



## UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED

(the "Issuer"), incorporated in the

Republic of India with limited liability under the Companies Act, 1956, as amended (the "Companies Act")

(The Issuer was incorporated on December 28, 2004 as a private limited company under the provisions of the Companies Act. The Issuer received its certificate for commencement of business on November 8, 2005)

**Registered and Corporate Office:** #93 Jakkasandra Extension, Sarjapur Main Cross Road, 1st Block, Koramangala, Bangalore-560034;  
**Compliance Person:** Ms. Sudha Suresh/Suhasini ashok; **Email:** [sudha.suresh@ujjivan.com](mailto:sudha.suresh@ujjivan.com)/[suhasini.ashok@ujjivan.com](mailto:suhasini.ashok@ujjivan.com); **Telephone:** +91-80-4071 2121; **Fax:** +91-80-4146 8700; **Website:** [www.ujjivan.com](http://www.ujjivan.com); **Email:** [ujjivan.blr@ujjivan.com](mailto:ujjivan.blr@ujjivan.com)

ISSUE BY WAY OF PRIVATE PLACEMENT BY THE ISSUER OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES OF A FACE VALUE OF Rs. 1,00,00,000 EACH ISSUED AT A PAR WITH MARKETABLE LOT OF 1 DEBENTURE FOR CASH AGGREGATING UP TO RS. 40 CRORES (THE "NCDs").

### GENERAL RISKS

Investment in debt and debt related securities involves a degree of risk and Investors should not invest any funds in the debt instruments, unless they can afford to take the risks attached to such investments. For taking an investment decision, potential Investors must rely on their own examination of the Issuer and the Issue including the risks involved. The NCDs have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this document. Special attention of investors is invited to the statement of Risk Factors in this Information Memorandum.

### ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Information Memorandum contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Information Memorandum is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Information Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

### CREDIT RATING

"CARE BBB+" by Credit Analysis and Research Limited ("CARE") for Rs. 40 Crores (Rupees Forty Crores). Facilities with this rating are considered to offer moderate safety for timely servicing of debt obligations. Such facilities carry moderate credit risk. The rating is not a recommendation to buy, sell or hold the rated debt and Investors should take their own decision. The rating may be subject to suspension, revision or withdrawal at any time by the assigning rating agency. The Credit Rating Agency has a right to revise, suspend or withdraw the rating at any time on the basis of new information or unavailability of information or such circumstances which the Credit Rating Agency believes may have an impact on its rating.

### LISTING

The NCDs offered through this Information Memorandum are proposed to be listed on the Wholesale Debt Market ("WDM") Segment of the Bombay Stock Exchange Limited ("BSE").

### ISSUE PROGRAMME

#### ISSUE OPENING DATE

30<sup>th</sup> July 2013

#### ISSUE CLOSING DATE

30<sup>th</sup> July 2013

#### PAY- IN DATE

30<sup>th</sup> July 2013

The Issue shall be subject to the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Issuer, the terms and conditions of this Information Memorandum filed with the BSE, the Application Form, and other terms and conditions as may be incorporated in the Debenture Trust Deed and other documents in relation to the Issue.

### DEBENTURE TRUSTEE



**IDBI Trusteeship Services Limited**  
Asian Building, Ground Floor  
17, R. Kamani Marg, Ballard Estate  
Mumbai 400 001, India  
Tel: +91 22 4080 7000  
Fax: +91 22 6631 1776  
Email: [swati@idbitrustee.com](mailto:swati@idbitrustee.com)  
Contact Person: Swati Borkar  
Website: [www.idbitrustee.co.in](http://www.idbitrustee.co.in)

### REGISTRAR TO ISSUE



**Karvy Computershare Private Limited**  
16/22 Bake House, Maharashtra Chamber  
of Commerce Lane, Opposite MSC Bank,  
Fort, Mumbai - 400 023  
Maharashtra, India  
Tel: +91 22 2204 0170  
Fax: +91 22 6633 1135  
Contact: Mr. Anupam Bhattacharya  
Website: [www.karvycomputershare.com](http://www.karvycomputershare.com)



## TABLE OF CONTENTS

<b>DISCLAIMERS</b> .....	<b>1</b>
<b>DEFINITIONS AND ABBREVIATIONS</b> .....	<b>4</b>
<b>SUMMARY TERM SHEET</b> .....	<b>8</b>
<b>FORWARD LOOKING STATEMENTS</b> .....	<b>21</b>
<b>RISK FACTORS</b> .....	<b>22</b>
<b>HISTORY AND BUSINESS OF THE ISSUER</b> .....	<b>31</b>
<b>OBJECTS OF THE ISSUE</b> .....	<b>49</b>
<b>FINANCIAL HIGHLIGHTS</b> .....	<b>50</b>
<b>REGULATORY DISCLOSURES</b> .....	<b>59</b>
<b>ISSUE PROCEDURE</b> .....	<b>64</b>
<b>UNDERTAKINGS BY THE ISSUER</b> .....	<b>73</b>
<b>DECLARATION</b> .....	<b>74</b>
<b>APPLICATION FORM</b> .....	<b>75</b>
<b>ANNEXURE A RATING LETTER OF RATING AGENCY</b>	
<b>ANNEXURE B CONSENT OF DEBENTURE TRUSTEE</b>	
<b>ANNEXURE C AUDITED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2013</b>	



## DISCLAIMERS

### ISSUER'S DISCLAIMER

This Information Memorandum is neither a prospectus nor a statement in lieu of a prospectus under the Companies Act, 1956 (the "**Companies Act**"). The Issue of NCDs to be listed on the BSE is being made strictly on a private placement basis. This Information Memorandum is not intended to be circulated to more than 49 (forty-nine) persons. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. It does not constitute and shall not be deemed to constitute an offer or an invitation to subscribe to the NCDs to the public in general. This Information Memorandum should not be construed to be a prospectus or a statement in lieu of prospectus under the Companies Act, 1956. Apart from this Information Memorandum, no offer document or prospectus has been prepared in connection with the offering of this Issue or in relation to the Issuer nor is such a prospectus required to be registered under applicable laws.

This Information Memorandum has been prepared in conformity with the SEBI (Issue and Listing of Debt Securities) Regulations, 2008 and SEBI (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 as amended from time to time. Therefore, as per the applicable provisions, copy of this Information Memorandum has not been filed or submitted to SEBI for its review and/or approval. Further, since the Issue is being made on a private placement basis, the provisions of Section 60 of the Companies Act, 1956 shall not be applicable and accordingly, a copy of this Information Memorandum has not been filed with the Registrar of Companies or the SEBI.

This Information Memorandum has been prepared to provide general information about the Issuer to potential Investors to whom it is addressed and who are willing and eligible to subscribe to the NCDs. Neither this Information Memorandum nor any other information supplied in connection with the NCDs is intended to provide the basis of any credit or other evaluation and any recipient of this Information Memorandum should not consider such receipt a recommendation to purchase any NCDs. It is the responsibility of potential investors to also ensure that they will sell these NCDs in strict accordance with this Information Memorandum and other applicable laws, so that the sale does not constitute an offer to the public, within the meaning of the Companies Act, 1956. Neither the intermediary nor their agents nor advisors associated with this Issue undertake to review the financial condition nor affairs of the Issuer during the life of the arrangements contemplated by this Information Memorandum or have any responsibility to advise any investor or potential investor in the NCDs of any information coming to the attention of any other intermediary.

The Issuer confirms that, as of the date hereof, this Information Memorandum (including the documents incorporated by reference herein, if any) contains all information that is material in the context of the Issue and issue of the NCDs, is accurate in all material respects and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, and are not misleading. 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 legal advisors to the Issuer and any other intermediaries and their agents or advisors associated with this Issue have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by any such intermediary as to the accuracy or completeness of the information contained in this Information Memorandum or any other information provided by the Issuer. Accordingly, the legal advisors to the Issuer and other intermediaries associated with this Issue shall have no liability in



relation to the information contained in this Information Memorandum or any other information provided by the Issuer in connection with the Issue.

**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 NCDs. 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.**

This Information Memorandum is INTENDED SOLELY FOR THE PERSON/ ENTTY with whom the COMPANY WISHES TO PLACE ITS NCDs. 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 maintain utmost confidentiality regarding the contents of this Information Memorandum and shall not reproduce or distribute in whole or part or make any announcement in public or to a third party regarding the contents without the consent of the Issuer.

Invitations, offers and sales of the NCDs shall only be made pursuant to this Information Memorandum. You may not be and are not authorized to (1) deliver this Information Memorandum to any other person; or (2) reproduce this Information Memorandum in any manner whatsoever. Any distribution or reproduction of this Information Memorandum in whole or in part or any public announcement or any announcement to third parties regarding the contents of this Information Memorandum is unauthorized. Failure to comply with this instruction may result in a violation of the SEBI Regulations or other applicable laws of India and other jurisdictions. This Information Memorandum has been prepared by the Issuer for providing information in connection with the proposed Issue described in this Information Memorandum.

The Issue is a domestic issue restricted to India and no steps have been taken or will be taken to facilitate the Issue in any jurisdictions other than India. This Information Memorandum is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where distribution or use of such information would be contrary to law or regulation. 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 NCDs 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 Investors in the Issue on the strict understanding that it is confidential and may not be transmitted to others, whether in electronic form or otherwise.

#### **DISCLAIMER CLAUSE OF THE STOCK EXCHANGE**

As required, a copy of this Information Memorandum has been filed with the BSE in terms of the SEBI Regulations for hosting the same on its website.

It is to be distinctly understood that submission of this Information Memorandum to the BSE or hosting



the same on its website should not in any way be deemed or construed to mean that this Information Memorandum has been reviewed, cleared or approved by the BSE; nor does the BSE in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum, nor does the BSE warrant that the Issuer's NCDs 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. Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.



## DEFINITIONS AND ABBREVIATIONS

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

### General Terms

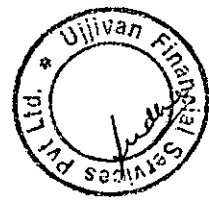
Term	Description
"Issuer"	Ujjivan Financial Services Private Limited
"we", "us", "our"	Unless the context otherwise requires, the Issuer and its subsidiaries

### Issuer Related Terms

Term	Description
Articles of Association	The articles of association of the Issuer, as amended from time to time
Board of Directors/ Board	The board of directors of the Issuer or a duly constituted committee thereof
Beneficial Owner(s)	Holder(s) of the NCDs in dematerialized form as defined under section 2 of the Depositories Act, 1996
Corporate Office	#93 Jakkasandra Extension, Sarjapur Main Cross Road, 1 <sup>st</sup> Block, Koramangala, Bangalore-560034
Director(s)	Director(s) on the Board, as appointed from time to time
Memorandum of Association	The memorandum of association of the Issuer, as amended from time to time
Registered Office	#93 Jakkasandra Extension, Sarjapur Main Cross Road, 1 <sup>st</sup> Block, Koramangala, Bangalore-560034

### Issue Related Terms

Term	Description
Allot/ Allotment/ Allotted	Unless the context otherwise requires or implies, the allotment of the NCDs pursuant to the Issue
Application Form	The form in which an Investor can apply for subscription to the NCDs
Beneficial Owner	Holder(s) of the NCDs in dematerialized form as defined under Section 2 of the Depositories Act, 1996
BSE	Bombay Stock Exchange Limited
Credit Rating Agency	CARE
Client Protection Principles	The client protection principles for microfinance and the accompanying smart campaign which are part of a collaborative initiative endorsed and led by a broad coalition of MFIs, networks, funders, and practitioners
Consolidated NCD Certificate	has the meaning set forth in section titled "Issue Procedure"



Term	Description
Debt Listing Agreement	Simplified debt listing agreement entered into by the Issuer with BSE for the listing of the NCDs on the BSE, as amended from time to time
NCDs or Debentures	Secured, redeemable, non-convertible debentures of the face value of Rs 1,00,00,000/- each, aggregating to Rs 40.00 Crores
Debentureholder(s)	Persons who are for the time being holders of the NCDs and whose names are most recently entered into the Register of Debenture holders and shall include the Beneficial Owners
Debenture Trustee	Trustee for the Debenture holders, in this case being IDBI Trusteeship Services Limited
Debenture Trust Deed	Means the trust deed to be entered into between the Debenture Trustee and the Issuer in relation to the Issue
Debenture Trustee Regulations	Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993, as amended
Deemed Date of Allotment	30 <sup>th</sup> July 2013
Depository	A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996, as amended from time to time, in this case being NSDL and CDSL
DSC	Digital signature as accepted by the ROC
Governmental Authority	shall mean any: (a) government (central, state or otherwise) or sovereign state; (b) any governmental agency, semi-governmental or judicial or quasi-judicial or administrative entity, department or authority, or any political subdivision thereof; (c) international organization, agency or authority, and (d) including, without limitation, any stock exchange or any self-regulatory organization, established under any applicable law
Information Memorandum	This Information Memorandum through which this Issue is being made
Investor(s)	Such person(s) who subscribe to this Issue
Issue	Issue by way of private placement of the NCDs by the Issuer
Material Change in Mission	Shall mean a Material Change in Mission will be deemed to have occurred if loans for microfinance activities compose less than 85% (of which not less than 70% of the total loans given by the Issuer are for income generation) of the Issuer's total assets as required under the NBFC-MFI Directions or such other regulations as promulgated from time to time by the RBI, as measured at the end of every quarter.
Record Date	Date which is 15 days prior to each Coupon Payment Date or Put Option Date or Call Option Date or Redemption Date, as the case may be.



Term	Description
Registered Debenture holder	The Debenture holder whose name appears in the register of Debenture holders or in the beneficial ownership record furnished by the Depository for this purpose
Register of Debenture holders	The register maintained by the Issuer at its Registered Office as per section 152 of the Companies Act, containing the names of the Debenture holders entitled to receive interest in respect of the NCDs on the Record Date, and shall include the register of Beneficial Owners maintained by the Depository under section 11 of the Depositories Act
Registrar/Registrar to the Issue	Registrar to this Issue, in this case being Karvy Computershare Private Limited
Security Documents	Means: (a) the deed of hypothecation; (b) the supplemental deeds of hypothecation; and (c) any other agreement or document executed, required to be executed or designated as such by the relevant parties thereto
Transaction Documents	Means: (a) the Information Memorandum; (b) the letter of allotment of the NCDs; (c) the memorandum of understanding between the Registrar and the Issuer; (d) the tripartite agreement between the Depository(ies), the Issuer and the Registrar for the dematerialization of the NCDs; (e) the Consolidated NCD Certificate; (f) the Debenture Trustee Agreement; (g) the Debenture Trust Deed; (h) the Security Documents; (i) all Monthly Hypothecated Assets Reports and any associated security documents executed or filed on a monthly basis by the Issuer; (j) all filings with the ROC in respect of the security created for the NCDs; and (k) any other document that may be designated as a transaction document by the Debenture Trustee
Working Days	All days except Saturday, Sunday and any public holiday, on which high value clearing facility is available in banks of Mumbai and Bangalore.





