections and disbursements they have to make. The CDS is generated at the divisional office every Wednesday and Saturday for the next 3 days. One of the credit officers from the branch physically takes the hard copy of these CDS sheets on Wednesday to the Divisional Office (for entered collections, disbursement and attendance data for Monday, Tuesday and Wednesday), The divisional office hands over the CDS sheets for the next three days (Thursday, Friday, Saturday) to the Credit officer which contains details on upcoming group, meetings, collections and disbursements to be made. Some of the key features of the MIS systems of Utkarsh are

- Ability to track attendance at member level
 - Maintains portfolio cuts based on purpose, region, product, IRR, cycle of loan, religion
 - Ability to tracking Loan Utilisation Checks in the Collection and Disbursement Sheet
- The company has also started mobile technology to update the disbursement and collection in the field. This will bring in efficiency apart from reduction in operating expenses.

ix. Internal Audit

Internal Audit team consists of 20 members. Branches under each auditor are rotated every six months. Utkarsh conducts twotypes of audits -, Short and Comprehensive. Compulsory comprehensive audit is conducted once every quarter. Audit report is submitted within 5 days of the audit visit, and the Branch Managers are required to submit the compliance report within 14days of receipt of the audit report.

The audit process covers the procedural and operational aspects of branch management. Surprise visits are conducted to the centres; sample visits to clients' houses to verify details in the application forms. Client protection aspects like integrity and behaviour of COs in the field, client awareness and client selection are part of the audit check. Auditors also verify if monitoring visits have been conducted. Other aspects like conduct of staff within the branch office, awareness on mission and objectives of Utkarsh, motivation levels, and the working environment are also scored in the comprehensive audit. Follow-up audit on compliance of previous audit findings is part of every audit.

The Head of Internal Audit reports to the Board. The summary of audit findings is presented to the Audit Committee of the Board, every three months. Some aspects of the audit scoring sheet – like Human Resources, code of conduct etc. –though subjective, are still being made part of the process and care is taken to ensure that subjectivity is reduced to the maximum extent possible.

The audit staff is given special training after the initial orientation. Monthly meetings of the auditors to discuss common observations and issues is conducted which also acts as a forum



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for training. Surprise audit of auditors are conducted by the senior audit staff. Utkarsh has a well-developed monitoring structure. The GRTs are conducted compulsorily by the Area Managers, which helps ensuring proper client selection.

The audit ratings scored by various branches in the first quarterly audit of the FY 2012-13 are clubbed in the bands and presented in the table below:

Audit Rating/Score	No Of Branches
0-50	0
50-55	0
55-60	1
60-65	1
65-70	7
70-75	16
75-80	16
80-85	17

x. HR Systems

Utkarsh has a detailed HR manual in place which is followed diligently.
Recruitment: Applications are invited mainly through internal references, and recently through advertisements in newspapers. Reference checks are done for most new recruitments, though not mandatory as per policies.

Field staff is selected on the basis of written test and interview. Shortlisted candidates attend 5 days classroom training and 5 days field training, during which the nature of job is explained to the staff. The mutual fit for job is assessed at this stage. Final selection is based on assessment of learning from the training. Branch managers are selected through internal promotions (~80%) and through direct recruitments (~20%). Field staff with no previous experience is absorbed as Trainees for the first 3 months. On successful completion as trainees, they are placed on probation for 6 months.

Training: The initial orientation training focuses on mission and objectives of the Utkarsh, and its operational processes and systems. Trainees are given refresher training on completion of 3 months. All the staffs are trained at least once in every quarter. Client selection and code of conduct in the field are covered in the training.

Appraisal: Employee appraisal takes place twice every year and carried out by the immediate supervisor which is monitored by appraiser's supervisor. Punctuality, discipline and communication with clients are scored along with achievement of operational targets and audit findings. Targets for staff are set in a participative manner. Though self-appraisal is not conducted, the score and comments of the supervisors are shared with the staff.



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Staff incentives: Incentives are based on number of clients served and the number of new clients added. New client addition is capped at 75/month to discourage irresponsible lending. Only the credit officers are eligible for incentives; this avoids conflict of interest for the monitoring staff, and enables proper client selection as their income is not tied to number of clients.

xi. Shareholders

Please refer to '*Shareholding Pattern as of September 30, 2013*' under Section 6.6.

xii. Board of Directors

The Company has a well-balanced, professional Board with vast experience in retail lending, corporate finance and administration. For further details, please refer to '*Names and Addresses of the Directors of the Issuer*' under Section 6.7.

xiii. Company Credit Rating

BBB- by ICRA in June 2013. The rating is based on high credibility, good governance, established systems & processes and strong financial performance of the organisation.

In addition, Utkarsh has a grading of 'M2' from ICRA (in June 2013). The grade M2 indicates that in ICRA's current opinion, the Utkarsh's ability to manage its microfinance activities in a sustainable manner is high. The Grading is done on an eight point scale where M1 is the best and M5 being the worst.

xiv. Investment Thesis

Utkarsh presents an attractive investment opportunity driven by multiple reaffirming factors such as:

- **Emerging Central and Eastern India MFI:** While the microfinance sector expanded rapidly in the highly competitive southern regions of India, Utkarsh has positioned itself to be a leading MFI in central and eastern India where there is significantly lesser access to formal financial institutions. Utkarsh has consolidated its position in Uttar Pradesh and Bihar and started operations in Uttarakhand, Madhya Pradesh and Delhi. Utkarsh has strong focus on portfolio quality and has maintained a portfolio with almost nil (0.01%, September, 13) portfolio at risk since inception.
- **High Credibility:** Utkarsh has been awarded Microfinance India Organisation (medium and small category) of the year, 2012, at the Microfinance India Summit, 2012 organised by Access Development Services.
- **Highly Professional and Experienced Management Team:** Utkarsh is led by a Board of Directors and senior management team with decades of experience in financial services and specifically microfinance. The seven-member Board is comprised of three independent Directors, two nominee directors, promoter director and one management director. The Board Members are proactive and provide their strategic inputs through various board committees. The senior management team is actively involved in day-to-day operations and decision making.
- **Growth Supported by Strong Equity Funding:** Utkarsh is supported by strong promoters, Private equity and institutional investors that include Aavishkar Goodwill, IFC and NMI. Promoters Hold 6.41% of equity stake Individual shareholders have 14.26% of equity with them and ESOP pool has 4.85% stake



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- **Good geographical risk diversification:** Utkarsh’s portfolio is well diversified across five different namely Uttar Pradesh, Bihar, Madhya Pradesh, Uttarakhand and Delhi. By the end of current financial year Utkarsh wants to bring down the portfolio concentration of Uttar Pradesh to less than 60%.
- **Robust Financial Alliances:** Utkarsh has established financial alliances with various public sector banks, private sector banks and financial institutions. At Present there are 26 different lenders (Banks/FIs) on the books of Utkarsh. There has been no delay/default in repayment to any lender since inception.
- **Focus on Portfolio Quality:** The NPA level of the Company for the microfinance Joint Liability Group (JLG) portfolio is low at 0.01% as on September 30, 2013. The collection efficiency on all securitisation transaction pools have been 100%
- **Social Performance Management:** Utkarsh has a social rating from MCRIL, a-(Alpha-) which indicates “Strong social commitment, good systems, evidence for good adherence to social mission and values.” Key strengths are Experienced and socially committed Board with focus on the double bottom line. Good performance in client protection principles; it is part of training for staff, and are reasonably documented in the manuals and policies. Strong Internal audit and monitoring systems with a dedicated risk management department attempt to include client protection and HR aspects in the report. Systems fairly tuned to avoid irresponsible lending – participative business planning, incentives capped for new client addition. Client profile data is integrated in the MIS. Monthly MIS reports generated include social outreach, along with operational details. Good outreach – Operations in poorer states; 55% of new clients from SC/ST categories. Development services offered to clients, along with credit, though outreach is limited. Clients visited were mostly satisfied with the loan product and behaviour of the MFI staff.

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

Rs. Crores

Parameters		FY 2013	FY 2012	FY 2011
Networth		64.30	32.61	12.61
Total Debt		185.12	58.90	18.55
Comprising of	Non Current Maturities of Long Term Borrowing	67.78	13.63	1.21
	Short Term Borrowing	5.03	13.99	-
	Current Maturities of Long Term Borrowing	112.31	31.28	17.34
Net Fixed Assets		0.72	0.46	0.30
Non Current Assets		40.11	13.56	0.76
Non Current Liabilities (Including non current maturities of Debt)		68.02	13.65	-
Cash and Cash Equivalents		98.72	43.00	6.75
Current Investments		0.05	0.10	0.05
Current Assets		220.98	83.02	31.44
Current Liabilities		129.50	50.79	18.69
Assets Under Management		178.25	75.30	31.86
Off Balance Sheet Assets		40.68	36.48	8.28
Interest Income		24.16	8.94	7.12
Interest Expense		12.88	3.52	2.80
Provisioning & Write-offs		0.55	0.22	0.13
PAT		3.89	1.41	0.91
Gross NPA (%)		0.00%	0.00%	0.00%



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Net NPA (%)	0.00%	0.00%	0.00%
Tier I Capital Adequacy Ratio (%)	41.75%	56.51%	47.72%
Tier II Capital Adequacy Ratio (%)	0.60%	13.52%	0.60%

Gross Debt:Equity Ratio of the Company:

Before the issue of debt securities	[3.49]x
After the issue of debt securities	[3.94]x

Calculations

As on September 2013, debt-to-equity ratio is calculated as follows:-

Debt	[2,365,291,865]
Equity	[677,274,791]
Debt/Equity	[3.49]

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

Debt	[2,665,291,865]
Equity	[677,274,791]
Debt/Equity	[3.94]

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

6.5 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. September 30, 2013:**

Share Capital	Rs.
Authorised 27,000,000 Equity shares (previous year 17,000,000) of Rs.10 each	27,00,00,000
3,000,000 Preference Share (previous year 8,000,000) of Rs.10 each	3,00,00,000
TOTAL	30,00,00,000
Issued, Subscribed and Fully Paid- up 24,113,703 Equity shares (previous year 10,216,234) of Rs.10 each	24,11,37,030
Preference Shares: Nil (previous year: 5,956,112) 0.01% Compulsory Convertible Preference Shares of Rs.10 each fully paid up	0
TOTAL	24,11,37,030



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(b) **Changes in its capital structure as on last quarter end i.e. June 30, 2013, for the last five years:**

Changes in its capital structure as on last quarter end i.e. September 30, 2013 for the last five years: (since Sep 2009 to 30th September 2013)	Change in authorised Share Capital		Remarks
Date	Existing	Revised	
02-09-2009	Rs. 0.50 cr	Rs. 6.0 cr	Authorised Capital is increased from existing Capital of Rs. 50.0 lacs to Rs. 6.0 cr by creation of 55 lakh equity shares of Rs. 10/- each.
24-11-2009	Rs. 6.0 cr	Rs. 10.0 cr	Authorised Capital is increased from Existing Capital of Rs.6.0 cr to Rs. 10.0 cr by creation of 40 lakh equity shares of Rs. 10/- each.
22-10-2010	Rs. 10.0 cr	Rs. 25.0 cr	Authorised Capital is increased from Existing Capital of Rs.10.0 cr to Rs. 25.0 cr by creation of 1.5 cr equity shares of Rs. 10/- each.
06-09-2011	Rs. 25.0 cr	Rs. 17.0 cr equity share & Rs. 8.0 cr preference shares. Total Authorised Capital is Rs. 25.0 cr	Authorised capital of Rs. 25.0 cr has been re classified into Equity & Preference shares. After re-classification Equity is Rs.17.0 cr and Rs. 8.0 cr preference shares.
17-12-2012	Rs. 17.0 cr equity share & Rs. 8.0 cr preference shares	Rs. 22.0 cr equity share & Rs. 3.0 cr preference shares. Total Authorised Capital is Rs. 25.0 cr	Authorised Capital further re-classified. After re-classification Equity is 22.0 cr and preference share is 3.0 cr.



