

**Private & Confidential – Not for Circulation**

Serial No. \_\_\_\_\_

Addressed to: \_\_\_\_\_

**INFORMATION MEMORANDUM**  
**AROHAN FINANCIAL SERVICES PRIVATE LIMITED**

A private limited company incorporated under the Companies Act, 1956

Date of Incorporation: September 27, 1991

Registered Office: 195/1 Rajdanga, Chakrabortypara, Kasba, Kolkata, West Bengal-700107, India

Telephone No: +91-33-40156000

Website: <http://www.arohan.in/>

**Information Memorandum for issue of Debentures on a private placement basis on  
June 27, 2014**

**Issue of 581 (Five Hundred and Eighty One) Secured, Rated, Listed, Redeemable, Non-convertible Debentures of face value of Rs. 500,000/- (Rupees Five Lakhs only) each, aggregating up to Rs. 290,500,000/- (Rupees Twenty Nine Crores Five Lakhs only) on a private placement basis (the “Issue”)**

**Background**

This Information Memorandum is related to the Debentures to be issued by Arohan Financial Services Private Limited (the “**Issuer**” or “**Company**”) on a private placement basis and contains relevant information and disclosures required for the purpose of issuing of the Debentures. The issue of the Debentures comprised in the Issue and described under this Information Memorandum has been authorised by the Issuer through resolutions passed by the shareholders of the Issuer on June 10, 2014 and the Board of Directors of the Issuer on April 29, 2014 and the Memorandum and Articles of Association of the Company. Pursuant to the resolution passed by the Company’s shareholders dated December 16, 2013 in accordance with provisions of the Companies Act, 2013, the Company has been authorised to borrow, upon such terms and conditions as the Board may think fit for amounts up to INR 3,000,000,000 /- (Rupees Three 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 CARE Ratings (“**Rating Agency / CARE**”). The Rating Agency has vide its letter dated June 13, 2014 assigned a rating of “[CARE] 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 13, 2014 from the Rating Agency assigning the credit rating abovementioned and the letter dated June 13, 2014 issued by the Rating Agency disclosing the rating rationale adopted for the aforesaid rating.

**Issue Schedule**

Issue Opens on: June 27, 2014

Issue Closing on: July 02, 2014

Deemed Date of Allotment: July 02, 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**”).

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**Sole Arrangers**

**IFMR Capital Finance Pvt. Ltd.**  
10th Floor-Phase 1, IIT-Madras  
Research Park, Kanagam  
Village,  
Tharamani, Chennai- 600 113

**Registrar & Transfer Agent**

**Link Intime India Private Limited**  
C-13, Pannalal Silk Mills  
Compound,  
L.B.S. Marg, Bhandup (West),  
Mumbai 400078.

**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.
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 Bombay.
CDSL	Central Depository Services (India) Limited
Debentures / NCDs	581 (Five Hundred and Eighty One) Secured Rated Listed Redeemable Non-Convertible Debentures bearing a face value of Rs. 500,000/- (Rupees Five Lakhs only) each, aggregating to Rs. 290,500,000/- (Rupees Twenty Nine Crores Five Lakhs 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	July 02, 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 27, 2014
Issue Closing Date	July 02, 2014
Issuer/ Company	Arohan Financial Services Private Limited
Majority Debenture Holders	Debenture Holders whose participation or share in the principal amount(s) outstanding with respect to the Debentures aggregate to more than 66% (Sixty Six per cent) of the value of the nominal amount of the Debentures for the time being outstanding.
Maturity Date	November 13, 2018 being 53 (Fifty Three) months from the Deemed Date of Allotment or, such other date on which the final payment of the principal of the Debentures becomes due and payable as therein or herein provided, whether at such stated maturity date, by declaration of acceleration, or otherwise.
Material Adverse Effect	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	CARE Ratings
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 Link Intime 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 (“ <b>1956 Act</b> ”), or where applicable, the notified provisions of the Companies Act, 2013 (“ <b>2013 Act</b> ”).
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 Kolkata. This Information Memorandum and/or the Private Placement Offer Letter does not constitute an offer to sell or an invitation to subscribe to the Debentures herein, in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction.

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

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

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

**2.7 ISSUE OF DEBENTURES IN DEMATERIALISED FORM**

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

**SECTION 3: AUTHORISATION LETTER**

Date: June 27, 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”)**

Arohan Financial Services Private Limited (the “**Company**” or the “**Issuer**”), refers to the Information Memorandum dated June 27, 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 Kolkata for the resolution of any dispute arising in connection with this letter.

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

By: \_\_\_\_\_  
Name: Mr Sunil Bothra  
Title: Assistant Vice President - Finance

## **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. 70.85 lakhs on a gross portfolio of Rs. 19,025.81 lakhs (including managed / securitized portfolio of Rs. 3,563.77 lakhs).

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

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

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

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

The Issuer is exposed to operational risks, including fraud, petty theft and embezzlement, as it 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 in 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 10, 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 December 16, 2013 authorising the Company to borrow, upon such terms as the Board may think fit, upto an aggregate limit of INR 3,000,000,000 /- (Rupees Three 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:	Arohan Financial Services Private Limited
Registered Office of Issuer:	195/1 Rajdanga, Chakrabortypara, Kasba, Kolkata, WestBengal-700107, India
Corporate Office of Issuer:	195/1 Rajdanga, Chakrabortypara, Kasba, Kolkata, WestBengal-700107, India
Compliance Officer of Issuer:	Ms Amrita Kanjilal
AVP-Finance of Issuer:	Mr Sunil Bothra
Registration Number:	053189
Corporate Identification Number:	U74140WB1991PTC053189
Phone No.:	+91-33-40156000
Contact Person:	Ms. Amrita Kanjilal
Email:	amrita.kanjilal@arohan.in
Website of Issuer:	<a href="http://www.arohan.in/">http://www.arohan.in/</a>
Auditors of the Issuer:	Walker, Chandiook & Co 7 th Floor, Block III, White House Kundan Bagh Begumpet Hyderabad-500016 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:	Link Intime India Pvt. Ltd C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400078.
Credit Rating Agency of the Issue:	CARE Ratings Head office address: Godrej Coliseum, Express Highway, Sion (East), Mumbai - 400 022.

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

#### **(a) Overview**

Arohan Financial Services Pvt. Ltd. (“Arohan”) is a Microfinance Institution (MFI) that was set up in January 2006 as an NBFC and started its operations in April 2006 in Kolkata. It was founded by Mr. Shubhankar Sengupta, who is the CEO of the company at present. Since its inception, Arohan has raised funds from social investors (institutional and individuals) including Bellwether Microfinance Trust, Michael & Susan Dell Foundation (MSDF) and Lok Capital. In Sep’12, Intellectash (an incubation & capacity building company in the microfinance sector & part of the Intellect Group) backed by Aavishkaar Goodwell and other existing investors invested INR 27 Cr additional equity and took a 56% stake in Arohan. Unlike many other MFIs that primarily cater to the rural population, Arohan’s focus was to provide financial services to the urban and semi-urban poor, however, since the beginning of Calendar Year (CY) 2010, Arohan has been lending to borrowers in rural areas as well.

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Arohan offers a basket of financial services to economically backward women and men which suit their requirements. Its key focus is the group loan, for which it replicates the Grameen Bank model of lending. The company has operations in West Bengal, Bihar and Assam.

### **(b) Corporate Structure**

#### **i. Vision and Mission**

The company's vision is 'to be among the top 3 financial inclusion players in the LIS serving over 10 lakh customers across 10 states while being in the top 10 preferred places to work in India'

Arohan's mission is to 'empower the underserved by offering a range of financial services, in a manner sustainable for all stakeholders.'

#### **ii. Current Corporate Status**

The Issuer was incorporated as a private limited company on September 27, 1991 under the name of ANG Resources Pvt Ltd and converted to a public limited company on October 20, 1995. It became Arohan Financial Services Ltd on March 25, 2008 and Arohan Financial Services Pvt Ltd on September 28, 2010. The Issuer is currently registered as a non-deposit accepting NBFC with the RBI. The Issuer has received the NBFC-MFI licence from the RBI on 10<sup>th</sup> January 2014. 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, Arohan 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 Arohan 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, Arohan will be more likely to attract mainstream capital resources which Societies or Trusts would find difficult to attract.
- **Regulatory Coverage:** As Arohan grows in size, operating as an NBFC within the regulatory framework mitigates risks from political and regulatory intervention.
- **Stakeholder Involvement:** As an NBFC, Arohan can bring a variety of stakeholders to the table, including clients, management, employees and investors.

#### **iii. Brief Profile of the Board of Directors**

<b>Name</b>	<b>Background</b>
Mr. Manoj Kumar Nambiar	Managing Director; Manoj is a mechanical engineer from VJTI and holds a masters in management studies from JBIMS, both from Mumbai University. His 24 years of work experience spans across marketing, consumer finance, retail banking & microfinance across India & the Middle East. He has worked with Modi Xerox, GE Countrywide, ANZ Grindlays Bank and ABN Amro Bank in India and then as Head Retail Banking with National Bank of Oman, COO with Alhamrani Group and Deputy CEO with Ahli Bank across the markets of Oman, UAE, Egypt & Saudi Arabia. Prior to joining

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	Arohan, Manoj had been working as the MD & CEO of Intellecash.
Mr. Shubhankar Sengupta	Director & Chief Executive Officer; Shubhankar is a seasoned microfinance professional. Prior to starting Arohan, Shubhankar was with BASIX, India's leading livelihood promotion institution for eight years. Starting from a field position, he grew rapidly through the ranks to a senior management position. Shubhankar's experience encompasses financial services, livelihood interventions and capacity building of institutions. Uniquely, Shubhankar is a founding Board Member of MFIN and the Indian microfinance industry's new Credit Bureau initiatives. Shubhankar holds a Rural Management degree from IRMA and an Economics degree from Presidency College in Kolkata
Ms. Sushma Kaushik	Director (representing Aavishkaar Goodwill II); Sushma brings with her over 10 years of diverse experience in the field of consulting and investing. At Aavishkaar, she handles the Aavishkaar Goodwill portfolio of 9 companies ranging from MFIs to financial inclusion focused businesses. She has executed transactions in real estate, financial services and education sectors. She serves on the boards of two handicraft companies working closely with artisan communities. Prior to joining Aavishkaar, she started off with an entrepreneurial venture in engineering design services and moved on to a role in investments in real estate and hospitality as a part of the acquisition team at Starwood Capital India Advisors. Sushma then moved to Ashoka Innovators for the Public to work with social entrepreneurs in the "Housing for All" initiative. She has worked closely on building collaborative partnerships in market based solutions for the low income population. Sushma is an engineering graduate from Bangalore University and has an MBA from the Indian School of Business, Hyderabad.
Mr. Sanjib Jha	<p>Director (representing Intellecap); Sanjib has over 14 years of experience in business planning, mergers and acquisitions, transaction structuring, negotiation, execution, deal closure and portfolio management, management information systems, financial accounting, relationship management with institutional investors, venture capital funds, and key partners. Sanjib leads the corporate affairs and finance functions for Intellecap and its group companies. He works closely with the Managing Director, Chief Operating Officer, and the Boards of Intellecap and its group companies strategizing and executing the next steps in the growth of Intellecap. He also serves as an internal advisor to Intellecap's subsidiary companies. Sanjib has worked on key investment banking transactions, including the USD 30 Mn fundraise for Bandhan MFI from the International Finance Corporation. Sanjib is now the CEO of Intellegrow, an early stage SME lending company.</p> <p>In the past, Sanjib co-founded ATS Services a domestic BPO and later joined Actis, where he concentrated on transactions and facilitated exits through public markets in the financial services, FMCG, pharmaceutical and automotive sectors. After Actis, Sanjib played a role in setting up Lok Capital in India. At Lok, he was also responsible for investments with major Indian MFIs. Sanjib is a qualified Company Secretary and a law graduate. He serves on the boards of Intellecap Software Technologies, Intellecash, Intellegrow</p>