### Conventional and General Terms, Abbreviations and References to Other Business Entities

Abbreviation	Full form
Act/ Companies Act	The Companies Act, 1956, as amended from time to time
CDSL	Central Depository Services (India) Limited
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant/ DP	A depository participant as defined under the Depositories Act
DP-ID	Depository Participant Identification Number
Financial Year	Period of twelve months ended March 31 of that particular year, unless otherwise stated
IT Act	The Income Tax Act, 1961, as amended from time to time
MFI	Micro-finance institution
NBFC	Non-banking financial company
NBFC MFI Directions	Non-Banking Financial Company – Micro Finance Institutions Directions, December 2,2011 and as amended time to time
NGO	Non-governmental organization
NSDL	National Securities Depository Limited
p.a.	Per annum
PAN	Permanent Account Number
RBI	The Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934, as amended from time to time
RoC / ROC	The Registrar of Companies, Bangalore
Rs.	Rupees
SCRA	Securities Contracts (Regulations) Act, 1956
SHG	Self Help Group
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Regulations	SEBI (Issue and Listing of Debt Securities) Regulations, 2008 issued by SEBI, and SEBI (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 as amended from time to time
WDM	Wholesale Debt Market



### SUMMARY TERM SHEET

Issuer	Ujjivan Financial Services Private Limited
Debenture Trustee	IDBI Trusteeship Services Limited
Legal Advisor	UNIVERSAL LEGAL, Attorneys at Law
Instrument	Rated Listed Secured Redeemable Non-Convertible Debentures ("NCDs")
Currency	Indian Rupee
Transferability	Free transferability by the Investor
Face Value	Rs. 1,00,00,000/- (Rupees One Crore only) per NCD
Minimum subscription for NCDs	For the full Issue Size
Issue Size	Not exceeding Rs. 40,00,00,000/- (Rupees Forty Crores only)
Mode of Placement	On private placement basis to all eligible Investors
Purpose	To meet the funding requirements of the Issuer for micro-lending to the urban and semi-urban banked and unbanked sector.
Issue price per NCD	Rs. 1,00,00,000/- (Rupees One Crore only) per NCD the Face Value of each NCD
Redemption Price Per NCD	Rs 1,00,00,000/- (Rupees One Crore only) per NCD and accrued interest thereon irrespective of the issuance being at a discount.
Tenor	72 months from the Deemed Date of Allotment
Interest on application money for NCDs	Interest on application money will be paid to Investors at the rate of 12.75% p.a. from the date of realization of subscription money up to one day prior to the Deemed Date of Allotment. Such interest will be paid within 7 Working Days from the Deemed Date of Allotment.
Redemption Date	Subject to exercise of the Call/Put Option, the redemption date shall be 72 months from the Deemed Date of Allotment.
Redemption Amount	All principal amounts outstanding including interest accrued on each NCDs shall be payable on the Redemption Date.
Redemption Schedule	If the Call/Put Option is exercised, all principal amounts outstanding including interest accrued on each NCDs shall be payable on Call Option Date / Put Option Date.  Subject to exercise of the Call/Put Option, all principal amounts outstanding including interest accrued on each NCDs shall be will be payable on the Redemption Date.
Call/Put Option	Both the Debenture holder and Issuer hold the option to call/put the NCD at the end of 36 months from the Deemed Date of Allotment. The decision to exercise the put or call option will be reached independently by the Debentureholders or Issuer and shall be communicated to the other party at least 4 (Four) days before each Coupon Reset Date.  Prior to each Coupon Reset Date and / or exercise of the Put Option, Issuer's financial and operational standing may be assessed by the Debentureholders.
Coupon Rate	At the rate of 12.75% p.a., payable on a annual basis in arrears, from the Deemed Date of Allotment until Coupon Reset Date. In the event of



	Coupon Reset in accordance with Coupon Reset Mechanism, the new Coupon Rate shall be applicable on the NCDs for the remaining period of the Tenor.
Coupon Reset Dates	At the end of 36 months from the Deemed Date of Allotment
Coupon Reset Mechanism	The Coupon Rate will be reset on Coupon Reset Date in accordance with the Coupon Reset Mechanism as under. The Trustee shall consult all Debentureholders for ascertaining the new Coupon Rate applicable for the remaining period of the Tenor, and the decision so reached by the Debentureholders and Issuer for fixing the new Coupon Rate shall be acceptable for the NCDs and approved by the majority of Debentureholders at least 7 (seven) days prior to Coupon Reset Date. The Trustee shall communicate the new Coupon Rate, so determined, to the Issuer at least 4 (four) days before the respective Coupon Reset Date.
Interest Period	Each interest period shall be each period from (and including) Coupon Payment Date to (but excluding) the next succeeding Coupon Payment Date until the Redemption Date. In the case of the first Interest Payment Date falling on July 29, 2014, interest shall accrue from and including the Deemed Date of Allotment to (but excluding) the first Interest Payment Date, being the 29th day of July 2014, and if such day is not a Working Day, the day immediately prior to the 29th day of July 2014 that is a Working Day. All interest accruing for any Interest Period shall accrue from day to day and be calculated on the basis of the actual number of days elapsed and a year of 365 days (or 366 days in case of a leap year), at the applicable Interest Rate and rounded off to the nearest Rupee.
Coupon Payment Date	Payable annually from the Deemed Date of Allotment on each date falling on the 30 <sup>th</sup> July 2014 (and if such day is not a Working Day, the day immediately prior to such 30 <sup>th</sup> day of the relevant month that is a Working Day) with the first interest payment month falling in July 2014 till the Redemption Date or Call Option Date or Put Option Date for each Interest Period.
Redemption Date	Subject to the exercise of the Put Option on the Company/ Call Option exercisable by the Company, all principal amounts outstanding including interest accrued on each NCDs shall be payable on the expiry of 72 months from the Deemed Date of Allotment.
Call Option Date / Put Option Date	The last Working Day of the relevant month falling thirty six (36) months from the Deemed Date of Allotment.
Default Interest Rate	In case of default in payment of Coupon Rate and/or principal redemption on the due dates, additional interest 2% p.a. over the Coupon Rate will be payable by the Issuer for the defaulting period.
Security	(i) All present and future moneys, debts and liabilities due, owing or incurred from time to time by the Issuer to any Debenture holder or the Debenture Trustee under or in connection with the Transaction Documents, including but not limited to the principal amount of the NCDs, accrued but unpaid interest, and any other charges, fees, costs and expenses incurred under the Debenture Trust Deed or any other Transaction Document (the "Secured Obligations"), shall be secured by a first ranking exclusive hypothecation and charge over



specific loan receivables or book debts (with a value equal to or greater than 100% of the Secured Obligations), present and future including all revenues there from, representing amounts due from the various borrowers of the Issuer (funded from the proceeds of the NCDs in an amount required to maintain the Security Cover) with any new loan receivables being notified by the Issuer to the Debenture Trustee and Debenture holders on a monthly basis as set out in "Monthly Hypothecated Assets Report" below (the "Hypothecated Assets"). The Issuer undertakes:

- a) to maintain the Security Cover throughout the tenor of the NCDs;
- b) to create, register and perfect the initial security over the Hypothecated Assets as contemplated above no later than thirty (30) calendar days after the Deemed Date of Allotment by executing a duly stamped deed of hypothecation ("**Deed of Hypothecation**") and providing Form 8 and Form 10 with the ROC in relation thereto within 30 Working Days of the date of execution of the Deed of Hypothecation. The Issuer shall also provide to the Debenture Trustee whatever further information or documents they may require in respect thereof so that at all times that the Security Cover is maintained. This will include but not be limited to any appropriate registrations with the ROC;
- c) The Issuer represents and warrants that: (i) no other lender of the Issuer has a general or floating charge against the general assets of the Issuer (present and future) and existing lenders have only specific security over certain identified loan receivables; (ii) the loans receivables forming part of the Hypothecated Assets are loans having not less than 1 year tenor; and (iii) the Hypothecated Assets are free from any encumbrances.

The Issuer covenants that so long as any amount payable in respect of the NCDs remains outstanding: (i) the Hypothecated Assets (present and future) are free from all encumbrances or liens and the Issuer is entitled to the Hypothecated Assets as the legal owner absolutely; (ii) the loans receivables forming part of the Hypothecated Assets will be loans having not less than 1 year tenor; (iii) no lender or creditor of the Issuer has a general or floating charge against the general assets of the Issuer (present and future) and such other creditor has only specific security over certain identified loan receivables; and (iv) the Hypothecated Assets will not be transferred to any other parties.

- ii. The Issuer will ensure that the nature of security over Hypothecated Assets provided to the Debenture Trustee and the Debenture Holders is at least equivalent and ranking *pari passu* with the nature of security interest on hypothecated assets provided to



each of its other lenders on or after the date.

- iii. In the event of any Potential Event of Default or Event of Default, the Debenture holders shall have the right to demand in writing that the Issuer shall, within 5 Working Days of such notice (the “EOD Notice”): (i) create a segregated bank account (the “Account”) into which all cash representing the loan receivables constituting the Hypothecated Assets shall be immediately paid (if any amounts are received by the Issuer from a borrower in respect of the Hypothecated Assets prior to the creation of the Account, such payments shall be held by the Issuer in trust for the sole benefit of the Debenture Trustee acting on behalf of the Debenture holders, and such amounts will not constitute assets of the Issuer), (ii) create legal, valid, binding and enforceable security over the Account and cash in the Account in favour of the Debenture Trustee and the Debenture holders by way of a first ranking exclusive charge, (iii) notify the Debenture Trustee of the details of such Account and provide any information requested by such persons promptly upon their written or oral request, (iv) take all steps required to perfect the security over the Account as may be required by law or as determined by the Debenture Trustee in their sole discretion (including but not limited to filings with the ROC or other authorities), (v) ensure that amounts standing to the credit of the Account are not secured to any other person (other than the Debenture Trustee and Debenture holders); (vi) take any other steps in relation to the perfection of security over the Hypothecated Assets and the Account as the Debenture Trustee or the Debenture holders may require or determine in their sole discretion including but not limited to any registrations or filings. Issuer’s failure to complete any action specified in the EOD Notice within 5 (five) Working Days will be an Event of Default; and (vii) at the time the Debenture holders directs the Issuer to register the supplemental deed of hypothecation with the ROC then the Monthly Hypothecated Assets Report attached to the last deed of hypothecation executed immediately prior to such Potential Event of Default or Event of Default will be provided in a format immediately registerable with the ROC and the Monthly Hypothecated Assets Report shall be filed with the ROC immediately along with the last executed deed of hypothecation immediately preceding the Potential Event of Default or Event of Default by the Issuer. The Issuer undertakes that it will provide its cooperation to the Debenture Trustee and Debenture holders, including without limitation affixing their DSC on the form 10 or other requisite form, for registering the charges created under the supplemental deed of hypothecation over the Hypothecated Assets at the time of a Potential Event of Default or Event of Default. Further, a certified copy of the last Monthly Hypothecated Assets Report attached to the last executed supplemental deed of hypothecation shall be made available to the Debenture holders for submission to the courts at the request of the Debenture holders or Debenture Trustee. A copy of the last stamped and executed



	<p>supplemental deed of hypothecation shall also be provided by the Issuer at the request of the Debenture holders or Debenture Trustee.</p> <p>iv. After the full and final repayment of the Secured Obligations, the Account may be closed by the Issuer and all amounts standing to the credit of the Account on the date of closure may be returned to the Issuer, with the prior written approval of the Trustee.</p> <p>v. If the Potential Event of Default or Event of Default is cured within the time periods provided under the Debenture Trust Deed, all amounts standing to the credit of the Account may be transferred by the Issuer to any of its other bank accounts which are not subject to the Security Documents. However the Issuer will continue to keep the Account open in order to comply with paragraph (v) above in the event of any subsequent Potential Events of Default or Events of Default.</p>
Security Cover	The book value of the Hypothecated Assets shall be at least 1.0 times the outstanding amount of outstanding principal amount of the NCDs at all times commencing from the date of the Deed of Hypothecation until the full and final repayment of the Secured Obligations.
Future Borrowings	Subject to compliance with the documents relating to the NCD issuance, the Issuer shall be entitled to borrow or raise loans or create encumbrances or avail financial assistance in whatever form, and also issue promissory notes or debentures or other securities, without the consent of, or intimation to the Debenture holders or the Debenture Trustee in this connection. However, no such borrowings will have the benefit of the security granted to the Debenture Trustee and Debenture holders under the Transaction Documents.
Opening Date of the Issue	30th July 2013
Closing Date of the Issue	30th July 2013
Pay-in-Date	30th July 2013
Deemed Date of Allotment	30th July 2013
Yield to Maturity	12.75% per annum (INR Fixed)
Issuance mode	Dematerialized
Trading	Dematerialized
Market Lot	1 NCD
Listing	On the WDM Segment of the BSE
Depository	NSDL and CDSL
Tax Deduction at Source	The amount of interest payable on any listed dematerialized security held by any person resident in India would be subject to the provisions of the Income Tax Act, 1961 or any bilateral tax treaty, if applicable and all payments by the Issuer shall be paid net of withholding tax or tax deductions at source.
Representations and Warranties	The Issuer will provide certain representations and warranties customary for this type of transaction as further set out in the Debenture Trust Deed including but not limited to: (i) that is duly incorporated, validly existing; (ii) powers and approvals to carry on its business; (iii) corporate power,



	<p>capacity and authority to enter into the documents relating to the NCD issuance; (iv) all documents relating to the NCD issuance when executed constitute binding and enforceable obligations against it; (v) no conflict with other loan documents, applicable laws or constitutional documents; (vi) funds raised by the issue of the NCDs will be utilized solely to provide microfinance loans to the urban unbanked sector and will not be used to fund any activities on any exclusion list; (vii) no Event of Default or Potential Event of Default has occurred or is continuing; (viii) sole legal and beneficial owner of the Hypothecated Assets which have not been secured to any other party, Debenture Trustee and Debenture holders will have prior ranking and sole security over Hypothecated Assets and execution of the deed of hypothecation or other Security Documents does not contravene any laws; (ix) no litigation pending or threatened; (x) not insolvent and no unenforced judgments or court orders outstanding against the Issuer which would have a Material Adverse Effect on its financial condition, business and operations; (xi) details of all borrowings provided to the Debenture Trustee and its borrowings do not exceed any limitation on its borrowings contained in the articles of association, or in any shareholder or board resolution; (xii) no potential event of default or breach of covenant under its other borrowings; (xiii) all governmental approvals, registrations and licenses have been obtained to carry on its business and no breach thereof, no event is existing and no notice has been received which could lead to revocation, suspension cancellation or termination of governmental approvals or licenses and such governmental approvals or licenses (as the case may be) are valid, in full force and effect and will be renewed in time before expiry; (xiv) compliance with all laws and no notice from any Governmental Authority with respect to any alleged, actual or potential violation; (xv) completion of all necessary formalities including all consents or filings with the relevant regulatory authorities, including but not limited to SEBI, BSE and ROC; (xvi) compliance with Memorandum and Articles of Association and delivery of certified copy; (xvii) statutory books and registers have been properly kept, written up to date and contain a complete and accurate record and not aware of any deficiency; (xviii) no facts, matters or circumstances has not been disclosed which might reasonably affect the willingness of or terms on which the Debenture holders would subscribe to the NCDs and all documents (including this Information Memorandum) provided by the Issuer is true and accurate and are not misleading because of any omission or ambiguity or for any other reason; (xix) has properly filed all tax returns, paid all taxes and no pending or threatened audits, examinations, assessments or other actions for or relating to any liability in respect of Taxes, no tax penalties leviable, outstanding or anticipated; (xx) audited accounts prepared in accordance with generally accepted accounting principles, standards and practices in force in India which comply with all laws and show a true, complete, accurate and fair view of the state of affairs of the Issuer; (xxi) violation of any intellectual property rights and any such rights have been registered; (xxii) no immunity under laws; (xxiii) is not insolvent at the time of the Issue; and (xxiv) does not have any contingent liability or other borrowing save as disclosed in its annual report or the Information Memorandum.</p>
Conditions Precedent	The Issuer will provide documents in form and substance satisfactory to the



	<p>Debenture Trustee, including but not limited to:</p> <ol style="list-style-type: none"> <li>1. all applicable internal and external approvals for the Issue and resolutions passed by the board of directors of the Issuer;</li> <li>2. all documentation required in relation to the listing of the NCDs;</li> <li>3. all filings made with the ROC in relation to the issuance and allotment of NCDs and Security being created to secure the issuance of the NCDs;</li> <li>4. confirm that the documentation in respect of the Issue is in full compliance with statutory requirements and any such documentation shall be completed to the satisfaction of the Debenture Trustee; and</li> </ol>
<p>Conditions Subsequent</p>	<p>The Issuer will, following the Allotment take certain actions as may be required by the Debenture Trustee in a form and with the substance satisfactory to them, including but not limited to:</p> <ol style="list-style-type: none"> <li>1. enter into the Debenture Trust Deed and any other related documents, instruments or deeds (as determined by the Debenture Trustee) within 10 Working Days from the Deemed Date of Allotment;</li> <li>2. enter into a deed of hypothecation and any other related Security Documents, instruments or deeds (as determined by the Debenture Trustee) by within thirty (30) calendar days following the Deemed Date of Allotment;</li> <li>3. submit listing documents to the BSE and obtain a listing for the NCDs within 15 Working Days from the Issue Closing Date; and</li> </ol>
<p>Financial Covenants</p>	<p>Financial covenants (which are in addition to reporting requirements and affirmative and negative covenants set out herein) related to the Issuer (to be calculated and reported on a monthly basis), including but not limited to the following:</p> <p><u>Portfolio Quality</u> : The Issuer's Portfolio Quality may at no time increase above 4 % ]</p> <p>“Portfolio Quality” means the sum of the Issuer’s outstanding balance of loans and other credit facilities overdue for more than thirty (30) days, plus the outstanding balance of loans and other credit facilities rescheduled or refinanced but not overdue for more than thirty (30) days, plus the gross amount of loans written off over any twelve-month period ending on a day on which the Note is outstanding, divided by the Issuer’s gross loan portfolio.</p> <p>Portfolio Quality = <math>\frac{\text{Loans overdue 30 days} + \text{Rescheduled/ Refinanced Loans} + \text{Gross write off Loans over 12 months}}{\text{Gross Loan Portfolio}}</math></p>





	<p><b>/Gross Loan Portfolio</b></p> <p><b>Capital Adequacy :</b> The Company 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 17%</p> <p><b>Open Currency Position:</b> The Issuer shall at all times maintain a ratio of Foreign-Currency Assets minus Foreign-Currency Liabilities divided by Total Equity comprised between [150% and -50%]. For the purpose of calculating such ratio, Total Equity, Foreign-Currency Assets and Foreign-Currency Liabilities shall as relevant, each be expressed in USD or each be expressed in EUR.</p> <p><b>“Total Equity”</b> means the total equity of the Issuer, including shareholder’s equity, reserves, retained earnings or losses and current year cumulated net income or loss, and qualifying subordinated debt according to the Local Requirements.</p> <p><b>“Local Requirements”</b> are local laws or regulations applicable to the Issuer at any time as long as this Note is outstanding.</p> <p><b>“Foreign-Currency Assets”</b> means the aggregate of all assets of the Issuer consisting of a loan, deposit, claim or other asset that by its terms is payable in USD or EUR. An asset of the Issuer in domestic currency of the Issuer that is indexed to USD or EUR shall be considered as a Foreign-Currency Asset.</p> <p><b>“Foreign-Currency Liabilities”</b> means the aggregate of all liabilities of the Issuer consisting of a loan, deposit, claim or other liability that by its terms is payable in USD or EUR. However, a loan payable in USD or EUR that is indexed to the domestic currency of the Issuer or that is hedged against exchange rate fluctuations with the domestic currency of the Issuer shall not be considered as part of its Foreign-Currency Liabilities.</p> <p>(Open Currency Position = Foreign Current Assets - Foreign Current Liabilities / Total Liability)</p> <p>The financial covenants shall be reviewed on a calendar monthly basis and the results provided to the Debenture Trustee and the Debenture holders within 30 days after the end of each calendar month. The financial covenants must be satisfied at all times and any breach thereof will constitute a Potential Event of Default and, should such breach remain unremedied for a period of thirty (30) days or longer, an Event of Default.</p>
<p>General Covenants</p>	<p>The Issuer will be required to comply with certain covenants set out in the Debenture Trust Deed, including but not limited to: (i) corporate existence, (ii) compliance with laws, (iii) transactions documents are legal, valid, binding and enforceable obligations of the Issuer, (iv) no violation of Transaction Documents with other documents (v) funds raised by the issue of the NCDs utilized solely to provide microfinance loans to the urban</p>



