# INFORMATION MEMORANDUM

## ESS KAY FINCORP LIMITED

**(Erstwhile Ess Kay Auto Finance Private Limited)**

A public company incorporated under the Companies Act, 1956

Registered Office: G 1-2, New Market, Khasa Kothi, Jaipur, Rajasthan - 302001

**Information Memorandum for issue of Debentures on a Private Placement Basis**

**Dated: May 15, 2018**

**Issue of 2,500 (Two Thousand Five Hundred Only) Secured, Rated, Redeemable, Non-convertible, Principal Protected Market Linked Debentures of face value of Rs. 100,000/- (Rupees One Lac only) each, aggregating up to Rs. 25,00,00,000/- (Rupees Twenty Crores Only) on a private placement basis (the "Issue").**

### Background

This Information Memorandum is related to the Debentures to be issued by ESS KAY FINCORP 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 12, 2017 and the Board of Directors of the Issuer on May 08, 2018 and the Memorandum and Articles of Association of the Company. Pursuant to the resolution passed by the Company's shareholders dated June 12, 2017 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 25,00,00,000/- (Rupees Twenty Five Crores only). The present issue of Debentures 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 ("**Rating Agency**"). The Rating Agency has vide its letter dated May , 2018 assigned a rating of "**PP-MLD CARE BBB+**" (pronounced as "Principal Protected Market Linked Debenture Triple B Plus") 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(s) dated May 14, 2018 from the Rating Agency assigning the credit rating above mentioned and the letter dated May 14, 2018 issued by the Rating Agency disclosing the rating rationale adopted for the aforesaid rating.

### Issue Schedule

Issue Opens on: May15, 2018
Issue Closing on: May 15, 2018
Deemed Date of Allotment: May 15, 2018.

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**") within 15 days from the intimation to list from the Debenture Trustee.

**Registrar and Transfer Agent**
**Bigshare Services Pvt. Ltd.**
E-2 & 3, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka.
Andheri(E), Mumbai - 400 072.
Tel: 91-22-40430200
Fax: 91-22-2847 5207
Email:marketing@bigshareonline.com

**Debenture Trustee**
**Beacon Trusteeship Limited**
4C& D, Siddhivinayak Chambers,
Santacruz (E), Mumbai- 400 055
Tel: +91 22 26558759
Email: contact@beacontrutee.co.in

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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.

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| Allot/Allotment/Allotted | The allotment of the Debentures pursuant to this Issue. |
| Applicable Law | Includes all applicable statutes, enactments or acts of any legislative body in India, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Governmental Authority and any modifications or re-enactments thereof. |
| Application Form | The form used by the recipient of this Information Memorandum, to apply for subscription to the Debentures, which is in the form annexed to this Information Memorandum and marked as **Annexure IV**. |
| Board/Board of Directors | The Board of Directors of the Issuer |
| Business Day | Any day of the week (excluding Saturdays, Sundays, and any day which is a public holiday) on which banks are normally open for business in Chennai and Jaipur, India and "**Business Days**" shall be construed accordingly. |
| CDSL | Central Depository Services (India) Limited |
| Client Loan | Shall mean each loan made by the Company as a lender |
| Company/Issuer | ESS KAY FINCORP LIMITED<br>A public company incorporated under the Companies Act, 1956 with its registered office at G 1-2, New Market, Khasa Kothi, Jaipur, Rajasthan – 302001 |
| Crore | Ten Million |
| Debentures/NCDs | 2500 (Two Thousand Five hundred only) Secured, Rated, Redeemable, Non-convertible Debentures, Principal Protected Market Linked Debentures bearing a face value of Rs. 100,000/- (Rupees One Lac only) each, aggregating to Rs. 25,00,00,000/- (Rupees Twenty Crores only). |
| Debenture Holders / Investors | The holders of the Debentures issued by the Issuer, which shall include the registered transferees of the Debentures from time to time |
| Debenture Trustee | Beacon Trusteeship Limited |
| Debenture Trustee Agreement | Agreement executed/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. |
| Debenture Trust Deed | Shall mean the Debenture Trust cum Mortgage Deed executed/to be executed by and between the Debenture Trustee and the Company 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 |
| Deemed Date of Allotment | Being the date on which the Debentures are deemed to be allotted, being May 15, 2018 |
| Demat | 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 |

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| | 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 Redemption Date or acceleration. |
| EFT | Electronic Fund Transfer |
| Eligible Investors | Shall have the meaning specified in 8.14 below. |
| 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 |
| Foreign Currency | Shall mean a currency other than the Indian National Rupee |
| Foreign-Currency Asset | Shall mean 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 | Shall mean 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. |
| GAAP | Generally Accepted Accounting Principles as prescribed by the Institute of Chartered Accountants of India from time to time and consistently applied by the Issuer. |
| Governmental Authority | The President of India, the Government of India, the Governor and the Government of any State in India, any Ministry or Department of the same, any municipal or local government authority, any authority or private body exercising powers conferred by applicable law and any court, tribunal or other judicial or quasi-judicial body and shall include, without limitation, a stock exchange and any regulatory body. |
| Issue | Private Placement of the Debentures. |
| Issue Closing Date | May 15, 2018 |
| Issue Opening Date | May 15, 2018 |
| Loan Loss Reserves | Shall mean the portion of the Company's portfolio of Client Loans that has been expensed (provisioned for) in anticipation of losses due to default. |
| Majority Debenture Holders | Debenture Holders whose participation or share in the principal amount(s) outstanding with respect to the Debentures aggregate to more than 51% (Fifty One per cent) of the value of the nominal amount of the Debentures for the time being outstanding. |
| Maturity Date | November 12, 2021, subject to a Put or Call 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. |