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	and Arohan.
Mr. Anurag Agrawal	<p>Director (representing Intellectap); Anurag has over a decade of experience in investment banking with focus on assisting early and growth stage multiple bottom line enterprises to raise capital. He has worked with several socially oriented investors assisting them in identifying suitable impact investment opportunities and facilitating investment transactions. Anurag has the unique distinction of working with most of the leading microfinance institutions in India and has helped many of these institutions in their fund raising efforts.</p> <p>In the past, Anurag has worked at ICICI Bank in the Cash Management and Operations Department. He has a Bachelor of Business Administration and a Master of Commerce Degree from Madras University, Chennai (India), and a Master of Business Administration in Finance from Ta Pai Management Institute, Manipal (India).</p> <p>Anurag is the Chief Executive Officer at Intellectap, and represents the management team on their Board of Directors.</p>
Professor Vidyanand Jha	<p>Independent Director; Vidyanand is an Associate Professor in the Behavioural Sciences Group of IIM, Calcutta. He teaches post graduate level courses in Organisation Behaviour, Organisation Theory, Management of Creativity and Innovation and Knowledge Management. He has also worked on a number of consulting assignments in the areas of organizational development, strategy and human resources for clients in the public, private sector and development sectors.</p>
Mr. Vineet Rai	<p>Director (representing Aavishkaar Goodwill II); Vineet is the founder and Managing Director of Aavishkaar Venture Management Services and has over 18 years of experience in early stage investing, small business incubation, and microfinance. Vineet provides overall leadership to the fund team with key focus on fund raising and post investment mentoring and exits. He is also the Co-founder and Director of Intellectap, and serves as the Director of Villgro, a rural business incubator. Vineet is an Ashoka Fellow, and he has received honorary membership to the Xavier Labour Research Institute Alumni Association. He holds a Post-Graduate diploma in Forestry Management from the Indian Institute of Forest Management, Bhopal.</p>
Mr Satyam Darmora	<p>Additional director (representing MSDF) ; Satyam is associated with MSDF for the past 5 years . He is an MBA from Indian Institute of Management Ahmedabad . He has in-depth knowledge of Indian market as well as international market . Prior to joining MSDF he was associated with American Express .</p>
Mr Bhaskar Sen	<p>Additional independent director ;Mr Bhaskar Sen has brought with him 40 years of experience in the banking sector . During the past 40 years he served as deputy chairman of Indian Banks' Association and chairman cum managing director of United Bank of India .</p>
Mr Sumantra Bannerjee	<p>Additional independent director ;Sumantra brings with him 25 years of CEO experience at board level in multiple business sector . Before joining Arohan on April 29th 2014 , he was the management board member of RPG group for the past 23 years since 1990 .He held the position as a Managing Director of CESC which serves to 11 million</p>

	<p>household of Kolkata and also held the position as CEO of Spencers Retail Ltd .</p> <p>Earlier Sumantra was involved in setting up of AIPM ( Asian Institute of Power Management , in collaboration with Singapore Power for training personnel in power industry .Sumantra is a MBA in Marketing &amp; Finance from USA . He did B.Tech in Chemical Engineering from IIT ,Kharagpur and MS in Polymer Science from the USA.</p>
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**iv. Brief Profile of the Senior Management**

<b>Name &amp; Function</b>	<b>Background</b>
Mr. Sunil Bothra	Sunil has over 12 years of experience in the finance sector.
Associate Vice President- Finance	<p>Prior to joining Arohan, Sunil was with Intelenet Global Services where he headed shared services and managed finance and accounts. He has worked with Oman Air, Fullerton India Credit Co. Ltd, and Kotak Securities.</p> <p>Sunil has played an active role in the smooth merging of Arohan with Intellectash. He holds an MBA in Finance from Manipal University</p>
Mr. Amit Dutta	Amit has over 10 years of working experience and is currently the Assistant Vice President of the Company. He manages the internal control and risk management department of the company.
Associate Vice President- Internal Audit	<p>Amit started his career with M/s Mookherjee Biswas &amp; Pathak, a reputed chartered firm in Kolkata, as an Audit Manager, and then moved to Outsource Partner International (a sister concern of KPMG LLP) as a senior executive. He joined Arohan in 2008 as the Head of Finance, Accounts and IT; after managing the two departments successfully for 2 and a half years he moved to the newly formed department of Internal Control. He was responsible for single-handedly crafting the new department, designing the audit process, taking care of the reporting structure and the audit check list, branch rating, while leading a 20 member team. Amit is a qualified Chartered Accountant and has completed his Executive MBA from the Xavier Institute of Management Bhubaneswar (XIMB)..</p>
Ms. Shraddha Srimal	Shraddha has over 6 years of experience in strategy and innovation. She has worked with Deloitte’s Innovation team to drive strategic initiatives, as well as, to build and pilot new services globally for the firm. She has also worked as a Manager in Deloitte’s Strategy & Operations Consulting practice in Mumbai assisting key Indian and MNC clients develop and deploy their strategy. Her clients have included PSU banks, as well as, large MNCs and conglomerates expanding their services to support the Financial Inclusion agenda in India. She has also worked with the MFI sector as a consultant. Shraddha joined Arohan in October 2013. She focuses on strategic planning and leads key initiatives at Arohan to drive growth and enable the company to deliver greater value to all its stakeholders. Shraddha is a Mathematics (Hons) graduate from St. Xavier’s College, Calcutta. She also holds a PGDM from the Indian Institute of Management (IIM), Indore.
GM – Strategy & Planning	

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Mr. Joyonta Bakali	<p>Joyanta has over 15 years of working experience and is currently the General Manager of Operations in West Bengal. Joyanta started his career from the field level in "Shakti Foundation disadvantaged Women" the 5th largest microfinance company in Bangladesh. There he served in several capacities from hardcore field work to Head Office Management in Internal Control and Operations. He is especially credited for playing the most important role in developing an excellent Internal Control System in Shakti Foundation.</p> <p>He joined Arohan in July 2007 as a Sr. Executive and was promoted to a Product Manager's position in a mere 6 months time. His capability in handling field level crisis and expertise at need assessment and monitoring system elevated him to a General Manager's position by 2008.</p> <p>He has Conceptualized, designed and successfully launched a new product called "Bazaar" in the Micro finance Sector. Joyanta holds a M.Com in Management.</p>
GM – Operations	
Dr. Uttam Chetiya	<p>Uttam has over 9 years of diverse experience in financial inclusion, livelihood development and micro insurance and is currently the General Manager of Operations in Assam .</p> <p>Uttam started his working career with Dairy Development Department ,Govt of Assam as an extension co-ordinator and then moved on to BhartiyaSamruddha as a Field Manager. Before joining Arohan in 2010, he was with RGVN Microfinance Ltd as Zonal Manager.</p> <p>Uttam was hugely instrumental in setting up operations, managing credit products based on joint liability group, reviewing existing operations policy taking into account the regulatory changes and best practices in field, and, ensuring the proper implementation of operations policies for building up quality loan portfolio.</p> <p>Uttam has a MBA in Finance and marketing from SikkimManipal University.</p>
GM – Operations	
Mr.Sudhir Kumar	<p>Sudhir has over 9 years of working experience and is the currently the General Manager of Central Operations in the Company.</p> <p>Sudhir started his working career as a Sales Executive in SFIL before moving to Bhartiya Samrudhdi Finance Ltd. (BSFL) as a Field Executive. Sudhir was soon promoted to an Unit Head's position in BSFL, after which, he joined as a Branch Manager in Fullerton India Credit Company Ltd. After this, he joined as a Branch Manager in Yes Bank and went ahead to become a Senior Program Manager at IntelCash Microfinance Network Co. (P) Ltd. Sudhir joined Arohan when the Company merged with Intellectash in September 2012.</p> <p>Sudhir is a Commerce graduate with an MBA in Finance and Marketing.</p>
GM – Operations	
Mr. Praveen Kumar	<p>Praveen has over 10 years of working experience and is the currently the General Manager (Operations) in the state of Bihar.</p> <p>He started his working career as a Branch Manager with BharatiyaSamruddhi Finance Ltd. (BASIX) and went on to become the Business Development Manager in Fullerton India Credit Company.</p> <p>Praveen then joined Intellectash as a Senior Programme Manager in</p>
GM – Operations	



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	<p>Delhi and also worked as the State Head in Patna, before joining Arohan as a GM in 2012 when the Company merged with Intellectcash.</p> <p>Praveen is a science graduate from Magadh University and also has an MBA Degree from Nagpur University.</p>
Mr.Santanu Sen	<p>Santanu has over 39 years of working experience and is the currently the General Manager of funding at Arohan.</p>
GM – Funding	<p>Santanu started his working career with Bhilai Engineering Corporation and then moved in to Bank of Cochin Ltd, which was amalgamated with State Bank of India in 1985. After beginning as a Field officer, Santanu was very soon promoted to a Managerial position in the Personal Banking Department. He was extremely successful in his stints as coordinator and Project Coordinator with the SBI.</p> <p>He started his career in Microfinance as Manager (Operations) with Village Welfare Society from where he moved to South Asia Research Society, a NGO MFI as Project Director. Santanu's next major association was with Bandhan, as a senior management personnel. He then worked as the Head of Administration and Public Relations in Village Group of organizations, one of the pioneering Micro Finance Institution in Eastern India reporting directly to the CEO.</p> <p>From April 2008 onwards, he started working as a consultant, and was associated with more than one organization. He joined Arohan in May 2013. Santanu graduated in Commerce from Kalyan Arts and Commerce College, Bhilai, under Ravishanker University, Raipur, Chhattisgarh and is a qualified C.A.I.I.B.</p>
Mr. Vijay Gupta	<p>Vijay has over 11 years of working experience and is currently the General Manager of Accounts at Arohan.</p>
GM – Accounts	<p>Vijay started his career with WIIL IIT as a Sr. Technical Associate and then moved to a stock broking firm Dynamic Equities Pvt Ltd as Manager Accounts. He then joined Reliance Telecom Ltd. as an Assistant Manager Accounts and later on moved to NHIL as Sr. Manager Accounts. Before joining Arohan, Vijay spent some years with Senco Gold as General Manager Accounts and Financing.</p> <p>Vijay joined Arohan in March 2013. He handles Accounts, Audit, MIS, Fund management and Taxation. Vijay is a C.A. from the Institute of Chartered Accountant of India (ICAI) and C.S from ICSI. He has also completed the NCFM and the BCDE exams on the Capital Market (Dealer Module).</p>

**v. Business Segments**

The company's operational strategy is primarily focused on two particular categories of the socio-economically disadvantaged – those in urban areas (company also disburses loans to rural areas, though urban focus is higher), and in the eastern part of India. The rationale was that at the time of Arohan's establishment, most MFIs were catering to rural areas, and were concentrated in southern India. Arohan's target customers are women for their core loan product- —Saral Loan. The other loan products, Bazaar Loan and Pragati Loan, are offered to both men and women borrowers. Arohan is also one of the first few MFIs who have ventured out of providing only credit linked products to their clients by offering micropension and microinsurance products to its clients.

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For its Saral Loan, Arohan uses a five-member group-lending model—the Joint Liability Group (JLG) model. Two to six such groups form a centre. The group is formed by the borrowers in that area with similar socio-economic background, given the criteria of no blood relations in the same group, nearby residence of the members in the same group and belonging to the age group of 21-50 years. Only one loan from Arohan is permitted per family, moreover the member should be residing in the same place for at least three years. Disbursements are made in cash at the branch office to the entire group on one of the designated disbursement days. Collections are made during monthly centre meetings.

Bazaar Loans are group loan products offered to address the working capital needs of daily market vendors, operating out of authorized market places. For Bazaar loans, there is no centre formation – groups of three to five stall owners in the market-place are formed. It is compulsory for the group members to have businesses within the market, located close to each other. The loan appraisal and sanction process for Bazaar Loans is similar to that in case of Saral Loans. Bazaar clients do not have weekly meetings; the monthly installments are collected by the FO from the respective group leaders. The borrowers in case of Bazaar Loans are typically involved in small trading and micro-enterprises with daily or weekly cash flows. Arohan also provides credit-linked life insurance products for its clients, which protects the MFI from loss on account of death of the client. In case of death of the client's spouse, the loan is written off.

The area of operation for Arohan is East and North East India covering West Bengal, Bihar, Assam and now Jharkhand. The large part of their portfolio is concentrated in West Bengal and accounts for around 62% of the portfolio outstanding as of end March 2014.

