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Serial No. _____

Addressed to: _____

INFORMATION MEMORANDUM
UTKARSH MICRO FINANCE PRIVATE LIMITED

A private limited company incorporated under the Companies Act, 1956

Date of Incorporation: May 15, 1990

Registered Office: S-2/639-56, Varuna Vihar Colony, J.P Mehta Road,
Cantt, Varanasi-221002

Telephone No: +91-452-2282002

Website: www.utkarshmfi.com

**Information Memorandum for issue of Debentures on a private placement basis on
June 17, 2014**

Issue of 240 (Two Hundred and Forty) Secured, Rated, Listed, Redeemable, Non-convertible Debentures of face value of Rs. 1,000,000/- (Rupees Ten Lakhs only) each, aggregating up to Rs. 24,00,00,000/- (Rupees Twenty Four Crores only) on a private placement basis (the “Issue”)

Background

This Information Memorandum is related to the Debentures to be issued by Utkarsh Micro Finance Private Limited (the “**Issuer**” or “**Company**”) on a private placement basis and contains relevant information and disclosures required for the purpose of issuing of the Debentures. The issue of the Debentures comprised in the Issue and described under this Information Memorandum has been authorised by the Issuer through resolutions passed by the shareholders of the Issuer on June 14, 2014 and the Board of Directors of the Issuer on June 17, 2014 and the Memorandum and Articles of Association of the Company. Pursuant to the resolution passed by the Company’s shareholders dated June 14, 2014 in accordance with provisions of the Companies Act, 2013, the Company has been authorised to borrow, upon such terms and conditions as the Board may think fit for amounts up to INR 8,000,000,000/- (Rupees Eight Hundred Crores only). The present issue of NCDs in terms of this Information Memorandum is within the overall powers of the Board as per the above shareholder resolution(s).

Credit Rating

The Debentures proposed to be issued by the Issuer have been rated by ICRA Limited (“**Rating Agency / ICRA**”). The Rating Agency has vide its letter dated June 12, 2014 assigned a rating of “[ICRA] BBB-” in respect of the Debentures. The above rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the rating agency and should be evaluated independently of any other ratings. Please refer to Annexure II of this Information Memorandum for the letter dated June 12, 2014 from the Rating Agency assigning the credit rating abovementioned and the letter dated June 12, 2014 issued by the Rating Agency disclosing the rating rationale adopted for the aforesaid rating.

Issue Schedule

Issue Opens on: June 17, 2014

Issue Closing on: June 20, 2014

Deemed Date of Allotment: June 20, 2014

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

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

Sole Arrangers

IFMR Capital Finance Pvt. Ltd.

10th Floor-Phase 1, IIT-Madras
Research Park, Kanagam
Village,
Tharamani, Chennai- 600 113

Registrar & Transfer Agent

Sharepro Services India Private Limited

13 AB Samhita Warehousing
Complex, 2nd Floor, Sakinaka
Telephone Exchange Lane, Off
Andheri-Kurla Road,
Sakinaka, Andheri (E) – 400 072
Mumbai.

Debenture Trustee

GDA Trusteeship Limited

GDA House, Plot No. 85, Bhusari
Colony (Right), Paud Road, Pune -
411 038

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SECTION 1: DEFINITIONS AND ABBREVIATIONS

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

Allot/Allotment/Allotted	Unless the context otherwise requires or implies, the allotment of the Debentures pursuant to this Issue.
Application Form	The form used by the recipient of this Disclosure Document and/or the Private Placement Offer Letter, to apply for subscription to the Debentures, which is in the form annexed to this Information Memorandum and marked as Annexure IV.
Arranger / Sole Arranger	IFMR Capital Finance Pvt. Ltd. and its affiliates
Board/Board of Directors	The Board of Directors of the Issuer
Business Day	Shall mean a day (other than a public holiday or a Sunday) on which banks are normally open for business in Mumbai.
CDSL	Central Depository Services (India) Limited
Debentures / NCDs	240 (Two Hundred and Forty) Secured Rated Listed Redeemable Non-Convertible Debentures bearing a face value of Rs. 1,000,000/- (Rupees Ten lakhs only) each, aggregating to Rs. 24,00,00,000/- (Rupees Twenty Four Crores only).
Debenture Holders / Investors	The holders of the Debentures issued by the Issuer and shall include the registered transferees of the Debentures from time to time
Deemed Date of Allotment	June 20, 2014
Debenture Trustee	GDA Trusteeship Limited
Debenture Trustee Agreement	Agreement to be executed by and between the Debenture Trustee and the Company for the purposes of appointment of the Debenture Trustee to act as debenture trustee in connection with the issuance of the Debentures.
Demat	Refers to dematerialized securities which are securities that are in electronic form, and not in physical form, with the entries noted by the Depository.
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository	A Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depository Participant / DP	A depository participant as defined under the Depositories Act
Director(s)	Director(s) of the Issuer.
Disclosure Document / Information Memorandum	This document which sets out the information regarding the Debentures being issued on a private placement basis.
DP ID	Depository Participant Identification Number.
Due Date	Any date on which the holders of the Debentures are entitled to any payments, whether on maturity or upon exercise of the option to redeem the Debentures prior to the scheduled Maturity Date.
EFT	Electronic Fund Transfer
Financial Year/ FY	Twelve months period commencing from April 1 of a particular calendar year and ending on March 31 of the subsequent calendar year
GAAP	Generally Accepted Accounting Principles
Issue	Private Placement of the Debentures.

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Issue Opening Date	June 17, 2014
Issue Closing Date	June 20, 2014
Issuer/ Company	Utkarsh Micro Finance Private Limited
Majority Debenture Holders	Debenture Holders whose participation or share in the principal amount(s) outstanding with respect to the Debentures aggregate to more than 75% (Seventy Five per cent) of the value of the nominal amount of the Debentures for the time being outstanding.
Maturity Date	June 20, 2017 being 36 (Thirty Six months) from the Deemed Date of Allotment, subject to a Put Option or Call Option or, such other date on which the final payment of the principal of the Debentures becomes due and payable as therein or herein provided, whether at such stated maturity date, by declaration of acceleration, or otherwise.
Material Adverse Effect	The effect or consequence of an event, circumstance, occurrence or condition which has caused, as of any date of determination, a material and adverse effect on (i) the financial condition, business or operation of the Issuer; (ii) the ability of the Issuer to perform their obligations under the Transaction Documents; or (iii) the validity or enforceability of any of the Transaction Documents (including the ability of any party to enforce any of its remedies thereunder).
N.A	Not Applicable.
NSDL	National Securities Depository Limited.
PAN	Permanent Account Number.
Private Placement Offer Letter	Shall mean the offer letter prepared in compliance with Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014.
RBI	Reserve Bank of India.
Rating Agency	ICRA Limited
Record Date	The date which will be used for determining the Debenture Holders who shall be entitled to receive the amounts due on any Due Date, which shall be the date falling 15 (Fifteen) calendar Days prior to any Due Date.
R&T Agent	Registrar and Transfer Agent to the Issue, in this case being Sharepro Services India Private Limited
ROC	Registrar of Companies.
Rs. / INR	Indian National Rupee.
RTGS	Real Time Gross Settlement.
SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 (as amended from time to time).
SEBI Debt Listing Regulations	The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulation, 2008 issued by SEBI, as amended from time to time.
Security	The security for the Debentures as specified in Annexure I.
TDS	Tax Deducted at Source.
The Companies Act/ the Act	The Companies Act, 1956 (“ 1956 Act ”), or where applicable, the notified provisions of the Companies Act, 2013 (“ 2013 Act ”).
Terms & Conditions	Shall mean the terms and conditions pertaining to the Issue

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	as outlined in the Transaction Documents
Transaction Documents	Shall mean the documents executed or to be executed in relation to the issuance of the Debentures as more particularly set out in Annexure 1.
WDM	Wholesale Debt Market.

SECTION 2: NOTICE TO INVESTORS AND DISCLAIMERS

2.1 ISSUER’S DISCLAIMER

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

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

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

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

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

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

This Information Memorandum, the Private Placement Offer Letter and the respective contents hereof are restricted only for the intended recipient(s) who have been addressed directly and specifically through a communication by the Issuer and only such recipients are eligible to apply for the Debentures. All Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this Issue. The contents of this Information Memorandum and/or the Private Placement Offer Letter are intended to be used only by those Investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced by the recipient.

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

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

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

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

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

2.2 DISCLAIMER CLAUSE OF STOCK EXCHANGES

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

2.3 DISCLAIMER CLAUSE OF SEBI

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

2.4 DISCLAIMER CLAUSE OF THE SOLE ARRANGER

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

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

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

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

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

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

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

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

2.5 DISCLAIMER IN RESPECT OF JURISDICTION

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

2.6 DISCLAIMER IN RESPECT OF RATING AGENCIES

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

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

2.7 ISSUE OF DEBENTURES IN DEMATERIALIZED FORM

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

SECTION 3: AUTHORISATION LETTER

Date: June 17, 2014

To: **IFMR Capital Finance Pvt. Ltd. and/or any of its affiliates (the “Arranger”)**

Dear Sirs:

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

Utkarsh Micro Finance Private Limited (the “**Company**” or the “**Issuer**”), refers to the information memorandum dated June 17, 2014 (the “**Information Memorandum**”) in connection with the Debentures proposed to be issued by the Issuer.

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

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

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

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

By: _____
Name: Mr Abhisheka Kumar
Title: Chief Financial Officer

SECTION 4: RISK FACTORS

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

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

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

4.2 THE SECONDARY MARKET FOR DEBENTURES MAY BE ILLIQUID.

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

4.3 CREDIT RISK & RATING DOWNGRADE RISK

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

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

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

4.5 TAX CONSIDERATIONS AND LEGAL CONSIDERATIONS

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

4.6 ACCOUNTING CONSIDERATIONS

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

4.7 SECURITY MAYBE INSUFFICIENT TO REDEEM THE DEBENTURES

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

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

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

4.9 LEGALITY OF PURCHASE

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

4.10 POLITICAL AND ECONOMIC RISK IN INDIA

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

4.11 RISKS RELATED TO THE BUSINESS OF THE ISSUER

- (a) *Majority of the Issuer's loans are unsecured and the clients of these unsecured loans are of the high risk category and if the Issuer is unable to control the level of non-performing loans ("NPAs") in the future, or if the Issuer's loan loss reserves are insufficient to cover future loan losses, the financial condition and results of operations may be materially and adversely affected.*

A majority of the Issuer's loans are unsecured and the clients of these unsecured

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

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

As at March 2014, the gross NPA was Rs. 0.02 Cr on a gross portfolio of Rs. 355.64 Cr (including managed / securitized portfolio of Rs. 71.0 Cr).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 5: FINANCIAL STATEMENTS

Set out in **Annexure V** hereto

SECTION 6: REGULATORY DISCLOSURES

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

6.1 Documents Submitted to the Exchanges

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

- (a) Memorandum and Articles of Association of the Issuer and necessary resolution(s) for the allotment of the Debentures;
- (b) Copy of last 3 (Three) years audited Annual Reports;
- (c) Statement containing particulars of, dates of, and parties to all material contracts and agreements;
- (d) Copy of the resolution passed by the shareholders of the Company at the Extra-Ordinary General Meeting held on June 14, 2014, authorizing the issue/offer of non-convertible debentures by the Company;
- (e) Copy of the Board / Committee Resolution authorizing the borrowing and list of authorized signatories;
- (f) Certified true copy of the resolution passed by the Company at the Extra Ordinary General Meeting held on June 14, 2014 authorising the Company to borrow, upon such terms as the Board may think fit, upto an aggregate limit of INR 8,000,000,000/- (Rupees Eight Hundred Crores Only);
- (g) An undertaking from the Issuer stating that the necessary documents for the creation of the charge, including the Trust Deed would be executed within the time frame prescribed in the relevant regulations/acts/rules etc and the same would be uploaded on the website of the BSE, where the debt securities have been listed, within 5 (five) working days of execution of the same;
- (h) Where applicable, an undertaking that permission / consent from the prior creditor for a second or *pari passu* charge being created, in favour of the trustees to the proposed issue has been obtained; and
- (i) Any other particulars or documents that the recognized stock exchange may call for as it deems fit.

6.2 Documents Submitted to Debenture Trustee

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

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

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Institutional Buyers' and other existing debenture-holders within 2 (two) Business Days of their specific request.

6.3 Name and Address of Registered Office of the Issuer

Name:	Utkarsh Micro Finance Private Limited
Registered Office of Issuer:	S-2/639-56, Varuna Vihar Colony, J P Mehta Road, Cantt. Varanasi – 221002
Corporate Office of Issuer:	S-2/639-56, Varuna Vihar Colony, J P Mehta Road, Cantt. Varanasi – 221002
Compliance Officer of Issuer:	Ms. Shweta Kandoi, Company Secretary
CFO of Issuer:	Mr. Abhisheka Kumar
Registration Number:	B-07-00781
Corporate Identification Number:	U65191UP1990PTC045609
Phone No.:	+91 542 2282002
Contact Person:	Mr. Abhisheka Kumar
Email:	abhisheka.kumar@utkarshmfi.com
Website of Issuer:	www.utkarshmfi.com
Auditors of the Issuer:	BSR and Co. (KPMG) Address: Reliance Humsafar, IV Floor, Road No. 11, Banjara Hills Hyderabad – 500034, India
Arranger to the Issue:	IFMR Capital Finance Pvt. Ltd. Address: 10th Floor-Phase 1, IIT-Madras Research Park, Kanagam Village, Taramani, Chennai – 600 113
Trustee to the Issue:	GDA Trusteeship Limited Address: GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune - 411 038
Registrar to the Issue:	Sharepro Services India Private Limited Address: 13 AB Samhita Warehousing Complex, 2nd Floor, Sakinaka, Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (East) Mumbai – 400 072
Credit Rating Agency of the Issue:	ICRA Limited Address: 1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi - 110001

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

(a) Overview

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

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Utkarsh operates in the states of Uttar Pradesh, Bihar, Madhya Pradesh, Uttarakhand and Delhi where the level of competition from other MFIs is not high and the area is largely underpenetrated. Utkarsh has been able to maintain excellent portfolio quality since its inception with Portfolio at Risk (PAR)>30 days at 0.01% as of 31 March 2014.

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

Utkarsh is one of very few MFIs to have received an equity investment of INR 25.2 million at the start-up stage from International Finance Corporation (IFC). It has been awarded the Microfinance India Organisation (medium and small category) of the year, 2012, at the Microfinance India Summit, 2012 organised by Access Development Services. ICRA has upgraded the MFI grading of Utkarsh Micro Finance Private Limited (Utkarsh) at M2+ in January 2014. The grading is valid till June 2014 and shows the MFI's improved ability to manage its microfinance operations. It has also won Microfinance India Awards 2012 in recognition of the contribution to the growth of the microfinance sector in India.