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| 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). |
| NBFC Master Directions | means the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016 and/or the Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016 (each as amended, modified or restated from time to time) as may be applicable. |
| Net Income | For any particular period and with respect to the Issuer, all revenue (including donations and grants) less all expenses (including taxes, if any for such period). |
| N.A | Not Applicable |
| NBFC | Non-banking financial company |
| NSDL | National Securities Depository Limited |
| Outstanding Portfolio | Shall mean 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. |
| PAN | Permanent Account Number |
| 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. |
| Private Placement Offer Letter | The offer letter prepared in compliance with Section 42 of the 2013 Act read with the Companies (Prospectus and Allotment of Securities) Rules, 2014. |
| Rating Agency | Means Credit Analysis and Research Limited or any rating agency approved by SEBI and finalised by the Debenture Trustee for carrying out debt ratings in India. |
| RBI | Reserve Bank of India. |
| 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 3 (three) calendar days prior to any Due Date. |
| Register of Debenture Holders | The register maintained by the Company containing the name of Debenture holders entitled to receive coupon/redemption amount in respect of the Debentures on the Record Date, which shall be maintained at the Registered Office of the Company. |
| Restructured Loans | Shall mean 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. |
| Return on Assets | Shall for any period means the Issuer's Net Income divided by its average Assets over that same period. |
| R&T Agent | Registrar and Transfer Agent to the Issue, in this case being Bigshare Services Pvt. Ltd |
| ROC | Registrar of Companies. |
| Rs. / INR | Indian National Rupee. |

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| 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. |
| TDS | Tax Deducted at Source. |
| The Companies Act/ the Act | The Companies Act, 1956 as amended from time to time and to the extent repealed and replaced, by the Companies Act, 2013 shall mean the Companies Act, 2013 and the relevant rules issued thereunder. |
| Terms & Conditions | The terms and conditions pertaining to the Issue as outlined in the Transaction Documents. |
| Tier I Capital | Shall have the meaning given to it in the NBFC Master Directions. |
| Tier II Capital | Shall have the meaning given to it in the NBFC Master Directions. |
| Transaction Documents | The documents executed or to be executed in relation to the issuance of the Debentures as more particularly set out in SECTION 7: |
| WDM | Wholesale Debt Market segment of the BSE |
| Wilful Defaulter | Shall mean an Issuer who is categorized as a wilful defaulter by any Bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes an issuer whose director or promoter is categorized as such in accordance with Regulation 2(n) of SEBI (Issue and Listing of Debt Securities) Regulations, 2008. |

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# SECTION 2: NOTICE TO INVESTORS AND DISCLAIMERS

## 2.1 ISSUER'S DISCLAIMER

This Information Memorandum is neither a prospectus nor a statement in lieu of a prospectus and should not be construed to be a prospectus or a statement in lieu of a prospectus under the Companies Act. The issue of the Debentures to be listed on the WDM segment of the BSE (upon request from Debenture Trustee) 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.

As per the applicable provisions, it is not necessary for a copy of this Information Memorandum 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 Debt Listing Regulations as amended from time to time and applicable RBI regulations governing private placements of debentures by NBFCs. This Information Memorandum has been prepared solely to provide general information about the Issuer to 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 potential 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 potential 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 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.

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

No invitation is being made to any persons other than those to whom Application Forms along with this Information Memorandum and/or 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 in 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 and/or the Private Placement Offer Letter comes are required to inform themselves of, 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.

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## 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 within 15 days from intimation by the Debenture Trustee 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 and/or the Private Placement Offer Letter with the Registrar of Companies (through the online portal provided by the Ministry of Corporate Affairs) and SEBI within 30 days from the Deemed Date of Allotment as per the provisions of the 2013 Act and the rules thereunder.

## 2.4 DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is made in India to investors as specified under the paragraph 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 Chennai, India. 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.

## 2.5 DISCLAIMER IN RESPECT OF RATING AGENCIES

Ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. The Rating Agency has based its ratings on information obtained from sources believed by it to be accurate and reliable. The Rating Agency does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by the Rating Agency have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

## 2.6 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

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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 depositary participant. The Issuer will make the Allotment to the Investors on the Deemed Date of Allotment after verification of the Application Form, the accompanying documents and on realisation of the application money.

## 2.7 DISCLAIMER IN RELATION TO REFERENCE INDEX

This Information Memorandum in relation to the Debentures is made available by the Issuer to the applicant on the further strict understanding that (i) in providing this Information Memorandum to the applicant, there will be no violation of rules, regulations and byelaws issued by any applicable authority including those issued by the Securities and Exchange Board of India; (ii) the applicant has sufficient knowledge, experience, and professional advice to make its own evaluation of the merits and risks of a transaction of the type under this Information Memorandum and (iii) the applicant is not relying on the Issuer nor on any of the affiliates of the Issuer for information, advice or recommendations of any sort except for the accuracy of specific factual information about the possible terms of the transaction.

The Issuer is not acting as the advisor or agent of the applicant. This Information Memorandum does not purport to identify for the applicant, the risks (direct or indirect) or other material considerations, which may be associated with the applicant entering into the proposed transaction. Prior to entering into any proposed transaction, the applicant should independently determine, without reliance upon the Issuer or the affiliates of the Issuer, the economic risks and merits, as well as the legal, tax, and accounting characterizations and consequences of the transaction and including that the applicant is able to assume these risks.

This Information Memorandum and the contents herein are the Issuer's property, and are to be considered proprietary information and may not be reproduced or otherwise disseminated in whole or in part without the Issuer's written consent unless required to by judicial or administrative proceeding, and then with prior notice to the Issuer.

Applicants must understand that while the Debentures would be listed, in view of the nature and complexity of the Debentures, marketability may be impacted in a manner that cannot be determined.

Past performance is not indicative of future performance. Investment in the Debentures may be subject to the risk of loss, meaning the allottee may lose some or all of its investment especially where changes in the value of the transaction may be accentuated by leverage. There is a risk that the occurrence of a force majeure or illegality, may result in the loss of part of the investment.

No liability whatsoever is accepted for any loss arising (whether direct or consequential) from any use of the information contained in this communication. The Issuer undertakes no obligation to affect any updates on information. Any prices used herein, other than in relation to final term sheets, are indicative. Any opinions attributed to the Issuer, and/or the affiliates of the Issuer constitute the Issuer's judgment as of the date of the material and are subject to change without notice. Provision of information may cease at any time without reason or notice being given. Commissions and other transaction costs may not have been taken into consideration. Any scenario analysis is provided for illustrative purposes only and does not represent actual termination or unwind prices, nor does it present all possible outcomes or describe all factors that may affect the value of your investment.

The return on the Debentures is dependent on the Reference Index.