### **PRODUCT DETAILS**

Arohan's customized lending products have been designed to meet their client's unique needs - from loan size to repayment conditions. For its 'Saral' loan, Arohan uses a five-member group-lending model - the Joint Liability Group (JLG) model. Two to six such groups form a center. The group is formed by the borrowers in that area with similar socio-economic background, given the criteria of no blood relations in the same group, nearby residence of the members in the same group and belonging to the age group of 21-50 years. Only one loan from Arohan is permitted per family, moreover the member should be residing in the same place for at least three years. Disbursements are made in cash at the branch office to the entire group on one of the designated disbursement days. Collections are made during monthly centre meetings.

This loan ranges from USD 100 - 300 (INR 5,000 - 15,000), and is repaid 12 months for the monthly product.

'Bazaar' loans are group loan products offered to address the working capital needs of daily market vendors, operating out of authorized market places. For 'Bazaar' loans, there is no centre formation – groups of three to five stall owners in the market-place are formed. It is compulsory for the group members to have businesses within the market, located close to each other. The loan appraisal and sanction process for 'Bazaar' loans is similar to that in case of 'Saral' loans. Bazaar clients do not have meetings; the monthly installments are collected by the FO from the respective group leaders. The borrowers in case of 'Bazaar' loans are typically involved in small trading and micro-enterprises with daily or weekly cash flows.

Arohan's newest product, the 'Pragati' loan is an individual lending product tailored for small entrepreneurs in the manufacturing or services sector. The 'Pragati' product is customized for

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entrepreneurs with a successful track record of 3 years or more, in the manufacturing or service industry. It gives these proven business owners the opportunity to take a loan amount that is tailored for their specific business requirements, such as equipment or raw material purchase.

The loan sizes range from USD 800 - 4,000 (INR 40,000 – 200,000) to help facilitate larger business investments. The Pragati team works closely with clients to understand their business preparedness, the loan documents and monitor their progress over the loan tenure. In this regard, Arohan is a true partner working alongside clients to help generate an increased profit from their business, while also minimizing credit risk.

Arohan also provides credit-linked life insurance products for its clients, which protects the MFI from loss on account of death of the client. In case of death of the client's spouse, the loan is written off.

SN	Product Name	Loan Amount	Tenure	Interest Rate
1	Saral Monthly	7500-15000	12 months	27.00%
2	Saral Monthly Plus	20000-50000	24 Months	26.50%
3	Bazar Monthly	7500-15000	12 months	27.50%
4	Bazar Monthly Plus	20000-50000	24 Months	27.50%
4	Pragati	40000-200000	12-36 Months	30.00%

### **vi. Lending Methodology**

Arohan operates with standard Grameen lending model where the group size is five and the size of centre ranges anywhere between fifteen to twenty members. An informal meeting of the potential group is conducted, to introduce them to the rules and procedures. This is followed by customer assessment visits carried out by the Field Officer (FO), where the FO visits the potential customer's house.

Once eligibility is confirmed, compulsory group training (CGT) is provided by the FO, spread over three days and on the fourth day, group recognition test (GRT) is conducted by the Branch Manager.

For second and subsequent cycles, at least one day of CGT is required and GRT is also required to be conducted.

The photograph and KYC documents of the client are collected during the second day of CGT, and the loan application form is also filled on this day. Customer household details and basic cash flow information is captured in the customer information sheet and also in the MIS.

Disbursement is done at the branch in the presence of all the members. Prior to disbursement, the client's identity is cross-checked with the photograph that is attached to the loan application form.

#### Credit Bureau Check

The Issuer will not give a loan to a member if they have more than two other loans outstanding. These measures have helped the Issuer mitigate the credit risk in a sector and have allowed it to maintain a cumulative repayment rate of over 98%.

#### Loan Sanction

The issuer has well-defined policies for client enrolment, based on the Grameen model. The FOs provide Compulsory Group Training (CGT) for three days, which is

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followed by Group Recognition Test (GRT) by the BM on the fourth day. The FO and BM does 100% house visit during CGT and the BM visits a few houses at random.

The loan appraisal process fairly detailed and the FOs rely primarily on the groups for selection of appropriate clients. The BM is the final authority for approval of loans and his assessment is primarily based on the client's business and recommendation by the FO

### Disbursements

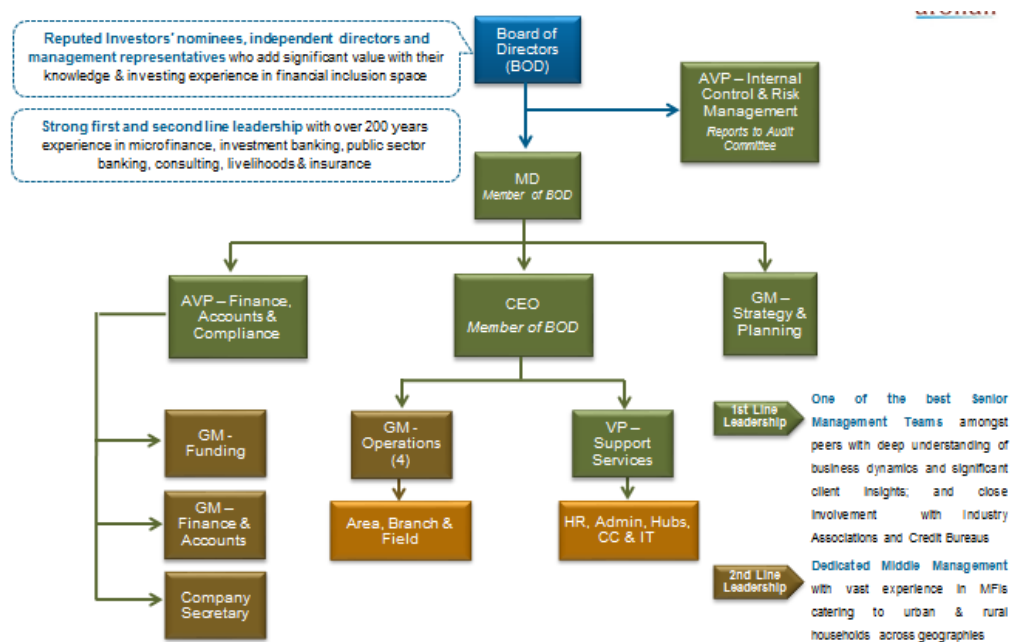
The issuer carries out all disbursements are done only in the respective branch office; all disbursements are done only by the Area Manager, Loan Officer or higher authority, in the department of Operations. The Area Manager of another area will conduct the disbursement. The concerned branch Area Manager is not permitted to monitor the disbursements.

The issuer disburses loans to all the members in the centre on the same day. When the loan amount is handed over to each member in the centre, it is done in the presence of all other members in the centre; Members who do not come to the branch office on the day of disbursement do not receive loan even if they would have been eligible for a loan (meet KYC norms etc). The loan(s) is not handed over to the CL or any other member on behalf of the absent member.

### Loan Utilisation check

The issuer carries out loan utilization checks post disbursement through FOs and at random through the BMs. The AMs and RMs also check on loan utilization when they visit the centers. Prior to second cycle loans, the BM is required to do a house visit.

## vii. Organisational Structure and Field Hierarchy



**viii. Technology and MIS**

Arohan uses Omni Software developed by Infracsoft Technologies to manage its MIS. It is one of the few MFIs in India to have successfully implemented a web-enabled MIS, connecting all of its branches to a central server.

- Provides branches with real-time central server connectivity. This is a major strategic advantage and opens up possibilities for supporting additional lines of business services and financial inclusion opportunities.
- Provides all levels of management access to the central server, thereby improving supervision, control and decision making.
- Opens up the possibility of mobile connectivity at the field level, thereby taking connectivity right upto the door-step of the customer.
- Further, incorporation of features like automated Credit Bureau enquiry, GIS/GPS capabilities etc. will improve operational as well as supervisory capabilities.
- Improved data security features protect the company data from potential threats

**ix. Risk Management**

Arohan has a separate internal audit department, which focuses on 1) process adherence, 2) process utility and 3) risk assessment. The audit team consists of three hierarchical levels: officers, executives and managers. The Monitoring Officers cover all branches once a month and spend at least three man-days per visit, with one person visiting the branch. The reporting to the Monitoring Manager is monthly and to the main line managers is quarterly.

The audit is surprise in nature and every branch is visited once every month for 3 days. The audit process encompasses checking of member training process, conduction of CGT and GRT and disbursement process for sample centers as well as register maintenance, administrative work and asset management in the branches. The officers also visit the house of a few borrowers for the centers the officers visit on a sample basis. The executives visit 10 branches in a month and perform a check for the various processes and files on a random basis. The executives and the internal audit head conduct audits for the head office on a quarterly basis. Overall, the audit process for Arohan has good coverage, covering various aspects like following lending procedures, client verification and maintenance of registers at the branches. Loan utilisation checks are not carried out by the internal audit team. In case there are any negative observations in the compliance report, the Branch Manager is required to respond to any non-compliance and actions being taken. The audit report is submitted by the Audit team to the Audit Committee, which meets four times in a year

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

(Rs. Lakhs)

Parameters	Audited	Audited	Audited
	31-Mar-12	31-Mar-13	31-Mar-14
Net worth	1592.01	4,202.62	6,734.58
Total Debt	3,338.34	6,129.84	14,666.58
- Non current maturities of long term Borrowings	336.60	1,319.38	3,386.88
- short term borrowings	-	-	1,115.08
- Current maturities of long term Borrowings	3,001.74	4,810.47	10,164.62
Net Fixed Assets	75.45	73.82	131.51
Non-Current Assets (excluding loans to customers)	510.86	1,064.89	1,026.21
Cash and Cash equivalents	1,274.70	1,207.48	5,205.59
Current investments	-	275.82	-
Current Assets	141.83	1,043.25	1,106.08

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Current liabilities	382.99	260.89	1,530.34
Assets Under Management	5393.70	9042.72	19025.80
Off balance sheet assets	1653.26	2176.10	3,563.77
Interest Income	1,266.11	1,076.37	2,799.27
Interest Expense	789.32	418.14	1,290.24
Provisioning & write Offs	345.46	33.55	121.47
PAT	(1,227.29)	5.43	306.22
Gross NPA (%)	0.00%	0.58%	0.37%
Net NPA (%)	0.00%	0.47%	0.37%
Tier I Capital Adequacy Ratio (%)	32.04%	50.35%	37.10%
Tier II Capital Adequacy Ratio (%)	3.44%	0.95%	Nil

**Gross Debt:Equity Ratio of the Company:**

Before the issue of debt securities	2.18x
After the issue of debt securities	2.60x

**Calculations**

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

Debt	INR 1,466,658,147
Equity	INR 673,459,923
Debt/Equity	2.18x

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

Debt	INR 1,757,158,147
Equity	INR 673,459,923
Debt/Equity	2.61x

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

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

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

Share Capital	Rs. In lacs
<b>Authorised</b>	
45,00,000 Equity shares (previous year 2013-14) of Rs.10 each	4500.00
Preference Share (previous year 2013-14)	Nil
<b>TOTAL</b>	4500.00
<b>Issued, Subscribed and Fully Paid- up</b>	
41,495,450 Equity shares (previous year 2013-14) of Rs.10 each	4,149.54
<b>TOTAL</b>	4,149.54

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

Date of Change (AGM/EGM)	Authorised Capital in Rs.	Particulars
24/12/2008	120,000,000	Authorised share capital increased from 60,000,000
07/05/2010	300,000,000	Authorised share capital increased from 120,000,000

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31/07/2012	350,000,000	Authorised share capital increased from 300,000,000
19/09/2013	450,000,000	Authorised share capital increased from 350,000,000