	<p>unbanked sector and will not be used to fund any activities on any exclusion list; (vi) keep its books of account and ensure its audited accounts are prepared in accordance with generally accepted accounting principles in force in India which comply with all laws and show a true, complete, accurate and fair view of the state of affairs of the Issuer; (vii) no amalgamation or demerger without prior written consent of Debenture Trustee; (viii) no dividends if breaches of the NCD documents are persisting; (ix) no change in business (x) no disposals (xi) no security on Hypothecated Assets without Debenture holders prior written consent, (xii) no change in constitution or management; (xiii) arms length transactions (xiv) maintain internal controls for the purpose of preventing the funds lent by the Issuer from being used for money laundering, financing of terrorist activity, fraud or other corrupt or illegal purposes or practices; (xv) not engage or finance any of the activities on an exclusion list and shall not engage in any prohibited practices (as determined by the Debenture Trustee and set out in the Debenture Trust Deed); (xvi) maintain its status as a signatory to the Client Protection Principles in microfinance; (xvii) not enter into any transaction or arrangement which would materially and/ or adversely affect the its ability to pay amounts due under the NCDs, perform its obligations or impact the security created for the NCD issuance; (xviii) permit visits and inspection to discuss matters with principal officers matters pertinent to an evaluation of the credit of the Issuer and review all books of record and account; (xix) preserve its corporate existence and status and all consents now held or any rights, licenses, privileges; (xx) file tax returns, pay stamp duty, taxes, charges and penalties, (xxi) ensure statutory books and registers have been properly kept, written up to date and contain a complete and accurate record; (xxii) make all filings, submit all duly completed documentation to the Exchange, SEBI, ROC or any other Governmental Authority, as is required under Applicable Law to obtain the listing of the NCDs within 15 Working Days from the Issue Closing Date and complete all related documentation; ; (xxiii) pay Debenture Trustee's costs; (xxiv) comply with SEBI regulations; (xxv) pay any arrears in respect of Hypothecated Assets; (xxvi) obtain and maintain all Governmental approvals and licenses; (xxvii) comply with all applicable laws; (xxviii) maintain listing and rating of NCDs; (xxix) no violation of intellectual property rights which could have a Material Adverse Effect; (xxx) Carry out such alterations to its Memorandum and Articles of association as may be deemed necessary in the opinion of Debenture holders or the Debenture Trustees to safeguard the interests of the Debenture holders; (xxxi) comply with the provisions of Section 205C of the Companies Act, 1956 relating to transfer of unclaimed / unpaid amounts of interest/premium on NCDs and redemption of NCDs to Investor Education and Protection Fund (IEPF), if applicable to it; and (xxxii) remain principally engaged in the business of microfinance</p>
<p>Reporting and Information Covenants</p>	<p>Any costs incurred by the Issuer in connection with the provisions of any information as set out below will be borne solely by the Issuer. The Issuer shall:</p> <ol style="list-style-type: none"> <li>1. Provide any additional information with respect to the Hypothecated</li> </ol>



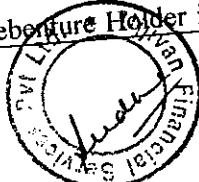
Assets within 10 Working Days of request;

2. Provide all information as may be reasonably required in respect of any taxes payable in respect of the NCDs within 10 Working Days of request;
3. Provide information pertaining to its business and operations as the Debenture holder or Debenture Trustee may deem necessary in its sole discretion to monitor and evaluate the financial performance and/or operational risk of the Issuer within 15 calendar days of request
4. Provide copies of every report, balance sheet, profit and loss account, circulars and notices issued by the Issuer at the time of issue.
5. notify the Debenture holders and the Debenture Trustee of any Material Adverse Effect in relation to the Issuer (and the steps, if any, being taken to remedy it) promptly upon occurrence of the same;
6. notify all material litigation;
7. provide an independent auditors certificate on the NCDs certifying the end uses of the Issue amounts and stating that the end uses of the Issue amounts is in compliance with the permitted end uses and other certifications as set out in the Debenture Trust Deed;
8. its audited financial statements no later than 90 days from the close of the financial year and unaudited monthly financial statements no later than 30 days from the end of each calendar month;
9. all the financial numbers to enable the Debenture holders to determine the fulfillment of the Financial Covenants, no later than 30 days from the end of each calendar month as long as there are amounts outstanding under the NCDs;
10. provide information on any notice of any application for winding up having been made or any statutory notice of winding up or other analogous insolvency proceeding;
11. notify of lockouts, shut-downs, fires or labour unrest or other event likely to have a substantial effect on the profits or business of the Issuer;
12. notify of any force majeure event; and
13. notify any material changes or potential changes to regulations or laws governing micro finance entities in India or the approvals that it is required to maintain within 7 Working Days of any such changes being implemented or potential changes being announced by the appropriate Governmental Authority,

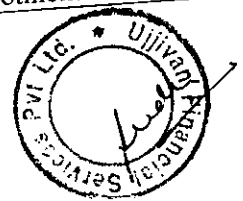
in each case to the Debenture Trustee or the Debentureholders. Other



	<p>requirements may be set out in the Debenture Trust Deed.</p> <p>The Investor will have access to any additional information that it deems necessary to monitor and evaluate the financial performance and/or operational risk of the Issuer for the duration of the NCDs.</p>
<p>Events of Default</p>	<p>The Debenture Trust Deed will set out certain event of default the occurrence of which will lead to the NCDs, accrued interest and all other amounts there under becoming immediately due and payable upon notification of the Debenture Trustee (as directed by the Debenture holders):</p> <p style="text-align: center;">In particular, the following circumstances each constitute an Event of Default:</p> <ol style="list-style-type: none"> <li>1. the failure to pay any outstanding sum due and payable under the NCD, including interest payments or Principal Amount repayments, on the date on which such payment is due under the NCD when such failure to pay continues for ten (10) Business Days after the payment is due under the NCD;</li> <li>2. the breach of any obligation, representation or warranty of the Company as set forth in Section Representations and Warranties and any other obligations of the Company under this NCD;</li> <li>3. the dissolution or judicial attachment of the Company's assets;</li> <li>4. the insolvency or the inability of the Company to make any payment of the Principal Amount or interest hereunder when due (after any applicable grace period has expired); or the Company's application for, or consent to, the appointment of a trustee or receiver for any of its property; or any bankruptcy, reorganization, debt arrangement or other proceeding under any bankruptcy, insolvency or similar laws instituted by or against the Company;</li> <li>5. the Company does not inform the Debenture Holder of one or more other creditors of the Company having declared acceleration on the grounds of a material adverse change in the financial, operational or regulatory condition of the Company</li> <li>6. a default or event of default shall have occurred under the terms of any agreement involving borrowed money or the extension of credit or any other indebtedness under which the Company may be obligated as a Company, borrower or guarantor where the amount of such indebtedness exceeds 10% of the Company'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 indebtedness (whether or not such right shall have been waived) or the termination of any commitment to lend;</li> <li>7. the Company does not notify to the Debenture Holder immediately, but</li> </ol>



	<p>no later than within ten (10) Business Days any changes to the NCD ranking at least <i>pari passu</i> with all other outstanding secured and subordinated obligations of the Company ("Ranking Change");</p> <p>8.a change of control of the Company or the sale, transfer or other disposition of all or substantially all of the assets of the Company or the merger or consolidation of the Company with any other person without express written consent of the Debenture Holder, in accordance with Reporting and Information Covenant of this NCD;</p> <p>9.the material failure to comply with any reasonable monitoring and/or servicing requests from the Debenture Holder, including its monthly, quarterly and annual reporting requirements, and its due diligence visits and documentation review;</p> <p>10. a default or event of default shall have occurred under the terms of any other agreement involving borrowed money or the extension of credit or any other indebtedness under which the Company may be obligated as a borrower or guarantor and the Company makes a prepayment to a third party without the prior written consent of the Debenture Holder;</p> <p>11.the Company does not at all times comply with all financial covenants enumerated in Section Financial covenants of this NCD;</p> <p>The Company shall immediately inform the Debenture Holder as soon as it becomes aware that any Event of Default has occurred or is threatening to occur.</p>
Additional Expenses	<p>The Issuer will pay all legal, rating, trustee, depository, registrar, transfer agent expenses pertaining to NCD issuance including the cost of legal opinion on the legal and regulatory validity of the transaction. Issuer will be responsible for all expenses involved in the issuance of the NCD, all wire fees and all other applicable charges.</p>
Credit Rating	<p>CARE BBB+<sup>+</sup> by Credit Analysis and Research Limited ("CARE") for Rs. 40 Crores (Rupees Forty Crores). Facilities with this rating are considered to offer moderate safety for timely servicing of debt obligations. Such facilities carry moderate credit risk.</p>
Special Resolution	<p>Will be a resolution passed at a meeting of the Debenture holders duly convened and held in accordance with provisions herein contained and carried by a majority consisting of such number of Debenture holders which shall represent not less than 75 (seventy five) percent of the nominal value of NCDs then outstanding or if a poll is demanded by a majority representing not less than 75 (seventy five) percent of the nominal value of NCDs then outstanding on such poll. The rights, privileges, terms and conditions attached to the NCDs may be varied, modified or abrogated with the consent, in writing by way of a Special Resolution.</p>
Issuer Declaration	<p>The Issuer hereby declares and confirms that the Allotment and the issuance of the NCDS and the Letter of Allotment are subject to the terms</p>



	and conditions of this Information Memorandum. The representations, warranties, covenants, events of default, indemnities and other terms and conditions and provision herein will be binding on the Issuer as if set out in an agreement between the Issuer and the Debenture Trustee on the date of this Information Memorandum.
Documents	The Issuer confirms that it will enter into the Debenture Trust Deed and other relevant documents required in relation to the issuance of the NCDs within 5 Working Days of the Deemed Date of Allotment, and a deed of hypothecation and other relevant documents required in relation to the creation and perfection of the security interest within thirty (30) calendar days following the Deemed Date of Allotment and such documents shall reflect the terms and conditions in this Information Memorandum.
Issuer Declaration	The Issuer hereby declares and confirms that the Allotment and the issuance of the NCDs and the letter of allotment is subject to the terms and conditions of this Information Memorandum. The representations, warranties, covenants, events of default, indemnities and other terms and conditions and provision herein will be binding on the Issuer as if set out in an agreement between the Issuer and the Debenture Trustee on the date of this Information Memorandum.



## FORWARD LOOKING STATEMENTS

Certain statements contained in this Information Memorandum that are not statements of historical fact constitute 'forward-looking statements'. Potential Debentureholders can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability, new business and other matters that are not historical facts. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- growth prospects of the Indian microfinance sector and related policy developments;
- general, political, economic, social and business conditions in Indian and other global markets;
- our ability to successfully implement our strategy, growth and expansion plans;
- competition in the Indian markets;
- availability of adequate debt and equity financing at reasonable terms;
- performance of the Indian debt and equity markets;
- changes in laws and regulations applicable to companies in India, including foreign exchange control regulations in India; and
- other factors discussed in this Information Memorandum, including under the section entitled "Risk Factors".

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to those discussed under the section entitled "*History and Business of the Issuer*". The forward-looking statements contained in this Information Memorandum are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.



## RISK FACTORS

An investment in NCDs involves risks. These risks may include, among others, bond market, interest rate, market volatility and economic, political and regulatory risks and any combination of these and other risks. Some of these are briefly discussed below. Prospective Debenture holders should be experienced with respect to transactions in instruments such as the NCDs. Prospective Debenture holders should understand the risks associated with an investment in the NCDs and should only reach an investment decision after careful consideration, with their legal, tax, accounting and other advisers, of (a) the suitability of an investment in the NCDs in the light of their own particular financial, tax and other circumstances and (b) the information set out in this Information Memorandum.

More than one risk factor may have simultaneous effect with regard to the NCDs such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect which may not be predictable. No assurance can be given as to the effect that any combination of risk factors may have on the value of the NCDs.

### RISKS RELATING TO OUR BUSINESS

*All of our loans are unsecured and if we are unable to control the level of non-performing loans ("NPAs") in the future, or if our loan loss reserves are insufficient to cover future loan losses, our financial condition and results of operations may be materially and adversely affected*

All of our loans are unsecured. Non-performing or low credit quality loans can negatively impact our results of operations.

As of June 30, 2013, following was our Asset classification based on Ujjivan's internal norms.

Bucket	Outstanding Principal (Rs. in Crores)
No Due	1210.35
Up to 90 Days	1.32
91-180 Days	0.26
>180 Days	0.75
<b>Total</b>	<b>1212.68</b>
	%
<b>Key Metrics</b>	
PAR>90 Days	0.08%
Cumulative Repayment Rate	99.83%

We cannot assure you that we will be able to effectively control and reduce the level of the impaired loans in our total loan portfolio. The amount of our reported non-performing loans may increase in the future as a result of growth in our total loan portfolio, and also due to factors beyond our control, such as over-extended member credit that we are unaware of. If we are unable to manage our NPAs or adequately recover our loans, our results of operations will be adversely affected.

Our current loan loss reserves may not be adequate to cover an increase in the amount of NPAs or any future deterioration in the overall credit quality of our total loan portfolio. As a result, if the quality of our total loan portfolio deteriorates we may be required to increase our loan loss reserves, which will adversely affect our financial condition and results of operations. Our 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 our members live. Moreover, there is no precise method for predicting loan and credit losses, and we cannot assure you that our monitoring and risk management procedures will effectively predict such losses or that loan loss reserves will be sufficient to cover actual losses. If we are unable to control or reduce the level of our NPAs or poor credit quality loans, our financial condition and results of our operations could be materially and adversely affected.

**We are exposed to operational risks, including fraud, petty theft and embezzlement, as we handle a large amount of cash due to high volume of small transactions. This could harm our operations and our financial position**

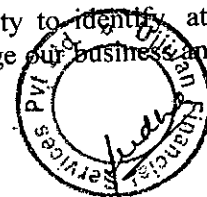
As we handle a large amount of cash through a high volume of small transactions taking place in our network, we are exposed to the risk of fraud or other misconduct by employees or outsiders. These risks are further compounded due to the high level of delegation of power and responsibilities our business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

**Loans due within one year account for all of our interest income, and a significant reduction in short term loans may result in a corresponding decrease in our interest income**

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

**If we are not able to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain our quality and reputation, it will be difficult for us to manage our business and growth**

We depend on the services of our executive officers and key employees for our continued operations and growth. In particular, our senior management has significant experience in the microfinance, banking and financial services industries. The loss of any of our executive officers, key employees or senior managers could negatively affect our ability to execute our business strategy, including our ability to manage our rapid growth. Our business is also dependent on our team of personnel who directly manage our relationships with our members. Our business and profits would suffer adversely if a substantial number of such personnel left us or became ineffective in servicing our members over a period of time. Our future success will depend in large part on our ability to identify, attract and retain highly skilled managerial and other personnel. Competition for individuals with such specialized knowledge and experience is intense in our industry, and we may be unable to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain our quality and reputation or to sustain or expand our 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 our business and growth and to meet key objectives.



**Our business and results of operations would be adversely affected by strikes, work stoppages or increased wage demands by our employees**

Our employees are not currently unionized. However, there can be no assurance that they will not unionize in the future. If our employees unionize, it may become difficult for us to maintain flexible labour policies, and we could incur higher labour costs, which would adversely affect our business and results of operations.

**Our insurance coverage may not adequately protect us against losses, and successful claims that exceed our insurance coverage could harm our results of operations and diminish our financial position.**

We maintain insurance coverage of the type and in the amounts that we believe are commensurate with our operations, including director's and officer's insurance and other general liability insurances. Our 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 we do 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 us on acceptable terms. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or results in changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, financial condition and results of operations.