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13-03-2013	Rs. 22.0 cr equity share &Rs. 3.0 cr preference shares	Rs. 27.0 cr equity share &Rs. 3.0 cr preference shares. Total Authorised Capital is Rs. 30.0 cr	Authorised Capital is increased from Existing Capital of Rs.22.0 equity &Rs. 3.0 cr Preference shares to Rs. 27.0 cr Equity &Rs. 3.0 cr Preference shares by creation of 50.0 lakh equity shares of Rs. 10/- each.
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(c) Equity Share Capital History of the Company as on last quarter end i.e. September 30, 2013, for the last five years:

Date of allotment	Name of shareholder	No. shares	Face Value (Rs.)	Issue price	Consideration	Nature of Allotment	Cumulative paid-up capital (Rs.)			Remarks
							No. of equity shares	Equity share Capital	Equity Share Premium	
28.08.2009	GOVIND SINGH	3,11,460	10	10	31,14,600	Transfer from Old Promoters	3,11,460	31,14,600	Nil	Shares transferred as company has been taken over by new management
28.08.2009	Revati Govind Singh	13,840	10	10	1,38,400	Transfer from Old Promoters	3,25,300	32,53,000	Nil	Shares transferred as company has been taken over by new management
28.08.2009	TrilokNath Shukla	500	10	10	5,000	Transfer from Mr. Govind Singh	3,25,800	32,58,000	Nil	
28.08.2009	UlhasSharad Kumar Deshpande	500	10	10	5,000	Transfer from Mr. Govind Singh	3,26,300	32,63,000	Nil	
28.08.2009	AmritKumari Sivaprakasm	100	10	10	1,000	Transfer from Mr. Govind Singh	3,26,400	32,64,000	Nil	
28.08.2009	Ramesh Chandra Singh	100	10	10	1,000	Transfer from Mr. Govind Singh	3,26,500	32,65,000	Nil	
28.08.2009	Abhisheka Kumar	100	10	10	1,000	Transfer from Mr. Govind Singh	3,26,600	32,66,000	Nil	
16.09.2009	Govind Singh	1,31,610	10	10	13,16,100	Bonus Shares	4,58,210	45,82,100	Nil	
16.09.2009	Revati Govind Singh	5,850	10	10	58,500	Preferential Allotment	4,64,060	46,40,600	Nil	
16.09.2009	UlhasSharad Kumar Deshpande	210	10	10	2,100	Preferential Allotment	4,64,270	46,42,700	Nil	



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16.09.2009	Ramesh Chandra Singh	40	10	10	400	Preferential Allotment	4,64,310	46,43,100	Nil	
16.09.2009	AmritKumari Sivaprakasm	40	10	10	400	Preferential Allotment	4,64,350	46,43,500	Nil	
16.09.2009	TrilokNath Shukla	210	10	10	2,100	Preferential Allotment	4,64,560	46,45,600	Nil	
16.09.2009	Abhisheka Kumar	40	10	10	400	Preferential Allotment	4,64,600	46,46,000	Nil	
5.11.2009	Govind Singh	35,280	10	10	3,52,800	Preferential Allotment	4,99,880	49,98,800	Nil	
5.11.2009	Revati Govind Singh	5,000	10	10	50,000	Preferential Allotment	5,04,880	50,48,800	Nil	
5.11.2009	NachiketMor	50,000	10	10	5,00,000	Preferential Allotment	5,54,880	55,48,800	Nil	
5.11.2009	Neeta Mukerjee	50,000	10	10	5,00,000	Preferential Allotment	6,04,880	60,48,800	Nil	
5.11.2009	Brahmanand Hegde	10,000	10	10	1,00,000	Preferential Allotment	6,14,880	61,48,800	Nil	
5.11.2009	Indcap Leasing & Finance Private Limited	1,50,000	10	10	15,00,000	Preferential Allotment	7,64,880	76,48,800	Nil	
5.11.2009	UtpalIsser	51,000	10	10	5,10,000	Preferential Allotment	8,15,880	81,58,800	Nil	
5.11.2009	GyanendraNarain Mishra	1,02,000	10	10	10,20,000	Preferential Allotment	9,17,880	91,78,800	Nil	
5.11.2009	Kaushik BishnuMazumdar	1,00,000	10	10	10,00,000	Preferential Allotment	10,17,880	1,01,78,800	Nil	
5.11.2009	SanjeevNarang & Sons (HUF)	2,00,000	10	10	20,00,000	Preferential Allotment	12,17,880	1,21,78,800	Nil	
5.11.2009	Om Prakash Gupta	50,000	10	10	5,00,000	Preferential Allotment	12,67,880	1,26,78,800	Nil	
5.11.2009	Abhisheka Kumar	71,000	10	10	7,10,000	Preferential Allotment	13,38,880	1,33,88,800	Nil	
5.11.2009	TrilokNath Shukla	12,500	10	10	1,25,000	Preferential Allotment	13,51,380	1,35,13,800	Nil	
5.11.2009	Sushma Agarwal	50,000	10	10	5,00,000	Preferential Allotment	14,01,380	1,40,13,800	Nil	
5.11.2009	KirtiTatiwala	25,000	10	10	2,50,000	Preferential Allotment	14,26,380	1,42,63,800	Nil	
5.11.2009	Rashmi Gupta	25,000	10	10	2,50,000	Preferential Allotment	14,51,380	1,45,13,800	Nil	
5.11.2009	AmritKumari Sivaprakasm	50,000	10	10	5,00,000	Preferential Allotment	15,01,380	1,50,13,800	Nil	
5.11.2009	RajammaSukesan	50,000	10	10	5,00,000	Preferential Allotment	15,51,380	1,55,13,800	Nil	
5.11.2009	MeherVaniChalamalasetti	50,000	10	10	5,00,000	Preferential Allotment	16,01,380	1,60,13,800	Nil	



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5.11.2009	VinodDua	1,00,000	10	10	10,00,000	Preferential Allotment	17,01,380	1,70,13,800	Nil	
5.11.2009	Alok Shukla	1,00,000	10	10	10,00,000	Preferential Allotment	18,01,380	1,80,13,800	Nil	
5.11.2009	Deep Kalra	1,00,000	10	10	10,00,000	Preferential Allotment	19,01,380	1,90,13,800	Nil	
5.11.2009	Via Projects Private Limited	1,50,000	10	10	15,00,000	Preferential Allotment	20,51,380	2,05,13,800	Nil	
5.11.2009	ShobhanaGaneshDeodhar	1,50,000	10	10	15,00,000	Preferential Allotment	22,01,380	2,20,13,800	Nil	
5.11.2009	Ramesh Chandra Singh	5,000	10	10	50,000	Preferential Allotment	22,06,380	2,20,63,800	Nil	
25.11.2009	Satya Narayan Bansal	1,50,000	10	10	15,00,000	Preferential Allotment	23,56,380	2,35,63,800	Nil	
25.11.2009	RamniNirula	1,00,000	10	10	10,00,000	Preferential Allotment	24,56,380	2,45,63,800	Nil	
25.11.2009	J. S Tomar	10,000	10	10	1,00,000	Preferential Allotment	24,66,380	2,46,63,800	Nil	
25.11.2009	Chattanathan D	20,000	10	10	2,00,000	Preferential Allotment	24,86,380	2,48,63,800	Nil	
25.11.2009	SairaZiauddin	51,000	10	10	5,10,000	Preferential Allotment	25,37,380	2,53,73,800	Nil	
25.11.2009	Molecule Enterprises Private Limited	1,00,000	10	10	10,00,000	Preferential Allotment	26,37,380	2,63,73,800	Nil	
25.11.2009	Emerging Building Private Limited	1,00,000	10	10	10,00,000	Preferential Allotment	27,37,380	2,73,73,800	Nil	
25.11.2009	Nirmal Estates Private Limited	2,00,000	10	10	20,00,000	Preferential Allotment	29,37,380	2,93,73,800	Nil	
25.11.2009	Abhisheka Kumar	30,000	10	10	3,00,000	Preferential Allotment	29,67,380	2,96,73,800	Nil	
25.11.2009	T R Ramanaathan	10,000	10	10	1,00,000	Preferential Allotment	29,77,380	2,97,73,800	Nil	
25.11.2009	Priyanka Jain	30,000	10	10	3,00,000	Preferential Allotment	30,07,380	3,00,73,800	Nil	
25.11.2009	Veena Rani	50,000	10	10	5,00,000	Preferential Allotment	30,57,380	3,05,73,800	Nil	
25.11.2009	MalkitDidyala	25,000	10	10	2,50,000	Preferential Allotment	30,82,380	3,08,23,800	Nil	
25.11.2009	John Arunkumar Diaz	50,000	10	10	5,00,000	Preferential Allotment	31,32,380	3,13,23,800	Nil	
25.11.2009	Somanadha Babu Kotha	1,15,000	10	10	11,50,000	Preferential Allotment	32,47,380	3,24,73,800	Nil	
25.11.2009	Leena Pillai	20,000	10	10	2,00,000	Preferential Allotment	32,67,380	3,26,73,800	Nil	
10.12.2009	Govind Singh	25,620	10	10	2,56,200	Preferential Allotment	32,93,000	3,29,30,000	Nil	