Utkarsh is promoted by Mr. Govind Singh, who is the MD&CEO of the company. He is on full time assignment with company and responsible for overall working of the company. In August, 2009, he founded a Microfinance company named Utkarsh Micro Finance Pvt. Ltd. Currently the company is operating in 8 states, through 144 branches, catering to more than 350,000 members with a portfolio of more than INR 3,500 Mn . In November 2012, the company was awarded Microfinance Organization of the year (Medium & small) by Access development Services, Access- Assist & HSBC India.

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

(b) Corporate Structure

i. Vision and Mission

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

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

ii. Current Corporate Status

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

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

iii. Brief Profile of the Board of Directors

Name	Background
Mr Ajay Maniar	Nominee Director; He has over 14 years of experience across rating agencies & banks. He started his career with CARE (a credit rating agency) & then worked in HDFC Bank & Citi Bank. He has successfully undertaken diverse role within the risk domain. He has extensive experience in dealing with large, mid-size and small business units. He is a chemical engineer & has done his Masters in Management Studies (MMS) from Jamnalal Bajaj Institute of Management Studies (JBIMS), Mumbai, 1996.
Ms Ramni Nirula	Independent Director; She was Senior General Manager in ICICI Bank and was responsible for Corporate Banking and Government Banking Group. She served as Managing Director and Chief Executive Officer of ICICI Securities from January 1, 2003 to January 31, 2004.
Ms Vijayalakshmi Das	Independent Director; She is the Managing Director of Ananya Finance, an apex funding agency for MFIs in India. Earlier she was the chief executive of FWFB, where she played a key role in funding and nurturing MFIs in India.
Mr Govind Singh	Promoter; He is former Business Head for Microbanking at ICICI Bank. A banker for over 22 years, he was previously the Business Head for Rural and Agri Liabilities, and the Trust, Societies, Associations, and Clubs (TASC) segment at the bank.
Mr Trilok	Director; He was the General Manager in Cashpor Micro

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Nath Shukla	Credit, Varanasi and was part of the Operations Team.
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iv. Brief Profile of the Senior Management

Name & Function	Background
Mr Govind Singh MD & CEO	He is former Business Head for Microbanking at ICICI Bank. A banker for over 22 years, he was previously the Business Head for Rural and Agri Liabilities, and the Trust, Societies, Associations, and Clubs (TASC) segment at the bank
Mr Abhisheka Kumar Finance and Accounts	He has 10years of experience with ICICI Bank, FWFB and Times of India. At ICICI Bank, he has handled various responsibilities in the Microfinance Division, both as a Product Manager and Relationship Manager.
Mr Trilok Nath Shukla Operations	He was the General Manager in Cashpor Micro Credit, Varanasi and was part of the Operations Team.
Mr Sulabh Jain HR	He has 12 years of experience in banking and retail business. At ICICI Bank, he handled various responsibilities in Microfinance division and was the Relationship manager for MFIs operating in Uttar Pradesh.
Mr Rahul Dey MEL & IT	He has more than 9 years of experience in Banking and Microfinance. He served as Regional Business Manager at Ujjivan Financial Services Pvt Ltd, responsible for their Individual lending business in East. At ICICI Bank, he was responsible for the Bank's MFI business in West Bengal and North East.
Mr Abhishek Verma MIS & IT	He is an IT professional and was the Head of IT at Sonata Finance Pvt. Ltd. He has more than 5 years of experience in microfinance sector.
Mr Sanjay Singh Operations	He has more than 8 years of experience in micro finance operations with CASHPOR Micro Credit.
Mr S. S. Rai Accounts	He is a qualified chartered accountant with over 10 years of experience in accounts, taxation, audit etc. He served as Head of Accounts at CASHPOR Micro Credit for more than a year.
Mr Indra Deo Pandey Risk	He is a law graduate & an MBA. He has more than 10 years of experience in law, finance & secretarial matters.
Vivek Kashyap	He is an MBA from Institute of Rural Management, Anand. He has over 7 years of experience in Microfinance, Housing Micro finance, sales and marketing. Prior to Joining Utkarsh, he has worked with Swarna Pragati Housing Microfinance Private Limited, SKS Microfinance, TATA Motors and FINO Ltd.

v. Business Segments

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

Utkarsh provides Joint Liability Group (JLG) loans and individual loans. It follows the Grameen model of joint liability for its group loans. Standard processes of group formation, training, group recognition test are followed. The loan products provided by Utkarsh are- “Utkarsh Pragati” with a loan ticket size of upto Rs 15,000 and “Utkarsh Kiran” with a loan ticket size of up to Rs30,000. Joint Liability Group (“JLG”) loans are the key product which is offered to rural women for income generation activities. Post the RBI guidelines for NBFC-MFIs, the lending rate charged by Utkarsh is 25.94% with a processing fee of 1%.The borrowers are involved in animal husbandry projects, small trade, cottage industries, agriculture- based activities and other textile related activities.

In addition to the JLG loans, Utkarsh also offers an individual loan product in the form of a micro enterprise loan - “Utkarsh Samridhi” with loan ticket sizes of upto Rs 300,000 and an interest rate of 29%.

Product Details

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

vi. Lending Methodology

Origination Process:

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

Loan Utilization Check:

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

Cash Management:

All branches have a safe in which cash is deposited. Disbursement is made from collections and the remaining cash is deposited in the bank branch by 3 PM each day. Emphasis is on maintaining zero cash balance at the branch at end of day and the retention limit for cash per branch is Rs.25, 000. Approval of the Divisional Manager (“DM”) is required for cash retention from Rs. 25,000 to Rs. 50,000 and for cash balances above Rs. 50,000; approval of the Head of Operations or Accounts head is required.

Utkarsh has availed adequate insurance for cash transit, deposit and handling. As per policy, cash to cash transfer between Bank to Branch & vice-versa should not be more than Rs.300,000, branch to branch should not be more than Rs.500,000 and no disbursement should be planned beyond Rs.300,000 in a single day. All Utkarsh branches are covered by New India Assurance for Cash in Transit insurance between Branch to Bank & Branch to Branch (single transfer) of up to Rs. 300,000/500,000 respectively.

Cash transfers up to Rs.50,000 is to be done by 2 Credit Officers (“COs”), cash transfers above Rs. 50,000 to 100,000 are to be done by 1 BM and 1 CO and cash transfers above Rs.100,000 are to be made by 1 BM & 1 CO using a closed 4 wheeler vehicle.

The cash in transit insurance between Branch to Branch is INR 50 Lakhs for Branches, 1 Crore for divisional branches & 2 crores for Head Office.

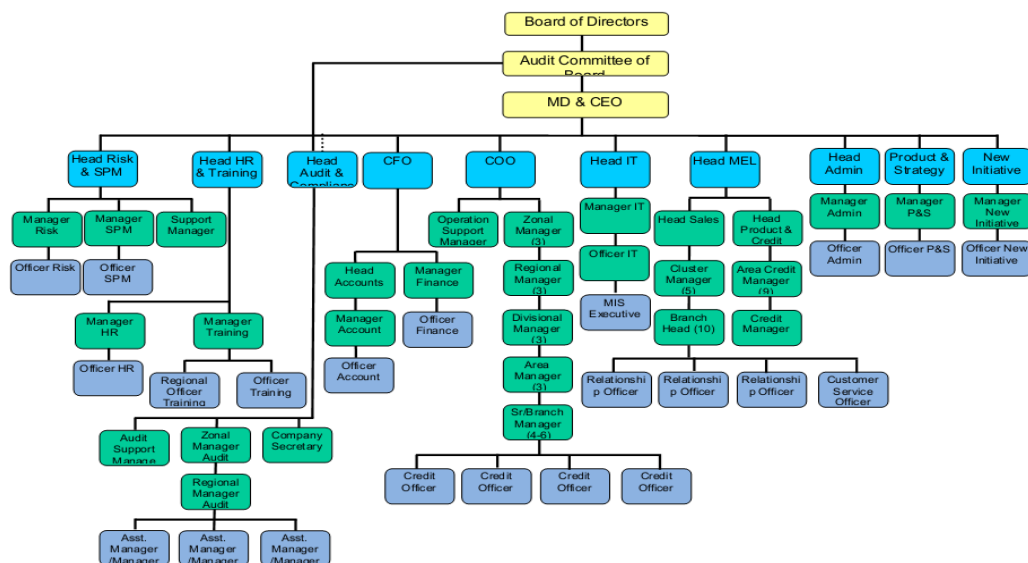
Cash in transit insurance between Branch to Bank of INR 3 crores for Branches & 5 Crores for divisional branches

Cash in safe and Fidelity insurance of INR 100,000 for Branches & 10 Lakhs for Divisional branches and 60,000 for Fidelity.

Delinquency Management:

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

vii. Organisational Structure and Field Hierarchy



viii. Technology and MIS

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

- Ability to track attendance at member level
- Maintains portfolio cuts based on purpose, region, product, product interest rate, cycle of loan, religion, branch and loan officer
- Ability to tracking Loan Utilisation Checks in the Collection and Disbursement Sheet

ix. Internal Audit

Internal Audit team consists of 24 members. Branches under each auditor are rotated every six months. Utkarsh conducts two types of audits - Short and Comprehensive. Compulsory comprehensive audit is conducted once every quarter. Audit report is

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submitted within 5 days of the audit visit, and the Branch Managers are required to submit the compliance report within 10 days of receipt of the audit report.

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

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

The audit staff is given special training after the initial orientation. Fortnightly meetings of the auditors to discuss common observations and issues is conducted which also acts as a forum for training. Surprise audit of auditors are conducted by the senior audit staff. Utkarsh has a well-developed monitoring structure. The GRTs are conducted compulsorily by the Area Managers, which helps ensuring proper client selection.

x. HR Systems

Utkarsh has a detailed HR manual in place which is followed diligently.

Recruitment: Applications are invited mainly through internal references, and recently through advertisements in newspapers. Reference checks are done for most new recruitments, though not mandatory as per policies.

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

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

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

Staff incentives: Incentives are based on number of clients served and the number of new clients added. New client addition is capped at 75/month to discourage irresponsible lending. Only the credit officers are eligible for incentives; this avoids conflict of interest

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for the monitoring staff, and enables proper client selection as their income is not tied to number of clients.

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

(Rs. Crores)

Parameters		FY 2014	FY 2013	FY 2012
Networth		74.27	64.30	32.61
Total Debt		374.65	185.12	58.90
Comprising of	Non Current Maturities of Long Term Borrowing	183.76	13.63	13.63
	Short Term Borrowing	0.03	13.99	13.99
	Current Maturities of Loan Term Borrowings	190.86	31.28	31.28
Net Fixed Assets		1.56	0.72	0.46
Non Current Assets		32.78	40.11	13.56
Non Current Liabilities (Including non current maturities of Debt)		184.26	68.02	13.65
Cash and Cash Equivalents		131.98	98.72	43.00
Current Investments		0.05	0.05	0.10
Current Assets		14.92	220.98	83.02
Current Liabilities		206.62	129.50	50.79
Assets Under Management		355.65	178.25	75.30
Off Balance Sheet Assets		71.05	40.68	36.48
Interest Income		57.4	24.16	8.94
Interest Expense		34.99	12.88	3.52
Provisioning & Write-offs		2.17	0.55	0.22
PAT		8.22	3.89	1.41
Gross NPA (%)		0.01%	0.00%	0.00%
Net NPA (%)		0.00%	0.00%	0.00%
Tier I Capital Adequacy Ratio (%)		22.22%	41.75%	56.51%
Tier II Capital Adequacy Ratio (%)		0.23%	0.61%	13.52%

Gross Debt:Equity Ratio of the Company:

Before the issue of debt securities	5.04x
After the issue of debt securities	5.37x

Calculations

As on March 31, 2014 debt-to-equity ratio is calculated as follows:-

Debt	3,746,488,987
Equity	742,752,771
Debt/Equity	5.04

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

Debt	3,986,488,987
Equity	742,752,771
Debt/Equity	5.37

(d) **Project cost and means of financing, in case of funding new projects:** Not applicable.

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

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

Share Capital	Rs.
Authorised	
27,000,000 Equity shares (previous year 17,000,000) of Rs. 10 each	27,00,00,000
3,000,000 Preference Share (previous year 8,000,000) of Rs. 10 each	3,00,00,000
TOTAL	30,00,00,000
Issued, Subscribed and Fully Paid- up	
24,513,703 Equity shares (previous year 10,216,234) of Rs. 10 each	258,637,030
Preference Shares: Nol (previous year: 5,956,112) 0.01% Compulsory Convertible Preference Shares of Rs. 10 each fully paid up	-
TOTAL	258,637,030

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

Year	Date	Existing	Revised	Remark
FY 2013-14	-	-	-	-
FY 2012-13	13-03-2013	Rs. 22.0 cr equity share &Rs. 3.0 cr preference shares	Rs. 27.0 cr equity share &Rs. 3.0 cr preference shares. Total Authorised Capital is Rs. 30.0 cr	Authorised Capital is increased from Existing Capital of Rs.22.0 equity &Rs. 3.0 cr Preference shares to Rs. 27.0 cr Equity &Rs. 3.0 cr Preference shares by creation of 50.0 lakh equity shares of Rs. 10/- each.
	17-12-2012	Rs. 17.0 cr equity share &Rs. 8.0 cr preference shares	Rs. 22.0 cr equity share &Rs. 3.0 cr preference shares. Total Authorised Capital is Rs. 25.0 cr	Authorised Capital further re-classified. After re-classification Equity is 22.0 cr and preference share is 3.0 cr.
FY 2011-12	06-09-2011	Rs. 25.0 cr	Rs. 17.0 cr equity share &Rs. 8.0 cr preference shares. Total Authorised Capital is Rs. 25.0 cr	Authroised capital of Rs. 25.0 cr has been re classified into Equity &Preference shares. After re-classification Equity is Rs.17.0 cr and Rs. 8.0 cr preference shares.
FY 2010-11	22-10-2010	Rs. 10.0 cr	Rs. 25.0 cr	Authorised Capital is increased from Existing Capital of Rs.10.0 cr toRs. 25.0 cr by creation of 1.5 cr equity shares of Rs. 10/- each.
FY 2009-10	24-11-2009	Rs. 6.0 cr	Rs. 10.0 cr	Authorised Capital is increased from Existing Capital of Rs.6.0 cr toRs. 10.0 cr by creation of 40 lakh equity shares of Rs. 10/- each.
	02-09-2009	Rs. 0.50 cr	Rs. 6.0 cr	Authorised Capital is increased from existing Capital of Rs. 50.0 lacs to Rs. 6.0 cr by creation of 55 lakh equity shares of Rs. 10/- each.
FY 2008-09	-	-	-	-

(c) Equity Share Capital History of the Company as on last quarter end i.e. Mar 31, 2014, for the last five years:

Date of allotment	Name of shareholder	No. shares	Face Value (Rs.)	Issue price	Consideration		Cumulative paid-up capital (Rs.)			Remarks
							Nature	No. of	Equity	