## 2.8 DISCLAIMER IN RELATION TO VALUATION AGENCY

The valuations as may be provided by the Valuation Agency, on the website of the Issuer and the Valuation Agency or otherwise do not represent the actual price of the Debentures that may be received upon sale or redemption of Debentures. They merely represent the Valuation Agency's computation of the valuation which may in turn be based on several assumptions. A Debenture Holder understands and is aware that the valuation is not in any manner reflective of the actual returns that can be obtained by such Investor on the Debentures.

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## SECTION 3: 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 stated 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. Potential Investors should also read the detailed information set out elsewhere in this Information Memorandum and/or the Private Placement Offer Letter and reach their own views prior to making any investment decision.

### 3.1 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.

### 3.2 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.

### 3.3 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.

### 3.4 CONDITIONS IN THE INDIAN EQUITY MARKET MAY AFFECT THE COUPON AMOUNT PAYABALE ON THE DEBENTURES AND THE PRICE OF DEBENTURES.

The Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. If similar problems occur in the future, the market price and liquidity of the equity shares could be adversely affected, thereby affecting the indices.

### 3.5 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



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determine any financial, legal, tax and other implications of this investment.

## 3.6 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.

## 3.7 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.

## 3.8 LEGALITY OF PURCHASE

Potential Investors in the Debentures will be responsible for the lawfulness of the acquisition of the Debentures, whether under the laws of the jurisdiction of their incorporation or the jurisdiction in which they operate or for compliance by that potential Investor with any law, regulation or regulatory policy applicable to it.

## 3.9 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.

## 3.10 RISKS RELATED TO THE BUSINESS OF THE ISSUER

(a) ***Majority of the Issuer's loans are secured and the clients of these 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.***

(b) The vehicle loans provided by the Issuer are secured and if the Issuer is unable to control the level of non-performing loans ("NPAs") in the future, or if the loan loss reserves are insufficient to cover future loan losses, the financial condition of the Issuer and results of operations may be materially and adversely affected.

As on March 31, 2018, the gross NPA was Rs 42.20 crores on a gross portfolio of Rs 1281.98 crores (including managed / securitized portfolio of Rs.271.55 crores).

The Issuer cannot assure that the Issuer will be able to effectively control and reduce the level of the impaired loans in its total loan portfolio. The amount of the Issuer's reported non-performing loans may increase in the future as a result of growth in the total loan



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portfolio, and also due to factors beyond the Issuer's control, such as over-extended member credit that we are unaware of. Failure to manage NPAs or effect recoveries will result in operations being adversely affected.

The Issuer's current loan loss reserves may not be adequate to cover an increase in the amount of NPAs or any future deterioration in the overall credit quality of the Issuer's total loan portfolio. As a result, if the quality of the Issuer's total loan portfolio deteriorates the Issuer may be required to increase the loan loss reserves, which will adversely affect the Issuer's financial condition and results of operations. The Issuer's members largely belong to low-income segment 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 the Issuer's monitoring and risk management procedures will effectively predict such losses or that loan loss reserves will be sufficient to cover actual losses. If the Issuer is unable to control or reduce the level of its NPAs or poor credit quality loans, the Issuer's financial condition and results of the Issuer's operations could be materially and adversely affected.

(c) ***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.

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.

(d) ***Loans due within three 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



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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 smoothened operating expense.

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

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

(f) ***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 vehicle finance, 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.

(g) ***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.

(h) ***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 it's available insurance coverage or results in changes in its insurance policies,

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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.

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

Non Banking Financial Companies in India are subject to strict regulation and supervision by the RBI. The Issuer requires certain approvals, licenses, registrations and permissions for operating, including registration with the RBI as a non deposit taking NBFC (NBFC-ND). 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 that is subject to numerous conditions. In addition, branches are required to be registered under the relevant shops and establishments laws of the states in which they are located. The shops and establishment laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. If the Issuer fails to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, business may be adversely affected. If the Issuer fails to comply, or a regulator claims that the Issuer has not complied with any of these conditions, its certificate of registration may be suspended or cancelled and the Issuer shall not be able to carry on such activities.

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

The Issuer faces most significant competition from other NBFCs and banks in India. Many of the institutions with which Issuer competes have greater assets and better access to, and lower cost of, funding than the issuer. In certain areas, they may also have better name recognition and larger member bases than Issuer. Issuer anticipates that it may encounter greater competition as they continue expanding the operations in India, which may result in an adverse effect on the business, results of operations and financial condition.

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## SECTION 4: FINANCIAL STATEMENTS

The audited financial statements of the Issuer for the year ended 31.03.2017 attached.

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## SECTION 5: 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.

### 5.1 Documents Submitted to the Exchanges

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

(i) Memorandum and Articles of Association of the Issuer and necessary resolution(s) for the allotment of the Debentures;
(ii) Copy of last 3 (Three) years audited Annual Reports;
(iii) Statement containing particulars of, dates of, and parties to all material contracts and agreements;
(iv) Copy of the Board / Committee Resolution authorizing the borrowing and list of authorized signatories;
(v) Certified true copy of the resolution passed by the Company at the Board Meeting held on 12th June, 2017 authorising the Company to borrow, upon such terms as the Board may think fit, upto an aggregate limit of INR 15,00,00,00,000/- (Rupees Fifteen Hundred Crores Only);
(vi) Certified true copy of the resolution passed by the Company at the Annual General Meeting held on 12th June, 2017 authorizing the Company to issue non-convertible debentures on private placement basis for the current year to borrow, upon such terms as the Board may think fit, upto an aggregate limit of INR 750,00,00,000 /- (Rupees Seven Hundred Fifty Crores Only);
(vii) An undertaking from the Issuer stating that the necessary documents for the creation of the charge, where applicable, 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
(viii) Where applicable, an undertaking that permission/consent from the prior creditor for a second or *pari passu* charge being created, in favor of the trustees to the proposed issue has been obtained; and
(ix) Any other particulars or documents that the recognized stock exchange may call for as it deems fit.