**(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 Investor	No of Equity Shares	Face Value (Rs)	Issue Price (Rs)	Consideration	Nature of Allotment	Cumulative Paid Up Capital		
							No of Equity Shares	Equity Share Capital (Rs in Crore)	Equity Share Premium (Rs in Crore)
23-Jun-10	Michael & Susan Dell Foundation	404354	10	50	Cash	Fresh Share	404354	0.40	1.62
23-Jun-10	Lok Capital LLC	404354	10	50	Cash	Fresh Share	404354	0.40	1.62
23-Jun-10	Swaminathan Aiyar	266666	10	38	Cash	Fresh Share	266666	0.27	0.73
23-Jun-10	India Financial Inclusion Fund	2157958	10	50	Cash	Fresh Share	2157958	2.16	8.63
23-Jun-10	Bellwether Microfinance Fund Pvt. Ltd.	133334	10	38	Cash	Fresh Share	133334	0.13	0.37
23-Jun-10	Shubhankar Sengupta	875000	10	10	Cash	Fresh Share	875000	0.88	0.00
23-Jun-10	Arohan ESOP Trust	825000	10	10	Cash	Fresh Share	825000	0.83	0.00
10-Sep-12	IntelleCash Microfinance Network Co Pvt Ltd	12569222	10	13	Cash	Fresh Share	12569222	12.57	3.63
10-Sep-12	Aavishkaar Goodwell India Microfinance Development Company	4973858	10	13	Cash	Fresh Share	4973858	4.97	1.44
10-Sep-12	Aavishkaar Venture Management Services Private Limited	6225	10	13	Cash	Fresh Share	6225	0.01	0.00
10-Sep-12	Michael & Susan Dell Foundation	2133437	10	13	Cash	Fresh Share	2133437	2.13	0.62
10-Sep-12	India Financial Inclusion Fund	930954	10	13	Cash	Fresh Share	930954	0.93	0.27
10-Sep-12	Manoj Kumar Nambiar	193949	10	13	Cash	Fresh Share	193949	0.19	0.06
30-Mar-13	Geeta Nambiar	1000	10	13	Cash	Fresh Share	1000	0.00	0.00
30-Mar-13	Shree Ravindranathan	1000	10	13	Cash	Fresh Share	1000	0.00	0.00
30-Mar-13	Nalini Agrawal	100	10	13	Cash	Fresh Share	100	0.00	0.00
30-Mar-13	Preeti Jha	1002	10	13	Cash	Fresh Share	1002	0.00	0.00
30-Mar-13	Kalpana Bhushan	1000	10	13	Cash	Fresh Share	1000	0.00	0.00
26-Sep-13	Aavishkaar Goodwell India Microfinance Development Company	9178312	10	20	Cash	Fresh Share	9178312	9.18	9.54
27-Sep-13	Aavishkaar Venture Management Services Private Limited	11487	10	20	Cash	Fresh Share	11487	0.01	0.01
4-Oct-13	Michael & Susan Dell Foundation	1373189	10	20	Cash	Fresh Share	1373189	1.37	1.43
4-Oct-13	Swaminathan Aiyar	150000	10	20	Cash	Fresh Share	150000	0.15	0.16
31-Mar-14	Manoj Kumar Nambiar	193949	10	13	Cash	Fresh Share	193949	0.19	0.06
		<b>36785350</b>					<b>36785350</b>	<b>36.79</b>	<b>30.17</b>

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

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

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

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

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**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	Intellectcash Microfinance Network	NA	17,067,494	41.13%	17,067,494
2	Aavishkaar Goodwell India Microfinance Development Company	NA	14,152,170	34.11%	14,152,170
3	Michael & Susan Dell Foundation	NA	4,460,980	10.75%	4,460,980
4	India Financial Inclusion Fund	NA	3,088,912	7.44%	3,088,912
5	Shubhankar Sengupta	NA	845,716	2.04%	845,716
6	Arohan ESOP Trust	NA	820,900	1.98%	820,900
7	Swaminathan Aiyar	NA	578,666	1.39%	578,666
8	Manoj Kumar Nambiar	NA	387,898	0.93%	387,898
9	Aavishkaar Venture Management Services Pvt. Ltd.	NA	17,712	0.04%	17,712
10	Others	NA	76,002	0.19%	76,002
	<b>Total Equity Shares</b>		41,495,450		41,495,450

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	Intellectcash Microfinance Network	Equity	17,067,494	41.13%	17,067,494
2	Aavishkaar Goodwell India Microfinance Development Company	Equity	14,152,170	34.11%	14,152,170
3	Michael & Susan Dell Foundation	Equity	4,460,980	10.75%	4,460,980
4	India Financial Inclusion Fund	Equity	3,088,912	7.44%	3,088,912
5	Shubhankar Sengupta	Equity	845,716	2.04%	845,716
6	Arohan ESOP Trust	Equity	820,900	1.98%	820,900
7	Swaminathan Aiyar	Equity	578,666	1.39%	578,666
8	Manoj Kumar Nambiar	Equity	387,898	0.93%	387,898
9	Chandan Phukan	Equity	32,200	0.08%	32,200
10	Aavishkaar Venture Management Services Pvt. Ltd.	Equity	17,712	0.04%	17,712
	<b>Total Equity Shares</b>		41,495,450	100	



**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:

<b>S r. N o.</b>	<b>Name &amp; Designation</b>	<b>Address</b>	<b>Date of Birth</b>	<b>DIN</b>	<b>PAN</b>	<b>Age (yrs )</b>	<b>Director of the company since</b>	<b>Details of other directorship</b>
1	Mr. Manoj Nambiar	8, GODAVARI, SECTOR-3, VASHI, NAVI MUMBAI, 400703, Maharashtra, INDIA	18.04.1965	3172919	AAAPN7851Q	49	3/10/2012	Intellectash microfinance , Intellectap Software, Jain sons finlease
2	Mr. Shubhankar Sengupta	Flat No. 403, Block F1, Sugam Park 95NS Road,, Narendrapur, Opp. Ramakrishna Mission, Kolkata, 700103, West Bengal, INDIA	27.05.1973	250911	ADPPS1258N	41	1/10/2012	Trident Microfinance , Alpha Microfinance consultants
3	Mr. Anurag Agrawal	SN 14 / 94 AGRAWAL KUNJ, SARNATH, VARANASI, 221007, Uttar Pradesh, INDIA	12.02.1978	2385780	AFTPA7676J	36	3/10/2012	A little world. Intellectap , Intellectash, Zero Microfinance , Jain Sons Fin lease ltd
4	Mr. Sanjib Jha	F-208, SARITA VIHAR, DELHI - 110076, NEW DELHI, 110076, Delhi, INDIA	17.08.1975	3409208	AERPJ8589A	39	3/10/2012	Intellectap software technologies pvt ltd , Jain sons finlease Intellectash microfinance
5	Ms. Sushma Kaushik	B 82 , BROOKHAVE N APARTMENT, , JVLR JOGESHWARI (EAST), MUMBAI, 400060, Maharashtra, INDIA	23.10.1979	5142705	ALUPK4376L	35	3/10/2012	Desert Artisans handicrafts jaipur, Desert Artisans handicrafts bhuj ltd, Intellectash Microfinance pvt ltd
6	Mr. Satyam Damora	199A, Phase II, Panditwari, Dehradun, 248001, Uttarakhand,	07.07.1980	2203031	AILPD8965A	34	24/10/2013	Koteswar Power Pvt Ltd , Basix , Sonata Finance ,

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		INDIA						Invest India Micropension , Laboumet services India Pvt Ltd .
7	Mr. Vidyanand Jha	NF 3/3, INDIAN INSTITUTE OF MANAGEMENT CALCUTTA, JOKA DIAMOND HARBOUR ROAD, KOLKATA, 700104, West Bengal, INDIA	15.06.1965	250814	ACLPJ6671M	49	16/03/2006	Nil
8	Mr Vineet Chandra Rai	101-D Wing, Bldg No 6, Emp 48 Halley, Evershine Thakur Village , Kandivali (E) , Mumbai , Maharashtra , India , Pin 400101	17.06.1971	00606290	ABUPR9400L	42	24.10.2013	<b>Villgo Innovations foundation, Aavishkar Venture Management services, Aavishkar Venture Trustees Pvt Ltd , Venture east micro equity managers, Ventureeast social investment trustees Pvt Ltd ,Jainsons Finlease Ltd,Electronic payment&amp; services Pvt Ltd,Milk Mantra Dairy Pvt Ltd,Swarna Pragati Housing microfinance Pvt Ltd</b>
9	Mr. Bhaskar Sen	Flat No. S1 Dreamz Gopal Niwas 391 Kalikapur, Purbalok, Kolkata-91 WB	12.09.1952	3193003	ALTPS7914H	62	23/01/2014	National Insurance Co, Industrial Investment Bank Of India Ltd,
10	Mr. Sumantra Banerjee	2C, Alipore Avenue, Kolkata, 700027,	31/12/1949	00075243	AACPB4480B	65	29/04/2014	Spencer International Hotels Limited Saregama India Limited Noida Power Company

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								Limited Hilltop Holdings India Ltd Jubilee Investments And Industries Limited Au Bon Pain Cafe India Limited Dhariwal Infrastructure Limited Myriad Ventures Private Limited
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\*Company to disclose name of the current directors who are appearing in the RBI defaulter list and/or ECGC default list, if any: None

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

Name	Designation	DIN	Date of Appointment/ Resignation	Director of the Company since (in case of resignation)	Remarks
SUMANTRA BANERJEE	ADDITIONAL DIRECTOR	00075243	29/04/2014		
BHASKAR SEN	Additional director	3193003	23/01/2014		
SATYAM DARMORA	Additional director	2203031	24/10/2013		
VINEET CHANDRA RAI	Additional director	606290	24/10/2013		
GEETA DUTTA GOEL	Director	2277155	21/10/2013	04/07/2008	
ANURAG AGRAWAL	Director	2385780	3/10/2012		
MANOJ KUMAR NARAYAN NAMBIAR	Managing director	3172919	3/10/2012		
SANJIB KUMAR JHA	Director	3409208	3/10/2012		
SUSHMA KESHAVAMU RTHY KAUSHIK	Director	5142705	3/10/2012		
SANJIB KUMAR JHA	Director	2277191	20/09/2012	4/7/2008	
SHUBHANKAR SENGUPTA	Director	250911	1/10/2012		
SHUBHANKAR SENGUPTA	Managing director	250911	1/10/2012	16/03/2006	
VISHAL BHARAT	Director	2610428	20/09/2012	3/7/2009	
VISHAL	Director	256331	22/06/2012	4/9/2009	

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MEHTA				
SANJIB KUMAR JHA	Director	2277191	20/09/2012	

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

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

Name	Address	Auditor since	Remarks
Walker, Chandiook & Co	7 <sup>th</sup> Floor, Block III, White House, Kundan Bagh, Begumpet, Hyderabad- Pin 500016	25 <sup>th</sup> June, 2013	None.

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

Name	Address	Date of appointment/resignation	Auditor of the Company since (in case of resignation)	Remarks
Mookherjee Biswas & Pathak	5 & 6 Fancy Lane , Kolkata 700001	Resigned on 3 <sup>rd</sup> June 2013	23.09.2006	Nil

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

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

Sr. No.	Institution / Lender's Name	Type of Facility	Amt . Sanctioned (Rs. Mn)	Amt. Disbursed (Rs Mn.)	Principal O/S as on March 31, 2014 (Rs.Mn.)	Repayment Schedule	Repayment Schedule int.	Moratorium (month)	Security
1	Axis Bank	Term Loan	30	30	6	Quarterly	Quarterly	3	Cash collateral & Book debt
2	Axis Bank	Term Loan	100	100	100	Quarterly	Quarterly	3	Cash collateral & Book debt
3	DCB	Term Loan	30	30	2.50	Monthly	Monthly	2	Cash collateral & Book debt
4	DCB	Term Loan	30	30	15	Monthly	Monthly	2	Cash collateral & Book debt
5	DCB	Term Loan	50	50	37.50	Monthly	Monthly	2	Book Debt
6	DCB	Term Loan	30	30	27.50	Monthly	Monthly	2	Book Debt
7	HDFC Bank Ltd	Term Loan	48	48	40.33	Monthly	Monthly	Nil	Cash collateral & Book debt
8	HDFC Bank Ltd	Term Loan	49	49	49	Monthly	Monthly	3	Cash collateral & Book debt
9	IDBI	Term Loan	60	60	40	Monthly	Monthly	3	Cash collateral & Book debt
10	IDBI	Term Loan	20	20	7.33	Monthly	Monthly	6	Cash collateral & Book debt
11	Indusind	Term Loan	50	50	40.67	Monthly	Monthly	Nil	Cash collateral & Book debt
12	ING Vyasa	Term Loan	50	50	50	Monthly	Monthly	3	Cash collateral & Book debt
13	Kotak	Term Loan	70	70	70	Monthly	Monthly	Nil	Cash collateral & Book debt
14	Ratnakar Bank Ltd	Term Loan	150	150	150	Quarterly	Quarterly		Cash collateral & Book debt
15	South Indian Bank	Term Loan	50	25	25	Monthly	Monthly		Cash collateral & Book debt
16	SIDBI	Term Loan	100	100	49.85	Monthly	Monthly	3	Cash collateral & Book debt