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						of Allotment	equity shares	share Capital	y Share Premium	
28.08.2009	GOVIND SINGH	3,11,460	10	10	31,14,600	Transfer from Old Promoters	3,11,460	31,14,600	Nil	Shares transferred as company has been taken over by new management
28.08.2009	RevatiGovind Singh	13,840	10	10	1,38,400	Transfer from Old Promoters	3,25,300	32,53,000	Nil	Shares transferred as company has been taken over by new management
28.08.2009	TrilokNathShukla	500	10	10	5,000	Transfer from Mr.Govind Singh	3,25,800	32,58,000	Nil	
28.08.2009	UlhasSharad Kumar Deshpande	500	10	10	5,000	Transfer from Mr.Govind Singh	3,26,300	32,63,000	Nil	
28.08.2009	AmritKumari Sivaprakasam	100	10	10	1,000	Transfer from Mr.Govind Singh	3,26,400	32,64,000	Nil	
28.08.2009	Ramesh Chandra Singh	100	10	10	1,000	Transfer from Mr.Govind Singh	3,26,500	32,65,000	Nil	
28.08.2009	Abhisheka Kumar	100	10	10	1,000	Transfer from Mr.Govind Singh	3,26,600	32,66,000	Nil	
16.09.2009	Govind Singh	1,31,610	10	10	13,16,100	Bonus Shares	4,58,210	45,82,100	Nil	
16.09.2009	RevatiGovind Singh	5,850	10	10	58,500	Preferential Allotment	4,64,060	46,40,600	Nil	
16.09.2009	UlhasSharad Kumar Deshpande	210	10	10	2,100	Preferential Allotment	4,64,270	46,42,700	Nil	
16.09.2009	Ramesh Chandra Singh	40	10	10	400	Preferential Allotment	4,64,310	46,43,100	Nil	
16.09.2009	AmritKumari Sivaprakasam	40	10	10	400	Preferential Allotment	4,64,350	46,43,500	Nil	
16.09.2009	TrilokNathShukla	210	10	10	2,100	Preferential Allotment	4,64,560	46,45,600	Nil	
16.09.2009	Abhisheka Kumar	40	10	10	400	Preferential Allotment	4,64,600	46,46,000	Nil	
5.11.2009	Govind Singh	35,280	10	10	3,52,800	Preferential	4,99,880	49,98,800	Nil	

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						Allotment				
5.11.2009	RevatiGovind Singh	5,000	10	10	50,000	Prefere ntial Allotment	5,04,880	50,48,800	Nil	
5.11.2009	NachiketMor	50,000	10	10	5,00,000	Prefere ntial Allotment	5,54,880	55,48,800	Nil	
5.11.2009	Neeta Mukerjee	50,000	10	10	5,00,000	Prefere ntial Allotment	6,04,880	60,48,800	Nil	
5.11.2009	Brahmanand Hegde	10,000	10	10	1,00,000	Prefere ntial Allotment	6,14,880	61,48,800	Nil	
5.11.2009	Indcap Leasing & Finance Private Limited	1,50,000	10	10	15,00,000	Prefere ntial Allotment	7,64,880	76,48,800	Nil	
5.11.2009	UtpalSser	51,000	10	10	5,10,000	Prefere ntial Allotment	8,15,880	81,58,800	Nil	
5.11.2009	GyanendraNarain Mishra	1,02,000	10	10	10,20,000	Prefere ntial Allotment	9,17,880	91,78,800	Nil	
5.11.2009	KaushikBishnuMazumdar	1,00,000	10	10	10,00,000	Prefere ntial Allotment	10,17,880	1,01,78,800	Nil	
5.11.2009	SanjeevNarang & Sons (HUF)	2,00,000	10	10	20,00,000	Prefere ntial Allotment	12,17,880	1,21,78,800	Nil	
5.11.2009	Om Prakash Gupta	50,000	10	10	5,00,000	Prefere ntial Allotment	12,67,880	1,26,78,800	Nil	
5.11.2009	Abhisheka Kumar	71,000	10	10	7,10,000	Prefere ntial Allotment	13,38,880	1,33,88,800	Nil	
5.11.2009	TrilokNathShukla	12,500	10	10	1,25,000	Prefere ntial Allotment	13,51,380	1,35,13,800	Nil	
5.11.2009	Sushma Agarwal	50,000	10	10	5,00,000	Prefere ntial Allotment	14,01,380	1,40,13,800	Nil	
5.11.2009	KirtiTatiwala	25,000	10	10	2,50,000	Prefere ntial Allotment	14,26,380	1,42,63,800	Nil	
5.11.2009	Rashmi Gupta	25,000	10	10	2,50,000	Prefere ntial Allotment	14,51,380	1,45,13,800	Nil	
5.11.2009	AmritKumari Sivaprakasam	50,000	10	10	5,00,000	Prefere ntialAllotment	15,01,380	1,50,13,800	Nil	
5.11.2009	RajammaSukesan	50,000	10	10	5,00,000	Prefere ntial Allotment	15,51,380	1,55,13,800	Nil	
5.11.2009	MeherVaniChalamalasetti	50,000	10	10	5,00,000	Prefere ntial Allotment	16,01,380	1,60,13,800	Nil	

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5.11.2 009	VinodDua	1,00,000	10	10	10,00,000	Prefere ntial Allotm ent	17,01,380	1,70,13,800	Nil	
5.11.2 009	AlokShukla	1,00,000	10	10	10,00,000	Prefere ntial Allotm ent	18,01,380	1,80,13,800	Nil	
5.11.2 009	Deep Kalra	1,00,000	10	10	10,00,000	Prefere ntial Allotm ent	19,01,380	1,90,13,800	Nil	
5.11.2 009	Via Projects Private Limited	1,50,000	10	10	15,00,000	Prefere ntial Allotm ent	20,51,380	2,05,13,800	Nil	
5.11.2 009	ShobhanaGan eshaDeodhar	1,50,000	10	10	15,00,000	Prefere ntial Allotm ent	22,01,380	2,20,13,800	Nil	
5.11.2 009	Ramesh Chandra Singh	5,000	10	10	50,000	Prefere ntial Allotm ent	22,06,380	2,20,63,800	Nil	
25.11. 2009	Satya Narayan Bansal	1,50,000	10	10	15,00,000	Prefere ntial Allotm ent	23,56,380	2,35,63,800	Nil	
25.11. 2009	RamniNirula	1,00,000	10	10	10,00,000	Prefere ntial Allotm ent	24,56,380	2,45,63,800	Nil	
25.11. 2009	J. S Tomar	10,000	10	10	1,00,000	Prefere ntial Allotm ent	24,66,380	2,46,63,800	Nil	
25.11. 2009	Chattanathan D	20,000	10	10	2,00,000	Prefere ntial Allotm ent	24,86,380	2,48,63,800	Nil	
25.11. 2009	SairaZiauddin	51,000	10	10	5,10,000	Prefere ntial Allotm ent	25,37,380	2,53,73,800	Nil	
25.11. 2009	Molecule Enterprises Private Limited	1,00,000	10	10	10,00,000	Prefere ntial Allotm ent	26,37,380	2,63,73,800	Nil	
25.11. 2009	Emerging Building Private Limited	1,00,000	10	10	10,00,000	Prefere ntial Allotm ent	27,37,380	2,73,73,800	Nil	
25.11. 2009	Nirmal Estates Private Limited	2,00,000	10	10	20,00,000	Prefere ntial Allotm ent	29,37,380	2,93,73,800	Nil	
25.11. 2009	Abhisheka Kumar	30,000	10	10	3,00,000	Prefere ntial Allotm ent	29,67,380	2,96,73,800	Nil	
25.11. 2009	T R Ramanaathan	10,000	10	10	1,00,000	Prefere ntial Allotm ent	29,77,380	2,97,73,800	Nil	
25.11. 2009	Priyanka Jain	30,000	10	10	3,00,000	Prefere ntial Allotm ent	30,07,380	3,00,73,800	Nil	
25.11. 2009	Veena Rani	50,000	10	10	5,00,000	Prefere ntial Allotm ent	30,57,380	3,05,73,800	Nil	
25.11. 2009	MalkitDidyal a	25,000	10	10	2,50,000	Prefere ntial	30,82,380	3,08,23,800	Nil	

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						Allotment				
25.11.2009	John Arunkumar Diaz	50,000	10	10	5,00,000	Preferential Allotment	31,32,380	3,13,23,800	Nil	
25.11.2009	SomanadhababuKotha	1,15,000	10	10	11,50,000	Preferential Allotment	32,47,380	3,24,73,800	Nil	
25.11.2009	LeenaPillai	20,000	10	10	2,00,000	Preferential Allotment	32,67,380	3,26,73,800	Nil	
10.12.2009	Govind Singh	25,620	10	10	2,56,200	Preferential Allotment	32,93,000	3,29,30,000	Nil	
17.12.2009	Govind Singh	1,53,846	10	13	19,99,998	Preferential Allotment	34,46,846	3,44,68,460	4,61,538	
31.12.2009	Govind Singh	2,57,000	10	10	25,70,000	Sweat Issue	37,03,846	3,70,38,460	Nil	
21.01.2010	AavishkaarGoodwell India Microfinance	18,05,556	10	14	2,60,00,000	Preferential Allotment	55,09,402	5,50,94,020	72,222,224	
24.03.2010	International Finance Corporation	9,72,222	10	14	1,39,99,997	Preferential Allotment	64,81,624	6,48,16,240	38,888,888	
24.03.2010	INTELLECA SH Micro Finance Network Co. Private Ltd.	45,000	10	16	7,20,000	Sweat Issue (other than cash)	65,26,624	6,52,66,240	2,70,000	
27.09.2010	RevatiGovind Singh	10,000	10	10	1,00,000	Preferential Allotment	65,36,624	6,53,66,240	Nil	
27.09.2010	Govind Singh	7,14,340	10	10	71,43,400	Preferential Allotment	72,50,964	7,25,09,640	Nil	
27.09.2010	Abhishekakumar	17,329	10	10	1,73,290	Preferential Allotment	72,68,293	7,26,82,930	Nil	
27.09.2010	TrilokNathShukla	2,263	10	10	22,630	Preferential Allotment	72,70,556	7,27,05,560	Nil	
27.09.2010	AmritKumari Sivaprakasam	8,591	10	10	85,910	Preferential Allotment	72,79,147	7,27,91,470	Nil	
27.09.2010	Indcap Leasing & Finance Private Limited	25,701	10	10	2,57,010	Preferential Allotment	73,04,848	7,30,48,480	Nil	
27.09.2010	UtpalIsser	8,738	10	10	87,380	Preferential Allotment	73,13,586	7,31,35,860	Nil	
27.09.2010	GyanandraNarain Mishra	17,477	10	10	1,74,770	Preferential Allotment	73,31,063	7,33,10,630	Nil	
27.09.2010	KaushikBishnuMazoomdar	17,134	10	10	1,71,340	Preferential Allotment	73,48,197	7,34,81,970	Nil	
27.09.	OM Prakash	8,567	10	10	85,670	Preferential Allotment	73,56,764	7,35,67,640	Nil	

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2010	Gupta					ntial Allotment				
27.09.2010	Sushma Agarwal	8,567	10	10	85,670	Preferential Allotment	73,65,331	7,36,53,310	Nil	
27.09.2010	KirtiTatiwala	4,283	10	10	42,830	Preferential Allotment	73,69,614	7,36,96,140	Nil	
27.09.2010	Rashmi Gupta	4,283	10	10	42,830	Preferential Allotment	73,73,897	7,37,38,970	Nil	
27.09.2010	RajammaSukesan	8,567	10	10	85,670	Preferential Allotment	73,82,464	7,38,24,640	Nil	
27.09.2010	MeherVaniChalamalasetti	8,567	10	10	85,670	Preferential Allotment	73,91,031	7,39,10,310	Nil	
27.09.2010	VinodDua	17,134	10	10	1,71,340	Preferential Allotment	74,08,165	7,40,81,650	Nil	
27.09.2010	AlokShukla	17,134	10	10	1,71,340	Preferential Allotment	74,25,299	7,42,52,990	Nil	
27.09.2010	Deepak Kalra	17,134	10	10	1,71,340	Preferential Allotment	74,42,433	7,44,24,330	Nil	
27.09.2010	Via Projects Private Limited	25,701	10	10	2,57,010	Preferential Allotment	74,68,134	7,46,81,340	Nil	
27.09.2010	ShobhanaGaneshDeodhar	25,701	10	10	2,57,010	Preferential Allotment	74,93,835	7,49,38,350	Nil	
27.09.2010	RamniNirula	17,134	10	10	1,71,340	Preferential Allotment	75,10,969	7,51,09,690	Nil	
27.09.2010	Satya Narayan Bansal	25,701	10	10	2,57,010	Preferential Allotment	75,36,670	7,53,66,700	Nil	
27.09.2010	Chattanathan D	3,427	10	10	34,270	Preferential Allotment	75,40,097	7,54,00,970	Nil	
27.09.2010	Molecule Enterprises Private Limited	17,134	10	10	1,71,340	Preferential Allotment	75,57,231	7,55,72,310	Nil	
27.09.2010	Nirmal Estates Private Limited	34,268	10	10	3,42,680	Preferential Allotment	75,91,499	7,59,14,990	Nil	
27.09.2010	Veena Rani	8,567	10	10	85,670	Preferential Allotment	76,00,066	7,60,00,660	Nil	
27.09.2010	Malkit Singh Didyala	4,283	10	10	42,830	Preferential Allotment	76,04,349	7,60,43,490	Nil	
27.09.2010	SomanadhababuKotha	19,704	10	10	1,97,040	Preferential Allotment	76,24,053	7,62,40,530	Nil	

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						ent				
27.09.2010	Leena Pillai	3,427	10	10	34,270	Preferential Allotment	76,27,480	7,62,74,800	Nil	
27.09.2010	Ira Singh Tharakan	26,360	10	13	3,42,680	Preferential Allotment	76,53,840	7,65,38,400	Nil	
27.09.2010	Emerging Building Private Limited	17,134	10	10	1,71,340	Preferential Allotment	76,70,974	7,67,09,740	Nil	
27.09.2010	Utkarsh ESOP Welfare Trust	3,43,507	10	10	34,35,070	Preferential Allotment	80,14,481	8,01,44,810	Nil	
09.12.2010	Sanjeev Narag & Sons (HUF)	34,268	10	10	3,42,680	Preferential Allotment	80,48,749	8,04,87,490	Nil	
09.12.2010	Saira Zuddin	8,738	10	10	87,380	Preferential Allotment	80,57,487	8,05,74,870	Nil	
09.12.2010	Neeta Mukherjee	8,567	10	10	85,670	Preferential Allotment	80,66,054	8,06,60,540	Nil	
09.12.2010	Jon Arun Kumar Diaz	8,567	10	10	85,670	Preferential Allotment	80,74,621	8,07,46,210	Nil	
09.12.2010	Priyanka Jain	5,140	10	10	51,400	Preferential Allotment	80,79,761	8,07,97,610	Nil	
09.12.2010	T.R. Ramanaathan	1,713	10	10	17,130	Preferential Allotment	80,81,474	8,08,14,740	Nil	
09.12.2010	Ulhas Sharad Kumar Deshpande	122	10	10	1,220	Preferential Allotment	80,81,596	8,08,15,960	Nil	
09.12.2010	Ramesh Chandra Singh	881	10	10	8,810	Preferential Allotment	80,82,477	8,08,24,770	Nil	
09.12.2010	Aavishkaar Goodwell India Microfinance Development Company II Ltd.	13,63,636	10	15	2,09,99,995	Preferential Allotment	94,46,113	9,44,61,130	68,18,180	
09.12.2010	International Finance Corporation	7,32,468	10	15	1,12,80,007	Preferential Allotment	1,01,78,581	10,17,85,810	36,62,340	
14.01.2011	Govind Singh	30,489	10	10	3,04,890	Preferential Allotment	1,02,09,070	10,20,90,700	Nil	
14.01.2011	Smt. Uma Tomer	1,713	10	10	17,130	Preferential Allotment	1,02,10,783	10,21,07,830	Nil	
30.03.2012	Govind Singh	5451	10	10	54510	Preferential Allotment	1,02,16,234	10,21,62,340	Nil	
29.08.12	Abhisheka Kumar	22500	10	10	225000	Preferential Allotment	7703635	7726134	Nil	Shares Transferred from ESOP