### 5.2 Documents Submitted to Debenture Trustee

The following documents have been / shall be submitted to the Debenture Trustee in electronic form (soft copy) on or before the allotment of the Debentures:

(i) Memorandum and Articles of Association of the Issuer and necessary resolution(s) for the allotment of the Debentures;
(ii) Copy of last 3 (Three) years audited Annual Reports;
(iii) Statement containing particulars of, dates of, and parties to all material contracts and agreements;
(iv) 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;
(v) 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 Debenture Trustee within the timelines as mentioned in the Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009/Uniform Listing Agreement as prescribed in SEBI's circular no. CFD/CMD/6/2015 dated October 13, 2015 as amended from time to time, for furnishing / publishing its half yearly/ annual

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results. Further, the Issuer shall within 180 (One Hundred and Eighty) days from the end of the financial year, submit a copy of the latest annual report to the Debenture Trustee and the Debenture Trustee shall be obliged to share the details submitted under this clause with all 'Qualified Institutional Buyers' (QIBs) and other existing debenture-holders within 2 (Two) working days of their specific request.

### 5.3 Name and Address of Registered Office of the Issuer

| | |
|---|---|
| Name: | ESS KAY FINCORP LIMITED |
| Registered Office of Issuer: | ESS KAY FINCORP LIMITED<br>G1&2, New Market,<br>Khasa Koti Circle, Jaipur 302006 |
| Corporate Office of Issuer: | ESS KAY FINCORP LIMITED<br>G1&2, Adarsh Plaza,<br>Khasa Kothi Circle, Jaipur 302006 |
| Compliance Officer of Issuer: | Ms. Anagha Bangur, Company Secretary |
| CFO of Issuer: | Mr. Atul Arora,<br>Phone No: 0141-4161340 |
| Corporate Identification Number: | U65923RJ1994PLC009051 |
| Contact Person: | Mr. Vivek Singh |
| Auditors of the Issuer: | SS Kothari Mehta |
| Trustee to the Issue: | Beacon Trusteeship Limited |
| Registrar to the Issue: | Bigshare Services Pvt. Ltd.<br>E-2 & 3, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka.<br>Andheri(E), Mumbai - 400 072.<br>Tel: 91-22-40430200<br>Fax: 91-22-2847 5207 |
| Credit Rating Agency | CARE Ratings |
| Trustee to the Issue: | Beacon Trusteeship Limited<br>4C& D, Siddhivinayak Chambers,<br>Santacruz (E), Mumbai- 400 055<br>Tel: +91 22 26558759<br>Email: contact@beacontrutee.co.in |
| Registrar to the Issue: | Bigshare Services Pvt. Ltd.<br>E-2 & 3, Ansa Industrial Estate, Saki-Vihar Road,<br>Sakinaka. Andheri(E), Mumbai - 400 072.<br>Tel: 91-22-40430200, Fax: 91-22-2847 5207<br>Email: marketing@bigshareonline.com |

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

**(a) Overview**

ESS KAY FINCORP LIMITED (Ess Kay) is registered as an Asset Financing Non-Banking Financial Corporation (NBFC-AFC) with the Reserve Bank of India. It was incorporated in 1994 and is primarily engaged in financing of commercial vehicles – mostly light commercial vehicles and multi utility vehicles. Its corporate and registered office is in Jaipur, Rajasthan.

It provides loans primarily to first time buyers and small transporters for purchase of used vehicles. The Issuer's experienced management team, knowledge of local market, good franchise in Rajasthan, good systems and processes, control on asset quality indicators and adequate profitability are credit the positives for the company.

**MAIN OBJECTS AND BUSINESS OF THE ISSUER**

**i. Current Corporate Status:**

The Issuer was incorporated as a private limited company under the Companies Act of 1956 on 21st November 1994 and is registered with the Reserve Bank of India as a non-deposit accepting NBFC and converted from a private limited to public limited company under the Companies Act of 2013 on September 04, 2017. 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, Ess Kay 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 Ess Kay 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, Ess Kay will be more likely to attract mainstream capital resources which Societies or Trusts would find difficult to attract.

- **Regulatory Coverage:** As Ess Kay grows in size, operating as an NBFC within the regulatory framework mitigates risks from political and regulatory intervention.

- **Stakeholder Involvement:** As an NBFC, Ess Kay can bring a variety of stakeholders to the table, including clients, management, employees and investors.

**ii. Business Segments**

Ess Kay lends financial assistance in the form of loans, to help meet customers' needs in the transportation life cycle from end-to-end. We finance Heavy Commercial Vehicles (HCV), Medium Commercial Vehicles (MCV), Light Commercial Vehicles (LCV), Multi Utility Vehicle (MUV), Cars, Two – Wheelers and MSME financing. Apart from financing

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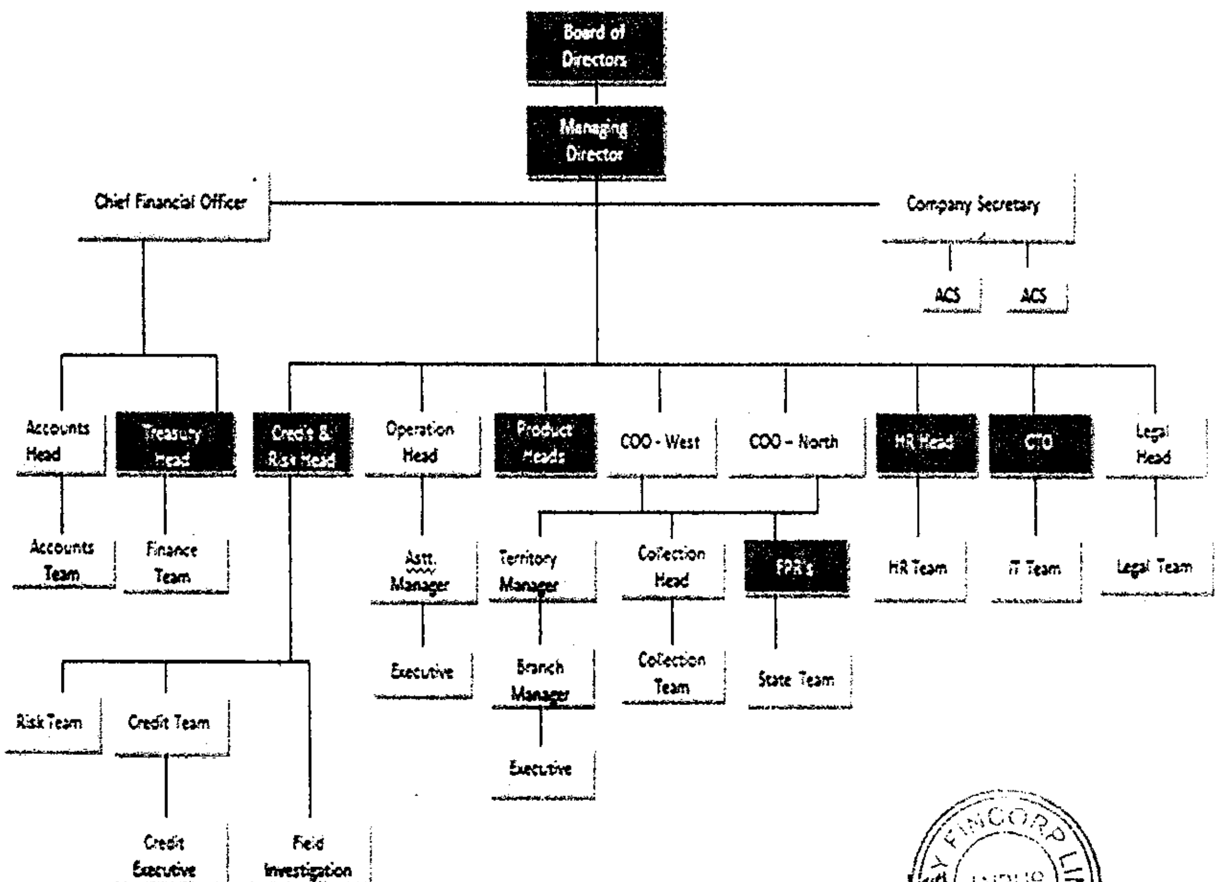
new vehicles, we have Refinancing loans available for used and pre-owned vehicles of all kinds and brands.