**Microcredit lending poses unique risks not generally associated with other forms of lending in India, and, as a result, we may experience increased levels of NPAs and related provisions and write-offs that negatively impact our results of operations**

Our core mission is to provide loans to fund the small businesses and other income generating activities of our members. Our members are typically poor and illiterate women living in rural India, who have limited sources of income, savings and credit histories, and who cannot provide us with any collateral or security for their borrowings. We also disburse loans to our members in the event of emergencies, such as pregnancy, funerals and natural disasters. In addition, we have extended loan repayment moratoriums of two to three weeks to members who have been victims of natural or man-made calamities. While we do extend such moratoriums on a case by case basis, extensive adverse natural/man-made circumstances could adversely affect the ability of our members to make loan payments on time and in turn negatively impact our results of operations. As a result, our members pose a higher risk of default than borrowers with greater financial resources and more established credit histories and borrowers living in urban areas with better access to education, employment opportunities, and social services. In addition, we rely on non-traditional guarantee mechanisms in connection with our loan products, which are generally secured by informal individual and group guarantees, rather than tangible assets. As a result, our loan products pose a higher degree of risk than loans secured with physical collateral. Due to the precarious circumstances of our members and our non-traditional lending practices we may, in the future, experience increased levels of non-performing loans and related provisions and write-offs that negatively impact our business and results of operations. The Issuer has separated sales from credit risk department. This helps in better credit evaluation of the customer. A credit enhancement happens by way of guarantee of loan to an individual member of a group by all the other members of the group. The ability to repay the loan is taken care of by internal credit evaluation and intention to repay is taken care of by the mutual guarantee of group members.



***We require certain statutory and regulatory approvals for conducting our business and our failure to obtain or retain them in a timely manner, or at all, may adversely affect our operations***

NBFC-MFIs 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) we are required to maintain our 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. We require certain approvals, licenses, registrations and permissions for operating our 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 we may not be aware of or comply with all requirements all of the time. Additionally, we may need additional approvals from regulators to introduce new insurance and other fee based products to our members. In particular, we are required to obtain a certificate of registration for carrying on business as a NBFC-MFI that is subject to numerous conditions. In addition, our branches are required to be registered under the relevant shops and establishments laws of the states in which they are located. The shops and establishment laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. If we fail to comply, or a regulator claims we have not complied, with any of these conditions, our certificate of registration may be suspended or cancelled and we shall not be able to carry on such activities. If we fail to comply with the NBFC-MFI Directions and fail to maintain the status of NBFC-MFI, we will not be eligible for priority sector loans from the Indian banking sector and will may also attract penal provisions under the RBI Act, 1934 for non-compliance.

***We may be required to increase our capital ratio or amount of loan loss reserves, which may result in changes to our business and accounting practices that would harm our business and results of operations***

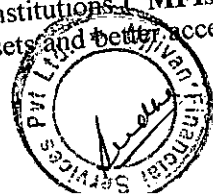
We are subject to the RBI minimum capital to risk weighted assets ratio regulations. Pursuant to Section 45-IC of the RBI Act, every NBFC-MFI is required to create a reserve fund and transfer thereto a sum not less than 20.0% of its net profit every year, as disclosed in the profit and loss account and before any dividend is declared. We are also required to maintain a minimum capital adequacy ratio of 15% in relation to our aggregate risk-weighted assets and risk adjusted assigned loans. The ratio must equal or exceed 12% by March 31, 2010, and 15% by March 31, 2011. The following table presents the CRAR maintained for the past three years:

S. No.	As at March 31,	CRAR as per RBI prudential norms	CRAR of the Issuer
1.	2013	15%	27.27%
2.	2012	15%	32.40%
3.	2011	15%	17.47%

The RBI may also in the future require compliance with other financial ratios and standards. Compliance with such regulatory requirements in the future may require us to alter our business and accounting practices or take other actions that could materially harm our business and operating results.

***Competition from banks and financial institutions, as well as state-sponsored social programs, may adversely affect our profitability and position in the Indian microcredit lending industry***

We face our most significant competition from other micro finance institutions ("MFIs") and banks in India. Many of the institutions with which we compete have greater assets and better access to, and lower



cost of, funding than we do. In certain areas, they may also have better name recognition and larger member bases than us. We anticipate that we may encounter greater competition as we continue expanding our operations in India, which may result in an adverse effect on our business, results of operations and financial condition.

We believe traditional commercial banks as well as regional rural and cooperative banks, have generally not directly targeted the rural lower income segments of the population for new customers. However, some banks do participate in microfinance by financing the loan programs of self-help groups often in partnership with NGOs. Banks also indirectly participate in microfinance by making loans and providing other sources of funding to other MFIs. In addition, we are aware that some commercial banks are beginning to directly compete with for-profit MFIs for lower income segment customers in certain geographies.

***Movement in market interest rates may adversely affect the margins of the Issuer***

Changes in interest rates at which the Issuer borrows can impact spreads, especially in the short term. Increase in cost of funds can severely squeeze margins, impacting profitability and operational self-sufficiency of MFIs. With increasing competition and pressure to cut interest rates, the Issuer may not be in a position to pass interest rate increases to clients. Further, the new directions issued by the RBI, Non-Banking Financial Company – Micro Finance Institutions Directions, (“NBFC-MFI Directions”) have been issued on December 02, 2011 & May 31, 2013, which has introduced caps on margins, interest rates and processing fees and will increase interest rate risk for the Issuer.

**RISKS RELATING TO THE ISSUE**

***The NCDs are subject to taxation requirements.***

Potential purchasers and sellers of the NCDs should be aware that they may be required to pay stamp duties or other documentary charges/taxes in accordance with the laws and practices of India. Payment and/or delivery of any amount due in respect of the NCDs will be conditional upon the payment of all applicable taxes, duties and/or expenses. Potential Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, potential Investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

***Early Termination for Extraordinary Reasons, Illegality and Force Majeure.***

If the Issuer determines that, for reasons beyond its control, the performance of its obligations under the NCDs has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the NCDs for any reason, the Issuer may, at its discretion and without obligation, redeem the NCDs early.

***Changes in interest rates may affect the price of our NCDs.***

All securities where a fixed rate of interest is offered, such as our NCDs, are subject to price risk. Interest rates are highly sensitive and fluctuations thereof are dependent upon many factors which are beyond the Issuer's control, including the monetary policies of the RBI, de-regulation of the financial services sector in India, domestic and international economic and political conditions, inflation and other factors. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The



extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.

***Uncertain trading market***

The Issuer intends to list the Debentures on the WDM segment of the BSE. The Issuer cannot provide any guarantee that the Debentures will be frequently traded on the BSE and that there would be any market for the Debenture(s).

***We will not create or maintain a Debenture Redemption Reserve (DRR) for the NCDs issued under this Information Memorandum***

The Department of Issuer Affairs General Circular No. 9/2002 No. 6/3/2001-CL V Dated April 18, 2002 specifies that for NBFCs registered with the RBI under Section 45-IA of the RBI Act, no DRR is required in the case of privately placed debentures. Therefore, we will not be maintaining a DRR in respect of the NCDs issued herein

***Any downgrading in credit rating of our NCDs may affect the value of NCDs and thus our ability to raise further debts***

This Issue has been rated by CARE as having CARE BBB. The Issuer cannot guarantee that these ratings will not be downgraded. Such a downgrade in the above credit ratings may lower the value of the NCDs and may also affect the Issuer's ability to raise further debt.

***Full value of the Security may not be realized as a result of certain factors***

Enforcement of security takes an inordinately long period of time in India. An application when made may be subject to delays and administrative requirements that may result, or be accompanied by a decrease in value of the immovable property. Full value of the Security may not be realized as a result of among other factors, delays in bankruptcy and foreclosure proceedings, defects in the registration of collateral and fraudulent transfers.

**EXTERNAL RISK FACTORS**

***The Debentures may not be a suitable investment for all purchasers***

Potential Debenture holders should ensure that they understand the nature of the Debentures and the extent of their exposure to risk, that they have sufficient knowledge, experience and access to professional advisers to make their own legal, tax, accounting and financial evaluation of the merits and risks of investment in the Debentures and that they consider the suitability of the Debentures as an investment in the light of their own circumstances and financial condition.



### ***Interpretation of some Indian laws is uncertain***

Indian laws comprise but are not limited to legislation at Central and State levels and also various rules, regulations, notifications, guidelines, governmental orders, by-laws and internal policy rulings. The reporting mechanism relating to these is not entirely systematic and such laws may be published in publications not having wide circulation and not necessarily in a timely manner. There are limited and unsatisfactory facilities for verification of such laws. Such laws are not always consistent or comprehensive, and precedent to enable interpretation is limited. It is also possible that such laws may have retrospective effect. The application of such laws can therefore be uncertain.

### ***Current Microfinance Industry Challenges***

Experiences in the recent past have shown that political risks pose a significant risk. In 2009, repayments were affected in the Kolar district of Karnataka; and in 2010, the Andhra Pradesh Government introduced an ordinance that severely impacted repayments to MFIs. Clarity on the regulatory framework and jurisdiction of state governments, vis-à-vis the regulator over non-banking financial institutions and the MFI sector is critical in mitigating political risks.

A microfinance crisis in the southern Indian state of Andhra Pradesh was triggered in October 2010 by newspaper accounts of suicides among over-indebted clients of some of India's biggest microfinance institutions. There were cases of rising debt stress among possibly tens of thousands of clients, brought on by explosive growth of microfinance organizations in southern India. The state governments passed restrictive ordinances curtailing the MFIs. The crisis threatened and continues to threaten the MFI industry not only in Andhra Pradesh, but nationwide.

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

Most of the recommendations made under the Malegam Committee Report in January 2011 have been accepted by RBI and the RBI has issued circular dated May 3, 2011 to banks stating that bank loans to micro finance sector will be eligible for categorization as priority sector advance if they meet the eligibility criteria's set out in the said circular and has created a new category of NBFCs called the Non-Banking Financial Company-Micro Finance Institution (the "NBFC-MFIs") and has issued the NBFC-MFI Directions on December 2, 2011 to regulate NBFC-MFIs. All non deposit taking NBFCs (other than a company licensed under Section 25 of the Indian Company Act, 1956) that has not less than 85% of its net assets in the nature of "qualifying assets" and has a minimum net owned funds of Rs. 5 crore other than the ones registered in north eastern region of the country for which net owned fund requirement stands at Rs. 2 crore. The existing NBFCs to be classified as NBFC-MFIs will be required to comply with the NBFC-MFI Directions w.e.f. April 01, 2012. Existing NBFCs with asset size of more than Rs. 100 crores are required to maintain a minimum CRAR of 15% from Dec 2, 2011 onwards. Some of the key requirements of the NBFC-MFI Directions which the Issuer is required to comply from Aug 3, 2012 which will affect the business operations of the Issuer, which are:

- maintain tier II capital at all points of time such that it does not exceed 100 percent of tier I capital;
- norms on asset classification and provisioning norms;



- maintain the pricing of credit norms which include maintaining an aggregate margin cap of not more than 10%, and processing charges to not be more than 1% of gross loan amount;
- maintain fair practices in lending as stated in the NBFC-MFI Directions;
- follow directions as provided in relation to prevention of multi-lending, over-borrowing and ghost borrowers;
- ensure that it has a code of conduct and systems are in place for supervision of field staff such that non-coercive methods for recovery are used;
- ensure corporate governance norms are adopted and there is improvement in efficiency, information technologies etc; and
- submit statutory auditors certificate with reference to the position of the company as at end of the financial year ended March 31 every year which should also indicate that the company fulfils all conditions stipulated to be classified as an NBFC-MFI.

The RBI had also recommended a role of industry associations in monitoring compliance by NBFC-MFIs and it is proposed that separate guidelines in this regard will be issued. Any such guidelines will affect the Issuer's business operations.

#### ***Future legal and regulatory obstructions***

Future government policies and changes in laws and regulations in India and comments, statements or policy changes by any regulator, including but not limited to the SEBI or the RBI, may adversely affect the Debentures, and restrict the Issuer's ability to do business in its target markets. The timing and content of any new law or regulation is not within the Issuer's control and such new law, regulation, comment, statement or policy change could have an adverse effect on its business, results of operations and financial condition. Currently, microfinance is classified as priority sector if such microfinance entity falls within the category of NBFC-MFI as set out in the NBFC-MFI Directions. Any adverse changes in the regulatory environment for microfinance such as removing priority sector status or stricter conditions for NBFC-MFIs by the RBI or interest rates, margins and fees that can be charged by microfinance companies could affect us. Any adverse changes in the regulatory environment for microfinance such as removing priority sector status or a cap on interest rates that can be charged by microfinance companies could affect our Issuer. We do not foresee such a change, since financial inclusion is a very important objective and microfinance is the foremost route to achieve financial inclusion.

Further, the SEBI, the BSE or other regulatory authorities may require clarifications on this Information Memorandum, which may cause a delay in the issuance of Debentures or may result in the Debentures being materially affected or even rejected.

#### ***A slowdown in economic growth in India could cause the Issuer's business to suffer***

The Issuer performance and the quality and growth of its assets are necessarily dependent on the health of the overall Indian economy. A slowdown in the Indian economy may adversely affect its business, including its ability to enhance its asset portfolio and the quality of its assets, and its ability to implement certain measures could be adversely affected by a movement in interest rates, or various other factors affecting the growth of industrial, manufacturing and services sector or a general down trend in the economy.



***Political instability or changes in the government could delay further liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact the Issuer's financial results and prospects***

Since 1991, successive Indian governments have pursued policies of economic liberalization. The role of the Central and State Governments in the Indian economy as producers, consumers and regulators has remained significant. If there was to be any slowdown in the economic liberalization, or a reversal of steps already taken, it could have an adverse effect on the Issuer's business. Financial difficulties and other problems in certain financial institutions in India could cause the Issuer's business to suffer. The Issuer is exposed to the risks of the Indian financial system, which in turn may be affected by financial difficulties, trends and other problems faced by certain Indian financial institutions. The problems faced by such Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create an adverse market perception about Indian financial institutions, banks and NBFCs. This in turn could adversely affect the Issuer's business, its future financial performance and its shareholders' funds.

Specific laws and policies affecting financial services companies, foreign investment, currency exchange rates and other matters affecting investments in Indian companies could change. At the state level if state governments come up with state level measures that restrict the lending and collection methodology of MFIs, this will in turn have an adverse impact on collection from clients. This in turn will affect the profitability and operating self sufficiency of the Issuer.

***Our business may be adversely impacted by natural calamities or unfavorable climatic changes***

India in the recent years has experienced natural calamities such as earthquakes, floods, droughts and pandemics including the outbreak of avian flu. The extent and severity of these natural disasters and pandemics determines their impact on India's economy and in turn affects its financial services sector. Prolonged spells of abnormal rainfall and other natural calamities could have an adverse impact on the Indian economy which could adversely affect our business and the price of our NCDs.





## HISTORY AND BUSINESS OF THE ISSUER

### HISTORY OF THE ISSUER

The Issuer was incorporated on December 28, 2004 as a private limited company under the provisions of the Companies Act and received its certificate for commencement of business on November 8, 2005.

The RBI granted the Issuer operating license, certificate of registration No. N-02-00224 on October 31, 2005. The Issuer is a microfinance non-banking financial institution. Microfinance is the practice of extending financial services to the poor, similar to what banks and financial institutions extend to other economic segments. The Issuer has set up itself as an NBFC-MFI, rather than an NGO as it operates with adequate capital. The Issuer is the only MFI in India which has been set up without a paisa of grant or donation. The Issuer operates strictly within the legal and regulatory framework in India for financial institutions and is absolutely transparent.

The Issuer is based in Bangalore with the mission of providing a full range of financial services, including loans, life and health insurance, to the economically active poor. The Issuer's unique venture combines successful models in microfinance with the technology and efficiencies of modern retail banking.

The Issuer focuses on the urban poor and its target customers include salaried women working in garment factories, hospitals, or as house maids, cooks, or office workers, and self-employed women working as vegetable or fruit vendors, small shop owners, tailors, or agar bathi or beedi rollers.

The Issuer currently operate 310 branches in 4 Regions – South, East, and North & West - with a staff of 3837 employees. The Issuer's present customer base is 1,163,121 as on June 30, 2013 with Rs. 5129.52 Crores disbursed from inception and Rs. 1212.69 Crores as the portfolio outstanding in loans disbursed. The Issuer plans to reach 2,000,000 customers & around 450 branches by the 10th year of its operations.

### MAIN OBJECTS AND BUSINESS OF THE ISSUER

The Issuer's mission is to provide financial services to the economically active poor, to enable them to lead a "Better Life". Its primary objects are to: (i) provide financial services to customers to enable them to be free of poverty within five (5) years; (ii) expand nationally in both urban and rural areas and serve 2,000,000 customers by the 10th year of operations with 500 branches nationwide with 4 hubs: Bangalore, Delhi, Kolkata & Pune; (iii) operate a viable business and provide an attractive return on equity of 15% to investors over a 5-year period and not be dependent on grants and donations; (iv) provide professionally and financially rewarding careers to employees and attract and retain top quality talent; and (v) participate in a holistic approach to poverty reduction through a partnership with Parinaam NGO by collaborating with institutions focused on childcare, education, health, vocational training, community development, shelter, and disaster relief in a holistic approach to alleviate poverty.

### CUSTOMER PRODUCTS

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



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

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

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

## PRODUCT DETAILS

### BASIC LOANS

#### Business Loan

##### Features

- Rs. 6,000 – Rs. 15,000 (1st year)
- Rs. 50,000 max. (2nd loan cycle onwards)

- Reducing balance 25% p.a. / 24% p.a. (for repeat loans)
- 12 months for loans below Rs.15000
- 24 months for loans above Rs.15000

##### Description

This loan gives self-employed women access to financing to support their businesses (selling fruits/ vegetables/ flowers, running petty shops, tailoring, etc.) Customers typically use this to finance diverse business needs such as capital equipment expenditure, working capital, repayment of high-cost debt etc.