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						ent				Welfare Trust
29.08.2012	Abhishek Verma	500	10	10	5000	Preferential Allotment	7726135	7726634	Nil	Shares Transferred from ESOP Welfare Trust
29.08.2012	Sanjay Singh	1250	10	10	12500	Preferential Allotment	7726635	7727884	Nil	Shares Transferred from ESOP Welfare Trust
29.08.2012	Ashish Maurya	500	10	10	5000	Preferential Allotment	7727885	7728384	Nil	Shares Transferred from ESOP Welfare Trust
29.08.2012	Shailendra Kumar	500	10	10	5000	Preferential Allotment	7728385	7728884	Nil	Shares Transferred from ESOP Welfare Trust
29.08.2012	Rahul Dwivedi	500	10	10	5000	Preferential Allotment	7728885	7729384	Nil	Shares Transferred from ESOP Welfare Trust
29.08.2012	Ajay Kumar Tiwari	250	10	10	2500	Preferential Allotment	7729385	7729634	Nil	Shares Transferred from ESOP Welfare Trust
29.08.2012	Sulabh Kumar Jain	2500	10	10	25000	Preferential Allotment	7729635	7732134	Nil	Shares Transferred from ESOP Welfare Trust
29.08.2012	Shyam Sundar Rai	1250	10	10	12500	Preferential Allotment	7732135	7733384	Nil	Shares Transferred from ESOP Welfare Trust
29.08.2012	Abhishek Verma	500	10	10	5000	Preferential Allotment	7703635	7726134	Nil	Shares Transferred from ESOP Welfare Trust
20.12.2012	International Finance Corporation	1003134	10	31.9	3,20,00,000	Preferential Allotment	1,12,19,368	11,21,93,680	2,19,68,635	
20.12.2012	NMI Frontier Fund KS	4952978	10	31.9	15,80,00,000	Preferential Allotment	1,61,72,346	16,17,23,460	10,84,70,218	
20.12.2012	Aavishkaar Goodwell India Microfinance Development Company II Ltd.	2089864	10	28.71	6,00,00,000	Preferential Allotment	1,82,62,210	18,26,22,100	3,91,01,355	
12.01.2013	Purnima Garg	50000	10	10	500000	Preferential Allotment	2770041	2820040	Nil	Shares Transferred from Nirmal Estate Pvt. Ltd
12.01.2012	Vijay Adhikari	10000	10	10	100000	Preferential Allotment	2820041	2830040	Nil	Shares Transferred from Nirmal Estate Pvt. Ltd
12.01.2013	Sushma Agarwal	25000	10	10	250000	Preferential Allotment	2830041	2855040	Nil	Shares Transferred

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						otment					from Nirmal Estate Pvt. Ltd
12.01.2013	KirtiTatiwala	25000	10	10	250000	Prefere ntialAll otment	2855041	2880040	Nil		Shares Transferred from Nirmal Estate Pvt. Ltd
12.01.2013	Ankur Govind Singh	90000	10	10	900000	Prefere ntialAll otment	2880041	2970040	Nil		Shares Transferred from Nirmal Estate Pvt. Ltd
28.03.2013	Mr.Govind Singh & Mr .Sulabh Kumar Jain, Trustee- Utkarsh ESOP Welfare Trust	856493	10	21.6	1,85,00,249	Prefere ntial Allotm ent	1,91,18,703	19,11,87,030	99,35,319		
30.03.2013	International Finance Corporation	10,50,000	10	40	4,20,00,000	Prefere ntial Allotm ent	2,01,68,703	20,16,87,030	3,15,00,000		
30.03.2013	AavishkaarG oodwell India Microfinance Development Co II Ltd.	22,89,600	10	40	9,15,84,000	Prefere ntial Allotm ent	2,24,58,303	22,45,83,030	6,86,88,000		
30.03.2013	Aavishkaar Venture management Services Pvt. Ltd.	5,400	10	40	2,16,000	Prefere ntial Allotm ent	2,24,63,703	22,46,37,030	1,62,000		
30.03.2013	NMI Frontier Fund KS	16,50,000	10	40	6,60,00,000	Prefere ntial Allotm ent	2,41,13,703	24,11,37,030	4,95,00,000		
08.11.2013	Govind Singh	400000	10	10	40,00,000	Prefere ntial Allotm ent	2,45,13,703	24,51,37,030	NIL	08.11.2013	
19.11.2013	TrilokNathSh ukla	8750	10	10	87500	Prefere ntial Allotm ent	7933385	7942134	NIL		Shares Transferred from ESOP Welfare Trust
19.11.2013	Abhisheka Kumar	17750	10	10	177500	Prefere ntial Allotm ent	7942135	7959884	NIL		Shares Transferred from ESOP Welfare Trust
19.11.2013	Abhishek Ver ma, AVP IT	1250	10	10	12500	Prefere ntial Allotm ent	7959885	7961134	NIL		Shares Transferred from ESOP Welfare Trust
19.11.2013	IndraDeoPan dey	500	10	10	5000	Prefere ntial Allotm ent	7961135	7961634	NIL		Shares Transferred from ESOP Welfare Trust
19.11.2013	AshishMaury a,RM	1500	10	10	15000	Prefere ntial Allotm ent	7961635	7963134	NIL		Shares Transferred from ESOP Welfare Trust
19.11.2013	Rahul Dwivedi,RM	1500	10	10	15000	Prefere ntial Allotm ent	7963135	7964634	NIL		Shares Transferred from ESOP Welfare

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19.11.2013	Gajay Kumar Tiwari	500	10	10	5000	Prefere ntial Allotment	7964635	7965134	NIL	Trust Shares Transferred from ESOP Welfare Trust
19.11.2013	ShyamSundar Rai	2500	10	10	25000	Prefere ntial Allotment	7965135	7967634	NIL	Shares Transferred from ESOP Welfare Trust
03.02.2014	AavishkaarG oodwell India Microfinance Development Company II Ltd.	399500	10	40	15980000	Prefere ntial Allotment	32661 359761	344120 447800	30	Shares Transferred from Mr.Govind Singh on 03.02.2014
03.02.2014	Aaviskaar Venture management Services Pvt. Ltd.	500	10	40	20000	Prefere ntial Allotment	359261	359760	30	Shares Transferred from Mr.Govind Singh on 03.02.2014
03.02.2014	Mr.Govind Singh	1350000	10	10	13500000	Prefere ntial Allotment	25863703	258637030	Nil	Allotment on 03.02.2014

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

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

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

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

Sr. No.	Name of the Shareholder / Particulars	Class	Total Number of equity shares	Total percentage (%) of Shareholding	Number of shares held in Demat Form
1	Mr. Govind Singh	Promoter	28,95,940	11.20	Nil
2	Individual Shareholders	Individuals	34,71,905	13.43	Nil
3	Intellcash Micro Fin. Network Co. Pvt. Ltd.	Indian Corporate	45,000	0.17	Nil
4	Utkarsh ESOP Welfare Trust	Trust	11,36,000	4.39	Nil
5	Aavishkaar Goodwell	Foreign Institutional Investor	7,954,056	30.75	Nil
6	International Finance Corporation (IFC)	Multilateral Financial Institution	37,57,824	14.53	Nil
7	NMI (MNI Frontier Fund KS)	Institutional Foreign Investor	66,02,978	25.53	Nil
	Total Equity Shares		2,58,63,703	100.00	Nil

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

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

Sr. No.	Name of the Shareholder / Particulars	Class	Total Number of equity shares	Total percentage (%) of Shareholding	Number of shares held in Demat Form
1	NMI (NMI Frontier Fund KS)	Institutional	66,02,978	25.53	NIL
2	Aavishkaar Goodwell India Microfinance Development Company II Ltd.	Institutional	6,142,600	23.75	NIL
3	International Finance Corporation (IFC)	Institutional	37,57,824	14.53	NIL
4	Mr.Govind Singh	Promoter (Individual)	28,61,250	11.06	NIL
5	Aavishkaar Goodwell India Microfinance Development Company Ltd.	Institutional	18,05,556	6.98	NIL
6	SanjeevNarang& Sons(HUF)	Individual	2,34,268	0.91	NIL
7	Via Projects Pvt. Ltd.	Individual	1,75,701	0.68	NIL
8	Indicap leasing & Finance Pvt. Ltd	Individual	1,75,701	0.68	NIL
9	Ira Singh Tharakan	Individual	1,80,206	0.69	NIL
10	ShobhanaGaneshaDeodhar	Individual	1,75,701	0.68	NIL
	Total Equity Shares		22,111,785	100.00%	

6.6 Following details regarding the directors of the Company:

(a) Details of current directors of the Company:

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

S. No.	Name of the Directors	Designation	Date of Birth	Address	DIN	PAN	Director of the company since	Director in other company
1	Ajay BhupendraMani ar	Nominee Director	23-Oct-72	F- 6, Juhu Apartments , Off Juhu Road, Santacruz West, Mumbai - 400049	3551939	AFWPM2300Q	17-May-11	i. Nepra Resource Management Pvt. Ltd. ii. G. V. Meditech Ltd.
2	RamniNirula	Independent Director	27-May-52	A-14, Anand Niketan, New Delhi - 110021	15330	AAJPB9085B	18-Dec-09	Usha Martin Limited ii. Jubilant Food Works Limited iii. P. I. Industries Limited iv. McLeod Russel India Limited v. Comm Trade Services Limited vi. Vardhman Special Steels Limited vii. Sona Koyo Steering Systems Limited viii. Avantha Power & Infrastructure Ltd. ix. Goldman Sachs Trustee Company

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

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

Details of change in directors since last three years:

Name & Designation	DIN	Date of Appointment/ Resignation	Director of the Company since (in case of resignation)	Remarks
Ajai Raj Sharma	1436846		25-Feb-10	Step down from directorship on 11-11-2013
Ajay Bhupendra Maniar	3551939	17-May-11		
Ulf Lennart Stefan Linders	1922740		26-Nov-12	Step down from the directorship on 07-03-2014
Ramni Nirula	15330	18-Dec-09		
Vijaylaxmi Das	624128	25-Feb-10		
Govind Singh	2470880	5-Sep-11		
Trilok Nath Shukla	473897	25-Aug-09		
Henning Haugerudbraten	05100227		20-Sep-11	Step down from directorship on 23-10-12
Vineet Chandra Rai	00606290	18-Dec-2009	17-May-11	Step down from directorship on 17-05-2011`

6.7 Following details regarding the auditors of the Company:

(a) Details of the auditor of the Company:

Name	Address	Auditor since	Remark
BSR & Co.	Reliance Humsafar, IV Floor, Road No 11, Banjara Hills Hyderabad- 500034	FY 2009-10	None.

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

Name	Address	Auditor since	Remark
N.A.	N.A.	N.A.	N.A.

6.8 Details of borrowings of the Company, as on latest quarter ended :

(a) Details of Secured Loan Facilities:

Lender's Name	Type of Facility	Cumulative Amount Sanctioned (Rs. Mn)	Principal Amount Outstanding as on March 31, 2014 (Rs. Mn.)	Repayment Date/Schedule	Security	
					Primary Security	Cash Collateral
Andhra Bank	Term Loan	70.0	50.0	Quarterly	105%	10%
Bank of Maharashtra	Term Loan	100.0	73.3	Monthly	100%	10%
Dena Bank	Term Loan	150.0	135.4	Monthly	100%	10%
Indian Overseas Bank	Term Loan	150.0	133.3	Monthly	100%	15%
IDBI Bank	Term Loan	450.0	337.8	Monthly	100%	10%
State Bank of Patiala	Term Loan	100.0	85.7	Quarterly	105%	10%
UCO Bank	Term Loan	100.0	72.7	Quarterly	105%	10%
Union Bank of India	Term Loan	70.0	59.4	Quarterly	100%	10%
Vijaya Bank	Term Loan	100.0	100.0	Quarterly	110%	10%
NABARD	RFA & CS	5.0	4.0	Annually	100%	0%
SIDBI	Term Loan	150.0	128.5	Monthly	100%	0%
Axis Bank Limited	Term Loan	350.0	200.0	Quarterly	100%	10%
Dhanlaxmi Bank Limited	Term Loan	55.0	24.4	Monthly	110%	10%
Development Credit Bank	Term Loan	244.0	73.3	Monthly	100%	10%
HDFC Bank Limited	Term Loan	244.0	129.4	Monthly	100%	10%
ING Vysya	Term Loan	215.0	101.7	Monthly	100%	10%
ICICI Bank	Term Loan	450.0	95.0	Monthly	100%	10%
Ratnakar Bank	Term Loan	625.0	421.4	Quarterly	105%	5%
South Indian Bank	Term Loan	100.0	70.0	Monthly	110%	10%
Yes Bank	Term Loan	225.0	125.5	Monthly	100%	10%
HSBC Bank	Term Loan	150.0	150.0	Monthly	100%	10%
Ananya Finance for Inclusive Growth Pvt Ltd	Term Loan	95.0	1.1	Monthly	100%	0%
Bellwether Microfinance Fund Pvt Ltd	Term Loan	50.0	41.7	Half- Yearly	110%	0%
IFMR Capital Pvt Ltd	Term Loan	310.0	15.5	Monthly	100%	10%
Maanaveya Development and Finance Pvt Ltd	Term Loan	170.0	104.2	Quarterly	105%	0%
MAS Financial Services Limited	Term Loan	642.5	91.7	Monthly	100%	10%
MV Microfin Pvt Limited	Term Loan	115.0	75.0	Quarterly	100%	5%
Reliance Capital Ltd	Term Loan	210.0	88.1	Monthly	100%	5%
Dhanlaxmi Bank Limited	Cash Credit	4.5	0.3	on demand	110%	10%
Ratnakar Bank	Cash Credit	50.0	-	on demand	100%	0%
Blue Orchard	NCD	320.0	160.0	Bullet	105%	0%
responsAbility	NCD	300.0	300.0	Bullet	100%	0%

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Symbiotic	NCD	298.0	298.0	Bullet	100%	0%
Multi Originated Securitisation	Securitisation	893.9	-			
Single Originated Securitisation	Securitisation	304.5	265.9	Monthly		
Chrysus IFMR 2014	Assignment	236.1	228.1	Monthly		
IndusInd Partnership Model	Partnership	250.0	216.2			
Total		8,352.6	4,456.6			

(b) Details of Unsecured Loan Facilities: Nil

Lender's Name	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date/Schedule
N.A.	N.A.	N.A.	N.A.	N.A.