## PRODUCT DETAILS

| Product | Features | Purpose | Eligibility |
|---|---|---|---|
| Vehicles loans | Secured by hypothecation of vehicle | Purchase of vehicle | Self-occupied individuals |
| MSME | Secured by mortgage of property | Expansion of business | Self-occupied residential and commercial property Individuals |

***(b) ORGANIZATION STRUCTURE***



(b) **Key Operational and Financial Parameters for the last 3 audited years on a consolidated basis (wherever available) else on a standalone basis**

| Parameters | Audited 31-Mar-15 | Audited 31-Mar-16 | Audited 31-Mar-17 |
|---|---|---|---|
| | | | |
| Total Debt | 2,968,914,510 | 4,213,617,432 | 6,14,61,56,681 |
| - Non current maturities of long term Borrowings | 1,492,085,332 | 2,261,469,212 | 3,01,97,50,623 |
| - short term borrowings | 165,039,249 | 733,082,729 | 45,97,17,039 |
| - Current maturities of long term Borrowings | 1,311,789,929 | 1,219,065,491 | 2,66,66,89,019 |
| Net Fixed Assets | 34,061,555 | 49,773,246 | 10,16,25,311 |
| Non-Current Assets | 1,776,583,124 | 2,639,029,606 | 3,83,67,35,831 |
| Cash and Cash equivalents | 247,593,158 | 263,651,550 | 55,42,57,843 |
| Current investments | - | - | |
| Current Assets | 2,088,434,144 | 2,712,758,526 | 3,77,14,30,863 |
| Current liabilities | 1,730,785,985 | 2,225,659,708 | 3,78,10,59,719 |
| Assets Under Management | 3,878,105,602 | 5,256,232,337 | 8,24,49,00,654 |
| Off balance sheet assets | 763,900,000 | 831,000,000 | 2,49,30,57,342 |
| Interest Income | 728,357,439 | 940,313,455 | 1,20,56,46,337 |
| Interest Expense | 407,291,011 | 474,948,835 | 65,69,90,658 |
| Provisioning for loan portfolio | 14,829,147 | 43,602,174 | 6,74,21,219 |
| PAT | 90,450,281 | 120,109,117 | 12,29,85,600 |
| Gross NPA (%) | 1.42% | 1.85% | 4.22% |
| Net NPA (%) | 0.91% | 1.42% | 3.41% |
| Recognition of NPA | 180 days | 150 days | 120 days |
| Tier I Capital Adequacy Ratio (%) | 17.06% | 14.60% | 11.56% |
| Tier II Capital Adequacy Ratio (%) | 2.64% | 5.52% | 6.20% |

(c) **Gross Debt : Equity Ratio of the Company as of March 31, 2018**

| | |
|---|---|
| Before the issue of debt securities | 4.35 |
| After the issue of debt securities | 4.47 |

**Calculations**

Before the issue, as on **March 31, 2018**, debt-to-equity ratio is calculated as follows:-

| | |
|---|---|
| Debt | 897.63 |
| Equity | 206.30 |
| Debt/Equity | 4.35 |

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

| | |
|---|---|
| Debt | 922.63x |
| Equity | 206.30 |
| Debt/Equity | 4.47 |

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

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

### (a) Details of Share Capital as on last quarter end, i.e., 31.03.2018

| Share Capital | Rs. |
|---|---|
| **Authorised** | |
| Equity share capital | 5,75,00,000 |
| Preference share capital | Nil |
| **TOTAL** | **5,75,00,000** |
| | |
| **Issued, Subscribed and Fully Paid- up** | |
| Equity share capital | 3,50,91,900 |
| Preference Shares | Nil |
| **TOTAL** | **3,50,91,900** |

### (b) Changes in its capital structure as on last quarter end i.e., 31.03.2018 for the last five years:

| Changes in its capital structure as on last quarter end i.e. Mar 31, 2018 for the last five years: (since Dec 31, 2010 to Mar, 2018) | Change in Authorised Share Capital (Equity and Preference) (Rs.) | | Particulars |
|---|---|---|---|
| Date of Change (AGM/ EGM) | Existing | Revised | Change in capital (Rs.) |
| 31.12.2010 | 12,500,000 | 25,000,000 | +12,500,000 |
| 31.12.2011 | 25,000,000 | 25,000,000 | - |
| 31.12.2012 | 25,000,000 | 45,000,000(E.S.)<br>12,500,000(P.S) | +20,000,000<br>+12,500,000 |
| 31.12.2013 | 45,000,000(E.S.)<br>12,500,000(P.S) | 45,000,000(E.S.)<br>12,500,000(P.S) | - |
| 31.12.2014 | 45,000,000(E.S.)<br>12,500,000(P.S) | 45,000,000(E.S.)<br>12,500,000(P.S) | - |
| 31.12.2015 | 45,000,000(E.S.)<br>12,500,000(P.S) | 45,000,000(E.S.)<br>12,500,000(P.S) | - |
| 31.03.2017 | 45,000,000(E.S.)<br>12,500,000(P.S) | 45,000,000(E.S.)<br>12,500,000(P.S) | - |
| 5.12.2017 | 45,000,000(E.S.)<br>12,500,000(P.S) | 5,75,00,000(E.S.) | - |