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17	SIDBI	SIDBI	50	50	50	Monthly	Monthly	3	Cash collateral & Book debt
18	Yes Bank	Term Loan	50	50	10	Monthly	Monthly	Nil	Cash collateral & Book debt
19	Yes bank	Term Loan	100	90	90	Monthly	Monthly	Nil	Cash collateral & Book debt
20	Ananya Finance	Term Loan	20	20	16.67	Monthly	Monthly	Nil	Book Debt
21	Bellwether	Term Loan	40	40	36.67	Quarterly	Quarterly	Nil	Book Debt
22	IFMR Capital	Term Loan	30	30		Monthly	Monthly	Nil	Cash collateral & Book debt
23	IFMR Capital	Term Loan	30	30	59.95	Monthly	Monthly	Nil	Cash collateral & Book debt
24	IFMR Capital	Term Loan	12.50	12.50		Monthly	Monthly	Nil	Cash collateral & Book debt
25	IFMR Capital	Term Loan	30	30		Monthly	Monthly	Nil	Cash collateral & Book debt
26	IFMR Capital	Term Loan	20	20		Monthly	Monthly	Nil	Cash collateral & Book debt
27	Maanaveya Development	Term Loan	100	100	75	Quarterly	Quarterly	Nil	Cash collateral & Book debt
28	MAS Financials	Term Loan	50	50		Monthly	Monthly	Nil	Cash collateral & Book debt
29	MAS Financials	Term Loan	50	50		Monthly	Monthly	Nil	Cash collateral & Book debt
30	MAS Financials	Term Loan	50	50		Monthly	Monthly	Nil	Cash collateral & Book debt
31	MAS Financials	Term Loan	100	100		Monthly	Monthly	Nil	Cash collateral & Book debt
32	MAS Financials	Term Loan	25	25		Monthly	Monthly	Nil	Cash collateral & Book debt
33	MAS Financials	Term Loan	20	20		Monthly	Monthly	Nil	Cash collateral & Book debt
34	MAS Financials	Term Loan	30	30	276.16	Monthly	Monthly	Nil	Cash collateral & Book debt
35	MAS Financials	Term Loan	75	75		Monthly	Monthly	Nil	Cash collateral & Book debt
36	MAS Financials	Term Loan	75	75		Monthly	Monthly	Nil	Cash collateral & Book debt
37	MAS Financials	Term Loan	65	65		Monthly	Monthly	Nil	Cash collateral & Book debt
38	MAS Financials	Term Loan	60	60		Monthly	Monthly	3	Cash collateral & Book debt
39	Reliance Capital	Term Loan	50	50	4.47	Monthly	Monthly	Nil	Cash collateral & Book debt
40	Reliance Capital	Term Loan	50	50	25.96	Monthly	Monthly	Nil	Cash collateral & Book debt
41	Debenture		100	100	100	Monthly	Monthly		Book Debt
	Total				1455.56				

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

Lender's Name	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date/Schedule	Security
Loan from Shareholder (Mr. Manoj Kr Nambiar)	Unsecured term loan	5.90	3.40	Yearly	No
Loan from Shareholder (Ms Kalpana Bhusan)	Unsecured term loan	1.00	1.00	Yearly	No
Loan from Shareholder ( Ms Nalini Agarwal )	Unsecured term loan	1.00	1.00	Yearly	No
Loan from Shareholder ( Ms Geeta Nambiar )	Unsecured term loan	5.70	5.70	Yearly	No

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

Debenture Series	Tenor/Period of Maturity	Coupon (Rate of Interest)	Amount (Rs in Cr)	Date of allotment	Redemption on Date/Schedule	Credit Rating	Secured/Unsecured	Security
1 – 200	739 days	13.65%	10	07.04.2014	Monthly, 15 <sup>th</sup> may 2014 onwards	BBB+ (SO) by ICRA	Secured	hypothecation of book debt

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

S. No.	Name of Debenture Holders	Amount (Rs. in Mn)
1.	Hinduja Leyland Finance	100

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

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

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

**(g) The Company has not issued any Commercial Paper as at March 31, 2014. Details of rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares ) as on March 31, 2014:**

Nil

**(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:**

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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	Intellectash Microfinance Network	17,067,494	17,067,494	41.13%	NA	NA
	Total	<b>17,067,494</b>		<b>41.13%</b>		

**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]*

<b>Profit &amp; Loss Statement (in Rs. Lakhs)</b>	<b>FY 2011 -2012</b>	<b>FY 2012 -2013</b>	<b>FY 2013-2014</b>
<b>Income</b>			
Interest on loans	1,378.87	1,180.94	2,799.27
Other Financial Income	40.32	153.85	433.08
Other Income	94.57	109.86	240.60
<b>Total Income</b>	<b>1,513.76</b>	<b>1,444.65</b>	<b>3,472.94</b>
<b>Expenditure/ Cost of Sales</b>			
Personnel Expenditure	1020.65	627.16	875.82
Provisioning Expenditure	0.74	24.97	93.49
Write-off Expenditure	344.72	8.58	26.00
Depreciation and Amortization	36.77	36.57	38.72
General and Administrative Expenditure	548.73	317.13	477.85
<b>Total Expenditure</b>	<b>1,951.61</b>	<b>1,014.40</b>	<b>1,511.89</b>
<b>Operating Profit before Interest</b>	<b>-437.85</b>	<b>430.24</b>	<b>1,961.04</b>
<b>Interest</b>	789.32	418.14	1,485.03
<b>Operating profit after Interest</b>	<b>-1,227.17</b>	<b>12.10</b>	<b>476.02</b>
<b>Net non-operating income/expenses</b>			<b>35.51</b>
<b>Profit Before Tax</b>	<b>-1,227.17</b>	<b>12.10</b>	<b>440.50</b>
Income Tax	0.12	6.67	134.28
<b>Net Profit</b>	<b>-1,227.29</b>	<b>5.43</b>	<b>306.22</b>
Equity Dividend paid			
<b>Retained Profit</b>	<b>-1,227.29</b>	<b>5.43</b>	<b>306.22</b>
<b>Balance Sheet (in INR Lakhs)</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>	52.49	52.02	187.07
Short Term borrowings from banks	-	-	700.00
Short term borrowings from others	-	-	415.08
Other Current Liabilities	330.50	208.87	11,507.91
<b>Total Current Liabilities</b>	<b>382.99</b>	<b>260.89</b>	<b>12,810.06</b>
<b>Total Term Liabilities</b>	<b>3,338.34</b>	<b>6,129.84</b>	<b>3,386.88</b>
<b>Total Liabilities (a)</b>	<b>3,721.33</b>	<b>6,390.73</b>	<b>16,196.94</b>
Ordinary Share Capital	895.18	2976.35	4,067.46

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Reserves & Surplus	1,811.04	2,336.13	3,532.03
Legal reserves	-	-	-
Other Capital	-1114.21	-1109.86	(864.89)
<b>Net Worth (b)</b>	<b>1,592.01</b>	<b>4,202.62</b>	<b>6,734.60</b>
<b>Total Equity &amp; Liabilities (a+b)</b>	<b>5,313.34</b>	<b>10,593.35</b>	<b>22,931.53</b>
Assets			
Current Assets			
Cash and Bank balances	1,274.70	2,265.55	5,205.59
Net Receivables	48.99	114.24	898.06
Other Current Assets	3,833.29	7,787.61	14,171.64
<b>Total Current Assets (c)</b>	<b>5,156.98</b>	<b>10,167.40</b>	<b>20,275.29</b>
Fixed Assets - Gross Block	145.72	140.75	151.26
Depreciation	70.27	66.93	83.85
<b>Fixed Assets - Net Block (d)</b>	<b>75.45</b>	<b>73.82</b>	<b>67.41</b>
Investments	5.00	280.82	5.00
Other Non-Current assets	75.91	71.30	2,583.84
<b>Total Non-Current Assets (e)</b>	<b>80.91</b>	<b>352.12</b>	<b>2,588.84</b>
<b>Total Assets (c+d+e)</b>	<b>5,313.34</b>	<b>10,593.35</b>	<b>22,931.53</b>

**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
		31st March 2014
Revenue from Operations		3,232.34
Other Income		240.60
<b>Total Revenue</b>		<b>3,472.94</b>
<b>Expenses:</b>		
Employee Benefits Expense		875.82
Finance Costs		1,485.03
Depreciation and amortization expense		38.72
Other expenses		597.35
<b>Total expenses</b>		<b>2,996.92</b>
<b>Profit / (Loss) for the period before Tax</b>		<b>476.02</b>
<b>Less: Exceptional item</b>		<b>35.51</b>
Tax expense:		183.52
Deferred Tax (Credit)		(49.24)
<b>Profit (Loss) for the period from continuing operations</b>		<b>306.22</b>
<b>Balance Sheet (INR mn)</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' funds</b>		
(a)	Share Capital	4,067.46
(b)	Share Application Money	-
(c)	Reserves and Surplus	2,667.14
	Total	<b>6,734.60</b>
<b>Non-current liabilities</b>		



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(a)	Long Term Borrowings		3,386.88
(c)	Long Term Provisions		-
	Total		<b>3,386.88</b>
<b>Current liabilities</b>			
(a)	Short Term Borrowings		1,115.08
(b)	Trade payables		11.76
(c)	Other Current Liabilities		11,507.91
(d)	Short Term Provisions		175.31
	Total		<b>12,810.06</b>
		<b>TOTAL</b>	<b>22,931.53</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a)	Fixed Assets		
	(i)	Tangible assets	67.41
	(ii)	Intangible assets	49.96
	(iii)	Intangible assets under development	14.15
(b)	Non-current Investments		5.00
(c)	Deferred Tax Assets (Net)		49.24
(d)	<u>Long-Term Loans and Advances</u>		1,671.37
(e)	Other non-current assets		799.11
	Total		<b>2,656.25</b>
<b>Current assets</b>			
(a)	Cash and Cash equivalents		5,205.59
(b)	Short-term Loans and Advances		14,861.66
(c)	Other current assets		208.03
			<b>20,275.29</b>
		<b>TOTAL</b>	<b>22,931.53</b>
<b>Off- Balance Sheet</b>			
	Managed Portfolio (Assets)		<b>3,563.78</b>
	Cash Collateral on de-recognised assets		<b>865.12</b>

**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**

The Rating Agency has assigned ratings of “[CARE] BBB” to the Debentures. Instruments with this rating are considered to have moderate degree of safety

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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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<b>Sr. No.</b>	<b>Nature of Contract</b>
1	Certified true copy of the Memorandum & Articles of Association of the Issuer
2	Board Resolution dated April 29, 2014 authorizing issue of Debentures offered under terms of this Disclosure Document.
3	Shareholder Resolution dated June 10, 2014 authorizing the issue of non-convertible debentures by the Company.
4	Shareholder Resolutions dated December 16, 2013 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 25, 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. 290,500,000/- (Rupees Twenty Nine Crores Five Lakhs 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. 290,500,000/- (Rupees Twenty Nine Crores Five Lakhs 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.
- 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.

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- 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	14.75% Arohan Financial Services Private Limited 2018
Issuer	Arohan Financial Services 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 7.22 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	"[CARE] BBB" by CARE Ratings
Issue Size	Rs. 290,500,000/- (Rupees Twenty Nine Crores Five Lakhs only)
Option to retain oversubscription	N.A.
Objects of the Issue	To raise senior secured debt to the extent upto Rs. 290,500,000/- (Rupees Twenty Nine Crores Five Lakhs only)
Details of the utilization of the Proceeds	The issue proceeds will be utilized for providing debt financing for loan portfolio growth.
Coupon Rate	14.75% (Fourteen Decimal Point Seven Five Percent) per annum payable semi-annually (gross of withholding taxes) If the withholding tax is modified and results in a reduction of amounts received as net interest by the Debenture Holder, the Issuer shall pay to the Debenture Holder an additional amount so that the net amount received by the Debenture Holder shall equal the amount which it would have received had the withholding tax remained unchanged.