(c) Details of Non-Convertible Debentures:

Debenture Series	Tenor/Period of Maturity	Coupon (Rate of Interest)	Amount (Rs in Lacs)	Date of allotment	Redemption on Date/Schedule	Credit Rating	Secured/Unsecured	Security
1-160	36 Months	14.70	1600.00	August 30, 2013	August 30, 2016	BBB-	Secured	Book Debts
161-460	72 Months	14.70	3000.00	October 25, 2013	October 25, 2019	BBB-	Secured	Book Debts
461-758	48 Months	14.80	2980.00	December 10, 2013	December 10, 2017	BBB-	Secured	Book Debts

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

S. No.	Name of Debenture Holders	Amount (Rs. in lacs)
1.	Microfinance Enhancement Facility	160.00
2	UTI International Wealth Creator 4	300.00
3	AAV Sarl	298.00

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

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

(f) Details of Commercial Paper:

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

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

The Issuer does not have any outstanding borrowing such as hybrid debt like foreign currency convertible bonds, optionally convertible debentures / preference shares) as on March 31, 2014.

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

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

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

The Issuer does not have any outstanding borrowings / debt securities issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option.

6.9 Details of Promoters of the Company:

- (a) **Details of Promoter Holding in Company as on latest quarter end, i.e. March 31, 2014:**

Sr No	Name of the shareholders	Total No of Equity shares	No .of shares in Demat form	Total shareholding as % of total no of equity shares	No of shares Pledged	% of shares pledged with respect to shares owned
1	Mr Govind Singh	28,95,940	Nil	11.20%	Nil	Nil

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

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

Profit and Loss Statement (INR Lakhs)	31.03.2012	31.03.2013	31.03.2014
	Audited	Audited	Audited
Interest Income	1,178.64	2,787.60	6,345.67
Less: Interest Expenses	351.99	1,287.60	3,499.47
Net Interest Income	826.65	1,500.00	2,846.20
Other Income	109.97	343.20	686.99
Total Income	1,288.61	1,843.20	3,533.19
Operating Expenses	688.86	1,168.00	1,925.31
Provisions & Write Offs	21.95	55.20	216.98
Operating Profit	225.81	620.00	1,390.90
Depreciation	10.55	21.00	32.32
Profit Before Tax	215.26	599.00	1,358.58
Provisions for tax	73.87	210.10	536.15
Profit After Tax	141.39	388.90	822.43

Balance Sheet (INR Lakhs)	31.03.2012	31.03.2013	31.03.2014
Equity capital	2,217.23	2,411.40	2,586.37
Reserve & Surplus	1,643.44	4,018.70	4,841.15
TNW	3,860.67	6,430.10	7,427.52

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Total Debt	5,290.59	18,512.40	37,464.89
Current Liabilities+ Provisions	525.91	1,239.10	1,576.61
Total Outside Liabilities	5,816.50	19,751.50	39,041.50
Total Liabilities	9,677.88	26,181.60	46,588.94
Fixed assets (Net)	37.53	64.40	145.03
Investments	0.00	-	-
Gross Advances	3,627.49	13,837.90	35,564.98
Less : Loan Loss Reserve	37.65	81.00	309.74
Net Loan Outstanding	3,589.84	13,756.90	35,255.25
Cash / Liquid Investments	4,458.57	9,872.50	13,202.15
Non Current assets	0.00	-	2,910.83
Other current assets	237.52	2,177.70	1,390.16
Deferred Tax Assets	0.00	1.50	1.90
Intangible Assets	8.64	7.10	104.22
Other Long Term Assets	1,345.78	301.50	366.68
Total Assets	9,677.88	26,181.60	46,588.94

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

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

Profit and Loss Statement (in INR mn)	For the period ended
	31-Mar-14
Revenue from Operations	634.57
Other Income	68.70
Total Revenue	703.27
Expenses:	
Operating expenses	32.60
Employee benefits expense	141.67
Finance costs	349.95
Depreciation and amortisation	3.23
Other expenses	39.96
Total expenses	567.41
Profit / (Loss) for the period before Tax	135.86
- Current tax	53.66
- Deferred tax expense/(benefit)	(0.44)
- Prior period taxes	-
Profit after tax	82.24

Balance Sheet (in INR mn)	31 st March 2014
EQUITY AND LIABILITIES	
Shareholder's funds	
Share capital	258.64
Reserves and surplus	484.12
Non-current Liabilities	
Long-term borrowings	1837.59
Deferred tax liabilities, net	-
Other long-term liabilities	5.01
Long-term provisions	7.30

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Current liabilities		
Short-term borrowings		0.32
Other current liabilities		2,042.08
Short-term provisions		23.85
Total		4,658.89
ASSETS		
Non-current assets		
Fixed assets		
(i) Tangible Assets		14.50
(ii) Intangible Assets		1.04
Deferred tax assets, net		0.19
Gross loan portfolio	746.93	
Less : Managed portfolio	122.28	
Loan portfolio		624.65
Long-term loans and advances		36.67
Other non-current assets		291.08
Current assets		
Current investments		0.45
Cash and bank balances		1,319.76
Gross loan portfolio	2,809.56	
Less : Managed portfolio	587.86	
Loan portfolio		2,221.29
Short-term loans and advances		47.75
Other current assets		91.27
Total		4,658.89

6.12 Any material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer/promoters, tax litigations resulting in material liabilities, corporate restructuring event etc) at the time of Issue which may affect the issue or the investor’s decision to invest / continue to invest in the debt securities.

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

6.13 Names of the Debentures Trustees and Consents thereof

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

6.14 Rating and Rating Rationale

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

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

The Debentures are secured by the Security as described herein below, in the Debenture Trust Deed and in the Deed of Hypothecation.

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

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

- 6.17 Other details:**

- (a) Debenture Redemption Reserve Creation:**

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

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

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

- (c) Application process:**

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

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

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

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

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Sr. No.	Nature of Contract
1	Certified true copy of the Memorandum & Articles of Association of the Issuer
2	Board Resolution dated June 17, 2014 authorizing issue of Debentures offered under terms of this Disclosure Document.
3	Shareholder Resolution dated June 14, 2014 authorizing the issue of non-convertible debentures by the Company.
4	Shareholder Resolutions dated June 14, 2014 authorizing the borrowing by the Company and the creation of security.
5	Copies of Annual Reports of the Company for the last three financial years
6	Credit rating letter from the Rating Agency
7	Letter from GDA Trusteeship Limited dated June 09, 2014 giving its consent to act as Debenture Trustee
8	Letter from the Registrar and Transfer Agent
9	Certified true copy of the certificate of incorporation of the Company
10	Certified true copy of the tripartite agreement between the Company, the Registrar & Transfer Agent and the National Securities Depository Limited/CDSL

6.19 Details of Debt Securities Sought to be Issued

Under the purview of the current document, the Issuer intends to raise an amount of Rs. 24,00,00,000/- (Rupees Twenty Four Crores only) by issue of Secured Rated Listed Redeemable Non-Convertible Debentures, on a private placement basis.

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

6.20 Issue Size

The aggregate issue size for the Debentures is. Rs. 24,00,00,000/- (Rupees Twenty Four Crores only).

6.21 Utilization of the Issue Proceeds

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

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

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

- 1) Bills discounted / rediscounted by NBFCs, except for rediscounting of bills discounted by NBFCs arising out of: Commercial vehicles (including light commercial vehicles) and two wheeler and three wheeler vehicles, subject to the following conditions: The bills should have been drawn by the manufacturer on dealers only; The bills should represent genuine sale transactions as may be ascertained from the chassis / engine number and; Before rediscounting the bills, the bona fides and track record of NBFCs which have discounted the bills would be verified.

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- 2) Investments of NBFCs both of current and long-term nature, in any company / entity by way of shares, debentures, etc. However, Stock Broking Companies may be provided need-based credit against shares and debentures held by them as stock-in-trade.
- 3) Unsecured loans / inter-corporate deposits by NBFCs to / in any company.
- 4) All types of loans and advances by NBFCs to their subsidiaries, group companies / entities.
- 5) Finance to NBFCs for further lending to individuals for subscribing to Initial Public Offerings (IPO) and for purchase of shares from secondary market

6.22 Issue Details

Security Name	14.50% Utkarsh Micro Finance Private Limited 2017
Issuer	Utkarsh Micro Finance Private Limited
Type of Instrument	Non-Convertible Debentures
Nature of Instrument	Secured Rated Listed Redeemable Non-Convertible Debentures
Seniority	Senior
Mode of Issue	Private placement
Eligible/Identified Investors	As provided in Clause 8.14 below
Listing	<p>Debentures are to be listed on the WDM of Bombay Stock Exchange within a maximum period of 15 (Fifteen) calendar days from the Deemed Date of Allotment.</p> <p>In the event of the Issuer's failure to do so, to the extent that any Debenture Holders are Foreign Institutional Investors or sub-accounts of Foreign Institutional Investors, or Qualified Foreign Investors, the Issuer shall immediately redeem any and all Debentures which are held by such Foreign Institutional Investor(s) or such sub-account(s) of Foreign Institutional Investor(s) or Qualified Foreign Investors.</p> <p>In case of delay in listing of the debt securities beyond 20 calendar days from the Deemed Date of Allotment, the Issuer will pay penal interest of at least 1 % p.a. over the Coupon Rate from the expiry of 30 (Thirty) days from the Deemed Date of Allotment till the listing of such Debentures</p>
Rating of Instrument	"[ICRA] BBB-" by ICRA Limited
Issue Size	Rs. 24,00,00,000/- (Rupees Twenty Four Crores only)
Option to retain oversubscription	N.A.
Objects of the Issue	To raise senior secured debt to the extent upto Rs. 24,00,00,000/- (Rupees Twenty Four Crores only)
Details of the utilization of the Proceeds	The issue proceeds will be utilized for providing debt financing for loan portfolio growth.
Coupon Rate	14.50% (Fourteen Decimal Point Five Percent) per annum payable semi-annually until the Coupon Reset Date, (gross of withholding taxes)
Step Up/ Step Down Coupon Rate	N.A
Coupon Payment Frequency	Semi-Annually
Coupon Payment Dates	Semi-annually on December 20 and June 20, of every calendar year until Maturity Date
Coupon Type	Fixed Coupon rate
Exercise Date/Coupon Reset Date	December 20, 2015 (18 months after Deemed Date of Allotment)

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Coupon Reset Process	The interest rate on the Debentures may be reset by the Debenture Trustee subject to obtaining the approval of the Majority Debenture Holders, which approval shall be provided at least 15 (Fifteen) days prior to the Coupon Reset Date. The Debenture Trustee shall communicate the new Coupon Rate, so determined, to the Issuer at least 10 (Ten) days prior to the Coupon Reset Date. Notwithstanding a notice for the Coupon Reset, the Company shall continue to have the right to exercise the Call Option
Day Count Basis	Actual / 365 (or 366 in the case of a leap year)
Interest on Application Money	14.50% per annum gross of withholding taxes
Default Interest Rate	In the event of a payment default of the amounts due under this Issue or any other Event of Default (whether by way of acceleration, at maturity or otherwise), the Issuer shall pay an additional 5% (Five Percent) per annum over and above the applicable Coupon Rate on the outstanding principal amount of the Debentures, calculated from the date of the occurrence of the default until such default is cured or the Debentures are redeemed pursuant to such default, as applicable.
Prepayment Penalty	In case of early redemption of the Issue at the instance of the Issuer, on any date other than the Due Date and not arising due to an Event of Default, the Issuer shall pay a penalty of 4% (Four Percent) on the principal amount repaid. Prepayment shall be subject to the consent of the Majority Debenture-Holders which consent shall not be unreasonably withheld provided that the Issuer has given the Debenture Trustee and the Debenture Holders at least 15 (Fifteen) calendar days written notice prior to the date of such prepayment. Any such early repayment shall be subject to the applicable RBI guidelines.
Delay Penalty	In the case of a delay in the execution of Debenture Trust Deed and the Deed of Hypothecation, the Issuer shall refund the subscription with the agreed rate of interest or shall pay penalty interest of 2% (Two Percent) per annum over the and above the applicable Coupon Rate until such time the conditions have been complied with at the option of the Investor.
Tenor	36 (Thirty Six) months from the Deemed Date of Allotment
Redemption Date	June 20, 2017 being 36 (Thirty Six) months from the Deemed Date of Allotment
Redemption Amount	Rs. 1,000,000/- (Rupees Ten Lakhs Only) per Debenture on the Redemption Date plus accrued Coupon if any.
Redemption Premium/ Discount	N.A
Issue Price	Rs. 1,000,000/- (Rupees Ten Lakhs Only) per Debenture
Discount at which security is issued and the effective yield as a result of such discount	N.A.
Put Option Date	Shall be the date falling on completion of 18 (Eighteen) months being December 20, 2015 from the Deemed Date of Allotment.
Put Option Price	Amount equivalent to the face value of all the Debentures being redeemed and interest, due and payable and other unpaid interests as on the date of the Put Notice.
Call Option Date	Shall be the date falling on completion of 18 (Eighteen) months being December 20, 2015 from the Deemed Date of Allotment.
Call Option Price	Amounts equivalent to the face value of all the Debentures and interest, due and payable and other unpaid interests as on the date of the Call Notice.
Put Notification Time	In the event if any Debenture-Holder is desirous of exercising the Put