### (c) Equity Share Capital History of the Company as on last quarter end i.e. 31.03.2018 for the last five years:

| Date of allotment | Name of equity shareholder | No. shares | Face Value (Rs.) | Issue price | Consideration (Cash, other than cash, etc) (Rs.) | Nature of Allotment | Cumulative paid-up capital (Rs.) | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | (No. of shares * Issue price) | | No. of equity shares | Equity share Capital | Equity Share Premium (in Rs.) | |
| 31.03.2010 | Asha Kothari | 3650 | 100 | 500 | 1,825,000 | Equity | 123,150 | 12,315,000 | | Share transferred on 15.1.2012 |
| | Mantra Trading | 2000 | 100 | 500 | 1,000,000 | Equity | | | | Share transferred |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Company | | | | | | | | | on 22.12.2011 |
| | Vajra Trading Company | 2000 | 100 | 500 | 1,000,000 | Equity | | | | Share transferred on 22.12.2011 |
| | Ess Kay Finserve Pvt. Ltd. | 3200 | 100 | 500 | 1,600,000 | Equity | | | | Share transferred on 22.12.2011 |
| | **Total** | **10,850** | **100** | **500** | **5,425,000** | **Equity** | | | | |
| 31.03.2011 | ShaliniSetia | 800 | 100 | 500 | 400,000 | Equity | **164,790** | **16,479,000** | | |
| | Arjun Das Setia | 320 | 100 | 500 | 160,000 | Equity | | | | Shared Transferred on 07.07.2014 |
| | Rajendra Kumar Setia | 40520 | 100 | 500 | 20,260,000 | Equity | | | | |
| | **Total** | **41,640** | **100** | **500** | **20,820,000** | **Equity** | | | | |
| 27.12.2011 | Rajendra Kumar Setia | **17,620** | **100** | **500** | **8,810,000** | **Equity** | **182,410** | **18,241,000** | | |
| 05.03.2012 | BanyanTree Growth Capital LLC | **60** | **100** | **1500** | **90,000** | **Equity** | **182,470** | **18,247,000** | | |
| 31.03.2012 | ShaliniSetia | 2368 | 100 | 2000 | 1,184,000 | Equity | **199,518** | **19,951,800** | | |
| | Arjun Das Setia | 1200 | 100 | 2000 | 600,000 | Equity | | | | Shares transferred on 16.08.2014 |
| | Rajendra Kumar Setia | 13480 | 100 | 2000 | 6,740,000 | Equity | | | | |
| | **Total** | **17,048** | **100** | **2000** | **34,096,000** | **Equity** | | | | |
| 26.03.2014 | Rajendra Kumar Setia | 190 | 100 | 2632 | 500,080 | Equity | **202,415** | **20,241,500** | | |
| | Ladder Up Corporate Advisory Private Limited | 2707 | 100 | 2632 | 7,124,824 | Equity | | | | |
| | **Total** | **2,897** | **100** | **2632** | **7,624,904** | **Equity** | | | | |
| . | BanyanTree Growth Capital LLC | 119,940 | 100 | 100 | 179,910,000 | Preference | **119,940** | **11,994,000** | | |
| 31.03.2014 | | | | | | | 322,355 | 32,235,500 | | |
| 31.03.2015 | | | | | | | 322,355 | 32,235,500 | | |
| 31.03.2016 | | | | | | | 322,355 | 32,235,500 | | |
| 12.11.2016 | Yash Setia | 13 | 100 | NA | NA | Equity | 322,355 | 32,235,500 | | Share received on 12.11.2016 |
| | Shalini Setia | 13 | 100 | NA | Na | Equity | | | | Share received on 12.11.2016 |
| | Atul Arora | 13 | 100 | 3790.68 | 49278.84 | Equity | | | | Share purchased from existing sharholder on |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | 12.11.2016 |
| 27.03.2017 | Banyan Tree Growth Capital LLC | 68294 | 100 | 175.623 | NA | Equity | 270709 | 27070900 | | 68294 Equity share issued in lieu of Compulsory Convertible preference shares |
| | **Total** | **68333** | **-** | **3790.68** | **49278.84** | **Equity** | | | | |
| 30.12.2017 | Norwest Venture Partners X – Mauritius | 44,468 | 100 | 12,467.26 | 55,43,94,117.68 | Equity | 350919 | 35091900 | 9919779 24.6 | Fresh Allotment |
| | Baring Private Equity India AIF | 15,963 | 100 | 12,467.26 | 19,90,14,871.38 | Equity | | | | Fresh Allotment |
| | Karma Holdings Mauritius Limited | 4,817 | 100 | 12,467.26 | 6,00,54,791.42 | Equity | | | | Fresh Allotment |
| | Evolvence India Fund II LTD | 14,962 | 100 | 12,467.26 | 18,65,35,144.12 | Equity | | | | Fresh Allotment |
| 30.12.2017 | Norwest Venture Partners X – Mauritius | 41,356 | 100 | 12,467.26 | 51,55,96,004.56 | Equity | 350919 | 35091900 | 9919779 24.6 | Transfers from Banyan Tree Growth Capital, Rajendra Kumar Setia & Ladder Up Finance Limited |
| | Baring Private Equity India AIF | 14,845 | 100 | 12,467.26 | 18,50,76,474.70 | Equity | | | | Transfers from Banyan Tree Growth Capital, Rajendra Kumar Setia & Ladder Up Finance Limited |
| | Karma Holdings Mauritius Limited | 4,480 | 100 | 12,467.26 | 5,58,53,324.80 | Equity | | | | Transfers from Banyan Tree Growth Capital, Rajendra Kumar Setia & Ladder Up Finance Limited |
| | Evolvence India Fund II LTD | 13,914 | 100 | 12,467.26 | 17,34,69,455.64 | Equity | | | | Transfers from Banyan Tree Growth Capital, Rajendra Kumar Setia & Ladder Up Finance Limited |
| 23.02.2018 | Evolvence Coinvest I | 28,876 | 100 | 12,467.26 | 36,00,04,599.76 | Equity | 350919 | 35091900 | 9919779 24.6 | Transfers |
| 26.02.2018 | Rajendra Kumar Setia HUF | 1,250 | 100 | 20,000.00 | 2,50,00,000.00 | Equity | 350919 | 35091900 | 9919779 24.6 | Transfers |
| | | | | | | | | | | |