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	If the withholding tax deducted at source is modified and results in an increase of amounts received as net interest by the Purchaser, the Issuer shall pay the Debenture Holder a reduced amount so that the net amount received by the Debenture Holder shall equal the amount which it would have received had the withholding tax remained unchanged.
Step Up/ Step Down Coupon Rate	N.A
Coupon Payment Frequency	Semi-Annually
Coupon Payment Dates	Semi-annually on May 13 and November 13, of every calendar year until Maturity Date
Coupon Type	Fixed Coupon rate
Day Count Basis	Actual / Actual
Interest on Application Money	14.75% 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 2% (Two Percent) on the principal amount repaid. The prepaid principal amount must be of not less than INR 50,000,000. 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	53 (Fifty Three) months from the Deemed Date of Allotment
Redemption Extension Determination Date 1	December 23, 2015
Redemption Extension Determination Date 2	December 23, 2016
Redemption Extension Option 1	The Debenture Holder shall have the option, but not the obligation, to extend the Principal Redemption schedule by 12 months each. (The Debenture Holder will only be able to exercise this option if the Debenture Holder's investors have

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	unanimously consented to this option.)
Redemption Extension Option 2	If the Debenture Holder has exercised the Redemption Extension Option 1, the Debenture Holder shall have the option, but not the obligation, to extend the Principal Redemption schedule by another 12 months each. (The Debenture Holder will only be able to exercise this option if the Debenture Holder’s investors have unanimously consented to this option.)
Redemption Date (s)	<p>If, on or before the Redemption Extension Determination Date 1, the Purchaser has not exercised the Redemption Extension Option 1:</p> <ul style="list-style-type: none"> <li>• May 13, 2016 : 25% of the outstanding principal amount</li> <li>• November 13, 2016: 99.99% of the outstanding principal amount</li> <li>• Maturity Date: 0.01% of the outstanding principal amount</li> </ul> <p>If, on or before the Redemption Extension Determination Date 1, the Debenture Holder has exercised the Redemption Extension Option 1 and Redemption Extension Option 2 has not been exercised:</p> <ul style="list-style-type: none"> <li>• May 13, 2017: 25% of the outstanding principal amount</li> <li>• November 13, 2017: 99.99% of the outstanding principal amount</li> <li>• Maturity Date: 0.01% of the outstanding principal amount</li> </ul> <p>If the Debenture Holder has exercised the Redemption Extension Option 1 and, on or before the Redemption Extension Determination Date 2, the Debenture Holder has exercised the Redemption Extension Option 2:</p> <ul style="list-style-type: none"> <li>• May 13, 2018: 25% of the outstanding principal amount</li> <li>• Maturity Date: 100% of the outstanding principal amount</li> </ul>
Redemption Amount	<p>If, on or before the Redemption Extension Determination Date 1, the Purchaser has not exercised the Redemption Extension Option 1:</p> <p>Rs. 72,625,000.00/- (Rupees Seven Crores Twenty Six Lakhs Twenty Five Thousand Only) plus accrued Coupon, if any, if 25% of the outstanding principal amount is being redeemed.</p> <p>Rs. 217,853,212.50/- (Rupees Twenty One Crores Seventy Eight Lakhs Fifty Three Thousand Two Hundred and Twelve and Fifty Paise only) plus accrued Coupon, if any, if 99.99% of the outstanding principal amount is being redeemed.</p> <p>Rs. 21,787.50/- (Rupees Twenty One Thousand Seven Hundred Eighty Seven and Fifty Paise only) plus accrued Coupon, if any, if 0.01% of the outstanding principal amount is being redeemed.</p>

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	<p>If, on or before the Redemption Extension Determination Date 1, the Debenture Holder has exercised the Redemption Extension Option 1 and Redemption Extension Option 2 has not been exercised:</p> <p>Rs. 72,625,000.00 /- (Rupees Seven Crores Twenty Six Lakhs Twenty Five Thousand Only) plus accrued Coupon, if any, if 25% of the outstanding principal amount is being redeemed.  Rs. 217,853,212.50 /- (Rupees Twenty One Crores Seventy Eight Lakhs Fifty Three Thousand Two Hundred and Twelve and Fifty Paise only) plus accrued Coupon, if any, if 99.99% of the outstanding principal amount is being redeemed.  Rs. 21,787.50 /- (Rupees Twenty One Thousand Seven Hundred Eighty Seven and Fifty Paise only) plus accrues Coupon, if any, if 0.01% of the outstanding principal amount is being redeemed.</p> <p>If the Debenture Holder has exercised the Redemption Extension Option 1 and, on or before the Redemption Extension Determination Date 2, the Debenture Holder has exercised the Redemption Extension Option 2:</p> <p>Rs. 72,625,000.00 /- (Rupees Seven Crores Twenty Six Lakhs Twenty Five Thousand Only) plus accrued Coupon, if any, if 25% of the outstanding principal amount is being redeemed.  Rs. 217,875,000.00 /- (Rupees Twenty One Crores Seventy Eight Lakhs Seventy Five Thousand only) plus accrued Coupon, if any, if 100% of the outstanding principal amount is being redeemed.</p>
Redemption Premium/ Discount	N.A
Issue Price	Rs. 500,000 /- (Rupees Five 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	Not Applicable
Put Option Price	Not Applicable
Call Option Date	Not Applicable
Call Option Price	Not Applicable
Put Notification Time	Not Applicable
Call Notification Time	Not Applicable
Face Value	Rs. 500,000 /- (Rupees Five Lakhs Only) per Debenture
Minimum Application size and in multiples of __ thereafter	5 Debentures and in multiples of 2 Debentures thereafter
Issue Timing	<p>Issue Opening Date: June 27, 2014  Issue Closing Date: July 02, 2014  Pay-in Dates: June 27, 2014 to July 02, 2014  Deemed Date of Allotment: July 02, 2014</p> <p>All documentation including, but not limited to, the Information Memorandum, Board Resolution, Rating Letter, Appointment of</p>

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	Trustees to be completed and made available to the Sole Arranger, 1 (One) business day prior to Issue Opening Date.
Issuance mode of the Instrument	Demat only
Trading mode of the Instrument	Demat only
Settlement mode of the Instrument	RTGS
Depositories	NSDL/CDSL
Business Days	Means a day (other than a Sunday or a Bank holiday) on which banks are open for general business in Bombay.
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 amounts due from the various borrowers of the Issuer (“<b>Hypothecated Assets</b>”), such that the value of security shall be equal to 1.00 (One) time the aggregate amount outstanding of the Debentures (“<b>Security Cover</b>”).</p> <p>Only assets satisfying the following criteria shall be deemed eligible to form part of the Security Cover :</p> <ol style="list-style-type: none"> <li>i. the Hypothecated Assets must be a loan receivable, cash deposit or money market funds</li> <li>ii. In case of loan receivables, the loan receivables must be current and no loan receivable forming part of the Hypothecated Assets should be in arrears or have had arrears in the past</li> <li>iii. The maximum notional amount of any one loan contract must not be more than 1% of total on-balance sheet portfolio of the Issuer</li> </ol> <p>The Issuer undertakes:</p> <ol style="list-style-type: none"> <li>a) to maintain the value of Security Cover at all times during the period of the Issue;</li> <li>b) to register and perfect the security over the Hypothecated Assets by executing a duly stamped Deed of hypothecation</li> </ol>



	<p>(“<b>Deed of Hypothecation</b>”) on or about the Deemed Date of Allotment and filing the relevant form immediately and no later than 15 (Fifteen) calendar days from the date of execution of the Deed of Hypothecation;</p> <p>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;</p> <p>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 (“<b>Monthly Hypothecated Asset Report</b>”).</p>
Transaction Documents	Shall be as set out in Clause 7.1 below
Conditions Precedent to Disbursement	<ol style="list-style-type: none"> <li>1. Execution of Debenture Trustee Agreement, Deed of Hypothecation and Debenture Trust Deed</li> <li>2. No event or potential event of default</li> <li>3. Compliance with all representations and warranties</li> <li>4. All governmental and third party approvals or consents as required have been obtained by the Company</li> <li>5. Satisfactory due diligence and internal credit scoring by the Debenture Holder</li> <li>6. Successful refinancing by the Debenture Holder of the Debentures</li> <li>7. Execution of all relevant transaction documents</li> <li>8. Satisfactory independent legal opinion regarding enforceability and capacity of the Issuer</li> <li>9. All financial documentation and reporting as reasonably requested by the Debenture Holder</li> <li>10. A rating shall have been assigned to the Debentures of not less than “BBB”</li> </ol>
Conditions Subsequent to Disbursement	<ol style="list-style-type: none"> <li>1. Filing of the relevant documents inter alia private placement offer letter, return of allotment etc. with the ROC within the timelines specified under the rules under the Companies Act, 2013.</li> <li>2. Completion of listing of Debentures on the stock exchange</li> <li>3. Filing of the relevant form with the ROC for the registration of charge over the Hypothecated Assets.</li> <li>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.</li> </ol>
Events of Default	As mentioned in Clause 7.7 below

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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 become due prior to its stated maturity; or</p> <p>(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 Kolkata.

## **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: U74140WB1991PTC053189 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 allowances and such taxes, duties, costs, charges and expenses in connection with

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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**

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 :

- a. 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 1x (One) time the aggregate amount outstanding of the Debentures (“**Security Cover**”).
- b. 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 outstanding Debentures to Total Assets of not greater than 15%
- (ii) The Issuer shall at all times until the redemption of all outstanding Debentures, ensure that the ratio of outstanding Debentures to Total Assets does not increase more than 1% (one percentage point) from one month to the immediately forthcoming month
- (iii) The Issuer shall at all times until the redemption of all outstanding Debentures maintain a Capital Adequacy Ratio of not less than 15%
- (iv) The shall at all times until the redemption of all outstanding Debentures maintain a ratio of Total Debt to Total Equity of not greater than 5.5x (Five Decimal Point Five Times)
- (v) The Issuer shall at all times until the redemption of all outstanding Debentures maintain an Uncovered Capital Ratio of less than 10% (Ten Percent)
- (vi) The Issuer shall at all times until the redemption of all outstanding Debentures maintain less than 5% of its liabilities and assets in non INR denominated currency
- (vii) The Issuer shall at all times until the redemption of all outstanding Debentures maintain a ratio of outstanding off-balance sheet portfolio (including asset securitization) to total assets of less than 40%

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.

*“Uncovered Capital Ratio”* means the Portfolio at Risk greater than 90 days, plus restructured portfolio less loan loss provisions divided by Equity.

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“*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.

“*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:

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

- a. The Issuer undertakes that it shall forward to the Debenture Trustee any such information sought and provide access to relevant books of accounts in relation to this Issue as required by Debenture Trustee
- b. The Issuer undertakes to submit to the Debenture Trustee (and to the Debenture Holder, if so requested), its duly audited annual accounts, within 180 (one hundred eighty) days from the close of its accounting year.
- c. Submit to the Debenture Trustee (and to the Debenture Holder(s), if so requested) its provisional quarterly financials, within 90 days from the close of each of its accounting quarters.
- d. Submit to the Debenture Holders (in a format which shall be provided by the Debenture Holder from time to time) such other information relevant to the Issue that the Debenture Holder may reasonably request on a monthly,

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quarterly and annual basis or pursuant to an annual diligence by the Debenture Holder, subject to such information being available with the Issuer.