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	<p>Option, the Debenture Holders shall provide notice in writing to the Issuer (with a copy to the Debenture Trustee) at least 15 (fifteen) calendar days prior to the Exercise Date.</p> <p>Upon receipt of the notice, the Issuer shall compulsorily redeem the Debentures identified in the notice on the relevant Put Option Date by making payment to the relevant Debenture Holders, the outstanding face value of the Debentures (identified in the notice) and accrued Coupon in relation thereto.</p>
Call Notification Time	<p>In the event if the Issuer is desirous of exercising the Call Option, the Issuer shall provide notice to the Debenture Trustee in relation to exercise of the Call Option at least 15 (fifteen) calendar days prior to the Exercise Date.</p> <p>Upon issuance of the notice, the Issuer shall compulsorily redeem the Debentures (or part thereof) identified in the notice on the relevant Call Option Date by making payment to the relevant Debenture Holders, the outstanding face value of the said Debentures (or part thereof as identified in the notice) and accrued Coupon in relation thereto.</p>
Face Value	Rs. 1,000,000 /- (Rupees Ten Lakhs Only) per Debenture
Minimum Application size and in multiples of __ thereafter	25 Debentures and in multiples of 10 Debentures thereafter
Issue Timing	<p>Issue Opening Date: June 17, 2014 Issue Closing Date: June 20, 2014 Pay-in Dates: June 17, 2014 to June 20, 2014 Deemed Date of Allotment: June 20, 2014</p> <p>All documentation including, but not limited to, the Information Memorandum, Board Resolution, Rating Letter, Appointment of Trustees to be completed and made available to the Sole Arranger, 1 (One) business day prior to Issue Opening Date.</p>
Issuance mode of the Instrument	Demat only
Trading mode of the Instrument	Demat only
Settlement mode of the Instrument	RTGS
Depositories	NSDL/CDSL
Business Days	Means a day (other than a Sunday or a Bank holiday) on which banks are open for general business in Mumbai.
Business Day Convention	If any coupon payment date falls on a day that is not a working day, the payment shall be made on the immediately succeeding working day. If the redemption date/exercise date/ maturity date (also being the last coupon payment date) of the Debentures falls on a day that is not a working day, the redemption proceeds shall be paid on the immediately preceding working day.
Record Date	The date which will be used for determining the Debenture Holders who shall be entitled to receive the amounts due on any Due Date, which shall be the date falling 15 (fifteen) calendar days prior to any Due Date.
Security	<p>The Issue shall be secured by a charge created by the Issuer in favour of the Debenture Trustee (for the benefit of the Debenture Holders) being an exclusive first ranking charge by way of hypothecation, comprising of the assets of the company as follows :</p> <p>From the Deemed Date of Allotment, the charge shall be created over specific loan receivables / book debt, present and future, representing</p>

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	<p>amounts due from the various borrowers of the Issuer (“Hypothecated Assets”), such that the value of security shall be equal to 1.05 (One Decimal Point Zero Five) times the aggregate amount outstanding of the Debentures (“Security Cover”).</p> <p>The Issuer undertakes:</p> <ol style="list-style-type: none"> a) to maintain the value of Security Cover at all times during the period of the Issue; b) to register and perfect the security over the Hypothecated Assets by executing a duly stamped Deed of hypothecation (“Deed of Hypothecation”) prior to the Deemed Date of Allotment and filing the relevant form immediately and no later than 15 (Fifteen) calendar days from the date of execution of the Deed of Hypothecation; c) The charge over the Hypothecated Assets is to be created prior to the Deemed Date of Allotment. In the event the Security Cover is not created or has insufficiently created, the proceeds from the Issue are to be placed in an escrow account until the creation of security which shall be no later than one month from the Deemed Date of Allotment. In the event of failure to create the security within one month, the monies are to be reimbursed to the Investors; d) Commencing from the Deemed Date of Allotment till the Maturity Date, to provide a list, on a monthly basis, of specific loan receivables / identified book debt to the Debenture Trustee and Debenture Holders over which charge is created and subsisting by way of hypothecation in favour of the Debenture Trustee (for the benefit of the Debenture Holders) and sufficient to maintain the Security Cover (“Monthly Hypothecated Asset Report”).
Transaction Documents	Shall be as set out in Clause 7.1 below
Conditions Precedent to Disbursement	<ol style="list-style-type: none"> 1. Execution of Debenture Trustee Agreement, Deed of Hypothecation and Debenture Trust Deed 2. Such other undertaking as may be required from the Company.
Conditions Subsequent to Disbursement	<ol style="list-style-type: none"> 1. Filing of the relevant documents inter alia private placement offer letter, return of allotment etc. with the ROC within the timelines specified under the rules under the Companies Act, 2013. 2. Completion of listing of Debentures on the stock exchange 3. Filing of the relevant form with the ROC for the registration of charge over the Hypothecated Assets. 4. Execution of any other documents as customary for transaction of a similar nature and size. The Issuer shall also obtain a legal opinion on the enforceability of the Transaction Documents.
Events of Default	As mentioned in Clause 7.7 below
Provisions related to Cross Default Clause	<p>An event of default shall arise if the Issuer:</p> <p>(A) defaults in any payment of Indebtedness beyond the period of grace if any, provided in the instrument or agreement under which such Indebtedness was created; or</p> <p>(B) defaults in the observance or performance of any agreement or condition relating to any Indebtedness the effect of which default or other event or condition is to cause or to permit the holder or holders of such Indebtedness to cause (with the giving of notice or the passage of time or both would permit or cause) any such Indebtedness to</p>

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	<p>become due prior to its stated maturity; or (C) due to any default or an event of default, any Indebtedness of the Issuer is declared to be due and payable, or would permit to be prepaid other than by a regularly scheduled required prepayment, (whether or not such right shall have been waived) prior to the stated maturity thereof.</p> <p>"<i>Indebtedness</i>" means any obligation of the Issuer (whether incurred as principal, independent guarantor or as a surety) for the payment or repayment of borrowed money, whether present or future, actual or contingent."</p>
Role and Responsibilities of Debenture Trustee	To oversee and monitor the overall transaction for and on behalf of the Debenture Holders
Covenants	As mentioned in Clause 7.3 below
Representation and warranties	As mentioned in Clause 7.2 below
Illustration of Bond Cashflows	Kindly refer to Annexure VI of this Information Memorandum
Governing Law	The Debentures and documentation will be governed by and construed in accordance with the laws of India and the parties submit to the exclusive jurisdiction of the courts in New Delhi.

SECTION 7: TRANSACTION DOCUMENTS AND KEY TERMS

7.1 Transaction Documents

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

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

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

7.2 Representations and Warranties of the Issuer

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

(i) STATUS:

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

(ii) BINDING OBLIGATIONS:

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

(iii) NON-CONFLICT WITH OTHER OBLIGATIONS:

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

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

(iv) POWER AND AUTHORITY:

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

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

(v) VALIDITY AND ADMISSIBILITY IN EVIDENCE:

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

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

(vi) NO DEFAULT:

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

(vii) PARI PASSU RANKING:

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

(viii) NO PROCEEDINGS PENDING:

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

(ix) NO MISLEADING INFORMATION:

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

(x) COMPLIANCE:

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

(xi) ASSETS:

Except for the security interests and encumbrances created and recorded with the Ministry of Corporate Affairs (available using CIN/FCRN/LLPIN/FLLPIN: U65191UP1990PTC045609 on the website <http://www.mca.gov.in/MCA21/index.html> under the heading Index of Charges), the Issuer has, free from any security interest or encumbrance, the absolute legal and beneficial title to, or valid leases or licenses of, or is otherwise entitled to use (in each case, where relevant, on arm's length terms), all material assets necessary for the conduct of its business as it is being, and is proposed to be, conducted.

(xii) FINANCIAL STATEMENTS:

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

(xiii) SOLVENCY:

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

7.3 AFFIRMATIVE COVENANTS:-

(i) LISTING

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

(ii) NOTICE OF WINDING UP OR OTHER LEGAL PROCESS

Promptly inform the Trustee if it has notice of any application for winding up having been made or any statutory notice of winding up under the provisions of the Companies Act, or any other notice under any other act relating to winding up or otherwise of any suit or other legal process intended to be filed or initiated against the Issuer and affecting the title to the properties of the Issuer or if a receiver is appointed in respect of any of its properties or businesses or undertakings.

(iii) LOSS OR DAMAGE BY UNCOVERED RISKS

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

(iv) ANTI-MONEY LAUNDERING AND EXCLUSION LIST

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

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

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

(v) COSTS AND EXPENSES

Pay all costs, charges and expenses in any way incurred by the Trustee towards protection of Debenture Holders’ interests, including traveling and other

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allowances and such taxes, duties, costs, charges and expenses in connection with or relating to the Debentures subject to such expenses, costs or charges being approved in writing by the Issuer before they are incurred and shall not include any foreign travel costs.

(vi) PRESERVE CORPORATE STATUS

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

(vii) PAY STAMP DUTY

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

(viii) FURNISH INFORMATION TO TRUSTEE

- (a) The Issuer shall furnish quarterly report to the Trustee (as may be required in accordance with SEBI guidelines) containing the following particulars –
- Updated list of the names and addresses of the Debenture Holders.
 - Details of the Coupon due, but unpaid and reasons thereof.
 - The number and nature of grievances received from the Debenture Holders and resolved by the Company.
 - A statement that the Hypothecated Assets is sufficient to discharge the claims of the Debenture Holders as and when they become due.
- (b) Promptly and expeditiously attend to and redress the grievances, if any, of the Debenture Holders. The Issuer further undertakes that it shall promptly comply with the suggestions and directions that may be given in this regard, from time to time, by the Trustee and shall advise the Trustee periodically of the compliance.
- (c) Inform and provide the Trustee with applicable documents in respect of the following:
- notice of any event of default specifying the nature of such event and any steps the Company is taking and proposes to take to remedy the same
 - any and all information required to be provided to the Debenture Holders under the listing agreement to be entered into between the Company and the Stock Exchange on which the Debentures are proposed to be listed.

(ix) TRANSFER OF UNCLAIMED REDEMPTION AMOUNTS

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

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

(x) FURTHER ASSURANCES

The Issuer shall:

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

(xi) SECURITY

- a. The Issue shall be secured in favour of the Debenture Trustee (for the benefit of the Debenture Holders) being a first ranking exclusive charge by way of hypothecation comprising of the assets of the company as follows :
 - b. From the Deemed Date of Allotment, the charge shall be created over specific loan receivables / book debt, present and future, representing amounts due from the various borrowers of the Issuer (“**Hypothecated Assets**”), such that the value of security shall be equal to 1.05 (One Decimal Point Zero Five) times the aggregate amount outstanding of the Debentures (“**Security Cover**”).
- c. The Issuer undertakes:
 - I. to maintain the Security Cover at all times, during the period of the Issue;
 - II. to register and perfect the security over the Hypothecated Assets by executing a duly stamped Deed of hypothecation (“**Deed of Hypothecation**”) prior to the Deemed Date of Allotment and filing the relevant form immediately and no later than 15 (Fifteen) calendar days from the date of execution of the Deed of Hypothecation;
 - III. The charge over the Hypothecated Assets is to be created prior to the Deemed Date of Allotment. In the event the Security Cover is not created or has insufficiently created, the proceeds from the Issue are to be placed in an escrow account until the creation of security which shall be no later than one month from the Deemed Date of Allotment. In the event of failure to create the security within one month, the monies are to be reimbursed to the

Investors.

- IV. Commencing from the Deemed Date of Allotment till the Maturity Date, to provide a list, on a monthly basis, of specific loan receivables / identified book debt to the Debenture Trustee and Debenture Holders over which charge is created and subsisting by way of hypothecation in favour of the Debenture Trustee (for the benefit of the Debenture Holders) and sufficient to maintain the Security Cover (“**Monthly Hypothecated Asset Report**”).
- V. On and from the fifteen day after the Deemed Date of Allotment and until the Maturity Date, the Company shall, on the Security Cover being diminished within 30 (thirty) calendar days, add fresh micro finance loan assets to the secured assets (under the Deed of Hypothecation) so as to maintain the Security Cover.
- VI. The Company shall, on an half yearly basis, as also whenever required by the Trustee, give full particulars to the Trustee of all the moveable assets of the charge from time to time and shall furnish and verify all statements, reports, returns, certificates and information from time to time and as required by the Trustee and make furnish and execute all necessary documents to give effect to this security; and
- VII. Nothing contained herein shall prejudice the rights or remedies of the Trustee and/ or the Debenture Holders in respect of any present or future security, guarantee obligation or decree for any indebtedness or liability of the Company to the Trustee and/ or the Debenture Holders.

7.4 NEGATIVE COVENANTS:-

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

(i) CHANGE OF BUSINESS

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

(ii) CONSTITUTIONAL DOCUMENTS

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

(iii) MERGER, CONSOLIDATION, ETC.

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

(iv) CHANGE OF CONTROL

Issue any additional shares or equity interests and shall not have its existing shares or equity interests transferred, sold, pledged or otherwise encumbered, if such action results in the owners or holders of such existing shares and equity interests having less than 65% (Sixty Five percent) of the total voting power and economic interests in the Company.

If the written consent of the Trustee/ the Majority Debenture Holder(s), is withheld for the proposed change of control, the Company, upon the instructions of the Trustee shall redeem the Debentures forthwith within 45 (Forty five) days of receiving such written instructions from the Trustee, and the Issuer shall pay a penalty of 2% (Two percent) on the principal outstanding to the Debenture Holders.

(v) DISPOSAL OF ASSETS

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

7.5 FINANCIAL COVENANTS AND ADDITIONAL COVENANTS:-

- (i) The Issuer shall at all times until the redemption of all outstanding Debentures, maintain a ratio of the sum of Portfolio At Risk over 30 days plus Restructured Loans plus Client Loans that have been charged off during the preceding twelve months divided by the Outstanding Portfolio of not greater than 10% (Ten Percent).
- (ii) The Issuer shall at all times until the redemption of all outstanding Debentures, maintain a ratio of Loan Loss Reserves divided by Portfolio at Risk over 90 days plus Restructured Loans greater than 100% (One Hundred Percent).
- (iii) The Issuer shall at all times until the redemption of all outstanding Debentures, maintain capital adequacy ratio calculated as per the applicable RBI regulations of at least than 15% (Fifteen Percent).
- (iv) The Issuer shall at all times until the redemption of all outstanding Debentures, maintain a ratio of Adjusted Return on Assets (net of donations) of greater than 0% over a period comprising the preceding twelve months. (Adjusted for 100% provisioning of PAR 30).
- (v) The Issuer shall at all times maintain a ratio of Foreign-Currency Assets minus Foreign-Currency Liabilities divided by Equity of not greater than 50% for both the long and the short position.

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

“Adjusted Return on Assets” for any period means (x) the Company’s Net Income over the preceding period plus Loan Loss Reserves less the sum of Portfolio at Risk over 30 days divided by (y) its average Assets over that same period.

“Client Loan” means each loan made by the Company as a lender.

“Loan Loss Reserves” means the portion of the Company’s portfolio of Client Loans that has been expensed (provisioned for) in anticipation of losses due to default.

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“*Outstanding Portfolio*” means the outstanding principal balance of all of the Company’s outstanding Client Loans including current, delinquent and restructured Client Loans, but not Client Loans that have been charged off. It does not include interest receivables and accrued interest.

“*Restructured Loans*” means the total amount of Client Loans for which the initial repayment schedule has been modified in favour of the Company’s client, either through modifications of the prior loan contract or through a new loan contract.

“*Portfolio at Risk*” shall mean the outstanding principal amount of all Client Loans that have one or more instalments of principal, interest, penalty interest, fees or any other expected payments past due more than a specified number of days.

“*Foreign-Currency Asset*” means any asset of the Issuer consisting of a loan, deposit, claim or other asset that by its terms is payable in foreign currency.