#### Family Loan

##### Features

- Rs. 6,000 – Rs. 15,000 (1st year)
- Rs. 30,000 max. (2nd loan cycle onwards)

- Reducing balance 25% p.a / 24% p.a. (for repeat loans)
- 12 months for loans below Rs.15000
- 24 months for loans above Rs.15000

##### Description

This allows low-income women to finance a range of family needs such as children's school expenses, medical care, house repairs, social and religious obligations, buying consumer durables, and the repayment of high-cost debt previously taken for family needs



## VALUE-ADDED LOANS

### Business Top Up Loan

**Features**

Rs. 3,000 – Rs. 6,000

- 24% p.a. reducing balance
- 12 months
- Processing fees: 1% of loan amount (service tax extra)

Offered only in Karnataka, Tamil Nadu, Kerala, Pondicherry and Goa

**Description**

Some women need additional finances during the year to address their business or family requirements. This loan allows customers access to additional money over and above their initial loan and is given based on a satisfactory credit history.

### Emergency Loan

**Features**

Rs.2,000

- 24% p.a. reducing balance
- 6 months
- No processing fees

**Description**

This loan is designed to meet the unforeseen emergency requirements of customers and is disbursed within 24 hours of request

### Education Loan

**Features**

Rs.5,000 – Rs.15,000

- 24% p.a. reducing balance
- 12 months
- Processing fees: 1% of loan amount (service tax extra)

**Description**

To help promote education among the poor, this loan has been designed to help finance the education expenses (admissions fees, text books, uniforms) of children studying between kindergarten and class12

## INDIVIDUAL LOANS

### Individual Business Loan

**Features**

Rs.10,000 – Rs.100,000

- 28% p.a. reducing balance
- 6 – 24 months



- No Security Deposit

#### **Description**

This is a major individual loan and gives business owners access to financing for capital expansion and asset improvement of their businesses

### **Livestock Loan**

#### **Features**

Rs.15,000 – Rs.35,000

- 24% p.a. declining
- 12 months
- Processing fee: 1.12% of loan amount (inclusive of all taxes)

#### **Description**

This loan provides access to capital for purchasing more cattle and increasing dairy incomes.

### **Housing Loan**

#### **Features**

Rs.10,000 – Rs.50,000

- 24% p.a. declining
- 6 – 24 months
- Security Deposit (refundable): 10% of loan amount

#### **Description**

This gives women financial access to pay for rental deposits, lease amounts, or for home improvements

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

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

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

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



benchmark its services on various parameters and identify areas of focus for the future.

The Issuer has the following competitive advantage: (i) quality customer service – the Issuer has a dedicated service quality vertical to ensure that customers are receiving the highest quality of service in the industry; (ii) transparency - each and every financial transaction other than repayment is recorded by cash receipt; (iii) industry leaders in number of products offered (both financial and non financial); (iv) reduced interest rate – the Issuer has reduced its interest rate on all group lending products effective from July 1, 2010 and December 15, 2012; and (v) strong training program for customers.

### **LENDING METHODOLOGY**

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

### **CASH HANDLING MECHANISM**

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

### **HOLISTIC APPROACH TO POVERTY REDUCTION**

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

### **EMPLOYEES**

The Issuer employs professionals seeking a career in the social sector. The Issuer sources its field staff from economically deprived sections of society similar to those of its customers. The Issuer's managerial staff brings a diverse body of experience in both social and private sectors. All the employees of the Issuer receive permanent full benefits. As on March 31, 2013, the Issuer has 3,656 employees pan-India.

### **OUTSTANDING LITIGATION**

There is no outstanding litigation pending against the Issuer which may have any material adverse effect on its business prospects or financial condition.



**MATERIAL AGREEMENT/ DOCUMENTS ENTERED INTO BY THE ISSUER**

A statement containing particulars of the dates of, and parties to all material contracts, agreements in relation to the Issue is set out below:

1. Certified true copies of the Memorandum and Articles of Association of the Issuer as amended till date.
2. NBFC Registration Certificate issued by RBI dated October 31, 2005.
3. Certified true copy of the resolutions of the Board of Directors dated 17<sup>th</sup> May 2013 authorizing the issue of the NCDs.
4. Rating letter dated 26<sup>th</sup> July 2013. to the Issuer for the Issue and the rating rationale pertaining thereto.
5. Annual Report of the Issuer for the Financial Year ended March 31, 2013
6. Consent letter from the Debenture Trustee dated July 10, 2013
7. Consent letter from the Registrar to the Issue dated July 10, 2013
8. Memorandum of Understanding between the Registrar and Issuer for appointment of Registrar dated 16<sup>th</sup> July 2013
9. Tripartite Agreement between CDSL, Registrar and Issuer for dematerialization of NCDs
10. Tripartite Agreement between NSDL, Registrar and Issuer for dematerialization of NCDs dated
11. Debenture trustee agreement

**SHARE CAPITAL AND ASSOCIATED CORPORATE HISTORY OF THE ISSUER**

The share capital structure of the Issuer as at the date of this Information Memorandum is as set out below:

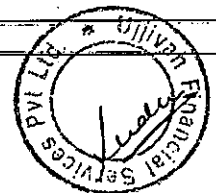
**A. AUTHORIZED SHARE CAPITAL**

The Issuer was incorporated with an authorized share capital of Rs. 7 Crores with 700,000 equity shares of face value of Rs. 100 each in 2004.

Details of Share capital as on 30th June 2013	Rs.
Share Capital	655,813,630
Authorized Share Capital	750,000,000
Issued Subscribed and Paid up Share Capital	655,813,630

The increases in the authorized share capital at different dates are given below:

DATE	AMENDMENT
------	-----------



28 December 2004	Initial authorized share capital was Rs. 2.5 Crores with 250,000 equity shares of Rs. 100 each.
September 2005	Authorised share capital increases from Rs. 2.5 Crores to Rs. 7 Crores with 700,000 equity shares of Rs. 100 each.
21st July 2007	Authorised capital increased from Rs. 7 Crores to Rs.12.5 Crores with 12,50,000 equity shares of face value of Rs. 100 each.
18th August 2008	Authorised capital increased from 12.5 Crores to Rs. 40 Crores with 40,00,000 equity shares of face value of Rs. 100 each.
30th November 2010	Authorised capital increased from 40.0 Crores to Rs. 60 Crores with 60,000,000 equity shares of face value of Rs. 10 each.
11 <sup>th</sup> November 2011	Authorised capital increased from 60.0 Crores to Rs. 75 Crores with 75,000,000 equity shares of face value of Rs. 10 each.

**B. SUBSCRIBED SHARE CAPITAL**

Shares subscribed to under the Memorandum and Articles of Association of the Issuer at the time of incorporation were 250,000 equity shares. The increases in the issued and subscribed share capital at different dates are given below:

DATE	AMENDMENT	CUMULATIVE NUMBER OF EQUITY SHARES	CUMULATIVE PAID-UP SHARE CAPITAL (Rs. in Crores)	CUMULATIVE SHARE PREMIUM (Rs. In Crores)
25 January 2005	Allotment of 1100 equity shares of Rs. 100 each fully paid-up as initial equity	1100	0.01	Nil
30 August 2005	Allotment of 279,000 equity shares of Rs 100 each fully paid-up issued at par to individual investors and Bellwether Microfinance Fund.	280,100	2.80	Nil
22 May 2006	Allotment of 269,744 equity shares of Rs 100 each fully paid-up issued at par to foreign individual investors, Mauritius Unitus Corporation and Michael & Susan Dell Foundation.	549,844	5.49	Nil
31 October 2007	Allotment of 591,063 equity shares of Rs 100	1,140,907	11.4	2.03

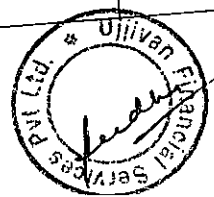


DATE	AMENDMENT	CUMULATIVE NUMBER OF EQUITY SHARES	CUMULATIVE PAID-UP SHARE CAPITAL (Rs. in Crores)	CUMULATIVE SHARE PREMIUM (Rs. In Crores)
	each fully paid-up issued at a premium of Rs.125/150			
15 December 2007	Allotment of 92,111 equity shares of Rs. 100 each fully paid-up issued at a premium of Rs. 125/150 to Michael & Susan Dell Foundation.	1,233,018	12.33	2.30
23 July 2008	Allotment of 189 equity shares of Rs.100 each fully paid-up issued at par under ESOP	1,233,207	12.33	2.30
10 December 2008	Allotment of 1,366,500 equity shares of Rs.100 each fully paid-up issued at a premium of Rs. 375/400 to existing shareholders as well as new investors	2,599,707	25.99	41.70
13 March 2009	Allotment of 884,539 equity shares of Rs.100 each fully paid-up issued at a premium of Rs. 375/400 to existing shareholders as well as new	3,484,246	34.80	67.68
12 <sup>th</sup> October, 2010	Vide Members Special in a duly convened Extra-ordinary General Meeting, we have subdivided the face value of equity shares from Rs. 100/- to Rs. 10/- each. Therefore, the No. of Share in Authorized Share Capital has	3,48,42,460	34.80	67.68





DATE	AMENDMENT	CUMULATIVE NUMBER OF EQUITY SHARES	CUMULATIVE PAID-UP SHARE CAPITAL (Rs. in Crores)	CUMULATIVE SHARE PREMIUM (Rs. In Crores)
	become 6,00,00,000 equity shares of Rs. 10 each (earlier 60,00,000 equity shares of Rs. 100/- each) and the issued, subscribed, called up and paid up share capital has become 3,48,42,460 equity shares of Rs. 10/- each (earlier 34,84,246 equity shares of Rs. 100/- each			
31 <sup>st</sup> January 2012	Allotment of 16,724,166 equity Shares of Rs.10/- each fully paid-up issued at a premium of Rs. 47/- to existing shareholders as well as new investor	51,566,626	51.57	146.28
1 <sup>st</sup> February 2012	Allotment of 57,20,000 equity shares of Rs.10/- each fully paid-up issued at a premium of Rs. 47/- to new investor	57,286,626	57.28	173.16
18 <sup>th</sup> September 2012	Allotment of 8,294,737 equity Shares of Rs.10/- each fully paid-up issued at a premium of Rs. 47/- to existing shareholder as well as new investor IFC	65,581,363	65.58	212.15



DATE	AMENDMENT	CUMULATIVE NUMBER OF EQUITY SHARES	CUMULATIVE PAID-UP SHARE CAPITAL (Rs. in Crores)	CUMULATIVE SHARE PREMIUM (Rs. In Crores)

The Issuer's share capital as on date of this Information Memorandum is set forth below.

### EQUITY SHARES AND SHAREHOLDING PATTERN AS ON 30<sup>th</sup> JUNE 2013.

PARTICULARS	No of Shares	Share Capital (Face Value)	Premium	Total Share Capital	Ownership %
		Rs. In Crores	Rs. In Crores	Rs. In Crores	
<b>AUTHORISED CAPITAL</b>	75,000,000	75.00	-	-	-
<b>SUBSCRIBED CAPITAL</b>					
<b>Domestic Individual Investors</b>	2,675,930	2.68	1.5	4.54	4.08%
<b>Domestic Institutional Investors</b>					
AW Holding Private Limited	1,333,340	1.33	2.17	3.5	2.03%
M.G. Industries Pvt. Ltd.	50,000	0.05	-	0.05	0.08%
GVL Investments Pvt. Ltd.	50,000	0.05	-	0.05	0.08%
Nucleus Software Exports Ltd.	250,000	0.25	-	0.25	0.38%
<b>Foreign Individual Investors</b>	1,498,300	1.50	1.67	3.53	2.28%
<b>Foreign Institutional Investors</b>					
Mauritius Unitus Corporation	4,869,476	4.87	6.6	11.46	7.43%
WWB ISIS Fund Limited Partnership	4,290,610	4.29	5.54	9.1	6.54%
Elevar Equity Mauritius	5,535,732	5.54	19.96	25.5	8.44%
India Financial Inclusion	5,896,182	5.9	23.39	29.28	8.99%
Sequoia capital India Investments	9,529,376	9.53	31.57	41.1	14.53%
Lok Capital LLC	2,699,710	2.7	8.1	10.8	4.12%
Lok Capital II LLC	5,870,426	5.87	12.81	18.68	8.95%
WCP Holdings III	7,017,544	7.02	32.98	40	10.70%
FMO Netherlands	6,120,000	6.12	28.76	34.88	9.33%
International Finance Corporation	7,894,737	7.89	37.11	45	12.04%
<b>Total Subscribed Capital</b>	<b>65,581,363</b>	<b>65.59</b>	<b>212.16</b>	<b>277.72</b>	<b>1.00</b>

### PREFERENCE SHARES



As on the date of this Information Memorandum, no preference shares have been issued by the Issuer.

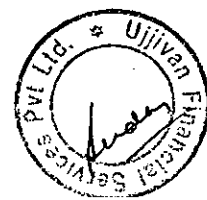
**Details of any Acquisition or Amalgamation in the last 1 year: NIL**

**Details of any reorganization or Reconstruction in the last 1 year: NIL**

**TOP SHAREHOLDERS OF THE ISSUER**

The shareholding pattern and the top ten equity shareholders of the Issuer as on the date of this Information Memorandum is as set forth below:

Sr. No.	Name of Shareholder	No. of Shares held	% of Shareholding	Address of Shareholder
1.	Sequoia Capital India Investments III	9,529,376	14.53	C/o. International Proximity 608, St. James Court, St. Denis Street, Port Louis, Mauritius
2.	International Finance Corporation	7,894,737	12.04	2121 Pennsylvania Avenue, N.W. Washington, D.C. 20433 United States of America
3.	WCP Holdings III	7,017,544	10.70	Temple Court, 2 Labourdonnais Street, Port Louis, Mauritius
4.	FMO Netherlands	6,120,000	9.33	Nederlandse Financierings - Maatschappij voor Ontwikkelingslanden N.V. Anna van Saksenlaan 71 2593 HW The Hague The Netherlands
5.	India Financial Inclusion Fund	5,896,182	8.99	C/o International Management (Mauritius) Limited 3rd Floor, Les Cascades, Edith Cavell Street Port Louis, Mauritius
6.	Lok Capital II LLC	5,870,426	8.95	Les Cascades, Edith Cavell Street, Port Louis, Mauritius
7.	Elevar Unitus Corporation	5,535,732	8.44	C/o IFS, IFS Court, Twenty Eight, Cybercity, Ebene, Mauritius
8.	Mauritius Unitus Corporation	4,869,476	7.43	220 W. Mercer Street Suite W-500 Seattle, WA 98119



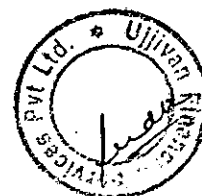
Sr. No.	Name of Shareholder	No. of Shares held	% of Shareholding	Address of Shareholder
9	WWB ISIS Fund Limited Partnership	4,290,610	6.54	8 W. 40 <sup>th</sup> St, New York, New York 10018
10	Lok Capital II LLC	2,699,710	4.12	Les Cascades, Edith Cavell Street, Port Louis, Mauritius
	<b>Total</b>	<b>59,723,793</b>	<b>91.06</b>	

**DETAILS OF CURRENT DIRECTORS OF THE COMPANY**

Sl No.	Name of Director	Designation	DIN	Age	CIBIL/Wilful Defaulter List? (Y/N)	Date of appointment	Address	Details of Directorship
1	SAMIT GHOSH	Managing Director	00185369	64	No	13-Aug-2005	Pairi Daesa, No 550/49, Borewell Road, 5th Cross, Whitefield, Bangalore 66	1. Microfinance Institutions Network (MFIN) 2. Association of Karnataka Microfinance Institutions - (AKMI) 3. Stichting to Promote Women's World Banking(SWWB)
2	KUTTALAM RAJAGOPALAN RAMAMOORTHY	Independent Director	00058467	73	No	28-Dec-2004	No 519, 8th Cross Road, J P Nagar 3rd Phase, Bangalore - 560 078	1. The clearing corporation of Limited 2. Subros Limited 3. FII Trustee Company Pvt ltd (formerly fidelity Trustee Company Pvt Limited) 4. Amrit Corp. Limited ( Formerly Amrit Banaspati limited) 5. GMR Power Coporation Limited 6. GMR Ambala Chandigarh Expressways Pvt ltd 7. Clearcorp dealing systems (India) Limited 8. GMR infrastructure Limited 9. Vasan health care Pvt ltd
3	SUNIL VINAYAK PATEL	Independent Director	00050837	64	No	29-Jul-2006	2989/H, 12th Main Road, HAL 2nd Stage, Bangalore	1. L&T Investment Ltd. 2. Director India Advisory Board Bank Muscat