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

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

5.6 **Details of the shareholding of the Company as on the latest quarter end**

(a) **Shareholding pattern of the Company as on last quarter end, i.e. 31.03.2018**

| Sr. No. | Name of the Shareholder / Particulars | Face Value | Total Number of equity shares | Total percentage of Shareholding | Number of shares held in Demat Form |
|---|---|---|---|---|---|
| 1 | Rajendra Kumar Setia | 100 | 1,80,283 | 51.37% | 1,80,283 |
| 2 | Shalini Setia | 100 | 14,542 | 4.14% | 14,542 |
| 3 | Yash Setia | 100 | 13 | 0.00% | 13 |
| 4 | Bhajan Devi Setia | 100 | 13 | 0.00% | 13 |
| 5 | Rajendra Kumar Setia HUF | 100 | 1250 | 0.36% | 1250 |
| 6 | Norwest Venture Partners X- Mauritius | 100 | 85,824 | 24.46% | 85,824 |
| 7 | Baring Private Equity India AIF | 100 | 30,808 | 8.78% | 30,808 |
| 8 | Karma Holdings Mauritius Limited | 100 | 9,297 | 2.65% | 9,297 |
| 9 | Evolvence Coinvest I | 100 | 28,876 | 8.23% | 28,876 |
| 10 | Atul Arora | 100 | 13 | 0.00% | 13 |
| | **Total** | | **3,50,919** | | **3,50,919** |

*Notes: Details of shares pledged or encumbered by the promoters (if any):* None

(i) **List of top 10 holders of equity shares of the Company as on the latest quarter end, i.e. 31.03.2018:**

| Sr. No. | Name of the Shareholder / Particulars | Face Value | Total Number of equity shares | Total percentage of Shareholding | Number of shares held in Demat Form |
|---|---|---|---|---|---|
| 1 | Rajendra Kumar Setia | 100 | 1,80,283 | 51.37% | 1,80,283 |
| 2 | Shalini Setia | 100 | 14,542 | 4.14% | 14,542 |
| 3 | Yash Setia | 100 | 13 | 0.00% | 13 |
| 4 | Bhajan Devi Setia | 100 | 13 | 0.00% | 13 |
| 5 | Rajendra Kumar Setia HUF | 100 | 1250 | 0.36% | 1250 |
| 6 | Norwest Venture Partners X- Mauritius | 100 | 85,824 | 24.46% | 85,824 |
| 7 | Baring Private Equity India AIF | 100 | 30,808 | 8.78% | 30,808 |
| 8 | Karma Holdings Mauritius Limited | 100 | 9,297 | 2.65% | 9,297 |
| 9 | Evolvence Coinvest I | 100 | 28,876 | 8.23% | 28,876 |
| 10 | Atul Arora | 100 | 13 | 0.00% | 13 |
| | **Total** | | **3,50,919** | 100% | **3,50,919** |

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

(a) **Details of the 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:

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| S. No. | Name of the Directors | Designation | Date of Birth | Address | DIN | PAN | Director of the company since | Director in other company |
|---|---|---|---|---|---|---|---|---|
| 1 | Rajendra Kumar Setia | Managing Director | 01.07.1969 | 2 CHA 12 JAWAHAR NAGAR JAIPUR 302004 RJ IN | 00957374 | AGWPS0094A | 21.11.1994 | NA |
| 2 | Shalini Setia | Whole-time director | 04.06.1972 | 2 CH 12 JAWAHAR NAGAR JAIPUR 302004 RJ IN | 02817624 | ABXPS3855K | 01.01.2010 | NA |
| 3 | Amar Lal Daultani | Independent Director | 13.03.1955 | 703, DEV PLAZA, NEAR TEJASWANI HOSPITAL, KADRI TEMPLE ROAD MANGALORE 575002 | 05228156 | AKDPD8573G | 01.04.2016 | Devenio Optimus Advisors Private Limited Ativir Stock Broking Private Limited |
| 4 | Rahul Bhasin | Nominee Director | 09.03.1965 | A-2/16, Safdarjung Enclave, New Delhi, Delhi-110029 | 00236867 | ADXPB5406H | 30.12.2017 | Baring Private Equity India Advisors LLP Baring Private Equity India Investment Managers LLP Auro Mira Energy company Private Limited Ta Netgables Private Limited |

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| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 5 | Munish Dayal | Alternative Director | 03.04.1966 | H. No. LCG804A, Sushant Lok - 1, Laburnum Apartment, Gurgaon-122002 | 01683836 | AAFPD7954D | 26.02.2018 | RMZ Infotech Private Limited<br>RMZ Ecoworld Infrastructure Private limited<br>RMZ Infratech Private Limited<br>Manappuram Home Finance Limited<br>Starkarma Realty Holdings India Privatelimited<br>Infrasoft Technologies Limited<br>Proactive Data Systems Private Limited<br>IVC Association<br>RMZ Consultancy Services Private Limited |
| 6 | Anand Raghavan | Additional Director | 04.06.1961 | 22/1, Warren Road, Mylapore, Chennai 600004 | 00243485 | AACPA1877D | 07.04.2018 | MMTC Limited<br>Sterling Holiday Resorts Limited<br>Five-Star Business Finance Limited<br>Five-Star Housing Finance Private Limited<br>Chennai |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | International Centre Nani Palkhivala Arbitration Centre |