“*Foreign-Currency Liability*” means any liability of the Issuer consisting of a loan, deposit, claim or other liability that by its terms is payable in foreign currency; provided that a loan payable in foreign currency 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 a Foreign-Currency Liability. A loan payable in foreign currency that is hedged through back-to-back arrangements will be considered a Foreign-Currency Liability.

7.6 REPORTING COVENANTS

The Issuer shall provide or cause to be provided to the Trustee, in form and substance reasonably satisfactory to the Trustee, each of the following items:

- (i) As soon as available and in any event within twenty (20) calendar days after the end of each calendar month, the monthly reporting (*in a format which shall be provided by the Debenture Holder from time to time*), such information relevant to the Issue in form and substance satisfactory to the Trustee.
- (ii) As soon as available and in any event within thirty (30) calendar days after the end of each quarterly reporting period of the Company, the quarterly reporting (*in a format which shall be provided by the Debenture Holder from time to time*), such information relevant to the Issue in form and substance satisfactory to the Trustee required and in form and substance satisfactory to the Trustee.
- (iii) As soon as available and in any event within thirty (30) calendar days after any change in the shareholding structure of the Company, an updated report reflecting the changes with respect to all of the Company’s beneficial owners, as appropriate.
- (iv) As soon as available, and in any event within 180 (One Hundred and Eighty) calendar days after the end of each fiscal year of the Company:
 - a. certified copies of its audited standalone and consolidated (if any) financial statements for its most recently completed fiscal year, prepared in accordance with generally accepted accounting principles in its jurisdiction including its balance sheet, income statement, statement of cash flow and a list comprising all material financial liabilities of the Issuer whether absolute or contingent.
 - b. such additional information or documents relating to the Issue as the Trustee may reasonably request

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- (v) As soon as practicable, and in any event within five (5) Business Days after the Company obtains actual knowledge, notice of the occurrence of any event or circumstance that could reasonably be expected to result in a Material Adverse Effect.
- (vi) As soon as practicable, and in any event within five (5) Business Days after the Company knew or received, notice of any dispute, litigation, investigation or other proceeding affecting the Company or its property or operations, which, if adversely determined, could result in a Material Adverse Effect.
- (vii) As soon as practicable, and in any event within five (5) Business Days after the Company obtains actual knowledge thereof, notice of the occurrence of any event which constitutes an Event of Default specifying the nature of such event and any steps the Company is taking and proposes to take to remedy the same.
- (viii) As soon as practicable, and in any event within five (5) Business Days after such prepayment, notice of any prepayment of any Indebtedness of the Company.
- (ix) On or prior to the 20th (Twentieth) day of each month a report certifying the calculation of financial covenant ratios set forth in this Information Memorandum for the prior month.
- (x) The Company will permit the Trustee to examine the relevant books and records of the Company all upon reasonable prior notice and at such reasonable times and intervals as the Trustee may reasonably request.
- (xi) The Company shall provide or cause to be provided to the Trustee, in form and substance reasonably satisfactory to the Trustee, such additional documents or information as the Trustee may reasonably request from time to time in relation to the Issue.
- (xii) Inform the Trustee of any major change in the composition of its Board of Directors, which may amount to change in Control as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- (xiii) The Issuer shall file with the recognized stock exchange for dissemination, within one month from the end of half years September and March, a half- yearly communication, counter signed by the Trustee, containing inter-alia the following information:
 - (I) *credit rating;*
 - (II) *asset cover available accompanied with a half yearly certificate regarding maintenance of 105% security cover in respect of the Debentures, by either a practicing company secretary or a practicing chartered accountant, within one month from the end of the half year;*
 - (III) *debt-equity ratio accompanied with a certificate of a practicing chartered accountant confirming the said debt-equity ratio;*
 - (IV) *previous due date for the payment of coupon/principal and whether the same has been paid or not; and*
 - (V) *next due date for the payment of coupon/principal.*

7.7 EVENTS OF DEFAULT

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

- a. The Issuer does not pay on the Due Date(s) any amount payable pursuant to the Trust Deed (whether at scheduled maturity, by acceleration, as a result of Debenture Holders exercising the Put Option or otherwise) at the place at and in the currency in which it is expressed to be payable, unless its failure to pay is caused by administrative or technical error and payment is made within 7 (Seven) Business Days of its due date;
- b. except for the event contained in clause 4.7 (a), the breach of any covenant, obligation, representation or warranty of the Issuer and any other obligations of the Issuer under the Transaction Documents and such breach has continued for a period of 30 (Thirty) Business Days;
- c. The Issuer admits in writing its inability to pay its debts as they fall due or suspends making payments on any of its debts or by reason of actual financial difficulties commences negotiations with one or more creditors with a view to rescheduling its indebtedness;
- d. Any representation or warranty made by the Issuer in any Transaction Document or in any certificate, financial statement or other document delivered to the Trustee/Debenture Holders by the Issuer shall prove to have been incorrect, false or misleading in any material respect when made or deemed made.
- e. If the Issuer, in regards to any Indebtedness: (A) defaults in any payment of Indebtedness beyond the period of grace if any, provided in the instrument or agreement under which such Indebtedness was created or (B) defaults in the observance or performance of any agreement or condition relating to any Indebtedness the effect of which default or other event or condition is to cause or to permit the holder or holders of such Indebtedness to cause (with the giving of notice or the passage of time or both would permit or cause) any such Indebtedness to become due prior to its stated maturity; or (C) due to any default or an event of default, any Indebtedness of the Issuer is declared to be due and payable, or would permit to be prepaid other than by a regularly scheduled required prepayment, (whether or not such right shall have been waived) prior to the stated maturity thereof;
- f. There shall have occurred a change in the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of the Issuer since the date hereof that has resulted in a Material Adverse Effect and such Material Adverse Effect has not been remedied or rectified for a period of 30 (Thirty) Business days.
- g. Any expropriation, attachment, sequestration, distress or execution affects any Asset or Assets of the Issuer having an aggregate value of 5% (Five percent) of the total assets of the Issuer and is not discharged within 30 (Thirty) calendar days or as given in the said order.
- h. One or more judgments or decrees shall be entered against the Issuer involving a liability (not paid or not covered by a reputable and solvent insurance company), individually or in the aggregate, exceeding 5% (Five

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percent) of the total Assets of such person and such judgments or decrees either shall be final and non-appealable or shall not be vacated, discharged or stayed pending appeal for any period of 30 (Thirty) calendar days.

- i. Any corporate action, legal proceedings or other procedure or step is taken in relation :
 - (a) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Company;
 - (b) composition, compromise, assignment or arrangement with any creditor of the Company;
 - (c) the appointment of a liquidator, receiver or similar other officer in respect of the Issuer, a composition, compromise, assignment or arrangement with any creditor of the Issuer,
 - (d) enforcement of any security over any assets of the Issuer or any analogous procedure or step is taken in any jurisdiction
 - (e) any other event occurs or proceeding is instituted that under any applicable law would have an effect analogous to any of the events listed in clauses (a), (b), (c) and (d) above.
- j. This Information Memorandum or any other Transaction Document in whole or in part, becomes invalid or ceases to be a legally valid, binding and enforceable obligation of the Issuer.
- k. It is or becomes unlawful for the Issuer to perform any of its obligations under the Transaction Documents and/or any obligation or obligations of the Issuer under any Transaction Document are not or cease to be valid, binding or enforceable.
- l. The Issuer repudiates any of the Transaction Documents, or evidences an intention to repudiate any of the Transaction Documents.
- m. The value of the Hypothecated Assets is insufficient to maintain the Security Cover and Issuer fails to maintain the Security Cover within the stipulated timelines in the Deed of Hypothecation; and
- n. Any of the Transaction Documents failing to provide the security interests, rights, title, remedies, powers or privileges intended to be created thereby (including the priority intended to be created thereby), or such security interests failing to have the priority contemplated under the Transaction Documents, or the security interests becoming unlawful, invalid or unenforceable.

7.8 CONSEQUENCES OF EVENTS OF DEFAULT

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

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

SECTION 8: OTHER INFORMATION AND APPLICATION PROCESS

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

8.1 Mode of Transfer/Transmission of Debentures

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

8.2 Debentures held in Dematerialised Form

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

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

8.3 Trustee for the Debenture Holder(s)

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

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principal and yield thereon and they will take necessary action, subject to and in accordance with the Debenture Trustee Agreement and the Debenture Trust Deed, at the cost of the Issuer. No Debenture Holder shall be entitled to proceed directly against the Issuer unless the Debenture Trustee, having become so bound to proceed, fails to do so. The Debenture Trustee Agreement and the Debenture Trust Deed shall more specifically set out the rights and remedies of the Debenture Holder(s) and the manner of enforcement thereof.

8.4 Sharing of Information

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

8.5 Debenture Holder not a Shareholder

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

8.6 Modification of Debentures

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

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

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

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

8.7 Right to accept or reject Applications

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

8.8 Notices

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

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

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

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

8.9 Issue Procedure

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

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

8.10 Application Procedure

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

8.11 Fictitious Applications

All fictitious applications will be rejected.

8.12 Basis of Allotment

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

8.13 Payment Instructions

The Application Form should be submitted directly or through the Sole Arranger. The entire amount of Rs. 240,000,000/- (Rupees Twenty Four Crores only) per Debenture is payable along with the making of an application. Applicants can remit the application amount through RTGS on Pay-in Date. The RTGS details of the Issuer are as under:

Beneficiary Name : Utkarsh Micro Finance Private Limited
Bank Account No. : 10878640000082
SWIFT Code : HDFCINBBGMT

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IFSC CODE : HDFC0001087
Bank Name : HDFC Bank Limited
Branch Address : C-7/39 B, Maidagin Road, Lahurabir, Varanasi

8.14 Eligible Investors

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

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

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

Note: Participation by potential investors in the issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them.

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

8.15 Procedure for Applying for Dematerialised Facility

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

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

8.16 Depository Arrangements

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

8.17 List of Beneficiaries

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

8.18 Application under Power Of Attorney

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

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

8.19 Procedure for application by Mutual Funds and Multiple Applications

In case of applications by mutual funds and venture capital funds, a separate application must be made in respect of each scheme of an Indian mutual fund/venture capital fund registered

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with the SEBI and such applications will not be treated as multiple application, provided that the application made by the asset management company/trustee/custodian clearly indicated their intention as to the scheme for which the application has been made.

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

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

8.20 Documents to be provided by Investors

Investors need to submit the following documents, as applicable

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

8.21 Applications to be accompanied with Bank Account Details

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

8.22 Succession

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

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

8.23 Mode of Payment

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

8.24 Effect of Holidays

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

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8.25 Tax Deduction at Source

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

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

8.26 Letters of Allotment

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

8.27 Deemed Date of Allotment

All the benefits under the Debentures will accrue to the Investor from the specified Deemed Date of Allotment. The Deemed Date of Allotment for the Issue is June 20, 2014 by which date the Investors would be intimated of allotment.

8.28 Record Date

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

8.29 Refunds

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

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

8.30 Interest on Application Money

Interest shall be payable on all application monies received at the Coupon Rate of 14.50% (Fourteen Decimal Point Five Percent) per annum from the date of realization of the application monies by the Issuer until the Deemed Date of Allotment and the same shall be paid to the relevant Investors within 7 (Seven) Business Days from the Deemed Date of Allotment.

8.31 PAN Number

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

8.32 Payment on Redemption

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

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

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

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

SECTION 9: DECLARATION

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

For Utkarsh Micro Finance Private Limited

Authorised Signatory

Name: Mr Abhisheka Kumar

Title: Chief Financial Officer

Date: June 17, 2014

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ANNEXURE I: TERM SHEET

AS PER CLAUSE 6.22 ISSUE DETAILS

ANNEXURE II: RATING LETTER & RATING RATIONALE



ICRA Limited
An Associate of Moody's Investors Service

CONFIDENTIAL

D/RAT/2014-15/U45/1

June 12, 2014

Mr. Govind Singh
Managing Director
Utkarsh Microfinance Pvt Ltd.
S-2//639-56,
Varuna Vihar colony
J.P Mehta Road, Cantt
Varanasi-221002 (U.P.)

Dear Sir,

Re: ICRA Credit Rating for Rs. 24 crore Non Convertible Debenture Programme of Utkarsh Microfinance Private Limited

Please refer to your Rating Requisition Request dated June 9, 2014 and the subsequent Rating Agreement of June 10, 2014 for carrying out the rating of the captioned Non-Convertible Debenture (NCD) Programme (including subordinate debt). The Rating Committee of ICRA, after due consideration, has assigned a "[ICRA]BBB-" (pronounced ICRA triple B minus) rating to the captioned NCD programme. Instruments with [ICRA]BBB- rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk. Within this category, rating modifiers "+" (plus) and "-" (minus) can be used with the rating symbol. The modifiers reflect the comparative standing within the category. The outlook on the Rating is Stable.

In any of your publicity material or other document wherever you are using our above rating, it should be stated as "[ICRA]BBB-" with stable outlook. We would appreciate if you can sign on the duplicate copy of this letter and send it to us within 7 days from the date of this letter as confirmation about the use of the assigned rating. The rationale for assigning the above rating will be sent to you on receipt of your confirmation about the use of our rating, as above. Any intimation by you about the above rating to any Banker/Lending Agency/Government Authorities/Stock Exchange would constitute use of this rating by you.

This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and confirmed to use by you, it would be subject to our review and may result in change in the rating assigned.

Angana

Subject

Building No. 8, 2nd Floor
Tower A, DLF Cyber City
Phase II, Gurgaon - 122002

Tel. : + 91 - 124 - 4515300
Fax : + 91 - 124 - 4050424
CIN : L74999DL1991PL0342749

website : www.icra.in
email : info@icraindia.com

Registered Office : 1105, Kalash Building, 11th Floor, 26 Kasturba Gandhi Marg, New Delhi - 110001. Tel. : +(91-11) 23357940-50 Fax : +(91-11) 23357014

RATING • RESEARCH • INFORMATION



ICRA reserves the right to suspend, withdraw or revise the above at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the bonds to be issued by you. If the instrument rated, as above, is not issued by you within a period of 3 months from the date of this letter communicating the rating, the same would stand withdrawn unless revalidated before the expiry of 3 months.

You are required to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing. You are also required to keep us forthwith informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s)/ investor(s).

You are required to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority (ies) is exceeded.

We thank you for your kind cooperation extended during the course of the rating exercise. Should you require any clarification, please do not hesitate to get in touch with us.

With kind regards,

Yours sincerely,
for ICRA Limited


Anupama Arora
Vice President



Supreeta Nijjar
Assistant Vice President

ANNEXURE III: CONSENT LETTER FROM THE DEBENTURE TRUSTEE



GDA Trustee

Believe in yourself... Trust us!



GDA/DEB/CL-MUM/2014-15/002

9th June, 2014

Utkarsh Microfinance Private Limited

S-2/639-56, Varuna Vihar Colony,

J. P. Mehta Road, Cantt.

Varanasi-221002,

Utter Pradesh.