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17.12.2009	Ira Singh Tharakan	1,53,846	10	13	19,99,998	Preferential Allotment	34,46,846	3,44,68,460	4,61,538	
31.12.2009	Govind Singh	2,57,000	10	10	25,70,000	Sweat Issue	37,03,846	3,70,38,460	Nil	
21.01.2010	Aavishkaar Goodwill India Microfinance	18,05,556	10	14	2,60,00,000	Preferential Allotment	55,09,402	5,50,94,020	72,22,224	
24.03.2010	International Finance Corporation	9,72,222	10	14	1,39,99,997	Preferential Allotment	64,81,624	6,48,16,240	38,88,888	
24.03.2010	INTELLECA SH Micro Finance Network Co. Private Ltd.	45,000	10	16	7,20,000	Sweat Issue (other than cash)	65,26,624	6,52,66,240	2,70,000	
27.09.2010	Revati Govind Singh	10,000	10	10	1,00,000	Preferential Allotment	65,36,624	6,53,66,240	Nil	
27.09.2010	Govind Singh	7,14,340	10	10	71,43,400	Preferential Allotment	72,50,964	7,25,09,640	Nil	
27.09.2010	Abhisheka kumar	17,329	10	10	1,73,290	Preferential Allotment	72,68,293	7,26,82,930	Nil	
27.09.2010	TrilokNath Shukla	2,263	10	10	22,630	Preferential Allotment	72,70,556	7,27,05,560	Nil	
27.09.2010	AmritKumari Sivaprakasa m	8,591	10	10	85,910	Preferential Allotment	72,79,147	7,27,91,470	Nil	
27.09.2010	Indcap Leasing & Finance Private Limited	25,701	10	10	2,57,010	Preferential Allotment	73,04,848	7,30,48,480	Nil	
27.09.2010	UtpalIsser	8,738	10	10	87,380	Preferential Allotment	73,13,586	7,31,35,860	Nil	
27.09.2010	GyanandraNarain Mishra	17,477	10	10	1,74,770	Preferential Allotment	73,31,063	7,33,10,630	Nil	
27.09.2010	Kaushik BishnuMazomdar	17,134	10	10	1,71,340	Preferential Allotment	73,48,197	7,34,81,970	Nil	
27.09.2010	OM Prakash Gupta	8,567	10	10	85,670	Preferential Allotment	73,56,764	7,35,67,640	Nil	
27.09.2010	Sushma Agarwal	8,567	10	10	85,670	Preferential Allotment	73,65,331	7,36,53,310	Nil	
27.09.2010	KirtiTatiwala	4,283	10	10	42,830	Preferential Allotment	73,69,614	7,36,96,140	Nil	
27.09.2010	Rashmi Gupta	4,283	10	10	42,830	Preferential Allotment	73,73,897	7,37,38,970	Nil	
27.09.2010	RajammaSukesan	8,567	10	10	85,670	Preferential Allotment	73,82,464	7,38,24,640	Nil	
27.09.2010	MeherVaniChalamalasetti	8,567	10	10	85,670	Preferential Allotment	73,91,031	7,39,10,310	Nil	
27.09.2010	VinodDua	17,134	10	10	1,71,340	Preferential Allotment	74,08,165	7,40,81,650	Nil	
27.09.2010	Alok Shukla	17,134	10	10	1,71,340	Preferential Allotment	74,25,299	7,42,52,990	Nil	



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27.09.2010	Deepak Kalra	17,134	10	10	1,71,340	Preferential Allotment	74,42,433	7,44,24,330	Nil	
27.09.2010	Via Projects Private Limited	25,701	10	10	2,57,010	Preferential Allotment	74,68,134	7,46,81,340	Nil	
27.09.2010	ShobhanaGaneshDeodhar	25,701	10	10	2,57,010	Preferential Allotment	74,93,835	7,49,38,350	Nil	
27.09.2010	RamniNirula	17,134	10	10	1,71,340	Preferential Allotment	75,10,969	7,51,09,690	Nil	
27.09.2010	Satya Narayan Bansal	25,701	10	10	2,57,010	Preferential Allotment	75,36,670	7,53,66,700	Nil	
27.09.2010	Chattanathan D	3,427	10	10	34,270	Preferential Allotment	75,40,097	7,54,00,970	Nil	
27.09.2010	Molecule Enterprises Private Limited	17,134	10	10	1,71,340	Preferential Allotment	75,57,231	7,55,72,310	Nil	
27.09.2010	Nirmal Estates Private Limited	34,268	10	10	3,42,680	Preferential Allotment	75,91,499	7,59,14,990	Nil	
27.09.2010	Veena Rani	8,567	10	10	85,670	Preferential Allotment	76,00,066	7,60,00,660	Nil	
27.09.2010	Malkit Singh Didyala	4,283	10	10	42,830	Preferential Allotment	76,04,349	7,60,43,490	Nil	
27.09.2010	Somanadha Babu Kotha	19,704	10	10	1,97,040	Preferential Allotment	76,24,053	7,62,40,530	Nil	
27.09.2010	Leena Pillai	3,427	10	10	34,270	Preferential Allotment	76,27,480	7,62,74,800	Nil	
27.09.2010	Ira Singh Tharakan	26,360	10	13	3,42,680	Preferential Allotment	76,53,840	7,65,38,400	Nil	
27.09.2010	Emerging Building Private Limited	17,134	10	10	1,71,340	Preferential Allotment	76,70,974	7,67,09,740	Nil	
27.09.2010	Utkarsh ESOP Welfare Trust	3,43,507	10	10	34,35,070	Preferential Allotment	80,14,481	8,01,44,810	Nil	
09.12.2010	SanjeevNarsing & Sons (HUF)	34,268	10	10	3,42,680	Preferential Allotment	80,48,749	8,04,87,490	Nil	
09.12.2010	SairaZiuddin	8,738	10	10	87,380	Preferential Allotment	80,57,487	8,05,74,870	Nil	
09.12.2010	Neeta Mukherjee	8,567	10	10	85,670	Preferential Allotment	80,66,054	8,06,60,540	Nil	
09.12.2010	Jon Arun Kumar Diaz	8,567	10	10	85,670	Preferential Allotment	80,74,621	8,07,46,210	Nil	
09.12.2010	Priyanka Jain	5,140	10	10	51,400	Preferential Allotment	80,79,761	8,07,97,610	Nil	
09.12.2010	T.R. Ramanaathan	1,713	10	10	17,130	Preferential Allotment	80,81,474	8,08,14,740	Nil	
09.12.2010	UlhasSharad Kumar Deshpande	122	10	10	1,220	Preferential Allotment	80,81,596	8,08,15,960	Nil	
09.12.2010	Ramesh Chandra Singh	881	10	10	8,810	Preferential Allotment	80,82,477	8,08,24,770	Nil	



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09.12.2010	Aavishkaar Goodwell India Microfinance Development Company II Ltd.	13,63,636	10	15	2,09,99,995	Preferential Allotment	94,46,113	9,44,61,130	68,18,180	
09.12.2010	International Finance Corporation	7,32,468	10	15	1,12,80,007	Preferential Allotment	1,01,78,581	10,17,85,810	36,62,340	
14.01.2011	Govind Singh	30,489	10	10	3,04,890	Preferential Allotment	1,02,09,070	10,20,90,700	Nil	
14.01.2011	Smt. Uma Tomer	1,713	10	10	17,130	Preferential Allotment	1,02,10,783	10,21,07,830	Nil	
30.03.2012	Govind Singh	5451	10	10	54510	Preferential Allotment	1,02,16,234	10,21,62,340	Nil	
20.12.2012	International Finance Corporation	1003134	10	31.9	3,20,00,000	Preferential Allotment	1,12,19,368	11,21,93,680	2,19,68,635	
20.12.2012	NMI Frontier Fund KS	4952978	10	31.9	15,80,00,000	Preferential Allotment	1,61,72,346	16,17,23,460	10,84,70,218	
20.12.2012	Aavishkaar Goodwell India Microfinance Development Company II Ltd.	2089864	10	28.71	6,00,00,000	Preferential Allotment	1,82,62,210	18,26,22,100	3,91,01,355	
29.08.2012	Abhisheka Kumar	22500	10	10	225000	Preferential Allotment	1,82,84,710	18,28,47,100	Nil	
29.08.2012	Mr. Abhishek Verma	500	10	10	5000	Preferential Allotment	1,82,85,210	18,28,52,100	Nil	
29.08.2012	Mr. Sanjay Singh	1250	10	10	12500	Preferential Allotment	1,82,85,710	18,28,57,100	Nil	
29.08.2012	Mr. Ashish Maurya	500	10	10	5000	Preferential Allotment	1,82,86,210	18,28,62,100	Nil	
29.08.2012	Mr. Shailendra Singh	500	10	10	5000	Preferential Allotment	1,82,86,710	18,28,67,100	Nil	
29.08.2012	Mr. Rahul Dwivedi	500	10	10	5000	Preferential Allotment	1,82,87,210	18,28,72,100	Nil	
29.08.2012	Mr. Ajay Kumar Twivedi	250	10	10	2500	Preferential Allotment	1,82,87,460	18,28,74,600	Nil	
29.08.2012	Mr. Sulabh Kumar Jain	2500	10	10	25000	Preferential Allotment	1,82,89,960	18,28,99,600	Nil	
29.08.2012	Mr. Sulabh Kumar Jain	1250	10	10	12500	Preferential Allotment	1,82,91,210	18,29,12,100	Nil	
21.11.2012	Ramesh Chandra Singh	58567	10	10	585670	Preferential Allotment	1,83,49,777	18,34,97,770	Nil	
12.01.2013	Ms. Purnima Garg	50000	10	10	500000	Preferential Allotment	1,83,99,777	18,39,97,770	Nil	
12.01.2013	Mr. Vujay Adhikari	10000	10	10	100000	Preferential Allotment	1,84,99,777	18,49,97,770	Nil	
12.01.2013	Sushma Agarwal	25000	10	10	250000	Preferential Allotment	1,85,24,777	18,52,47,770	Nil	