- e. The Issuer shall provide / cause to be provided information in respect of the following promptly and no later than 5 (Five) calendar days from the occurrence of such event (unless otherwise specifically provided):
  - A. Notify the Debenture Trustee in writing of any notice of any application for winding up having been made or receipt of any statutory notice of winding up under the provisions of the Companies Act or any other notice under any other law or otherwise of any suit or legal process intended to be filed and affecting the title to the property of the Issuer.
  - B. Notify the Debenture Trustee in writing if it becomes aware of any fact, matter or circumstance which would cause any of the representations and warranties under any of the Transaction Documents to become untrue or inaccurate or misleading in any material respect.
  - C. Notify the Debenture Trustee in writing of any event which constitutes an event of default, specifying the nature of such event and any steps the Issuer is taking and proposes to take to remedy the same.
  - D. Notify the Debenture Trustee in writing of any of any proposed material change in the nature or scope or the business or operations of the Issuer or the entering into any agreement or arrangement by any person that may affect the assets and liabilities of the Issuer, at least 3 (Three) Business Days prior to the date on which such action is proposed to be given effect.
  - E. Notify the Debenture Trustee of any major change in the composition of its Board of Directors, which may amount to change in Control as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.
- f. Furnish a report to the Debenture Trustee on a quarterly basis, containing the following particulars:
  - A. Updated list of names and addresses of the Debenture Holders;
  - B. Details of unpaid due payments, to be made, but unpaid and reasons for non-payment thereof; and
  - C. The number and nature of grievances received from the Debenture Holders, grievances resolved by the Issuer and resolved by the Issuer and those grievances not yet solved to the satisfaction of the Debenture Holders;
  - D. A statement that those assets of the Issuer which are available by the way of security are sufficient to discharge the claims of the Debenture Holders as and when they become due.
  - E. A statement signed by an authorized signatory of the Issuer (supported by an Auditor's/Chartered Accountant's certificate) confirming that the

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Asset Cover is being maintained as per the provisions of the Deed of Hypothecation.

- g. The Issuer shall provide Reporting documentation and due diligence requirements prior to closing and on annual basis as required by the Servicer, including
  - A. Legal and operational documents/information
    - i. Constitutional documents (Articles of Association or bylaws)
    - ii. Functioning documents (registration, license, etc.)
    - iii. Shareholding structure
    - iv. List of board of directors
    - v. List of management team including CVs and organizational chart
    - vi. Any other legal or operational document or information as Symbiotics Research & Advisory may reasonably request.
  - B. Financial documents/information
    - i. Audited accounts of the last 4 years
    - ii. Latest business plan and financial projections
    - iii. Detailed list of sources of funding
    - iv. Third party rating or external evaluation, if existing
    - v. Financial position reports on the last three years to be posted on the Symbiotics online reporting platform at the address - <http://www.syminvest.com>
    - vi. Monthly financial position reports for the last three months of the current year to be posted on Symbiotics online reporting platform at the address - <https://my.syminvest.com/login>
- h. The Borrower shall provide monthly reporting requirements to the Servicer
  - i. Monthly position reports to be posted on Symbiotics online reporting platform at the address <https://my.syminvest.com/login> no later than 20 days after the close of the month.

**Promptly and expeditiously attend to and redress the grievances, if any, of the Debenture-holders**

**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 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 5 (Five) 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;

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- 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 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,

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- (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):

- (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.

## **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.

### **7.9 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.

### **7.10 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.

### **7.11 Trustee for the Debenture Holder(s)**

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



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

### **7.12 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.

### **7.13 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.

### **7.14 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.

### **7.15 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.

### **7.16 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.

### **7.17 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.

### **7.18 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.

### **7.19 Fictitious Applications**

All fictitious applications will be rejected.

### **7.20 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.

### **7.21 Payment Instructions**

The Application Form should be submitted directly or through the Sole Arranger. The entire amount of Rs. 290,500,000/- (Rupees Twenty Nine Crores Five Lakhs only) per Debenture is payable along with the making of an application. Applicants can remit the application amount through RTGS on Pay-in Date. The RTGS details of the Issuer are as under:

Beneficiary Name : Arohan Financial Services Private Limited  
Bank Account No. : 011010200013624  
IFSC CODE : UTIB0000011

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Bank Name : Axis Bank Ltd  
Branch Address : 20, Gariahat Road, Kolkata - 700 019

### **7.22 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.

### **7.23 Procedure for Applying for Dematerialised Facility**

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

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

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

### **7.24 Depository Arrangements**

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

### **7.25 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.

### **7.26 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.

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

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

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

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

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

### **7.28 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)

### **7.29 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.

### **7.30 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.

### **7.31 Mode of Payment**

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

### **7.32 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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### **7.33 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.

### **7.34 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.

### **7.35 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 July 02, 2014 by which date the Investors would be intimated of allotment.

### **7.36 Record Date**

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

### **7.37 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.

### **7.38 Interest on Application Money**

Interest shall be payable on all application monies received at the Coupon Rate of 14.75% (Fourteen Decimal Point Seven 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.

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### **7.39 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.

### **7.40 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 8: 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 Arohan Financial Services Private Limited

Authorised Signatory  
Name: Mr Sunil Bothra  
Title: Assistant Vice President - Finance  
Date: June 27, 2014



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**ANNEXURE I: TERM SHEET**

**AS PER CLAUSE 6.22 ISSUE DETAILS**

ANNEXURE II: RATING LETTER & RATING RATIONALE



Shri Manoj Nambiar  
Managing Director  
Arohan Financial Services Pvt Ltd  
Prafulla, 195/1, Rajdanga,  
Chakrabortypara, Kasba  
Kolkata – 700 107

June 26, 2014

**Confidential**

Dear Sir,

**Credit rating for proposed Non-Convertible Debenture Issue**

Please refer to your request for rating of proposed long-term Non-Convertible Debenture (NCD) issue aggregating Rs.50.0 crore and our letter dated June 13, 2014 conveying the rating for the same.

2. We are now in receipt of your request for revalidation of the said rating on the basis of revised terms of the NCD [Refer Annexure I for revised terms].
3. We are pleased to reaffirm the rating of 'CARE BBB' [Triple B] to the aforesaid NCD issue.
4. All other terms and conditions contained in our rating letter dated June 13, 2014 would remain the same.

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

Thanking you,

Yours faithfully,

*P. Singhania*  
[Punit Singhania]  
Dy. Manager

punit.singhania@careratings.com

*Utkarsh Nopany*  
[Utkarsh Nopany]  
Manager

utkarsh.nopany@careratings.com

Encl.: As above

**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

**CREDIT ANALYSIS & RESEARCH LTD.**

CORPORATE OFFICE: 4<sup>th</sup> Floor, Godrej Coliseum, Sonalaya Hospital Road,  
Off Eastern Express Highway, Sion (E), Mumbai 400 022.  
Tel: +91-22-6754 3456; Fax: +91-22-6754 3457  
Email: care@careratings.com | www.careratings.com

3<sup>rd</sup> Floor, Pread Chambers, (Shegun Mall Bldg.)  
10A, Shakespeare Sarani, Kolkata 700 071  
Tel: +91-33-4018 1680 / 02  
Fax: +91-33-4018 1608

CIN-L67190MH1993PLC071601

Annexure I

Proposed Non Convertible Debenture

Particulars	Instrument		
	NCD (Series – I)	NCD (Series – II)	NCD (Series – III)
Instrument	15.00	29.05	5.93
Size (Rs. Cr)	15.00	29.05	5.93
Interest (%)	15.00 (semi-annual)	14.75 (semi-annual)	15.00 (semi-annual)
Tenure	36 months	53 months	60 months
Redemption	Bullet repayment at the end of 36 months with put/call option at the end of 18 months from the date of allotment	As per table given below <sup>^</sup>	Repayment of Rs.1.25 cr at the end of 48 months, Rs.3.7125 cr at the end of 54 months and Rs.0.9875 cr at the end of 60 months
Call / Put option	Yes <sup>*</sup>	Yes <sup>^</sup>	No

\* NCD (Series – I) - Full repayment at the end of 18 months

<sup>^</sup> Condition for redemption is as tabulated below:

NCD (Series – II)	Condition for Redemption
Option 1	25% on 13 <sup>th</sup> May 2016 & 99.99 % of outstanding principal on 13 <sup>th</sup> Nov 2016 & 0.01% of outstanding principal on maturity
Option 2	25% on 13 <sup>th</sup> May 2017 & 99.99 % of outstanding principal on 13 <sup>th</sup> Nov 2017 & 0.01% of outstanding principal on maturity
Option 3	25% on 13 <sup>th</sup> May 2018 & 100 % of outstanding principal on 13 <sup>th</sup> Nov 2018 i.e maturity date

P.f.

5.10

CREDIT ANALYSIS & RESEARCH LTD.

3rd floor, Prasad Chambers, (Shagun Mall Bldg.), 10A, Shrikrishna Sarani, Kolkata 700 071.  
Tel: +91-33-4018 1600 / 82 | Fax: +91-33-4018 1603 | Email: care@careratings.com | www.careratings.com  
CIN-L67190MH1993PLC071691

ANNEXURE III: CONSENT LETTER FROM THE DEBENTURE TRUSTEE



**GDA Trustee**

Believe in yourself... Trust us!



GDA/DEB/CL-MUM/2014-15/023

25th June, 2014

**Arohan Financial Services Pvt Ltd**  
'Prafulla', 195/1, Rajdanga Chakrabortipara  
Kasba, Kolkata - 700 107  
West Bengal, India  
Kind Attn : - Mr. Manoj Nambiar

Dear Sir,

**Consent to act as Trustee for Secured, Rated, Listed, Taxable, Redeemable Non-Convertible Debentures aggregating to Rs. 29.05 crores to be issued by your Company.**

This is with reference to the discussions and also to the mail dated 25th 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.29.05 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. 8, Kanor Building, Plot No. 407, Causeway Patel Ground, Fort, Mumbai 400 061. Tel: +91-022-25560254 Fax: +91-022-22802020 Email: [info@gdatrustee.com](mailto:info@gdatrustee.com)

Regd Office: Gdn House, Plot No. 86, Bhosari Colony (Right), Paud Road, Pune - 411 030

Tel: +91-020-2580301 Fax: +91-020-25282275 Email: [info@gdatrustee.com](mailto:info@gdatrustee.com) Web: [www.gdatrustee.com](http://www.gdatrustee.com)

regalens Office: D-1 - 207, ShreeWhite House, Nehru Shaheed Smriti Bazar Road, 15<sup>th</sup> Cross, 6<sup>th</sup> Main, T. Nagar, Ind Road, Bengaluru - 560 032 Tel: +91-089-2556-9430 Email: [regalens@gdatrustee.com](mailto:regalens@gdatrustee.com)

**ANNEXURE IV: APPLICATION FORM**

Arohan Financial Services Private Limited  
A private limited company incorporated under the Companies Act, 1956

Date of Incorporation: September 27, 1991

Registered Office:

195/1 Rajdanga, Chakrabortypara,  
Kasba, Kolkata, West Bengal-700107

Telephone No: +91-33-40156000

Website: <http://www.arohan.in/>

<b>DEBENTURE SERIES APPLICATION FORM SERIAL NO.</b>	<b>1</b>								
---	----------	--	--	--	--	--	--	--	--

**ISSUE OF UPTO 581 SECURED RATED LISTED REDEEMABLE NON  
CONVERTIBLE DEBENTURES OF**

**RS. 500,000/- (RUPEES FIVE LAKHS ONLY) EACH AGGREGATING UPTO RS.  
290,500,000/- (RUPEES TWENTY NINE CRORES FIVE LAKHS ONLY), FULLY  
PAID UP FOR CASH AT PAR TO THE FACE VALUE**

**DEBENTURE SERIES APPLIED FOR:**

Number of Debentures 581 In words Five Hundred and Eighty One

Amount Rs. 290,500,000/- in words Rupees Twenty Nine Crores Five Lakhs Only

**DETAILS OF PAYMENT:**

RTGS

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

Funds transferred to Arohan Financial Services Private Limited

Dated \_\_\_\_\_

Total Amount Enclosed

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

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

**SPECIMEN SIGNATURE**

<b>AAV Sarl (Luxembourg)</b>	
------------------------------	--

**APPLICANT'S ADDRESS**

<b>ADDRESS</b>	<b>AAV Sarl (Luxembourg)</b>				
<b>STREET</b>					
<b>CITY</b>					
<b>PIN</b>		<b>PHONE</b>		<b>FAX</b>	

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APPLICANT'S PAN/GIR NO.  
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:

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

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

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 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.