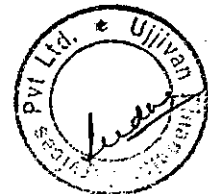
4	MONA KACHHWAHA	Nominee Director	1856801	41	No	8-Aug-2012	T-05-A WINDSOR COURT, DLF PHASE IV, GURGAON, 122002, Haryana, INDIA	1. Micro Housing Finance Corporation Limited 2. Aptus Value Housing Finance India Limited 3. India Financial Inclusion Fund (Mauritius)
5	CHRISTOPHER MILES BROOKFIELD	Nominee Director	02387490	41	No	18-Oct-2009	123, 31ST AVE, Seattle 98119, USA	Elevar LLC-USA
6	VENKATESH NATARAJAN	Nominee Director	02453219	45	No	10-Dec-2008	Y/4/7B, A R Colony, Vasanth Nagar, Madurai - 625003 TN	1. Asirvad Micro Finance Pvt. Ltd 2. Suryoday Micro Finance Pvt Ltd 3. Rural Shores Business Services 4. Lok Advisory Services Pvt Ltd
7	MOHIT BHATNAGAR	Nominee Director	00381741	44	No	10-Dec-2008	A-1/19, Shanti Niketan, New Delhi - 110 057, India	1. Adnear Pte. Ltd 2. Sequoia Capital India Advisors Pvt Ltd 3. One Assist Consumer Solutions Private Limited 4. Ideacts Innovations Private Limited 5. Prizm Payment Services Private Limited 6. Knowlarity Communications Private Limited 7. IMIMobile Private Limited 8. Citrus Payment Solutions Private Limited 9. Micromax Informatics Limited
8	BHAMA KRISHNAMURTHY	Nominee Director from FI	2196839	59	No	11-Jul-2013	Flat.No:601, Raheja Majestic, Plot.No:161, TPS-III, Manmala Tank Road Near Star city cinema, Mahim (West), Mumbai-16	1.SBI Global Factors Ltd 2.IL&FS Investment Management limited 3. Omnivore Capital I Fund 4. Karnataka state Financial Corporation
9	CHRISTINA JUHASZ	Nominee Director	6451902	46	No	5-Dec-2012	99, Reade, ST # 7W, New York NY-10013	Banco WWB, Colombia
10	VANDANA VISWANATHAN	Independent Director	05192578	42	No	22-Feb-2012	No 302, Lovedale Apartment 19/1, Kensington Road, Ulsoor Bangalore - 560 008	NIL



1	SANJIV KAPUR	Nominee Director	01356126	45	No	22-Feb-2012	No 1/13, 3rd Floor, Shanti Niketan, New Delhi - 110021	1. Wolfensohn Fund Management LP 2. Wolfensohn Indian Advisors Pvt. Ltd 3. Wolfensohn & Co. Pte Ltd.
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**DETAILS OF CHANGES IN DIRECTORS SINCE LAST THREE YEARS:**

Name	Designation	DIN	Date of Appointment/Resignation	Director of the company since (in case of resignation)
A.Vikraman	Independent Director	01978341	9th November 2011	23rd July 2008
M.K.Raveesha	SIDBI Nominee	03113608	12th August 2011	17th May 2010
S.N.Gowan	SIDBI Nominee	02306942	3rd July 2012	26th August 2011
Viswanatha Prasad	Nominee Director from Bellwether	00574928	8th August 2012	17th November 2005
Geeta Goel	Nominee Director from MSDF	02277155	7th September 2012	17th May 2010
Sanjiv Kapur	Nominee Director from WCP Holdings	1356126	22nd February 2012	
Vandana Viswanathan	Independent Director	05192578	22nd February 2012	
K. Natarajan	SIDBI Nominee	2541816	3rd July 2012	11 <sup>th</sup> July 2013
Mona Kachhwaha	Nominee Director from IFIF	1856801	8th August 2012	
Christina Juhasz	Nominee Director from WWB ISIS Fund	6451902	5th December 2012	
Bhama Krishnamurthy	SIDBI Nominee	2196839	11 <sup>th</sup> July 2013	



## DETAILS OF BORROWINGS OF THE ISSUER

SECURED LOAN FACILITIES: Rs in Crores

Bank	Type of facility	Loan Amount	Principal Amount O/s.	Repayment terms	Security
Andhra Bank	Secured	35.00	27.08	36 monthly Installments	Book Debts
Axis Bank	Secured	65.00	51.00	5 Quarterly Installments	Book Debts
Axis bank	Secured	50.00	43.75	8 quarterly Installments	Book Debts
Bank of America	Secured	25.00	25.00	Bullet Repayment after one year	Book Debts
Corporation Bank	Secured	48.00	36.00	24 equal monthly installments	Book Debts
Credit Agricole	Secured	80.00	30.00	8 quarterly Installments	Book Debts
DCB	Secured	20.00	14.17	24 equal monthly installments	Book Debts
HDFC Bank	Secured	10.00	4.00	5 Quarterly Installments	Book Debts
IDBI	Secured	40.00	23.35	36mths, 12 quarterly installments	Book Debts & Cash Collateral
IDBI	Secured	100.00	100.00	21 monthly installments	Book Debts & Cash Collateral
Ratnakar Bank	Secured	15.00	2.50	6 quarterly Installments	Book Debts
Ratnakar Bank	Secured	50.00	6.25	20 equally monthly installments	Book Debts
Ratnakar Bank	Secured	65.00	55.71	7 quarterly Installments	Book Debts
Ratnakar Bank	Secured	20.00	17.50	8 quarterly Installments	Book Debts
Syndicate Bank	Secured	25.00	9.29	35 Monthly installments	Book Debts
State Bank of Travancore	Secured	27.00	11.97	21 equal monthly installments	Book Debts
State Bank of India	Secured	30.00	14.00	30 installments	Book Debts



SIDBI - 25 Cr	Secured	25.00	1.15	55 monthly installments	Book Debts & Cash Collateral
SIDBI - 20 Cr	Secured	20.00	1.60	55 monthly installments	Book Debts & Cash Collateral
SIDBI - 70.5 Cr	Secured	70.50	12.00	54 monthly installments	Book Debts & Cash Collateral
SIDBI - 50 Cr	Secured	44.00	23.51	54 monthly installments	Book Debts & Cash Collateral
SIDBI - 65 Cr	Secured	65.00	47.92	24 monthly installments	Book Debts & Cash Collateral
Standard Chartered Bank	Secured	82.00	60.50	Eight Quarterly Installments	Book Debts
Dhanlaxmi Bank	Secured	20.00	20.00	Eight Quarterly Installments	Book Debts
ING Vysya Bank	Secured	35.00	32.71	24 monthly installments	Book Debts
HSBC	Secured	50.00	50.00	21 monthly installments	Book Debts
South Indian Bank	Secured	10.00	9.00	10 Quarterly Installments	Book Debts
Kotak Bank	Secured	50.00	37.28	24 months EMI	Book Debts
Yes Bank	Secured	50.00	35.87	23 monthly installments	Book Debts
Kotak Mahindr Bank	Secured	5.00	3.00	On Demand	Book Debts
		1,231.50	806.10		

**UNSECURED LOAN FACILITIES: NIL**





**DETAILS OF NCDs:**

Series	Tenor/ Period of Maturity	Coupon	Amount (Rs in Crores)	Date of allotment	Redemption on date/schedule	Credit Rating	Secured/ Un Secured	Security
2	3 Years	13.35%	40.00	31/12/2010	31/12/2013			
3	3 Years	12.86%	23.00	27/06/2011	26/06/2014	CARE BBB+	Secured	Book Debts
4	2 Years	12.80%	32.00	29/07/2011	29/07/2013	ICRA BBB+	Secured	Book Debts
5	2 Years	13.12%	29.00	16/01/2012	16/01/2014	CARE BBB+	Secured	Book Debts

**LIST OF TOP 10 DEBENTURE HOLDERS :**

Sl. No.	List of highest 10 Non Convertible Debenture holders	Amount Outstanding
1.	DWM Cyprus Limited	40.00
2.	UTI International Wealth Creators 4	32.00
3.	DWM Cyprus Limited	29.00
4.	UTI International Wealth Creators 4	23.00

**DETAILS OF ANY CORPORATE GUARANTEE ISSUED: NIL**

**DETAILS OF COMMERCIAL PAPER: NIL**

**DETAILS OF DEFAULTS/DELAYS IN PAYMENTS OF BORROWINGS IN LAST 5 YEARS:  
NIL**

**DETAILS OF PROMOTERS OF THE COMPANY:**

Sr No	Name of the shareholders	Total No of Equity shares	No .of shares in Demat form	Total shareholding as % of total no of equity shares	No of shares Pledged	% of shares pledged with respect to shares owned
1	SAMIT GHOSH	868,340	100%	1.33%	-	-
2	K R RAMAMOORTHY	1,000	100%	0.00%	-	-

**Details of the Auditor of the Company:**

Name	Address	Auditor since
Deloitte Haskins & Sells, Chartered Accountants	Deloitte Centre, Anchorage III, 100/2 Richmond Road, Bangalore- 560025	January 2005

**Details of change in auditor in last three years: NIL**



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

In the opinion of the Board, other than as disclosed in this Information Memorandum, there are not arisen, since the date of the last financial statements, other material events or developments or changes at the time of this Issue, which may adversely affect the profitability of the Issuer taken as a whole and thereby, affect the Issue or the Investors' decision to invest/continue to invest in the Issue.

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



## OBJECTS OF THE ISSUE

### **Funds Requirement and Utilisation of Net Proceeds**

The proceeds of the Issue shall be utilized by the Issuer to make microfinance loans to the urban and semi-urban banked and under banked sector.



### FINANCIAL HIGHLIGHTS

The below sets out the audited balance sheet, profit and loss account and cash flow statement for the three financial years ended March 31, 2011, March 31, 2012 and March 31, 2013 as well as the half yearly audited balance sheet ending, September 30, 2011 and September 30, 2012.

Rs in Crores

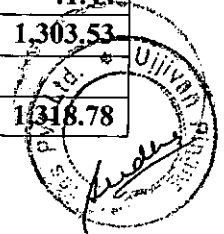
Particulars	Audited	Audited	Audited
	31-Mar-11	31-Mar-12	31-Mar-13
Net worth	113.01	233.88	314.32
Total Debt	472.12	617.24	997.45
- Non current maturities of long term Borrowings	167.10	255.04	383.47
- short term borrowings	0.88	-	4.00
- Current maturities of long term Borrowings	304.14	362.20	609.98
Net Fixed Assets	9.76	11.16	11.13
Non Current Assets	23.43	54.21	197.84
Cash and Cash equivalents	13.25	47.83	48.28
Current investments	37.92	113.62	130.34
Current Assets	678.47	832.15	1,151.26
Current liabilities	426.88	397.82	654.26
Assets Under Management	-	12.24	-
Off balance sheet assets	-	-	-
Interest income	132.67	133.82	206.63
Interest Expense	45.80	55.40	77.86
Provisioning & write Offs	4.54	5.76	6.90



## BALANCE SHEET

Rs in Crores

	Audited	Audited	Audited
	31-Mar-11	31-Mar-12	31-Mar-13
<b>SOURCES OF FUNDS</b>			
<b>Share Holders Funds</b>			
Share Capital	34.84	57.28	65.58
Reserves & Surplus	81.39	185.44	255.75
<b>Loan Funds</b>	-	-	
Secured Loans	471.89	617.17	997.45
Unsecured Loans	0.24	0.07	-
<b>TOTAL</b>	<b>588.36</b>	<b>859.96</b>	<b>1,318.78</b>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets:			
(a) Gross Block	14.99	18.49	20.43
(b) Less: Depreciation	5.23	7.34	9.29
(c) Net Block	9.76	11.15	11.14
(d) Capital Work In Progress	0.61	-	-
	<b>10.37</b>	<b>11.15</b>	<b>11.14</b>
Deferred Tax Assets	2.12	3.22	4.01
Investments	0.1	0.1	0.10
<b>Current Assets, Loans &amp; Advance</b>			
(a) Receivables under Financing Activities	625.14	691.15	1,125.99
(b) Cash & Bank Balances	60.67	168.92	187.71
(c) Other current assets	6.45	10.67	15.75
(d) Loans & Advances	6.82	12.28	15.52
	<b>699.08</b>	<b>883.02</b>	<b>1,344.97</b>
Less: Current liabilities & Provisions			
(a) Current liabilities	114.11	25.27	24.08
(b) Provisions	9.2	12.26	17.36
	<b>123.31</b>	<b>37.53</b>	<b>41.44</b>
Net current assets	<b>575.77</b>	<b>845.49</b>	<b>1,303.53</b>
<b>TOTAL</b>	<b>588.36</b>	<b>859.96</b>	<b>1,318.78</b>



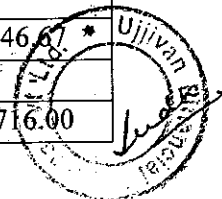
**PROFIT AND LOSS ACCOUNT (Rs in Crores)**

Particulars	Audited March 31, 2011	Audited March 31, 2012	Audited March 31, 2013
<b>INCOME</b>			
Income from Operations	151.89	148.24	222.52
Other Income	4.55	8.06	11.41
<b>Total Income (A)</b>	<b>156.44</b>	<b>156.3</b>	<b>233.93</b>
<b>EXPENDITURE</b>			
Personnel Expenses	55.38	60.16	65.77
Administrative & Other Expenses	28.52	27.19	28.96
Finance charges	47.66	58.59	80.63
Depreciation	2.61	2.4	2.52
Provision for Doubtful Loans	4.54	5.76	6.9
<b>Total Expenditure (B)</b>	<b>138.72</b>	<b>154.1</b>	<b>184.78</b>
<b>Profit/(Loss) Before Tax (A - B)</b>	<b>17.73</b>	<b>2.2</b>	<b>49.15</b>
Excess depreciation of earlier years (Refer Note 17 B 4)	-	-	-
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>17.73</b>	<b>2.2</b>	<b>49.15</b>
Income tax	7.3	1.58	16.1
Deferred Taxes	-1.58	-1.1	-0.8
Fringe benefit tax	-	-	-
Provision for earlier years	0.6	-	-
<b>PROFIT/(LOSS) AFTER TAX</b>	<b>11.41</b>	<b>1.72</b>	<b>33.85</b>
Less: Transferred to Statutory Reserve	2.28	0.34	6.77
<b>Profit/(Loss) carried forward to Balance Sheet</b>	<b>9.13</b>	<b>1.38</b>	<b>27.08</b>
Profit/(Loss) Carried forward from previous year	1.05	9.37	10.74
<b>Appropriations</b>			
Proposed Dividend *	0.7	-	1.64
Corporate Dividend Tax	0.11	-	0.28
Balance Carried to Balance sheet *	9.37	10.74	35.9
Profit for the year	11.41	1.72	33.85
Basic and Diluted Earnings per Share	3.27 & 3.02	0.44 & 0.41	5.48 & 5.12



52

ACTIVITIES			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issue of shares & Premium	-	124.78	46.67
Dividend and Dividend Tax Paid	-0.81	-0.81	
Borrowings from banks/others	446.53	306.87	716.00



53

54

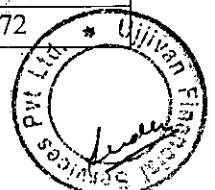


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56

Dividend and Dividend Tax Paid		(0.61)
Borrowings from banks	125.00	178.00
Repayment of Borrowings from bank/others	(180.95)	(208.89)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(55.95)</b>	<b>(31.70)</b>
Net increase / (decrease) in cash and cash equivalents	(133.74)	(7.95)
Balance of cash - Opening	168.92	60.67
Balance of cash - Closing	35.18	52.72



57

**AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED MARCH 31, 2011,  
MARCH 31, 2012 AND MARCH 31, 2013 IS PROVIDED AS ANNEXURE C.**

**AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER, 2011  
AND SEPTEMBER, 2012 IS PROVIDED AS ANNEXURE D.**



## REGULATORY DISCLOSURES

This section sets out information as required by Schedule I of the SEBI Regulations.

### 1. Name and registered office of the Issuer

**Name:** Ujjivan Financial Services Private Limited

**Registered Office:** # 93 Jakkasandra Extension, Sarjapur Main Cross Road, 1<sup>st</sup> Block, Koramangala, Bangalore – 560 034

**Phone No:** +91-80-4071 2121

**Fax No.:** +91-80-4146 8700

**Email:** [ujjivan.blr@ujjivan.com](mailto:ujjivan.blr@ujjivan.com)

**Contact Person:** Ms. Sudha Suresh/ Mr. Chakri Hegde

**Email:** [sudha.suresh@ujjivan.com](mailto:sudha.suresh@ujjivan.com)/[chakri.hegde@ujjivan.com](mailto:chakri.hegde@ujjivan.com)

**Website:** [www.ujjivan.com](http://www.ujjivan.com)

### 2. Names and details of the directors of the Issuer

The following table sets forth details regarding the Issuer's Board of Directors as on the date of the Information Memorandum

SI No.	Name of Director	Address
1	SAMIT GHOSH	Pairi Daesa, No 550/49, Borewell Road, 5th Cross, Whitefield, Bangalore 66
2	RAMAMOORTHY RAJAGOPALAN KUTTALAM	No 519, 8th Cross Road, J P Nagar 3rd Phase, Bangalore - 560 078
3	SUNIL VINAYAK PATEL	2989/H, 12th Main Road, HAL 2nd Stage, Bangalore
4	CHRISTOPHER MILES BROOKFIELD	123, 31ST AVE, Seattle 98119, USA
5	VENKATESH NATARAJAN	Mecheri Center, 1 <sup>st</sup> Floor, 49, Eldams Road, Chennai-18
6	BHATNAGAR MOHIT	A-1/19, Shanti Niketan, New Delhi-57.
7	BHAMA KRISHNAMURTHY	601,Raheja Majestic, Mahim (West), Mumbai 16





8	VANDANA VISWANATHAN	No 302, Lovedale Apartment 19/1, Kensington Road, Ulsoor Bangalore - 560 008
9	MONA KACHHWAHA	T-05-A WINDSOR COURT, DLF PHASE IV, GURGAON, 122002, Haryana, INDIA
10	SANJIV KAPUR	No 1/13, 3rd Floor, Shanti Niketan, New Delhi – 110021
11	CHRISTINA JUHASZ	99, Reade , ST # 7W, New York NY-10013

None of the Issuer's Directors are listed as defaulters in the Credit Information Bureau (India) Limited (CIBIL) defaulters' list as of the date of this Information Memorandum.