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12.01.2013	KirtiTatiwala	25000	10	10	250000	Preferential Allotment	1,85,49,777	18,54,97,770	Nil	
12.01.2013	Mr. Ankur Govind Singh	90000	10	10	900000	Preferential Allotment	1,86,39,777	18,63,97,770	Nil	
28.03.2013	Mr. Govind Singh & Mr. Sulabh Kumar Jain, Trustee- Utkarsh ESOP Welfare Trust	856493	10	21.6	1,85,00,249	Preferential Allotment	1,94,96,270	19,49,62,700	99,35,319	
30.03.2013	International Finance Corporation	10,50,000	10	40	4,20,00,000	Preferential Allotment	2,05,46,270	20,54,62,700	3,15,00,000	
30.03.2013	Aavishkaar Goodwill India Microfinance Development Co II Ltd.	22,89,600	10	40	9,15,84,000	Preferential Allotment	2,28,35,870	22,83,58,700	6,86,88,000	
30.03.2013	Aavishkaar Venture management Services Pvt. Ltd.	5,400	10	40	2,16,000	Preferential Allotment	2,28,41,270	22,84,12,700	1,62,000	
30.03.2013	NMI Frontier Fund KS	16,50,000	10	40	6,60,00,000	Preferential Allotment	2,44,91,270	24,49,12,700	4,95,00,000	
30.09.2013	Trilok Nath Shukla	8750	10	10	87,500	Preferential Allotment	2,45,00,020	24,50,00,200	Nil	
30.09.2013	Abhisheka Kumar	17750	10	10	1,77,500	Preferential Allotment	2,45,17,770	24,51,77,700	Nil	
30.09.2013	Abhishek Verma	1250	10	10	12,500	Preferential Allotment	2,45,19,020	24,51,90,200	Nil	
30.09.2013	IndraDeo Pandey	500	10	10	5,000	Preferential Allotment	2,45,19,520	24,51,95,200	Nil	
30.09.2013	Ashish Maurya	1500	10	10	15,000	Preferential Allotment	2,45,21,020	24,52,10,200	Nil	
30.09.2013	Rahul Dwivedi	1500	10	10	15,000	Preferential Allotment	2,45,22,520	24,52,25,200	Nil	
30.09.2013	Gajay Kumar Tiwari	500	10	10	5,000	Preferential Allotment	2,45,23,020	24,52,30,200	Nil	
30.09.2013	Shyam Sunder Rai	2500	10	10	25,000	Preferential Allotment	2,45,25,520	24,52,55,200	Nil	

(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.

6.6 Details of the shareholding of the Company as on the latest quarter end, i.e. September 30, 2013:



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(a) **Shareholding pattern of the Company as on last quarter end, i.e. September 30, 2013,**

Sr. No.	Name of the Shareholder / Particulars	Class	Total Number of equity shares	Total percentage (%) of Shareholding	Number of shares held in Demat Form
1	Mr.Govind Singh	Promoter	15,45,940	6.41	NIL
2	Individual Shareholders	Individuals	34,37,655	14.25	NIL
3	Intellcash Micro Fin. Network Co. Pvt. Ltd.	Indian Corporate	45,000	0.19	NIL
4	Utkarsh ESOP Welfare Trust	Trust	11,70,250	4.85	NIL
5	Aavishkaar Goodwell India Microfinance	Foreign Institutional Investor	1,805,556	7.49	NIL
6	Aavishkaar Goodwell India Microfinance Development Company II Ltd.	Foreign Institutional Investor	5,743,100	23.82	NIL
7	Aavishkaar Venture Management Services Private Limited	Indian Corporate	5,400	0.02	NIL
8	International Finance Corporation (IFC)	Multilateral Financial Institution	37,57,824	15.59	NIL
9	NMI (MNI Frontier Fund KS)	Institutional Foreign Investor	66,02,978	27.38	NIL
	Total Equity Shares		2,41,13,703	100.00	NIL

Notes: Details of shares pledged or encumbered by the promoters (if any):N.A.

(b) **List of top 10 holders of equity shares of the Company as on the latest quarter end, i.e. September 30, 2013**

Sr. No.	Name of the Shareholder	Class	Total Number of equity shares	Total percentage (%) of Shareholding	Number of shares held in Demat Form
1	NMI (MNI Frontier Fund KS)	Institutional	66,02,978	27.38	NIL
2	Aavishkaar Goodwell India Microfinance Development Company II Ltd.	Institutional	5,743,100	23.82	NIL
3	International Finance Corporation (IFC)	Institutional	37,57,824	15.58	NIL
4	Aavishkaar Goodwell India Microfinance	Institutional	1,805,556	7.49	NIL
5	Mr.Govind Singh	Promoter (Individual)	15,45,940	6.41	NIL
6	SanjeevNarang& Sons(HUF)	Individual	2,34,268	0.97	NIL
7	Via Projects Pvt. Ltd.	Individual	1,75,701	0.73	NIL
8	Indicap leasing & Finance Pvt. Ltd	Individual	1,75,701	0.73	NIL
9	Ira Singh Tharakan	Individual	1,80,206	0.75	NIL
10	ShobhanaGaneshDeodhar	Individual	1,75,701	0.73	NIL



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6.7 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:

S. No.	Name of the Directors	Designation	Date of Birth	Address	DIN	PAN	Director of the company since	Director in other company
1	Ajai Raj Sharma	Independent Director	6-Dec-44	B- 184, Sector 44, NOIDA - 201301	1436846	AILPS1963P	25-Feb-10	i.NPCL (Noida Power Co. Ltd.
2	Ajay Bhupendra Maniar	Nominee Director	23-Oct-72	F- 6, Juhu Apartments , Off Juhu Road, Santacruz West, Mumbai - 400049	3551939	AFWPM2300Q	17-May-11	i. Nepra Resource Management Pvt. Ltd. ii. G. V. Meditech Ltd.
3	Ulf Lennart Stefan Linders	Nominee Director	27-May-55	Blanchegaten 14, SE-11533, Stockholm, Stockholm-11533 Swedan	1922740	NA	26-Nov-12	i. Belstar Investment & Finance Pvt. Ltd.
4	Ramni Nirula	Independent Director	27-May-52	A-14, Anand Niketan, New Delhi - 110021	15330	AAJPB9085B	18-Dec-09	Usha Martin Limited ii. Jubilant Food Works Limited iii. P. I. Industries Limited iv. McLeod Russel India Limited v. Comm Trade Services Limited vi. Vardhman Special Steels Limited vii. Sona Koyo Steering Systems Limited viii. Avantha Power & Infrastructure Ltd. ix. Goldman Sachs Trustee Company (India) Private Limited x. DRN Investments And Agriculture Private Limited xi. Tama Investments & Finance Private Limited xii. IKP Knowledge Park (Section 25 Com)



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5	Vijaylaxmi Das	Independent Director	17-Jul-51	211 Sukomal Apartments, Ramdev Nagar, Ahmedabad - 380015	624128	ACLPD7107L	25-Feb-10	- Ananya Finance for Inclusive Growth Pvt. Ltd. ii. Invest India Pension services Pvt. Ltd. iii. Cashpor Micro credit (Section 25 com.)
6	Govind Singh	Managing Director & CEO	15-May-65	C- 402, MahavirSadhana, Plot No 18E, F, G, Sector 14, Spandana, NaviMumbai - 400049	2470880	AAMPS9429B	25-Aug-09	
7	TrilokNathShukla	Whole time Director	3-Jul-74	N 7/1-R-9, Opp CARE Hospital, DLW - BHU Road, Varanasi 221004	473897	AXCPS1056R	25-Aug-09	

*Company to disclose name of the current directors who are appearing in the RBI defaulter list and/or ECGC default list, if any: Nil

(b) Details of change in directors since last three years:

Name & Designation	DIN	Date of Appointment/Resignation	Director of the Company since (in case of resignation)	Remarks
Ajai Raj Sharma	1436846	25-Feb-10		
Ajay BhupendraManiar	3551939	17-May-11		
Ulf Lennart Stefan Linders	1922740	26-Nov-12		
RamniNirula	15330	18-Dec-09		
Vijaylaxmi Das	624128	25-Feb-10		
Govind Singh	2470880	5-Sep-11		
TrilokNathShukla	473897	25-Aug-09		
Henning Haugerudbraten	05100227		20-Sep-11	Step down from directorship on 23-10-12
Vineet Chandra Rai	00606290	18-Dec-2009	17-May-11	Step down from directorship on 17-05-2011`

6.8 Following details regarding the auditors of the Company:

(a) Details of the auditor of the Company:

Name	Address	Auditor since
BSR & Co.	Reliance Humsafar, IV Floor, Road No 11, Banjara Hills Hyderabad- 500034	FY 2009-10



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(b) **Details of change in auditors since last three years:**

There has been no change in auditors for the last three years

6.9 Details of borrowings of the Company, as on latest quarter end:

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

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

The Issuer has not availed of any unsecured loan facilities as on date.

(c) **Details of Non-Convertible Debentures:**

Debenture Series	Tenor/Period of Maturity	Coupon (Rate of Interest)	Amount (Rs in Lacs)	Date of allotment	Redemption on Date/Schedule	Credit Rating	Secured/Unsecured	Security
1-160	36 Months	14.70	1600.00	August 30, 2013	August 30, 2016	BBB-	Secured	Book Debts
TOTAL								

(d) **List of Top 10 Debenture Holders (as on September 30, 2013)**

S. No.	Name of Debenture Holders	Amount (Rs. Mn)
1.	Blue Orchard M.E.F.	160.00

(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)**

No corporate guarantee has been issued by the Issuer till date.

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

The Issuer does not have any outstanding commercial paper as on the latest quarter end.

(g) **Details of rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares) as on September 30, 2013:**

The Issuer does not have any outstanding borrowing such as hybrid debt like foreign currency convertible bonds, optionally convertible debentures / preference shares) as on September 30, 2013.