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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



Arohan Financial Services Private Limited  
Balance Sheet as at 31 March 2014  
(All amounts in ₹ unless otherwise stated)

	Notes	31 March 2014	31 March 2013
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	5	406,745,500	297,635,130
Reserves and surplus	6	266,714,423	122,626,495
		673,459,923	420,261,625
<b>Non-current liabilities</b>			
Long-term borrowings	7	338,638,030	442,896,564
		338,638,030	442,896,564
<b>Current liabilities</b>			
Short-term borrowings	7	111,507,630	35,650,000
Trade payables	8	1,176,300	152,670
Other current liabilities	9	1,150,790,774	157,840,519
Short-term provisions	10	47,531,609	3,515,135
		1,281,605,513	196,558,124
<b>Total</b>		<b>2,295,153,466</b>	<b>1,060,116,713</b>
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	12	6,741,008	7,382,716
Intangible assets	13	4,995,516	2,771,265
Capital work-in-progress		1,415,000	4,359,134
Non-current investments	14	500,000	500,000
Deferred tax assets (net)	15	4,924,394	-
Loan to customers	16	149,842,439	115,202,645
Long-term loans and advances	17	17,294,977	28,934,828
Other non-current assets	18	72,811,489	58,920,539
		205,624,823	218,171,127
<b>Current assets</b>			
Current investments	14	-	27,581,539
Cash and bank balances	19	520,559,151	120,747,754
Loan to customers	16	1,396,340,933	571,369,237
Short-term loans and advances	17	89,805,560	112,797,235
Other current assets	20	20,862,939	9,449,821
		2,027,528,613	841,945,586
<b>Total</b>		<b>2,295,153,466</b>	<b>1,060,116,713</b>

Notes 1 to 40 form an integral part of these financial statements

This is the Balance Sheet referred to in our report of even date.

*Walker Chandok Seal LP*  
For Walker Chandok & Co LLP  
(Formerly Walker Chandok & Co)  
Chartered Accountants  
per *Sampat Kumar Jain*  
Partner



For and on behalf of Board of Directors of  
Arohan Financial Services Private Limited  
*Shubhankar Sengupta*  
Manoj Kumar Nambiar  
Managing Director  
Anurita Kamplid  
Company Secretary

Place: Hyderabad  
Date: 29 April 2014

Place: Kolkata  
Date: 29 April 2014







**Arohan Financial Services Private Limited**  
**Statement of Profit and Loss for the year ended 31 March 2014**  
 (All amounts in ₹ unless otherwise stated)

	Notes	31 March 2014	31 March 2013
<b>Revenue</b>			
Revenue from operations	21	323,234,210	137,535,904
Other income	22	24,059,672	6,928,664
<b>Total revenue</b>		<b>347,293,882</b>	<b>144,464,568</b>
<b>Expenses</b>			
Employee benefit expenses	23	87,582,286	62,715,752
Finance costs	24	148,502,709	41,814,026
Depreciation and amortization expense	25	3,872,323	2,656,615
Provision for loan portfolio	26	9,349,036	2,496,609
Other expenses	27	50,385,756	33,570,825
<b>Total expenses</b>		<b>299,692,110</b>	<b>145,253,827</b>
<b>Profit before exceptional items and tax</b>		<b>47,601,772</b>	<b>1,210,741</b>
Less: Exceptional items	40	3,531,483	-
<b>Profit before tax</b>		<b>44,070,289</b>	<b>1,210,741</b>
<b>Tax expense</b>			
Current tax		18,352,378	137,984
Tax for earlier periods		-	529,372
Deferred tax		(4,924,394)	-
<b>Profit for the year</b>		<b>30,622,305</b>	<b>543,387</b>
<b>Earnings per equity share [EPES]</b>			
Nominal value per share		10	10
Basic	35	0.83	0.03
Diluted	35	0.83	0.03

Notes 1 to 40 form an integral part of these financial statements

This is the Statement of Profit and Loss referred to in our report of even date

*Walker Chandok Res LLP*  
 For Walker Chandok & Co LLP  
 Chartered Accountants  
 per Sanjay Kumar Jain  
 Partner



For and on behalf of Board of Directors of  
**Arohan Financial Services Private Limited**

*Manoj Kumar Nambiar*  
 Managing Director  
*Amrita Kamjilal*  
 Company Secretary

*Shubhankar Sengupta*  
 Director

Place: Hyderabad  
 Date: 29 April 2014

Place: Kolkata  
 Date: 29 April 2014





**Arohan Financial Services Private Limited**  
**Cash Flow Statement for the year ended 31 March 2014**  
 (All amounts in ₹ unless otherwise stated)

	31 March 2014	31 March 2013
<b>Cash flows from operating activities</b>		
Profit before tax	44,050,289	1,210,743
<b>Adjustments :</b>		
Depreciation and amortisation expense	3,872,323	2,656,615
Provision for non-performing assets	12,900,519	2,496,609
Provision for securitized portfolio, net	550,746	-
Provision for bonus	764,609	-
Loan assets written-off	2,600,435	838,310
Provision no longer required, written back	-	(739,565)
Employee stock option compensation	2,660,040	-
Gain on sale of investments	(5,642,234)	-
(Gain) / loss on sale of assets	(14,680)	(155,477)
<b>Operating profit before working capital changes</b>	<b>61,742,051</b>	<b>6,327,235</b>
Increase in loans to customers	(862,141,925)	(311,815,313)
(Increase) / decrease in long-term loans and advances	(1,684,974)	1,071,994
Decrease / (increase) in short-term loans and advances	60,126,027	(139,123,123)
Increase in other non-current assets	(12,393,345)	(808,935)
Increase in other current assets	(11,353,178)	(10,221,658)
Increase / (decrease) in trade payables	1,923,430	(125,824)
Increase / (decrease) in other current liabilities	110,925,526	(12,256,843)
<b>Cash used in operating activities</b>	<b>(633,738,588)</b>	<b>(466,932,467)</b>
Income taxes paid	(19,361,653)	(137,894)
<b>Net cash used in operating activities</b>	<b>A (673,129,241)</b>	<b>(467,090,361)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(1,092,712)	(1,963,410)
Purchase of intangible assets	(1,432,269)	(1,067,034)
Proceeds from sale of tangible fixed assets	28,935	643,765
Investment in current investments	-	(27,381,539)
Income from current investments	5,642,234	-
Proceeds from sale of investments	27,381,539	-
Decrease in other bank balances and restricted deposits	(173,089,318)	(8,592,013)
<b>Net cash used in investing activities</b>	<b>B (142,361,601)</b>	<b>(38,560,231)</b>



*This space is intentionally left blank.*



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

<b>Illustration of Bond Cash Flows</b>	
Company	Arohan Financial Services Private Limited
Face Value (per security)	Rs. 500,000/- (Rupees Five Lakhs only)
Issue Date / Date of Allotment	July 02, 2014
Redemption	<p>If, on or before the Redemption Extension Determination Date 1, the Debenture Holder has not exercised the Redemption Extension Option 1:</p> <p>13-May-16 13-Nov-16 13-Nov-18</p> <p>If, on or before the Redemption Extension Determination Date 1, the Debenture Holder has exercised the Redemption Extension Option 1 and Redemption Extension Option 2 has not been exercised:</p> <p>13-May-17 13-Nov-17 13-Nov-18</p> <p>If the Debenture Holder has exercised the Redemption Extension Option 1 and, on or before the Redemption Extension Determination Date 2, the Debenture Holder has exercised the Redemption Extension Option 2:</p> <p>13-May-18 13-Nov-18</p>
Coupon Rate	14.75% (Fourteen Point Seven Five Percent) per annum (computed on a simple interest basis)
Frequency of the Coupon Payment with specified dates	Semi-annually on May 13, and November 13, of every calendar year until Maturity Date
Day Count Convention	Actual / Actual

<b>Scenario 1:</b>		If, on or before the Redemption Extension Determination Date 1, the Debenture Holder has not exercised the Redemption Extension Option 1		
<b>Cash Flows</b>	<b>Date</b>	<b>No. of days in Coupon Period</b>	<b>Coupon Amount (in Rupees)</b>	<b>Principal Amount (in Rupees)</b>
<b>Issue amount</b>	<b>Wednesday, July 02, 2014</b>			
1st Coupon	<b>Thursday, November 13, 2014</b>	134	15,730,773.97	
2nd Coupon	<b>Wednesday, May 13, 2015</b>	181	21,248,284.25	
3rd Coupon	<b>Friday, November 13, 2015</b>	184	21,600,465.75	
4th Coupon and 1 <sup>st</sup> Principal Repayment	<b>Friday, May 13, 2016</b>	182	21,365,678.08	72,625,000.00

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5 <sup>th</sup> Coupon and 2 <sup>nd</sup> Principal Repayment	<b>Sunday, November 13, 2016</b>	185	21,717,859.59	217,853,212.50
6 <sup>th</sup> Coupon	<b>Saturday, May 13, 2017</b>	180	21,130,890.41	
7 <sup>th</sup> Coupon	<b>Monday, November 13, 2017</b>	184	21,600,465.75	
8 <sup>th</sup> Coupon	<b>Sunday, May 13, 2018</b>	182	21,365,678.08	
9 <sup>th</sup> Coupon and 3 <sup>rd</sup> Principal Repayment	<b>Tuesday, November 13, 2018</b>	183	21,483,071.92	21,787.500
<b>Total</b>			<b><u>187,243,167.81</u></b>	<b><u>290,500,000</u></b>

<b>Scenario 2:</b>	If, on or before the Redemption Extension Determination Date 1, the Debenture Holder has exercised the Redemption Extension Option 1 and Redemption Extension Option 2 has not been exercised			
<b>Cash Flows</b>	<b>Date</b>	<b>No. of days in Coupon Period</b>	<b>Coupon Amount (in Rupees)</b>	<b>Principal Amount (in Rupees)</b>
<b>Issue amount</b>	<b>Wednesday, July 02, 2014</b>			
1st Coupon	<b>Thursday, November 13, 2014</b>	134	15,730,773.97	
2nd Coupon	<b>Wednesday, May 13, 2015</b>	181	21,248,284.25	
3rd Coupon	<b>Friday, November 13, 2015</b>	184	21,600,465.75	
4th Coupon	<b>Friday, May 13, 2016</b>	182	21,365,678.08	
5 <sup>th</sup> Coupon	<b>Sunday, November 13, 2016</b>	185	21,717,859.59	
6 <sup>th</sup> Coupon and 1 <sup>st</sup> Principal Repayment	<b>Saturday, May 13, 2017</b>	180	21,130,890.41	72,625,000.00
7 <sup>th</sup> Coupon and 2 <sup>nd</sup> Principal Repayment	<b>Monday, November 13, 2017</b>	184	21,600,465.75	217,853,212.50
8 <sup>th</sup> Coupon	<b>Sunday, May 13, 2018</b>	182	21,365,678.08	
9 <sup>th</sup> Coupon and 3 <sup>rd</sup> Principal Repayment	<b>Tuesday, November 13, 2018</b>	183	21,483,071.92	21,787.50
<b>Total</b>			<b><u>187,243,167.81</u></b>	<b><u>290,500,000</u></b>

<b>Scenario 3:</b>	If the Debenture Holder has exercised the Redemption Extension Option 1 and on or before the Redemption Extension Determination 2, the Debenture Holder has exercised the Redemption Extension Option 2			
<b>Cash Flows</b>	<b>Date</b>	<b>No. of days in Coupon Period</b>	<b>Coupon Amount (in Rupees)</b>	<b>Principal Amount (in Rupees)</b>
<b>Issue amount</b>	<b>Wednesday, July 02, 2014</b>			
1st Coupon	<b>Thursday, November 13, 2014</b>	134	15,730,773.97	
2nd Coupon	<b>Wednesday, May 13, 2015</b>	181	21,248,284.25	
3rd Coupon	<b>Friday, November 13, 2015</b>	184	21,600,465.75	
4th Coupon	<b>Friday, May 13, 2016</b>	182	21,365,678.08	
5 <sup>th</sup> Coupon	<b>Sunday, November 13, 2016</b>	185	21,717,859.59	
6 <sup>th</sup> Coupon	<b>Saturday, May 13, 2017</b>	180	21,130,890.41	
7 <sup>th</sup> Coupon	<b>Monday, November 13, 2017</b>	184	21,600,465.75	
8 <sup>th</sup> Coupon and 1 <sup>st</sup> Principal Repayment	<b>Sunday, May 13, 2018</b>	182	21,365,678.08	72,625,000.00
9 <sup>th</sup> Coupon and 2 <sup>nd</sup> Principal Repayment	<b>Tuesday, November 13, 2018</b>	183	21,483,071.92	217,875,000.00
<b>Total</b>			<b><u>187,243,167.81</u></b>	<b><u>290,500,000</u></b>