**3. A Brief Summary of the Business / Activities of the Issuer and its Line of Business.**

Please see the section headed "*History and Business of the Issuer*".

**4. A Brief History of the Issuer since its Incorporation giving Details of its Activities including any Reorganization, Reconstruction or Amalgamation, Changes in its Capital Structure, (Authorized, Issued and Subscribed) and Borrowings, if any.**

Please see the section headed "*History and Business of the Issuer*".

**5. Details of Debt Securities Issued and Sought to be Listed including Face Value, Nature of Debt Securities, Mode of Issue i.e. Public Issue or Private Placement**

The Issuer proposes to issue secured redeemable non convertible NCDs of face value of Rs. 1,00,00,000.00 (Rupees One Crore only) each bearing an interest of 12.75 percent p.a. payable annually from the Deemed Date of Allotment, in arrears, falling on the 30th Day of July 2014 and every year thereafter (and if such day is not a Working Day, the day immediately prior to such 30th day of July of the relevant month that is a Working Day) and which shall be redeemed on the Redemption Date or the Put Option Date / Call Option Date at the outstanding principal amount together with all accrued and unpaid interest from the Deemed Date of Allotment up to the Redemption Date or the Put Option Date / Call Option Date, as the case may be.

**6. Issue Size**

Rs. 40,00,00,000/- (Rupees Forty Crores Only)

**7. Utilization of the Issue Proceeds**

Please see the section headed "*Objects of the Issue*".

**8. A Statement containing Particulars of the Dates of, and Parties to all Material Contracts, Agreements involving Financial Obligations of the Issuer**

The Issuer, in the ordinary course of its business, enters into various agreements, including loan agreements, which may contain certain financial obligations and/or provisions which may have



an impact on its financial condition. Such contracts or agreements may be inspected at the Registered Office from 10.00 am to 3.00 pm from the date of this Information Memorandum, until the date of closure of this Issue.

Please see the section headed "*History and Business of the Issuer*".

**9. Details of other Borrowings including any other Issue of Debt Securities in Past:**

Please see the section titled "*History and Business of the Issuer*".

**10. Any material event/development or change at the time of Issue or subsequent to Issue which may affect the Issue of the Investor's decision to invest/continue to invest in the debt securities.**

Since the last Balance Sheet dated March 31, 2013, in the opinion of the board of directors of the Issuer, other than as disclosed in this Information Memorandum, there has not arisen any circumstance that materially or adversely affects the profitability of the Issuer taken as a whole or the value of their consolidated assets or their ability to pay their material liabilities over the next 12 months.

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

**11. Particulars of the Debt Securities Issued (i) for Consideration other than Cash, whether in Whole or in Part, (ii) at a Premium or Discount, or (iii) in Pursuance of an Option**

As of the date of this Information Memorandum, the Issuer has not issued any debt securities, for consideration other than cash, whether in whole or in part, at a premium or in pursuance of an option. The NCDs issued in January 2012, for Rs 29.00Cr wholly for cash and at a discount of 0.45% to the Face Value of each NCD.

**12. A list of highest ten holders of each class or kind of securities of the Issuer as on the date of application along with particulars as to number of shares or debt securities held by them and the address of each such holder.**

Please see the section headed "*History and Business of the Issuer*".

**13. Undertaking to use a Common Form of Transfer** The Issuer will issue the NCDs in dematerialized form only and there will not be any physical holdings. However, the Issuer will use a common transfer form for physical holdings if, at a later stage, there is some holding in physical form due to the Depository giving the option of rematerialisation to any Debenture holder.

**14. Redemption Price, Maturity, Coupon and Yield on Redemption**

Please see the section headed "*Summary Term Sheet*".

**15. Information relating to the Terms of Offer or Purchase**

Please see the section headed "*Summary Term Sheet*".



**16. The discount at which such offer is made and the effective price for the Investor as a result of such discount**

The NCDs are being issued at a NIL rate of the Face Value of each NCD.

Please see the section headed "*Summary Term Sheet*".

**17. Gross debt to equity ratio of the company:**

Before the issue of debt securities:	2.86 times
After the issue of debts securities:	2.99 times

**18. Servicing Behaviour on Existing Debt Securities, Payment of Interest on Due Dates on Terms Loans and Debt Securities**

Interest and principal due on term loans, debt securities and other borrowings have always and continue to be paid when due in a timely manner.

**19. Permission or Consent from the Prior Creditors for a Second or Pari-Passu Charge Being Created in favour of the Trustees to the Proposed Issue has been Obtained**

The Issuer confirms that no consent is required for the creation of security in favour of the Debenture Trustee as set out in this Information Memorandum or the Transaction Documents.

**20. Names of the Debentures Trustees and Consents thereof**

The Debenture Trustee for this Issue of NCDs shall be IDBI Trusteeship Services Limited. The Debenture Trustee has given its written consent for its appointment and inclusion of its name in the form and context in which it appears in this Information Memorandum. The consent letter from the Debenture Trustee is attached as **Annexure B**.

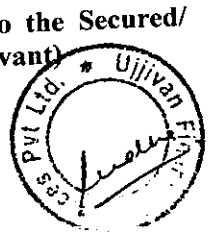
**21. Rating and rating rationale**

The Issue has been rated BBB+ by CARE. The letter from the Credit Rating Agency is attached as **Annexure A**.

**22. Names of all the Recognized Stock Exchanges where Securities are Proposed to be Listed clearly indicating the Designated Stock Exchange and also whether In Principle Approval from the Recognized Stock Exchange has been obtained**

The NCDs of the Issuer are proposed to be listed on the WDM segment of the Bombay Stock Exchange Ltd (BSE). The Issuer shall comply with the requirements of the Debt Listing Agreement to the extent applicable to it on a continuous basis. The BSE is therefore the designated Stock Exchange and the Issuer has applied for in-principle approval from BSE which is awaited.

**23. A Summary Term Sheet with Brief Prescribed Information Pertaining to the Secured/ Unsecured Non-Convertible Debt Securities (or a Series thereof) (where Relevant)**



Please see the section headed "*Summary Term Sheet*".

**24. Purchase and Sale of NCDs**

The NCDs are proposed to be listed on the WDM segment of BSE and will be traded on the BSE subject to applicable regulations.

**25. Governing Law**

The NCDs are governed by and will be construed in accordance with Indian law. The Issuer, the NCDs and Issuer's obligations under the NCDs shall, at all times, be subject to the directions of the RBI and the SEBI. The Debenture holders, by purchasing the NCDs, agree that the courts and tribunals at Mumbai shall have non-exclusive jurisdiction with respect to matters relating to the NCDs.

**26. Underwriting of the Issue**

The Issuer does not propose to have the Issue of NCDs underwritten.

**27. Tax Benefits**

Potential Investors are advised to consider the tax implications in respect of subscription to the Debentures in consultation with their tax advisors.



## ISSUE PROCEDURE

The Issuer proposes to issue the NCDs on the terms set out under "Summary Term Sheet" above. This section applies to all Applicants. Please note that all Applicants are required to make payment of the full Application Amount along with the Application Form.

### How to Apply

Applications for the NCDs must be made in the Application Form as provided by the Issuer and must be completed in block letters in English by the Investors. Application Forms must be accompanied by an electronic transfer drawn in favour of "Ujjivan Financial Services Private Limited" and should be crossed "Account Payee only". It may be noted that payment by any other means shall not be accepted. The full amount of the Face Value applied for has to be paid along with the delivery of the fully completed and executed Application Form together with other applicable documents described below.

The Issuer assumes no responsibility for any applications/cheques/demand drafts lost in mail or in transit.

### Application Procedure

Potential investors will be invited to subscribe by way of Application Form as provided by the Issuer during the period between the Issue Opening Date and the Issue Closing Date (both days inclusive). The Issuer reserves the right to close the Issue at the earlier date on the issue being fully subscribed.

**Fictitious Application:** As a matter of abundant caution and although not applicable in the case of NCDs, attention of Applicants is specially drawn to the provisions of subsection (1) of section 68A of the Companies Act, 1956: "Any person who: (a) makes in a fictitious name an application to a Issuer for acquiring, or subscribing for, any shares therein, or (b) otherwise induces a Issuer to allot, or register any transfer of, shares therein, to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years".

### Application Size

Applications are required to be for a minimum of one (1) NCD and multiples of one (1) NCD thereafter.

### Who can Apply

Nothing in this Information Memorandum shall constitute and/or deem to constitute an offer or an invitation to an offer, to be made to the public or any section thereof through this Information Memorandum and this Information Memorandum and its contents should not be construed to be a prospectus under the Companies Act, 1956. The Issue is a domestic issue and is being made in India only.

This Information Memorandum and the contents hereof are restricted for only the intended recipient(s) who have been addressed directly through a communication by the Issuer and only such recipients are eligible to apply for the NCDs. The categories of Investors eligible to subscribe to the NCDs in this Issue, when addressed directly, are:

- (a) Banks;
- (b) Public Financial Institutions (as defined under Section 4A of the Companies Act, 1956);
- (c) Non Banking Financial Companies;



- (d) Companies;
- (e) Mutual Funds;
- (f) Insurance Companies; and
- (g) any other eligible Investor who are authorized to invest in the NCDs.

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

### Submission of Documents

Investors should submit the following documents, wherever applicable:

- (a) Memorandum and Articles of Association/Documents governing constitution;
- (b) Government notification/certificate of incorporation;
- (c) SEBI registration certificate, if applicable;
- (d) Resolution authorizing investment along with operating instructions;
- (e) Power of Attorney (original and certified true copy);
- (f) Form 15AA granting exemption from TDS on interest;
- (g) Form 15H for claiming exemption from TDS on interest on application money, if any;
- (h) Order u/s.197 of IT Act;
- (i) Order u/s.10 of IT Act; and
- (j) Specimen signatures of authorized persons duly certified by an appropriate authority.

**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 peruse the Debenture Trust Deed and further 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.**

### Minimum Subscription

As the current Issue of NCDs is being made on private placement basis, the requirement of minimum subscription shall not be applicable and therefore the Issuer shall not be liable to refund the Issue subscription(s)/ proceed(s) in the event of the total Issue collection falling short of Issue size or certain percentage of Issue size.



### Submission of completed Application Form

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

### Mode of Payment

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

Account no.	0833215000029
Account name	Ujjivan Financial Services Private Limited
RTGS code	HDFC0000833
Branch	HDFC Bank Limited, Jakkasandra Branch, Bangalore-560034

### Basis of Allotment and Schedule for Allotment and Issue of Certificates

The Issuer reserves the sole and absolute right to allot the NCDs to any Applicant. The unutilized portion of the Application money will be refunded to the Applicant by an electronic transfer to the bank account notified by the Applicant to the Issuer. The Issuer will allot the NCDs to the Debenture holders dematerialized account within 5 Working Days of the Deemed Date of Allotment. Consolidated NCD Certificates will be dispatched to the Applicant, through email and registered/speed post, within 30 days from the date of closure of the Issue. The Issuer further agrees to pay interest as per the applicable provisions of the Companies Act, 1956 if the allotment letters/refund orders have not been dispatched to the applicants within 30 days from the date of the closure of the Issue.

### Right to Accept or Reject Applications

The Issuer is entitled at its sole and absolute discretion to accept or reject any application, in part or in full, without assigning any reason. Application Forms that are not complete in all respects may be rejected at the sole and absolute discretion of the Issuer. The rejected Applicant(s) will be intimated along with the refund warrant(s) within 15 days of closure of the subscription list.

### Interest on Application Money

Interest on application money will be paid to Investors at the rate of 12.75% p.a. from the date of realization of subscription money up to one day prior to the Deemed Date of Allotment. Such interest shall be payable within seven (7) Working Days from the Deemed Date of Allotment. If the Deemed Date of Allotment is same as the Issue Closing Date and Pay-in-Date no such interest will be payable.

### 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 NCDs.

In case the Issuer has received money from applicants for NCDs in excess of the aggregate of the application money relating to the NCDs 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.



### **Issue of NCDs in Dematerialised Form**

The NCDs will be issued in dematerialized form within two (2) Working Days from the Deemed Date of Allotment. The Issuer has made arrangements with the Depositories for the issue of the NCDs in dematerialized form. Investors will hold the NCDs in dematerialized form as per the provisions of Depositories Act. The Depository Participant's name, DPID and beneficiary account number must be mentioned at the appropriate place in the Application Form. The Issuer shall take necessary steps to credit the NCDs allotted to the Depository account of the Investor. All provisions relating to issue, allotment, transfer, transmission etc. in respect of the NCDs as prescribed under the Depositories Act will be applicable to the NCDs issued in dematerialized form.

However, for the NCDs that are rematerialized and held in physical form, the Issuer will issue one certificate to the relevant Debenture holder for the aggregate amount of the NCDs that are rematerialized and held by such Debenture holder (each such certificate a "Consolidated NCD Certificate"). In respect of the Consolidated NCD Certificate(s), the Issuer will, upon receipt of a request from the Debenture holder within 30 days of such request, split such Consolidated NCD Certificates into smaller denominations in accordance with the Articles of Association, subject to a minimum denomination of one NCD. No fees will be charged for splitting any Consolidated NCD Certificates but, stamp duty, if payable, will be paid by the Debenture holder. The request to split a Consolidated NCD Certificate shall be accompanied by the original Consolidated NCD Certificate which will, upon issuance of the split Consolidated NCD Certificate, be cancelled by the Issuer.

### **Deemed Date of Allotment**

All benefits relating to the NCDs will be available to the Investors from the Deemed Date of Allotment. The actual allotment of NCDs may take place on a date other than the Deemed Date of Allotment. The Issuer reserves the right to keep multiple allotment date(s)/ deemed date(s) of allotment at its sole and absolute discretion without any notice. The Deemed Date of Allotment may be changed (advanced/postponed) by the Issuer at its sole and absolute discretion.

### **Payment on Redemption**

Payment of the redemption amount of the NCDs will be made by the Issuer to the beneficiaries as per the beneficiary list provided by the Depositories as on the Record Date. The NCDs shall be taken as discharged on payment of the Redemption Amount by the Issuer to the beneficiaries as per the beneficiary list provided by the Depositories by making payment electronically to the bank account notified by the Debentureholders in the Application Form. Payment of Redemption Amounts to the bank account notified by the Debentureholders will be made within 7 days from the Redemption Date. Such payment will be a legal discharge of the liability of the Issuer towards the Debentureholders. On such payment being made, the Issuer will inform the Depositories and accordingly the account of the Debenture holders with Depositories will be adjusted. In case of cheque issued towards the Debentureholders, the same will be dispatched by courier or hand delivery or registered post at the address provided in the Application at the address as notified by Debentureholder or at the address with Depositories' record. Once the cheque for redemption proceeds is dispatched to the Debentureholder(s) at the addresses provided or available from the Depositories record, the Issuer's liability to redeem the NCDs on the date of redemption shall stand extinguished and the Issuer will not be liable to pay any interest/premium, income or compensation of any kind from the date of redemption of the NCD(s).

In respect to the NCDs held physically under a Consolidate Bond Certificate, payments will be made





electronically. However, if the Issuer so requires, payments on maturity may be made on surrender of the Consolidated NCD Certificate(s). Dispatch of cheques or pay orders in respect of payments with respect to redemptions will be made within a period of 30 days from the date of receipt of the duly discharged Consolidated NCD Certificate.

Upon dispatching the payment instrument towards payment of the redemption amount as specified above in respect of the NCDs, the liability of the Issuer shall stand extinguished.

### **Currency of Payment**

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

### **Transfers**

The NCDs may be transferred to any party duly qualified under the applicable laws, to apply for such NCDs. The NCD(s) shall be transferred and/ or transmitted in accordance with the applicable provisions of the Companies Act, 1956 and other applicable laws. The provisions relating to transfer, transmission and other related matters in respect of shares of the Issuer contained in the Articles of Association and the Companies Act, 1956 shall apply, *mutatis mutandis* (to the extent applicable to the NCDs), to the NCDs as well. The NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/ procedures as prescribed by NSDL or CDSL and the relevant Depository Participant's 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, any payments will be paid to the person, whose name appears in the register of Debentureholders maintained by the Depositories 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 NCDs held in electronic form. The seller should give delivery instructions containing details of the buyer's Depository Participant's account to his Depository Participant. Investors may note that subject to applicable law, the NCDs of the Issuer would be issued and traded in dematerialised form only. The Issuer undertakes that there will be a common form of transfer available for the NCDs held under a Consolidated NCD Certificate.