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Sr. No.	Institution / Lender's Name	Type of Facility	Cumulative Sanction (Rs. Mn)	Amt. Disbursed (Rs. Mn.)	Principal O/S as on Sep 30, 2013 (Rs. Mn.)	Security
1	Andhra Bank	Term Loan	50.00	50.00	40.91	Receivables
2	Bank of Maharashtra	Term Loan	100.00	100.00	90.00	Receivables
3	Dena Bank	Term Loan	50.00	50.00	47.92	Receivables
4	Indian Overseas Bank	Term Loan	50.00	50.00	41.67	Receivables
5	IDBI Bank	Term Loan	200.00	200.00	136.01	Receivables
6	State Bank of Patiala	Term Loan	50.00	50.00	50.00	Receivables
7	UCO BANK	Term Loan	100.00	100.00	90.91	Receivables
8	Union Bank of India	Term Loan	20.00	20.00	11.74	Receivables
9	NABARD	Term Loan	5.00	5.00	5.00	Receivables
10	Axis Bank Limited	Term Loan	350.00	150.00	50.00	Receivables
11	Dhanlaxmi Bank Limited	Term Loan	55.00	55.00	36.56	Receivables
12	Development Credit Bank	Term Loan	244.00	244.00	135.97	Receivables
13	HDFC Bank Limited	Term Loan	130.00	130.00	46.13	Receivables
14	ING Vysya Bank	Term Loan	175.00	175.00	141.00	Receivables
15	IndusInd Bank	Term Loan	100.00	100.00	62.22	Receivables
16	ICICI Bank	Term Loan	350.00	150.00	137.50	Receivables
17	Ratnakar Bank	Term Loan	375.00	375.00	264.29	Receivables
18	South Indian Bank	Term Loan	100.00	100.00	90.00	Receivables
19	Yes Bank	Term Loan	225.00	75.00	41.36	Receivables
20	Ananya Finance	Term Loan	95.00	95.00	2.78	Receivables
21	Bellwether Microfinance Fund Pvt Ltd	Term Loan	50.00	50.00	50.00	Receivables
22	IFMR Capital Pvt Ltd	Term Loan	310.00	310.00	20.00	Receivables
23	Maanaveya Development and Finance	Term Loan	170.00	120.00	86.66	Receivables
24	MAS Financial Services Limited	Term Loan	642.50	642.50	166.67	Receivables
26	MV MicrofinPvt Limited	Term Loan	115.00	100.00	70.00	Receivables
27	Reliance Capital Ltd	Term Loan	210.00	210.00	138.53	Receivables
28	Blue Orchard	NCD	320.00	160.00	160.00	Receivables
30	Dhanlaxmi Bank Limited	Cash Credit	4.50	4.50	4.50	Receivables
31	Ratnakar Bank Limited	Cash Credit	50.00	50.00	50.00	Receivables
32	Indian Overseas Bank	OD	45.00	45.00	43.00	Receivables
34	Union Bank of India	OD	33.20	33.20	9.65	Receivables
35	Dhanlaxmi Bank Limited	OD	19.00	19.00	18.67	Receivables
36	HDFC Bank Limited	OD	9.70	9.70	25.66	Receivables



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			4,802.90	4,027.90	2,365.29	
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- (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:**

The Company has not defaulted in payment of any interest or principal of any kind of term loans, debt securities or any other financial indebtedness, including any corporate guarantee issued by the Company, in the past 5 years.

- (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:**

The Issuer does not have any outstanding borrowings / debt securities 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.

6.10 Details of Promoters of the Company:

- (a) **Details of Promoter Holding in Company as on latest quarter end, i.e. September 30, 2013:**

Sr. No.	Name of the shareholders	Total no. of equity shares	No. of shares in demat form	Total shareholding as % of total no. of equity shares	No. of shares pledged	% of shares pledged with respect to shares owned
1	MrGovind Singh	15,45,940	Nil	6.41%	Nil	Nil



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6.11 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.

[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]

Profit and Loss Statement (INR Lakhs)	31.03.2010	31.03.2011	31.03.2012	31.03.2013
	Audited	Audited	Audited	Audited
Interest Income	41.89	805.47	1,178.64	2,787.60
Less: Interest Expenses	2.35	278.99	351.99	1,287.60
Net Interest Income	39.54	526.48	826.65	1,500.00
Other Income	9.51	95.62	109.97	343.20
Total Income	51.40	901.09	1,288.61	1,843.20
Operating Expenses	137.18	492.59	688.86	1,168.00
Provisions & Write Offs	3.17	12.76	21.95	55.20
Operating Profit	-91.30	116.75	225.81	620.00
Depreciation	3.72	13.34	10.55	21.00
Profit Before Tax	-95.02	103.41	215.26	599.00
Provisions for tax	0.13	12.36	73.87	210.10
Profit After Tax	-95.15	91.05	141.39	388.90

Balance Sheet (INR Lakhs)	31.03.2010	31.03.2011	31.03.2012	31.03.2013
Equity capital	652.66	1,021.08	2,217.23	2,411.40
Reserve & Surplus	34.97	240.00	1,643.44	4,018.70
TNW	687.63	1,261.08	3,860.67	6,430.10
Total Debt	350.00	1,855.50	5,290.59	18,512.40



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Current Liabilities+ Provisions	19.97	119.29	525.91	1,239.10
Total Outside Liabilities	369.97	1,974.79	5,816.50	19,751.50
Total Liabilities	1,057.73	3,235.87	9,677.88	26,181.60
Fixed assets (Net)	19.83	30.25	37.53	64.40
Investments	5.00	5.00	0.00	-
Gross Advances	634.36	2,356.87	3,627.49	13,837.90
Less : Loan Loss Reserve	3.17	15.93	37.65	81.00
Net Loan Outstanding	631.19	2,340.94	3,589.84	13,756.90
Cash / Liquid Investments	388.33	674.55	4,458.57	9,872.50
Non Current assets	0.00	0.00	0.00	-
Other current assets	13.38	185.13	237.52	2,177.70
Deferred Tax Assets	0.00	0.00	0.00	1.50
Intangible Assets	0.00	0.00	8.64	7.10
Other Long Term Assets	0.00	0.00	1,345.78	301.50
Total Assets	1,057.73	3,235.87	9,677.88	26,181.60

6.12 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]

Profit and Loss Statement (in INR mn)	For the period ended 31 March 2013
Revenue from Operations	278.76
Other Income	34.32
Total Revenue	313.09
Expenses:	
Operating expenses	9.82
Employee benefits expense	87.64
Finance costs	128.76
Depreciation and amortisation	2.10



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Other expenses	24.86
Total expenses	253.18
Profit / (Loss) for the period before Tax	59.91
- Current tax	21.23
- Deferred tax expense/(benefit)	-0.22
- Prior period taxes	0.00
Profit after tax	38.89

Balance Sheet		31st March, 2013
EQUITY AND LIABILITIES		
Shareholder's funds		
Share capital		241.14
Reserves and surplus		401.87
		643.01
Non-current Liabilities		
Long-term borrowings		677.85
Deferred tax liabilities, net		
Other long-term liabilities		1.13
Long-term provisions		1.18
		680.16
Current liabilities		
Short-term borrowings		50.33
Other current liabilities		1,235.19
Short-term provisions		9.47
		1,294.99
Total		2,618.16
ASSETS		
Non-current assets		
Fixed assets		
(i) Tangible Assets		6.44
(ii) Intangible Assets		0.71
Deferred tax assets, net		0.15
Gross loan portfolio	205.12	
Less : Managed portfolio		
Loan portfolio		205.12
Long-term loans and advances		30.15
Other non-current assets		
		408.27
Current assets		
Current investments		
Cash and bank balances		987.25
Gross loan portfolio	1,577.40	
Less : Managed portfolio	406.83	
Loan portfolio		1,170.57



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Short-term loans and advances		
Other current assets		
		2,209.89
Total		2,618.16

- 6.13 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 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.

- 6.14 Names of the Debentures Trustees and Consents thereof**

The debenture trustee of the proposed Debentures is IDBI Trusteeship Services Limited. IDBI Trusteeship Services 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. The consent letter from Debenture Trustee is provided in Annexure III of this Information Memorandum.

- 6.15 Rating and Rating Rationale**

The Rating Agency has assigned ratings of “BBB-” 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.

- 6.16 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 as there is no guarantee or letter of comfort being provided with the security.

- 6.17 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.

- 6.18 Other details:**

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



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As per the provisions of the Companies Act, 1956, 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, the Ministry of Corporate Affairs has, through its revised circular no. 11/02/2012-CL-V (A) dated February 02, 2013, clarified that non-banking financial companies are exempt from this requirement in respect of privately placed debentures. Pursuant to this exemption, the Company does not intend to create any reserve funds for the redemption of the Debentures.

(b) Issue / instrument specific regulations:

The Issue of Debentures shall be in conformity with the applicable provisions of the Companies Act 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.

6.19 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.

Sr. No.	Nature of Contract
1	Certified true copy of the Memorandum & Articles of Association of the Issuer
2	Board Resolution dated October 17, 2013 authorizing issue of Debentures offered under terms of this Disclosure Document.
3	Shareholder Resolution dated Oct 22, 2013 authorizing the borrowing by the Company and the creation of security.
4	Copies of Annual Reports of the Company for the last three financial years
5	Credit rating letter from the Ratings
6	Letter from IDBI Trusteeship Services Limited giving its consent to act as Debenture Trustee
7	Letter for Register and Transfer Agent
8	Certified true copy of the certificate of incorporation of the Company
9	Certified true copy of the tripartite agreement between the Company, the Registrar & Transfer Agent and the National Securities Depository Limited/CDSL
10	Copy of application made to BSE for grant of in-principle approval for listing of Debentures.

6.20 Details of Debt Securities Sought to be Issued

Under the purview of the current document, the Issuer intends to raise an amount of Rs. 30,00,00,000/- (Rupees Thirty Crores only) by issue of Secured Rated Listed Redeemable Transferable Non-Convertible Debentures, on a private placement basis.



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For further details of the Debentures, please refer to the terms and conditions of the debentures set out in Section 6.23 of this Information Memorandum.

6.21 Issue Size

The aggregate issue size for the Debentures is. Rs. 30,00,00,000/- (Rupees Thirty Crores only).

6.22 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.