Kind Attn : - Mr. Abhisheka Kumar

Dear Sir,

Consent to act as Trustee for Secured, Rated, Listed, Taxable, Redeemable Non-Convertible Debentures aggregating to Rs. 24 crores to be issued by your Company.

This is with reference to the discussions and also to the mail dated 09th June 2014 in respect of appointment of GDA Trusteeship Limited to act as Debenture Trustee for the Secured, Rated, Listed, Taxable, Redeemable non-convertible debentures aggregating to Rs.24 crores to be issued by your Company. In this connection, we are agreeable to act as Trustee on the terms and conditions as mutually agreed between the Trustee and the Company.

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

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

Yours faithfully,


Authorized Signatory

GDA Trusteeship Ltd.

Office No. 9, Kanwar Building, Plot No. 407 (Cantt) Pankaj Street, Fort, Mumbai 400 001. Tel: +91-022-22690254 Fax: +91-022-22690255 Email: info@gdatrustee.com

Regional Office: GDA House, Plot No. 85, Bhasani Colony (Rajal), Paud Road, Pune - 411 008

Tel: +91-400-2580031 Fax: +91-400-2580076 Email: info@gdatrustee.com Web: www.gdatrustee.com

Bengaluru Office: D-8 - 207, ShreeWhite House, Netaji Subhash Chandra Bose Road, 10th Cross, 4th Main, R. T. Nagar, 560 025, Bengaluru - 560 022 Tel: +91-886-2254-2436 Email: info@gtl.com

ANNEXURE IV: APPLICATION FORM

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

Date of Incorporation: May 15, 1990
Registered Office: S-2/639-56, Varuna Vihar Colony, J.P Mehta Road,
Cantt, Varanasi-221002
Telephone No: +91 542 2282002
Website: www.utkarshmfi.com

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

**ISSUE OF UPTO 240 SECURED RATED LISTED REDEEMABLE NON
CONVERTIBLE DEBENTURES OF**

**RS. 1,000,000 /- (RUPEES TEN LAKHS ONLY) EACH AGGREGATING UPTO RS.
24,00,00,000/- (RUPEES TWENTY FOUR CRORE ONLY), FULLY PAID UP FOR
CASH AT PAR TO THE FACE VALUE**

DEBENTURE SERIES APPLIED FOR:

Number of Debentures 240 In words Two Hundred and Forty

Amount Rs. 24,00,00,000/- in words Rupees Twenty Four Crores Only

DETAILS OF PAYMENT:

RTGS

No. _____ Drawn on _____

Funds transferred to Utkarsh Micro Finance Private Limited

Dated _____

Total Amount Enclosed

(In Figures) _____ (In words) _____

APPLICANT'S NAME IN FULL (CAPITALS)

SPECIMEN SIGNATURE

**Microfinance Initiative for Asia (MIFA) Debt
Fund S.A., SICAV-SIF**

APPLICANT'S ADDRESS

ADDRESS	Microfinance Initiative for Asia (MIFA) Debt Fund S.A., SICAV-SIF				
STREET	31, Z.A. Bourmicht				
CITY	Luxembourg				
PIN	L-8070	PHONE	0041223390892	FAX	0041225964779

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APPLICANT'S PAN/GIR NO. AAJCM0023B
IT CIRCLE/WARD/DISTRICT _____

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

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

Name of the Authorised Signatory(ies)	Designation	Signature

Applicant's
Signature

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

DEPOSITORY	NSDL (X) CDSL ()
DEPOSITORY PARTICIPANT NAME	Citibank NA
DP-ID	IN300054
BENEFICIARY ACCOUNT NUMBER	10074462
NAME OF THE APPLICANT(S)	MICROFINANCE INITIATIVE FOR ASIA (MIFA) DEBT FUND SA, SICAV-SIF

Applicant Bank Account : (Settlement by way of Cheque / Demand Draft / Pay Order / Direct Credit / ECS / NEFT/RTGS/other permitted mechanisms)	Beneficiary Bank Name: Citibank N.A. Account No: 9150910002 IFSC Code: CITI0100000 Branch: Fort Branch, Mumbai – 400 001

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

(Note: Cheque and Drafts are subject to realisation)

We understand and confirm that the information provided in the Information Memorandum is provided by the Issuer and the same has not been verified by any legal advisors to the Issuer, the Arranger and other intermediaries and their agents and advisors associated with this Issue. We confirm that we have for the purpose of investing in these Debentures carried out our own

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due diligence and made our own decisions with respect to investment in these Debentures and have not relied on any representations made by anyone other than the Issuer, if any.

We understand that: i) in case of allotment of Debentures to us, our Beneficiary Account as mentioned above would get credited to the extent of allotted Debentures, ii) the Applicant must ensure that the sequence of names as mentioned in the Application Form matches the sequence of name held with our Depository Participant, iii) if the names of the Applicant in this application are not identical and also not in the same order as the Beneficiary Account details with the above mentioned Depository Participant or if the Debentures cannot be credited to our Beneficiary Account for any reason whatsoever, the Company shall be entitled at its sole discretion to reject the application or issue the Debentures in physical form.

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

Applicant’s
Signature

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

(Note : Cheque and Drafts are subject to realisation)

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

[•]- ACKNOWLEDGMENT SLIP

<i>(To be filled in by Applicant)</i> SERIAL NO.	1								
--	---	--	--	--	--	--	--	--	--

Received from _____

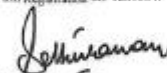
Address _____
Cheque/Draft/UTR # _____ Drawn on _____ for
Rs. _____ on account of application of _____ Debenture

ANNEXURE V: LAST AUDITED FINANCIAL STATEMENTS

Utkarsh Micro Finance Private Limited
Balance Sheet as at 31 March 2014
(All amounts in Indian rupees, except share data and where otherwise stated)


	Note	As at 31 March 2014	As at 31 March 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	258,617,030	241,137,030
Reserves and surplus	2.2	486,315,741	401,872,589
		<u>744,932,771</u>	<u>643,009,619</u>
Non-current liabilities			
Long-term borrowings	2.3	1,837,386,599	677,845,665
Other long-term liabilities	2.4	5,011,247	1,131,559
Long-term provisions	2.5	7,297,289	1,184,179
		<u>1,849,695,135</u>	<u>680,161,403</u>
Current liabilities			
Short-term borrowings	2.6	317,361	30,325,855
Other current liabilities	2.7	2,042,079,414	1,235,190,257
Short-term provisions	2.8	23,849,886	9,471,658
		<u>2,066,246,761</u>	<u>1,294,987,770</u>
Total		<u>4,658,894,667</u>	<u>2,618,158,992</u>
ASSETS			
Non current assets			
Fixed assets			
(i) Tangible Assets	2.9	14,503,480	6,441,691
(ii) Intangible Assets		1,042,252	714,594
Deferred tax assets, net		190,206	145,323
Gross loan portfolio	2.10	746,934,580	205,118,445
Less: Managed portfolio		<u>122,281,930</u>	
Loan portfolio		624,652,650	205,118,445
Long-term loans and advances	2.11	36,668,321	30,153,955
Other non-current assets	2.12	291,083,488	165,694,958
		<u>968,140,397</u>	<u>408,268,966</u>
Current assets			
Trade Receivables	2.13	10,225,970	
Current investments	2.14	452,593	507,353
Cash and bank balances	2.15	1,319,762,842	987,247,889
Gross loan portfolio	2.10	2,809,563,410	1,577,400,060
Less: Managed portfolio		<u>588,267,132</u>	<u>406,827,430</u>
Loan portfolio		2,221,296,278	1,170,572,630
Short-term loans and advances	2.16	47,750,099	19,290,737
Other current assets	2.17	91,266,088	32,271,437
		<u>3,690,754,270</u>	<u>2,209,890,026</u>
		<u>4,658,894,667</u>	<u>2,618,158,992</u>
Significant accounting policies	1		
Notes to financial statements	2		
The notes referred to above form an integral part of the financial statements.			

As per our report of even date attached
for B S R and Company
Chartered Accountants
Firm Registration no. 128900W


S Selvaraman
Partner
Membership No. 203491

Place: Chennai
Date: 13 May 2014

for Utkarsh Micro Finance Private Limited


Gajinder Singh
Managing Director


Abhisheka Kumar
Chief Financial Officer
Place: New Delhi
Date: 13 May 2014


T. Nishu Shukla
Director


Shweta Khandelwal
Company Secretary



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Utkarsh Micro Finance Private Limited
Statement of Profit and Loss for the year ended 31 March 2014
(All amounts in Indian rupees, except share data and where otherwise stated)

Particulars	Note	For the year ended 31 March 2014	For the year ended 31 March 2013
Income			
Revenue from operations	2.18	634,567,749	278,761,182
Other income	2.19	68,699,611	34,324,838
		<u>703,267,360</u>	<u>313,086,020</u>
Expenditure			
Operating expenses	2.20	32,604,149	9,815,454
Employee benefits expense	2.21	141,666,688	87,642,363
Finance costs	2.22	349,947,447	128,761,931
Depreciation and amortisation	2.9	3,232,524	2,101,098
Other expenses*	2.23	39,958,283	24,856,346
		<u>567,409,091</u>	<u>253,177,192</u>
Profit Before tax		135,858,269	59,908,828
Tax expenses:			
-Current tax		53,660,000	21,231,068
-Deferred tax expense/(benefit)		(44,883)	(216,633)
Profit after tax		<u>82,243,152</u>	<u>38,894,393</u>
Earnings per share			
Nominal value per share Rs.10 (previous year Rs. 10)			
Basic		3.36	3.11
Diluted		3.36	2.82

Significant accounting policies 1
Notes to financial statements 2

The notes referred to above form an integral part of the financial statements.

*Other expenses include Rs.2,719,714 (previous year Rs. 1,198,176) contribution made towards corporate social responsibility to Samutkarsh Welfare Services.

As per our report of even date attached
for **B S R and Company**
Chartered Accountants
Firm Registration no. 128900W

for **Utkarsh Micro Finance Private Limited**


S Sethuraman
Partner
Membership No. 203491


Govind Singh
Managing Director


Trilok Nath Shukla
Director


Abhisheka Kumar
Chief Financial Officer
Place: New Delhi
Date : 13 May 2014


Shweta Kandoi
Company Secretary

Place: Chennai
Date : 13 May 2014



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Utkarsh Micro Finance Private Limited
Cash flow statement for the year ended 31st March 2014
(All amounts in Indian rupees, except share data and where otherwise stated)

Particulars	As at 31 March 2014	As at 31 March 2013
Cash flows from operating activities		
Net profit before tax	135,858,269	59,508,828
Adjustments :		
Depreciation and amortisation	3,232,534	2,101,098
Provisions on loan portfolio	21,697,823	5,518,947
Loss on sale of assets	58,501	62,859
Operating cash flow before working capital changes	169,847,117	67,591,732
(Increase) / decrease in loan portfolio	(1,470,258,253)	(987,493,411)
(Increase) / decrease in long term loans and advances	(7,668,617)	(32,793,932)
(Increase) / decrease in short term loans and advances	(28,459,361)	(11,802,339)
(Increase) / decrease in other assets	(71,832,765)	(30,551,364)
Increase / (decrease) in other current liabilities and provisions	809,572,691	873,398,014
Cash (used) / generated from operations	(607,799,788)	(111,651,300)
Income taxes paid, net	(52,486,960)	(22,842,230)
Net cash provided/(used) in operating activities (A)	(660,286,748)	(134,493,530)
Cash flows from investing activities		
Purchase of fixed assets	(11,709,091)	(4,703,311)
Purchase of investments	54,740	(632,154,254)
Redemption of mutual fund	-	632,678,291
Investment in long term deposits with maturity of more than three months	(201,159,210)	(177,118,638)
Net cash provided/(used) by investing activities (B)	(212,813,561)	(181,297,912)
Cash flows from financing activities		
Proceeds from issuance of share capital, net	17,500,000	278,047,740
Proceeds from long term borrowings, net	1,159,740,933	541,553,231
Proceeds from/(repayment of) short term borrowings, net	(50,008,494)	(89,615,325)
Net cash provided by financing activities (C)	1,127,232,439	729,985,646
Net increase/(decrease) in cash and cash equivalents (A + B + C)	254,132,130	414,194,204
Cash and cash equivalents at the beginning of the year	802,898,446	388,704,242
Cash and cash equivalents at the end of the year	1,057,030,576	802,898,446
Note:		
1. Cash and cash equivalents comprise:		
	31 March 2014	31 March 2013
Cash in hand	2,414,237	963,449
Balances with banks		
in current accounts	240,512,756	253,744,204
in deposit accounts	814,103,583	548,190,693
	1,057,030,576	802,898,446

As per our report of even date attached for BSR and Company Chartered Accountants Firm Registration no. 128900W


S. S. Srinivasan
Partner
Membership No. 203491

Place: Chennai
Date : 13 May 2014

for Utkarsh Micro Finance Private Limited


G. S. G. Singh
Managing Director

Abhisheka Kumar
Chief Financial Officer
Place: New Delhi
Date : 13 May 2014


Trilok Nath Shukla
Director

Shweta Kandi
Company Secretary



ANNEXURE VI: ILLUSTRATION OF BOND CASH FLOWS

Illustration of Bond Cash Flows	
Company	Utkarsh Micro Finance Private Limited
Face Value (per security)	Rs. 1,000,000 /- (Rupees Ten Lakhs only)
Issue Date / Date of Allotment	June 20, 2014
Redemption	June 20, 2017
Coupon Rate	14.50% (Fourteen Point Five Percent) per annum (computed on a simple interest basis)
Frequency of the Coupon Payment with specified dates	Semi-annually on December 20, and June 20, of every calendar year until Maturity Date
Day Count Convention	Actual / Actual

Scenario 1: Put/Call Exercised			
Cash Flows	Date	No. of days in Coupon Period	Amount (in Rupees)
Issue amount	Friday, June 20, 2014		
1st Coupon	Saturday, December 20, 2014	183	17,447,671
2nd Coupon	Saturday, June 20, 2015	182	17,352,329
3rd Coupon	Sunday, December 20, 2015	184	17,543,014
Principal	Sunday, December 20, 2015	0	240,000,000
Total			292,343,014

Scenario 1: Put/Call Not Exercised			
Cash Flows	Date	No. of days in Coupon Period	Amount (in Rupees)
Issue amount	Friday, June 20, 2014		
1st Coupon	Saturday, December 20, 2014	183	17,447,671
2nd Coupon	Saturday, June 20, 2015	182	17,352,329
3rd Coupon	Sunday, December 20, 2015	184	17,543,014
4th Coupon	Monday, June 20, 2016	182	17,352,329
5th Coupon	Tuesday, December 20, 2016	183	17,447,671
6th Coupon	Tuesday, June 20, 2017	182	17,352,329
Principal	Tuesday, June 20, 2017	0	240,000,000
Total			344,495,343