### **Title**

In case of:

1. NCDs held in the dematerialized form, the person for the time being appearing in the register of beneficial owners maintained by the Depository; and
2. NCDs held in physical form, the person for the time being appearing in the Register of Debenture holders as Debentureholder,

shall be treated for all purposes by the Issuer, the Debenture Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the Consolidated NCD Certificate issued in respect of the NCDs and no person will be liable for so treating the Debentureholder.



### List of Beneficial Owners

The Issuer shall request the Depositories to provide a list of Beneficial Owners as at the end of the Record Date. This shall be the list, which shall be considered for payment of interest or repayment of principal amount, as the case may be.

### Computation of Interest

All interest accruing for any Interest Period shall accrue from day to day and be calculated on the Face Value of principal outstanding on the NCDs at the respective coupon rate on the basis of the actual number of days elapsed and a year of 365 days (or 366 days in case of a leap year), at the applicable Interest Rate and rounded off to the nearest Rupee.

### Effect of Holidays

Should any of the dates, including the Deemed Date of Allotment, Redemption Dates, Early Redemption Date, Interest Payment Date or the Record Date, as defined in this Information Memorandum, fall on day which is not a Working Day, the next Working Day shall be considered as the effective date.

### Tax Deduction at Source

Debentureholders should consult their own independent tax advisers to understand their tax positions. In addition, Debentureholders should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time. Therefore, Debentureholders are advised to consider the tax implications in respect of subscription to the NCDs in consultation with their tax advisors.

As per the prevalent provisions of the IT Act, the amount of interest received/ receivable by the Debentureholders is treated as a taxable income in their hands. However, with effect from June 1, 2008, no tax is deductible at source from the amount of interest payable on any listed demat security, held by a person resident in India. Since the NCDs shall be issued in dematerialized mode and shall be listed on the BSE, no tax will be deductible at sources on the payment/credit of interest on the NCDs held by any person resident in India. In the event of rematerialization of the NCDs or a change in applicable law governing the taxation of the NCDs, the following provisions shall apply:

Any payment to be made by the Issuer shall be made to the Debenture Trustee, in the appropriate currency, at such place as the Debenture Trustee shall designate. Except as provided in this Clause, all payments to be made by the Issuer shall be made in full without set-off or counterclaim and free and clear of any Tax of any nature now or hereafter imposed by any country or any subdivision or relevant authority, unless the payment/deduction/withholding of any present and future Tax ("Tax Deduction") is required by Applicable Law. If any sums payable to the Debentureholders is subject to any Tax Deduction, the Issuer shall make such Tax Deduction, and shall simultaneously pay to the Debenture Trustee such additional amounts as may be necessary in order that the net amounts received by the Debentureholders 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. The Issuer shall also immediately [but no later than 30 (thirty) days from the due date of payment of such Tax Deduction to the Governmental Authority (or any shorter period stipulated by Applicable Law)] deliver to the Debenture Trustee the withholding certificate or similar certificate or an official receipt to the Debenture documentation evidencing such payment in accordance with Applicable Law received in connection with



the Tax Deduction. In the event that a Debentureholder is entitled by virtue of any applicable laws to receive amounts at a lower rate of tax withholding, such Debentureholder will provide evidence thereof to the Issuer who will then deduct Tax at such lower rate.

### **Debenture Redemption Reserve**

The Issuer is not required to create any Debenture Redemption Reserve as may be required in case of privately placed debentures.

### **Rights of Debentureholders**

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

### **Right of the Issuer to Purchase, Re-sell and Re-issue NCDs**

**Purchase and Resale of NCDs:** The Issuer may, subject to applicable law at any time and from time to time, purchase NCDs under this Issue at discount, at par or premium in the open market or otherwise. Such NCDs may, at the option of the Issuer, be cancelled, held or resold.

**Reissue of NCDs:** Where the Issuer has redeemed any such NCDs, subject to the provisions of Section 121 of the Companies Act, 1956 and other applicable legal provisions, the Issuer shall have and shall be deemed always to have had the right to keep such NCDs alive for the purpose of reissue and in exercising such right, the Issuer shall have and shall be deemed always to have had the power to reissue such NCDs either by reissuing the same NCDs or by issuing other NCDs in their place in either case, at such a price and on such terms and conditions (including any variations, dropping of or additions to any terms and conditions originally stipulated) as the Issuer may deem fit.

### **Succession**

In the event of demise or winding up of a Registered Debentureholder, or the first holder in the case of joint holders, the Issuer will recognize the executor or administrator of the demised Debentureholder or the holder of succession certificate or other legal representative of the demised Debentureholder as the Registered Debentureholder of such NCDs, if such a person obtains probate or letter of administration or is the holder of succession certificate or other legal representation, as the case may be, from a court in India having jurisdiction over the matter and delivers a copy of the same to the Issuer. The Issuer may in its absolute discretion, where it thinks fit, dispense with the production of the probate or letter of administration or succession certificate or other legal representation, in order to recognize such holder as being entitled to the NCDs standing in the name of the demised Debentureholder(s) on production of sufficient documentary proof or indemnity. In case a person other than individual holds the NCDs, the rights in the NCDs shall vest with the successor acquiring interest therein, including liquidator or such any person appointed as per the applicable law.

### **Security Creation**

The Issuer shall furnish a confirmation certificate in favour of the Debenture Trustee that the security created by it in favour of the Debentureholders is properly maintained and is in accordance with the terms described in this Information Memorandum. Until the Redemption Date, the Issuer shall not transfer the assets or receivables charged as security for the benefit of the Debenture holders, without the prior



consent of the Debenture Trustee and the Debentureholders. The Issuer shall not execute any agreement for sale of any securities offered as security to the Debentureholders, without the prior consent of the Debenture Trustee and the Debentureholders. The Debenture Trustee shall supervise the implementation of the conditions regarding creation of security for the NCDs in compliance with provisions of the Companies Act, 1956 and other applicable laws. In case of delay in execution of Trust Deed and Charge documents, the Issuer will refund the subscription with agreed Coupon Rate or will pay penal interest of 2 % p.a. over the Coupon Rate till the the execution of Trust Deed and Charge documents are complied with at the option of the Debentureholders.

### **Listing of NCDs and Buy-Back**

The Issuer shall list the NCDs with the stock exchange within 15 days from the Issue Closing Date. In the event, the NCDs are not listed within the aforesaid 15 days from the Issue Closing Date, the Issuer shall immediately redeem/ buy-back the NCDs from the Debentureholder/s.

### **Delay in Listing**

In case of delay in the listing of the debt securities beyond 20 days from the Deemed Date of Allotment, the Issuer will pay penal interest of 1% p.a. over the coupon rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of such debt securities to the Debentureholders.

### **Notices**

The Issuer and Debenture Trustee agree to send notice of all meetings of the Debenture holders specifically stating that the provisions for appointment of proxy as mentioned in Section 176 of the Companies Act shall be applicable for such meeting. The notices, communications and writings to the Debentureholder(s) required to be given by the Issuer and Debenture Trustee shall be deemed to have been given if sent by registered post to the Registered Debentureholder(s) at the address of the Debentureholder(s) registered with the Registered Office.

All notices, communications and writings to be given by the Debentureholder(s) shall be sent by registered post or by hand delivery to the Issuer at its Registered Office or to such persons at such address as may be notified by the Issuer from time to time and shall be deemed to have been received on actual receipt of the same.

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

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

### **Debenture Trustee**

The Issuer has appointed IDBI Trusteeship Services Limited as the Debenture Trustee for the Issue. All the rights and remedies of the Debentureholders shall vest in and shall be exercised by the Debenture Trustee without referring to the Debentureholders. All Investors are deemed to have irrevocably given their authority and consent to IDBI Trusteeship Services Limited to act as their Debenture Trustee and for doing such acts and signing such documents to carry out their duty in such capacity. Any payment by the Issuer to the Debenture Trustee on behalf of the Debentureholders shall discharge the Issuer *pro tanto* to the Debentureholders. The Debenture Trustee shall carry out its duties and shall perform its functions



under the SEBI Regulations and this Information Memorandum, with due care, diligence and loyalty. Resignation/retirement of the Debenture Trustee shall be as per terms of the trust deed entered into between the Issuer and the Debenture Trustee and a notice in writing to the Debentureholders shall be provided for the same.

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




## UNDERTAKINGS BY THE ISSUER

The Issuer undertakes that:

- Every credit rating obtained shall be periodically reviewed by the Credit Rating Agency and any revision in the rating shall be promptly disclosed by the Issuer to the Stock Exchange. Any change in rating shall be promptly disseminated to Debentureholders and prospective Investors in such manner as the Stock Exchange may determine from time to time;
- All information and reports on the NCDs, including compliance reports filed by the Issuer and the Debenture Trustee, shall be disseminated to the Debentureholders and the general public by placing them on the website of the Issuer and the Trust Deed shall provide, that the Debenture Trustee place the same on its website; and
- This Information Memorandum is compliant with all disclosures required to be made for listing of non-convertible debentures on a private placement basis on a recognized stock exchange, as specified in the SEBI Regulations.

Signed for and on behalf of Ujjivan Financial Services Private Limited

For Ujjivan Financial Services Pvt. Ltd.

  
Name: Sudha Suresh  
Authorised Signatory

Designation: Chief Financial Officer

Place: Bangalore

Date: \_\_\_\_\_

For Private Circulation Only  
(This Information Memorandum is neither a Prospectus  
nor a Statement in Lieu of Prospectus)  
Dated: 26th July, 2013


## DECLARATION

It is hereby declared that this Information Memorandum contains full disclosure in accordance with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide Circular No. LAD-NRO/GN/2008/13/127878 dated June 06, 2008 and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 as amended from time to time. The Issuer also confirms that this Information Memorandum does not omit disclosure of any material fact which may make the statements made therein, in the light of the circumstances under which they are made, misleading. The Information Memorandum also does not contain any false or misleading statement. The Issuer accepts no responsibility for the statements made otherwise than in this Information Memorandum or in any other material issued by or at the instance of the Issuer and that anyone placing reliance on any other source of information would be doing so at his own risk.

We declare that all the relevant provisions of the relevant regulations/guidelines issued by SEBI and other applicable law 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 law, as the case may be.

Signed for and on behalf of Ujjivan Financial Services Private Limited

For Ujjivan Financial Services Pvt. Ltd.

  
Authorized Signatory

Name: Sudha Suresh

Designation: Chief Financial Officer

Place: Bangalore

Date: \_\_\_\_\_

## APPLICATION FORM

**Ujjivan Financial Services Private Limited**  
**Registered and Corporate Office: #93 Jakkasandra Extension, Sarjapur Main Cross Road, 1<sup>st</sup> Block,**  
**Koramangala, Bangalore-560034**  
**Telephone: +91-80-4071 2121; Fax: +91-80-4146 8700**  
**Website: [www.ujjivan.com](http://www.ujjivan.com)**  
**Email: [ujjivan.blr@ujjivan.com](mailto:ujjivan.blr@ujjivan.com)**

Application No.:

Date: \_\_\_\_\_

Dear Sirs,

**Sub. : Issue of 40 NCDs of the Face Value of Rs. 1,00,00,000/- for cash to the Face Value of each NCD, aggregating Rs. 40.00 Crs**

Having read and understood the contents of the Information Memorandum of Private Placement, We apply for allotment to us of the NCD(s). The amount payable on application is remitted herewith. We bind ourselves by the terms and conditions as contained in the Information Memorandum of Private Placement.

(Please read carefully the instructions before filling this form)

No. of debentures applied for: \_\_\_\_\_  
No. in figures \_\_\_\_\_ No. in words \_\_\_\_\_

Amount (Rs.) in figures \_\_\_\_\_

Amount (Rs.) in words \_\_\_\_\_

Payment Mode (tick one):  Cheque/ Demand Draft  Date \_\_\_\_\_  Cheque/Demand Draft drawn on.  
 RTGS  
 No.

Applicants Name and Address in full (Please use Capital Letters) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

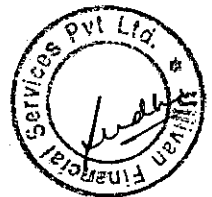
Pin Code: \_\_\_\_\_

Tel: \_\_\_\_\_

Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_

Status:  Banking Company  Others – Please specify





Name of Authorised Signatory	Designation	Signature
1.		
2.		
3.		
4.		

**Details of Bank Account**

Bank Name and Branch	
Nature of Account	Account No.
Bank IFSC Code	

**Depository Details**

DP Name	
DP ID	Client ID

We understand that in case of allotment of NCDs to us, our Beneficiary Account as mentioned above would be credited to the extent of NCDs allotted.

Taxpayer's PAN or IT Circle/Ward/District GIR No.  Not Allotted

Tax Deduction Status:  Fully Exempted (Please attach certificate issued by Income Tax authorities)  Tax to be deducted at Source

------(Tear here)-----

**Ujjivan Financial Services Private Limited**

**Registered and Corporate Office: #93 Jakkasandra Extension, Sarjapur Main Cross Road, 1<sup>st</sup> Block, Koramangala, Bangalore-560034**

**Telephone: +91-80-4071 2121; Fax: +91-80-4146 8700**

**Website: [www.ujjivan.com](http://www.ujjivan.com)**

**Email: [ujjivan.blr@ujjivan.com](mailto:ujjivan.blr@ujjivan.com)**

**ACKNOWLEDGEMENT SLIP**

Application No. : \_\_\_\_\_ Date: \_\_\_\_\_

Received from \_\_\_\_\_ Rs. \_\_\_\_\_ /- by RTGS/ Cheque / Demand Draft No. \_\_\_\_\_ drawn on

\_\_\_\_\_ towards application for \_\_\_\_\_ NCDs.

(Cheques / Demand Drafts are subject to realization)



**ANNEXURE A RATING LETTER OF RATING AGENCY**





**Ms. Sudha Suresh**  
**Chief Financial Officer**  
Ujjivan Financial Services Pvt. Ltd.  
#93, Jakkasandra Extension,  
Sarjapur Main Cross Road,  
1<sup>st</sup> Block, Koramangala  
Bengaluru – 560 034

## CREDIT ANALYSIS & RESEARCH LTD.,

Unit No. 8, I Floor, Commander's Place,  
No. 6, Raja Ram Mohan Roy Road,  
(Opp. P F Office) Richmond Circle,  
Bangalore - 560 025, Karnataka.  
Tel : (080) 2211 7140 Fax : (080) 2211 7141  
visit us at [http : www.careratings.com](http://www.careratings.com)

July 26, 2013

**Confidential**

Dear Madam,

**Credit rating for proposed Non-Convertible Debentures V (NCD) of Rs.40.00 crore**

Please refer to your request for rating of proposed Non Convertible Debentures of Rs.40 crore of your Company. The proposed NCD would have a tenor of three years with bullet repayment at the end of third year.

2. Our Rating Committee has assigned a 'CARE BBB+' [Triple B Plus] rating to the aforesaid NCD issue. Instruments with this rating are considered to have a moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk. Our rating symbols for various medium and long term instruments are annexed. The rationale for the rating will be communicated to you separately.
3. Please arrange to get the rating revalidated, in case the proposed issue is not made within a period of six months from the date of our initial communication of rating to you (that is July 15, 2013)
4. In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.
5. Please inform us the details of issue [date of issue, name of investor, amount issued, interest-rate, date of payment of interest, date and amount of repayment etc.] as soon as the bonds have been placed.
6. Kindly arrange to submit to us a copy of each of the documents pertaining to the bond issue, including the offer document and the trust deed.

10/7



## CARE Ratings

7. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
8. CARE reserves the right to suspend/withdraw/revise the rating assigned on the basis of new information or in the event of failure on the part of the company to furnish such information, material or clarifications as may be required by CARE. CARE shall also be entitled to publicize/disseminate such suspension/withdrawal/revision in the assigned rating in any manner considered appropriate by it, without reference to you.
9. Users of this rating may kindly refer our website [www.careratings.com](http://www.careratings.com) for latest update on the outstanding rating.
10. CARE ratings are not recommendations to buy, sell or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

  
[Karthik Raj K]  
Senior Manager

  
[Sabareeshwaran]  
Deputy Manager

Encl : As above

**Disclaimer**

CARE's 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. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE 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 CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.



**ANNEXURE B CONSENT LETTER OF DEBENTUR TRUSTEE**

**IDBI Trusteeship Services Ltd.**



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

No.1355 / ITSL / OPR / CL/13-14/DEB/301

July 10, 2013

**Ujjivan Financial Services Private Limited**  
93, Jakkasandra Extension,  
Sarjapur Main Cross Road, 1st Block  
Koramangala, Bangalore-560034

Kind attn : - Ms. Sudha Suresh

Dear Sir,

**Consent to act as Debenture Trustee for Non-convertible Debentures aggregating to Rs. 40 crores**

This is with reference to our discussion regarding appointment of IDBI Trusteeship Services Limited as Debenture Trustee for the proposed issue of Non-convertible Debentures aggregating to Rs. 40 crore. In this connection, we confirm our acceptance to act as Debenture Trustee for the same, subject to the Company agreeing the conditions set out in the annexure A enclosed herewith.

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.

Looking forward to a long and fruitful association with your esteemed organization.

Yours faithfully,  
For IDBI Trusteeship Services Limited.



Swati Borkar  
Specialist