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

6.23 Issue Details

Security Name	14.70% Utkarsh Micro Finance Private Limited 2019
Issuer	Utkarsh Micro Finance Private Limited
Type of Instrument	Non-Convertible Debentures
Nature of Instrument	Secured Rated Listed Redeemable Transferable Non-Convertible Debentures
Seniority	Senior
Mode of Issue	Private placement
Eligible/Identified Investors	As provided in Clause 8.14 below
Listing	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. 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



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	<p>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 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) days from the Deemed Date of Allotment till the listing of such Debentures</p>
Rating of Instrument	‘BBB-’ by ICRA
Issue Size	Rs. 30,00,00,000/- (Rupees Thirty Crores only)
Option to retain oversubscription	N.A.
Objects of the Issue	To raise senior secured debt to the extent upto Rs. 30,00,00,000/- (Rupees Thirty Crores only)
Details of the utilization of the Proceeds	The issue proceeds will be utilized for providing debt financing for loan portfolio growth.
Coupon Rate	<p>14.70% (Fourteen Decimal Point Seven Percent) per annum payable semi-annually until the Coupon Reset Date</p> <p>For the period between the Coupon Reset Date and the Redemption Date, the Coupon Rate, shall, in the absence of any agreement on the Coupon Rate between the Debenture Holders and the Company continue to be the pre-existing Coupon Rate at 14.70%</p>
Step Up/ Step Down Coupon Rate	N.A.
Coupon Payment Frequency	Semi – Annual
Coupon Payment Dates	Semi-annually on April 25, and October 25, of every calendar year until Maturity Date
Coupon Type	Fixed Coupon rate subject to reset as per Coupon Reset Process
Coupon Reset Date	October 25, 2016 (36 months after date of allotment)
Coupon Reset Process	Coupon Rate will be reset on each Coupon Reset Date. The Debenture Trustee shall consult all Debenture holders to ascertain the new Coupon Rate, and the decision so reached for fixing the Coupon Rate is to be acceptable to and has to be approved by the Majority Debenture Holders, at least 20 (Twenty) calendar days prior to each Coupon Reset Date. The Debenture Trustee shall communicate the new Coupon Rate, so determined, to the Issuer at least 15 (Fifteen) calendar days before each Coupon Reset Date.
Day Count Basis	Actual / 365 (or 366 in the case of a leap year)
Interest on Application Money	14.70% per annum net of withholding taxes
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



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	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.
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 penal 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	72 (Seventy Two) months from the Deemed Date of Allotment
Redemption Date	October 25, 2019 being 72 (Seventy Two) months from the Deemed Date of Allotment
Redemption Amount	Rs. 10,00,000/- (Rs. Ten Lakh Only) per Debenture on the Redemption Date plus accrued Coupon if any.
Redemption Premium/ Discount	N.A
Issue Price	Rs. 10,00,000/- (Rs. 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	Shall be the date falling on completion of 36 (Thirty Six) months being October 25, 2016 from the Deemed Date of Allotment.
Put Option Price	Amount equivalent to the face value of all the Debentures being redeemed and interest, due and payable and other unpaid interests as on the date of the Put Notice.
Call Option Date	Shall be the date falling on completion of 36 (Thirty Six) months being October 25, 2016 from the Deemed Date of Allotment.
Call Option Price	Amounts equivalent to the face value of all the Debentures and interest, due and payable and other unpaid interests as on the date of the Call Notice.
Put Notification Time	In the event if any Debenture-Holder is desirous of exercising the Put Option, the Debenture Holders shall provide notice in writing to the Issuer (with a copy to the Debenture Trustee) at least 15(fifteen) calendar days prior to the Coupon Reset Date. Upon receipt of the notice, the Issuer shall compulsorily redeem the Debentures identified in the notice on the relevant Put Option Date by making payment to the relevant Debenture Holders, the outstanding face value of the Debentures (identified in the notice) and accrued Coupon in relation thereto.
Call Notification Time	In the event if the Issuer is desirous of exercising the Call Option, the Issuer shall provide notice to the Debenture Trustee in relation to exercise of the Call Option at least 15 (fifteen) calendar days prior to the Coupon Reset Date. Upon issuance of the notice, the Issuer shall compulsorily redeem the Debentures (or part thereof) identified in the notice on the relevant Call Option Date by making payment to the relevant Debenture Holders, the outstanding face value of the said Debentures (or part thereof as identified in the notice) and accrued Coupon in relation thereto.
Face Value	Rs. 10,00,000/- (Rs. Ten Lakhs Only) per Debenture
Minimum Application size and in multiples of __ thereafter	5 Debentures and in multiples of 1 Debenture thereafter



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Issue Timing	Issue Opening Date: October 23,2013 Issue Closing Date: October 25,2013 Pay-in Dates: October 23 to October 25, 2013 Deemed Date of Allotment: October 25, 2013 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 Sunday or a Bank holiday) on which banks are open for general business in Mumbai.
Business Day Convention	If the Due Date for payment falls on a day that is not a Business Day, then the due date in respect of such payment shall be the immediately preceding Business 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.



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Security	<p>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 over specific loan receivables / book debt, present and future, representing amounts due from the various borrowers of the Issuer at all times to the extent equal to an amount aggregating to the total outstanding in relation to the Issue (“Hypothecated Assets”) such that the value of security shall be equal to 1.0 (One) times the aggregate amount of principal outstanding of the Debentures (“Security Cover”). The Issuer undertakes:</p> <ol style="list-style-type: none"> to maintain the value of Security Cover at all times till the obligations under the Issue are discharged ; 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 Form 10 immediately and no later than 10 (Ten) calendar days from the date of execution of the Deed of Hypothecation; 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. 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”).
Transaction Documents	Shall be as set out in Clause 7.1 below
Conditions Precedent to Disbursement	<ol style="list-style-type: none"> Execution of Debenture Trustee Agreement, Deed of Hypothecation and Debenture Trust Deed Such other undertaking as may be required from the Company.
Conditions Subsequent to Disbursement	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.
Events of Default	As mentioned in Clause 7.4 below
Provisions related to Cross Default Clause	The Issuer defaults under any other contract evidencing its financial indebtedness and binding on its capacity as a company, borrower or guarantor where the amount of such financial indebtedness exceeds [10]% (Ten Percent) of the Issuer’s Net Assets and such default or event of default permits or causes (or with the giving of notice or the passage of time or both would permit or cause) the acceleration of any such indebtedness (whether or not such right shall have been waived) or the termination of any commitment to lend.
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



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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 Mumbai.
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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 IDBI Trusteeship Services Ltd. 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**”)
- (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.

A. Authority and Capacity

- a. The Issuer has been duly incorporated, organized and is validly existing, under applicable law.
- b. The Issuer has the corporate power, authority and all material permits, approvals, authorizations, licenses, registrations, and consents including registrations, to own and operate its assets and to carry on its business in substantially the same manner as it is currently conducted.
- c. The Issuer is in compliance with all laws for the performance of its obligations with respect to this Issue.
- d. The Issuer represents that all consents, and actions of, filings with and notices to any governmental authority as may be required to be obtained by the Issuer in connection with the Issue have been obtained or made and are in effect.

A. Corporate Matters

- a. All the legal and procedural requirements specified in the constitutional documents have been duly complied with in all respects in relation to the Issue.
- b. The registers, documents and minute books (including the minutes of board and shareholders meeting) required to be maintained by the Issuer under Law:



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- A. are up-to-date and have been maintained in accordance with applicable law;
 - B. comprise complete and accurate records of all information required to be recorded in such books and records; and
 - C. no notice or allegation that any of them are incorrect and/ or should be rectified has been received.
- D. Non-conflict with other obligations

The Issue (or any of the obligations undertaken by the Issuer in relation thereto) does not and will not conflict with any law or regulation to which the Issuer is subject, including but not limited to any laws and regulations regarding anti-money laundering/ terrorism financing and similar financial sanctions as well as any agreement or instrument binding upon it or any of its assets, including but not limited to any terms and conditions of the existing financial indebtedness of the Issuer.

(b) Accounts and Records

The books of accounts of the Issuer and its subsidiaries have been fairly and properly maintained, the accounts of the Issuer and its subsidiaries have been prepared in accordance with law and in accordance with applicable GAAP, so as to give a true and fair view of the business (including the assets, liabilities and state of affairs) of the Issuer and its subsidiaries.

(c) Taxation Matters

- a. The Issuer has complied with all the requirements as specified under the respective tax laws as applicable to it in relation to returns, computations, notices and information which are or are required to be made or given by the Issuer to any tax authority for taxation and for any other tax or duty purposes, have been made and are correct.
- b. As on date, the Issuer has not received any written notice of any tax disputes or other liabilities of taxes in respect of which a claim has been made or notice has been issued against the Issuer.

(d) Legal / Litigation Matters

- a. There are no claims, investigations or proceedings before any court, tribunal or governmental authority in progress or pending or reasonably anticipated against or relating to the Issuer, which would have a Material Adverse Effect on the Debentures (or the holders thereof) or on the ability of the Company to make the scheduled payments in relation to the Debentures.
- b. There are no unfulfilled or unsatisfied judgments or court orders of which the Company has notice and which is outstanding against the Issuer, which would have a Material Adverse Effect on the Debentures (or the holders thereof) or on the ability of the Company to make the scheduled payments in relation to the Debentures.



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- c. The Issuer has not taken any action nor has any order been passed for its winding-up, dissolution or re-organisation or for the enforcement of any security over its assets or for the appointment of a liquidator, supervisor, receiver, administrator, administrative receiver, compulsory manager, trustee or other similar officer for it or in respect of its assets.

(e) Assets

Except for the security interests and encumbrances created and recorded with the Ministry of Corporate Affairs (available using (available using CIN/FCRN/LLPIN/FLLPIN: U65923KA2006PTC040028 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 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.

(f) Employees

The Company is in compliance with all obligations under the applicable labour laws and other laws in relation to its employees.

(g) PariPassu Ranking

Its payment obligations under the Transaction Documents rank at least paripassu with the claims of all of its other senior secured creditors, except for obligations mandatorily preferred by law applying to companies generally.

(h) Event of Default

The Issuer hereby represents that there is no event of default that has currently occurred or is continuing as on the date hereof.

(i) Material Adverse Effect

The Company hereby represents that there is no Material Adverse Effect existing and that there are no circumstances existing which could give rise, with the passage of time or otherwise, to a Material Adverse Effect on the Debentures (or the holders thereof) or on the ability of the Company to make the scheduled payments in relation to the Debentures.

(j) No Immunity

Neither, the Issuer nor any of its assets is entitled to immunity from suit, execution, attachment or other legal process in its jurisdiction of incorporation. This Issue (and the documents to be executed in relation thereto) constitutes, and the exercise of its rights and performance of and compliance with its obligations in relation thereto, will constitute, private and commercial acts done and performed for private and commercial purposes.

(k) Information



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All information provided by the Issuer is true and accurate in all material respects as at the date it was provided or as at the date at which it was stated.

7.3 COVENANTS OF THE ISSUER:-

The Issuer hereby agrees and undertakes as under and the same along with additional covenants shall also be set out in the Transaction Documents:

(a) Information Covenants

The Issuer shall provide / cause to be provided information in respect of the following within a maximum of 15 (Fifteen) calendar days from the occurrence of such event (unless otherwise specifically provided):

- a. The Issuer undertakes that it shall forward to the Debenture Trustee any such information sought and provide access to relevant books of accounts in relation to this Issue as required by Debenture Trustee
- b. The Issuer undertakes to submit to the Debenture Trustee (and to the Debenture Holder, if so requested), its duly audited annual accounts, within 180 (one hundred eighty) days from the close of its accounting year.
- c. Submit to the Debenture Trustee (and to the Debenture Holder(s), if so requested) its provisional quarterly financials, within 90 days from the close of each of its accounting quarters.
- d. Submit to the Debenture Holders (in a format which shall be provided by the Debenture Holder from time to time) such other information relevant to the Issue that the Debenture Holder may reasonably request on a monthly, quarterly and annual basis or pursuant to an annual diligence by the Debenture Holder, subject to such information being available with the Issuer.
- e. The Issuer shall provide / cause to be provided information in respect of the following promptly and no later than 5 (Five) calendar days from the occurrence of such event (unless otherwise specifically provided):
 - A. Notify the Debenture Trustee in writing of any notice of any application for winding up having been made or receipt of any statutory notice of winding up under the provisions of the Companies Act or any other notice under any other law or otherwise of any suit or legal process intended to be filed and affecting the title to the property of the Issuer.
 - B. Notify the Debenture Trustee in writing if it becomes aware of any fact, matter or circumstance which would cause any of the representations and warranties under any of the Transaction Documents to become untrue or inaccurate or misleading in any material respect.
 - C. Notify the Debenture Trustee in writing of any event which constitutes an event of default, specifying the nature of such event and any steps the Issuer is taking and proposes to take to remedy the same.



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- D. Notify the Debenture Trustee in writing of any of any proposed material change in the nature or scope or the business or operations of the Issuer or the entering into any agreement or arrangement by any person that may affect the assets and liabilities of the Issuer, at least 3 (Three) Business Days prior to the date on which such action is proposed to be given effect.
 - E. Notify the Debenture Trustee of any major change in the composition of its Board of Directors, which may amount to change in Control as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.
 - f. Furnish a report to the Debenture Trustee on a quarterly basis, containing the following particulars:
 - A. Updated list of names and addresses of the Debenture Holders;
 - B. Details of unpaid due payments, to be made, but unpaid and reasons for non-payment thereof; and
 - C. The number and nature of grievances received from the Debenture Holders, grievances resolved by the Issuer and resolved by the Issuer and those grievances not yet solved to the satisfaction of the Debenture Holders;
 - D. A statement that those assets of the Issuer which are available by the way of security are sufficient to discharge the claims of the Debenture Holders as and when they become due.
 - E. A statement signed by an authorized signatory of the Issuer (supported by an Auditor's/Chartered Accountant's certificate) confirming that the Asset Cover is being maintained as per the provisions of the Deed of Hypothecation.
 - g. Promptly and expeditiously attend to and redress the grievances, if any, of the Debenture-holders.
- (b) Positive Covenants
- a. The Issuer shall perform all of their respective obligations under the terms of the applicable Transaction Documents and maintain in full force and effect each of the Transaction Documents to which they are a party.
 - b. The Issuer shall promptly obtain all consents, as maybe necessary for performing its obligations in relation to this Issue.
 - c. The Issuer shall promptly pay and discharge all its financial obligations and regularly make all payments due and payable by the Issuer, including but not limited to taxes and also such payment due and payable under or in respect of the Issue or any documents executed in connection therewith.



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- d. The Issuer shall give to the Debenture Trustee any information, relating to the business, property and affairs of the Company, that materially impacts the interests of the Debenture Holders.
- e. The Issuer shall at all times act and proceed in relation to its affairs and business in compliance with law.
- f. The Issuer shall ensure that Security Coveris maintained.
- g. Listing
 - A. The Issuer shall take all steps necessary to get the Debentures listed within 15(Fifteen) days from the Deemed Date of Allotment.

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.

- B. In any other case, where there is a delay by the Company in listing the Debentures beyond 20 (Twenty) days from the Deemed Date of Allotment, the Company shall make payment the Debenture Holders of penal interest calculated on the face value of the Debentures at the rate of 1% per annum over the Coupon Rate from the expiry of 30 (Thirty) days from the Deemed Date of Allotment until the listing of the Debentures.

(c) Financial Covenants

The Issuer shall ensure that on the last day of each calendar quarter, (unless specified otherwise):

- a. The Issuer shall at all times until the redemption of all outstanding Debentures maintain a ratio of Portfolio at Risk greater than 30 (Thirty) days (inclusive of Restructured Portfolio and client loans written off in the four quarters) to the Gross Loan Portfolio of not greater than 4% (Six percent);
- b. The Issuer shall at all times until the redemption of all outstanding Debentures maintain the capital adequacy ratio calculated as per the applicable RBI regulations of at least 18% (Eighteen percent);
- c. The Issuer shall at all times maintain a ratio of the Un-Hedged Open Currency Position of not more than 50% (Fifty percent) and less than -150% (Minus One Fifty percent).

For the purpose of this Clause 7.3(b)g.B the following terms shall have the meaning ascribed to them as provided below:

“Gross Loan Portfolio” shall mean the outstanding principal balance of all outstanding client loans, including current, delinquent and restricted client loans, but not including client loans that have been charged off, or any interest.



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“Portfolio at Risk” shall mean the outstanding principal amount of all client loans that have one or more installments of principal past due more than a certain number of days.

“Restructured Portfolio” shall mean, with respect to the Issuer, the outstanding principal balance of all past due client loans that have been renegotiated or modified to either lengthen or postpone the originally scheduled installments of principal, or to substantially alter the original terms, of such client loans.

“Un-Hedged Open Currency Position” shall mean, on any day, the difference between those total liabilities that are denominated in foreign currency and those total assets that are denominated in foreign currency divided by equity.

(d) Further Assurances

The Issuer shall:

- 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. The Issuer shall file with the recognized stock exchange for dissemination, within one month from the end of half years September and March, a half-yearly communication, counter signed by the Trustee, containing inter-alia the following information:
 - A. credit rating;
 - B. Asset Cover available
 - C. debt-equity ratio;
 - D. previous due date for the payment of interest/principal and whether the same has been paid or not; and
 - E. next due date for the payment of interest/principal.
- d. comply with:
 - A. all laws, rules, regulations and guidelines as applicable in respect of the raising of 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 Stock Exchange in relation to the Debentures;
 - B. The provisions of the Companies Act in relation to the issue of the Debentures.



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(e) 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.

- A. 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.
 - B. Sell, transfer or otherwise dispose of all or substantially all of its assets other than in the normal course of business of the Company;
 - C. Wind up, liquidate or dissolve its affairs;
 - D. Neither issue any additional shares or equity interests or have its existing shares or equity interests transferred, sold, pledged or otherwise encumbered, if such action results in the owners or holders of such existing shares and equity interests having less than 51% (Fiftyone percent) of the total voting power and economic interests in the Company;
 - E. Consolidate or amalgamate with or merge with or into, or receive all or substantially all the assets or obligations of, another entity.
- b. The Issuer shall not make any amendments in the main objects clause of its Memorandum of Association in a manner which would prejudicially affect the interests of the Investors, without the prior written consent of the Debenture Trustee.
 - c. The Issuer shall not enter into any material compromise or arrangement or settlement with any of its secured creditors that would prejudicially affect the interests of the Debenture Holders without the prior written consent of the Debenture Trustee.

7.4 EVENTS 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.

If any of the events listed below (each, an “**Event of Default**”) has occurred and pursuant thereto, if so required in writing by the Majority Debenture Holders, the Debenture Trustee shall (subject to being indemnified and/or secured by the Debenture Holders to its satisfaction), give notice to the Issuer that the Debentures are due and repayable.

- (a) the failure to pay any outstanding sum due and payable under the Debentures, including Coupon/Redemption Amounts, on the due date(s);



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- (b) the material failure to comply with any reasonably monitoring and/or servicing requests from the Debenture Holder(s), including its monthly, quarterly and annual reporting requirements as required under 7.3 (A)(iv);
- (c) except for the event(s) contained in Clause 7.4(a) above, the breach of any other covenant, obligation, representation or warranty of the Issuer and any other obligations of the Issuer under the Transaction Documents ;
- (d) Any representation or warranty made by the Issuer in any Transaction Document or in any certificate, financial statement or other document delivered to the Trustee/Debenture-holders by the Issuer shall prove to have been incorrect, false or misleading in any material respect when made or deemed made and such misrepresentation adversely affects the interest of the Debenture Holders in the reasonable opinion of the Debenture Trustee (acting on the instructions of the Majority Debenture Holders);.
- (e) the Issuer is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, or stops or suspends payment of all its debts, , makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all the debts of the Issuer;
- (f) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer and is not discharged or stayed within 45 (Forty Five) Business Days;
- (g) an order is made or an effective resolution passed for the winding-up or dissolution, judicial management or administration of the Issuer, or the Issuer ceases to carry on all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, re-organisation, merger or consolidation on terms approved by a Special Resolution of the Debenture Holders;
- (h) the Issuer commences a voluntary proceeding under any applicable bankruptcy, insolvency, winding up or other similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary proceeding under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee (or similar official) for any or a substantial part of its property or take any action towards its reorganization, liquidation or dissolution;
- (i) the Issuer does not inform the Debenture Trustee of one or more of the other creditors of the Company accelerating the payment obligations on the grounds of a material adverse change in the financial, operational or regulatory conditions governing the Company;
- (j) Sale, transfer or other disposition of all or substantially all of the Company's assets other than in the normal course of business of the Company; or consolidation or amalgamation with or merger with or into, or receive all or substantially all the assets or obligations of, another entity;
- (k) Any of the Transaction Documents failing to provide the security interests, rights, title, remedies, powers or privileges intended to be created thereby (including the priority intended to be created thereby), or such security interests failing to have the priority



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contemplated under the Transaction Documents, or the security interests becoming unlawful, invalid or unenforceable;

- (l) If the Issuer, in regards to any financial indebtedness exceeding in the aggregate 10% (Tenpercent) of its Net Assets (A) defaults in any payment of any financial indebtedness beyond the period of grace, if any, provided in the instrument or agreement under which such financial indebtedness was created or (B) defaults in the observance or performance of any agreement or condition relating to any financial indebtedness, the effect of which default or other event or condition is to cause or to permit the holder or holders of such financial indebtedness to cause (with the giving of notice or the passage of time or both would permit or cause) any such financial indebtedness to become due prior to its stated maturity; or (C) due to any default or an event of default, any financial indebtedness of the Issuer shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, (whether or not such right shall have been waived) prior to the stated maturity thereof;
- (m) One or more judgments or decrees shall be entered against the Company involving a liability (not paid or not covered by a reputable and solvent insurance company), individually or in the aggregate, exceeding five percent (5%) of the totalassets of the Company and such judgments or decrees either shall be final and non-appealable or shall not be vacated, discharged or stayed pending appeal for any period of 90 (Ninety) calendar days;
- (n) There shall have occurred a change in the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of the Issuer since the date hereof that has resulted in, or would result in, a MaterialAdverseEffectsuchMaterialAdverseEffect has not been remedied or rectified for a period of 10 (Ten) Business Days;
- (o) a default or event of default occurs on account of a breach of representation or breach of an information covenant under the terms of any other agreement involving borrowed money or the extension of credit or any other indebtedness under which the Issuer may be obligated as a borrower or guarantor and pursuant to which the Issuer is called upon to and makes a prepayment to a third party without the prior written consent of the Debenture Holder(s). Such consent shall not be unreasonably delayed or withheld by the Debenture Holder(s).

7.5 CONSEQUENCESOF EVENTS OF DEFAULT

On and at any time after the occurrence of an Event of Default, unless such Event of Default at the request of the Company is expressly waived by the Trustee acting on the instructions of the Debenture Holder(s), (a) upon the expiry of the cure period provided to the Company, or (b) if the cure period provided is mutually extended by the Parties hereto upon the expiry of such extended period or (c) where it is not practical to provide a cure period, then forthwith, or (d) where no cure period has been provided and the parties mutually agree to provide for a cure period, upon the expiry of such mutually agreed to cure period, the Trustee shall if so directed by the Majority Debenture Holder(s):



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- (i) declare that all or part of the obligations be immediately due and payable, whereupon they shall become immediately due and payable;
- (ii) accelerate the redemption of the Debentures;
- (iii) enforce the charge over the Hypothecated Assets in accordance with the terms of the Deed of Hypothecation; and/or
- (iv) exercise any other right that the Debenture Trustee and / or Debenture Holder(s) may have under the Transaction Documents or under Indian law



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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 IDBI Trusteeship Services 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



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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 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.



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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 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 Application

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. 10,00,000/- (Rs. Ten Lakhs only) per Debenture is payable along with the making



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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: Utkarsh Micro Finance Private Limited
Bank Account No.: 10878640000082
IFSC CODE: HDFC0001087
Bank Name: HDFC Bank Limited
Branch Address: C-7/39 B, Maidagin Road, Lahurabir, Varanasi - 221001

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 forty nine (49) 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



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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 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-a-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



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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 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.



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8.24 Effect of Holidays

In case any payment date falls on a day which is not a Business Day in Mumbai, the payment date shall be deemed to be the immediately preceding Business Day.

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 Transfer Agents of the Corporation 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 October 25, 2013 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 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



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Interest shall be payable on all application monies received at the Coupon Rate of 14.70% per annum 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.

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/guideline 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 Utkarsh Micro Finance Private Limited

Abhisheka Kumar



Authorised Signatory
Name: Mr. Abhisheka Kumar
Title: Chief Financial Officer
Date: October 23, 2013



Abhisheka Kumar



Abhisheka Kumar

ANNEXURE I: TERM SHEET

AS PER CLAUSE 6.22 ISSUE DETAILS



Abhisheka Kumar

ANNEXURE II: RATING LETTER & RATING RATIONALE



Abhisheka Kumar

ANNEXURE III: CONSENT LETTER FROM THE DEBENTURE TRUSTEE

IDBI Trusteeship Services Ltd.



ITSL/OPR/CL/13-14/DEB/519

07-October-2013
Utkarsh Micro Finance Private Limited
S-2/639-56, Varuna Vihar Colony,
J P Mehta Road, Cantt.
Varanasi – 221002.

Regd. Office :
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai - 400 001.

Consent to act as Debenture Trustee for Senior Secured Non-convertible Debentures for Rs.30 crores.

This has reference to your e-mail dated 07th October 2013 and our discussion regarding the appointment of IDBI Trusteeship Services Ltd. (ITSL) as Debenture Trustee for senior secured Non-Convertible Debentures for 30 crores. In this connection, we confirm our acceptance to act as Debenture Trustee for the same, subject to the Company agreeing the conditions set out below:

1. The Company shall enter into Written Debenture Trustee Agreement (DTA) for the said issue before the opening of Subscription list for issue of debentures.
2. The Company agrees and undertakes to create the securities over such of its immovable and moveable properties and on such terms and conditions as agreed by the Debenture holders and disclose in the Information Memorandum or Disclosure Document and execute, the Debenture Trust Deed (DTD) and other necessary security documents for each series of debentures as approved by the Debenture Trustee, within a period as agreed by us in the Information Memorandum or Disclosure Document in any case not exceeding 3 months from the date of closure of the Issue.
3. The Company agrees & undertakes to pay to the Debenture Trustees so long as they hold the office of the Debenture Trustee, remuneration as stated above for their services as Debenture Trustee in addition to all legal, traveling and other costs, charges and expenses which the Debenture Trustee or their officers, employees or agents may incur in relation to execution of the Debenture Trust Deed and all other Documents affecting the Security till the monies in respect of the Debentures have been fully paid-off and the requisite formalities for satisfaction of charge in all respects, have been complied with.
4. The Company agrees & undertakes to comply with the provisions of 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 Companies Act, 1956 and other applicable provisions as amended from time to time and agrees to furnish to Trustees such information in terms of the same on regular basis if applicable.
5. Any payment in respect of Debentures required to be made by the Debenture Trustee to a Debenture Holder (who is a FII Entity) at the time of enforcement would, if required by applicable law, be subject to the prior approval of RBI for such remittance through an Authorised Dealer. The Company/Investor shall obtain all such approvals, if required, to ensure prompt and timely payments to the said Debenture Holder. Such remittance shall not exceed total investment (and interest provided for herein) made by the Debenture Holder (who is a FII)

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,

For IDBI Trusteeship Services Limited.


Authorised Signatory



Abhishek Kumar

IDBI Trusteeship Services Ltd.



ITSL / OPR / CLJ/13-14/DEB/519

Date: 10-October-2013

07-October-2013
Utkarsh Micro Finance Private Limited
S-2/639-56, Varuna Vihar Colony,
J P Mehta Road, Cantt.
Varanasi – 221002

Regd. Office :

Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai - 400 001.

Dear Sir,

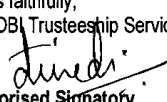
Consent to act as Debenture Trustee for Senior Secured Non-convertible Debentures for Rs.30 crores

This has reference to our discussion regarding the appointment of IDBI Trusteeship Services Ltd. (ITSL) as Debenture Trustee for the Company's proposed issue to act as Debenture Trustee for Senior Secured Non-convertible Debentures for Rs.30.crores. In this connection, we are agreeable to act as Debenture Trustee for the same on the terms and conditions indicated as follows:

Acceptance fees:	Rs.50,000/- one time fees plus applicable taxes
Service Charges:	One time Rs.2,00,000/- plus applicable taxes payable in advance from the date of execution (DOE) of trustee agreement/deed or date of allotment whichever earlier.
Interest:	In case of late payment of the above fees, penal interest @ 12% p.a. on the outstanding would be payable.
Validity:	This consent is valid for a period of 3 months from the date of this letter and in the event of the issue not being placed or in the event of any increase in the size of the issue or any structural change, a fresh letter of revalidation from the Trustees will be necessary and earlier consent letter would stand ipso facto/automatically withdrawn/revoked without any further communication/reference to you.

All Out of pocket expenses and statutory dues would be reimbursable on actual basis within 30 days of the claim.
Any other work relating to invocation of security, in case of default would attract separate fees.

Yours faithfully,
For IDBI Trusteeship Services Limited.


Authorised Signatory

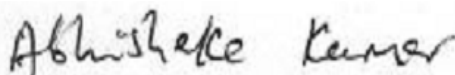
We accept the above terms

For _____

Authorised Signatory

NOTE: As per recent Service Tax guidelines, ITSL would be required to pay the applicable Service Tax on the amounts / charges payable to us as indicated above. Please note that the Company would be liable to pay all such charges even in the event of cancellation of the aforesaid transaction. Therefore, no refund of any statutory dues already paid would be made.





ANNEXURE IV: APPLICATION FORM

Utkarsh Micro Finance Private Limited
A private limited company incorporated under the Companies Act, 1956

Date of Incorporation: 15th May, 1990
Registered Office: S-2/639-56, VarunaVihar Colony,
J P Mehta Road, Cantt. Varanasi – 221002
Telephone No: 0452 2282002
Website: www.utkarshmfi.com

DEBENTURE SERIES APPLICATION FORM SERIAL NO.	1								
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**ISSUE OF UPTO [300] SECURED RATED LISTED REDEEMABLE
TRANSFERABLE NON CONVERTIBLE DEBENTURES OF**

**RS.10,00,000/- (RUPEES TEN LAKHSONLY) EACH AGGREGATING UPTORS.
30,00,00,000/- (RUPEES THIRTYCRORES ONLY), FULLY PAID UP FOR CASH AT
PAR TO THE FACE VALUE**

DEBENTURE SERIES APPLIED FOR:

Number of Debentures[300]In words Three Hundred

Amount Rs. 30,00,00,000/- in words Rupees Thirty Crores Only

DETAILS OF PAYMENT:

RTGS

No. _____ Drawn on _____

Funds transferred to Utkarsh Micro Finance Private Limited

Dated _____

Total Amount Enclosed

(In Figures) _____ (In words) _____

APPLICANT'S NAME IN FULL (CAPITALS)

SPECIMEN SIGNATURE

--	--

APPLICANT'S ADDRESS

ADDRESS	
STREET	
CITY	



Abhisheke Kumar

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PIN		PHONE		FAX	
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APPLICANT'S PAN/GIR NO. AAICM0721B IT CIRCLE/WARD/DISTRICT _____

WE ARE () 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:

DEPOSITORY	NSDL () CDSL ()
DEPOSITORY PARTICIPANT NAME	
DP-ID	
BENEFICIARY ACCOUNT NUMBER	
NAME OF THE APPLICANT(S)	

Applicant Bank Account : (Settlement by way of Cheque / Demand Draft / Pay Order / Direct Credit / ECS / NEFT/RTGS/otherpermitted mechanisms)	

FOR OFFICE USE ONLY	
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



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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 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



Abhisheke Kumar

ANNEXURE V: LAST AUDITED FINANCIAL STATEMENTS



Abhisheka Kumar