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

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

| Name | Designation | DIN | Date of Appointment | Date of Resignation (in case of resignation) | Remarks |
|---|---|---|---|---|---|
| Naval Jawaharlal Totla | Independent Director | 2408585 | 05.03.2012 | 20.05.2014 | Appointment and Resignation |
| Anshuman Goenka | Independent Director | 2276712 | 20.05.2014 | 25.03.2015 | Appointment and Resignation |
| Sanjiv Singhal | Nominee Director | 2408616 | 25.03.2015 | - | Appointment |
| Govind Saboo | Independent Director | 6724172 | 29.12.2014 | 01.04.2016 | Appointment |
| Amar Chand Chug | Independent Director | 7144359 | 25.03.2015 | - | Appointment |
| Arjun Das Setia | Director | 469127 | 21.11.1994 | 29.09.2015 | Resignation |
| Amar Lal Daultani | Independent Director | 5228156 | 01.04.2016 | - | Appointment |
| Sanjiv Singhal | Nominee Director | 2408616 | 30.12.2018 | | Resignation |
| Rahul Bhasin | Nominee Director | 00236867 | 30.12.2018 | | Appointment |
| Munish Dayal | Alternative Director | 01683836 | 26.02.2018 | | Appointment |
| Anand Raghavan | Additional Director | 00243485 | 07.04.2018 | - | Appointment |
| Amar Chand Chug | Independent Director | 7144359 | 25.03.2015 | 08.05.2018 | Resignation |

## 5.8 Following details regarding the auditors of the Company:

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

| Name | Address | Auditor since | Remark |
|---|---|---|---|
| S.S Kothari Mehta & Co. | 146-149, Tribhuvan Complex, Ishwar Nagar, Mathura Road, New Delhi 110065 | FY 15 till Date | NA |

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

| Name | Address | Date of appointment / resignation | Auditor since | Remark |
|---|---|---|---|---|
| Gopal Ghiya and Associates | B-49 GautamMarg Hanuman Nagar Jaipur-302021 | 30.09.2014 | Since incorporation i.e. 24.11.1994 to 30.09.2014 | NIL |
| SS Kothari Mehta | 146-148 Tribhuvan Complex, Ishwar Nagar, Mathura road, New Delhi 110017 | 30.09.2014 | 30.09.2014 till date | NIL |

## 5.9 Details of borrowings of the Company, as on latest quarter end 31.03.2018

### (a) Details of Secured Loan Facilities (as on March 31, 2018):

| Lender's Name | Type of Facility | Cumulative Amount Sanctioned (Rs. Mn) | Principal Amount Outstanding as on March 31, 2018 (Rs.Mn.) | Repayment Date/Schedule | Security | |
|---|---|---|---|---|---|---|
| | | | | | Primary Security (book debt hypothecation) | Percentage of Cash Collateral |
| RBL Bank Limited | Term Loan | 100.0 | 12.5 | 24 months commencing from 1 month from the date of first disbursement | 133% | N/A |
| RBL Bank Limited | Term Loan | 150.0 | 115.0 | 30 months commencing from 1 month from the date of first disbursement | 133% | N/A |
| RBL Bank Limited | Term Loan | 229.0 | 223.3 | 36 months | 133% | N/A |
| HDFC Bank Limited | Term Loan | 150.0 | 33.3 | 36 months | 133% | N/A |
| HDFC Bank Limited | Term Loan | 100.0 | 62.5 | 36 months | 133% | N/A |
| HDFC Bank Limited | Term Loan | 100.0 | 100.0 | 36 months | 133% | N/A |
| IDBI Bank Limited | Term Loan | 100.0 | 22.2 | 36 equal monthly installments after moratorium period of 90days | 133% | N/A |
| IDBI Bank Limited | Term Loan | 150.0 | 91.2 | 36 equal monthly installments after moratorium period of 90days | 133% | N/A |

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|---|---|---|---|---|---|---|
| Bank of India | Term Loan | 150.0 | 102.9 | 42 month(including a moratorium period of 6 months) | 133% | N/A |
| Bank of Baroda | Term Loan | 150.0 | 24.8 | 42 month(including a moratorium period of 6 months) | 133% | N/A |
| The South Indian Bank Limited | Term Loan | 50.0 | 26.7 | 15 quarterly installment after 3 months of moratorium | 125% | N/A |
| The South Indian Bank Limited | Term Loan | 120.0 | 82.5 | 16 quarterly equal installment of Rs 75 Lacs each | 125% | N/A |
| Karnataka Bank Limited | Term Loan | 50.0 | 33.2 | Repayable in 11 quarterly installments of Rs. 42.00 lakhs each & last of 38.00 lakhs After the holiday period of 6 months | 133% | N/A |
| Karur Vysya Bank | Term Loan | 150.0 | 37.5 | 12 quarterly installment after 6 months of moratorium | 133% | N/A |
| Bank of Maharashtra | Term Loan | 250.0 | 20.1 | Repayable in 11 quarterly installments of Rs. 2.09 Cr each & 1 last of 2.01 Cr after 6 months of moratorium | 133% | N/A |
| Tamilnad Mercantile Bank Limited | Term Loan | 100.0 | 36.1 | To be repaid in 36 equal monthly installments after 6 months of moratorium from the date of first disbursement | 133% | N/A |
| Oriental Bank of Commerce | Term Loan | 200.0 | 65.3 | Repayable in 12 quarterly installments after a moratorium of 6 months from the date of first disbursement. | 120% | N/A |
| Oriental Bank of Commerce | Term Loan | 100.0 | 75.0 | Repayable in 12 quarterly installments after a moratorium of 6 | 120% | N/A |

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|---|---|---|---|---|---|---|
| | | | | months from the date of first disbursement. | | |
| Lakshmi Vilas Bank Limited | Term Loan | 100.0 | 41.7 | Repayable in 12 equal quarterly installments after an initial holiday period of 6 months from the date of first draw down. | 133% | N/A |
| State Bank of India (SBBJ) | Term Loan | 150.0 | 49.7 | 3 years quarterly payment | 133% | N/A |
| Dcb Bank Limited | Term Loan | 100.0 | 46.8 | Repayable in 36 equal monthly installments after disbursement months from the date of first draw down. | 133% | N/A |
| Dcb Bank Limited | Term Loan | 130.0 | 112.0 | 36 months | 133% | N/A |
| Yes Bank Limited | Term Loan | 450.0 | 281.5 | 18 months - quarterly repayments at the end of 3 months from the first disbursement | 133% | N/A |
| Andhra Bank | Term Loan | 150.0 | 112.6 | 12 quarterly installment | 133% | N/A |
| Axis Bank | Term Loan | 250.0 | 187.5 | 12 equal quarterly installments of Rs.2.083 each commencing from 30.09.2017 and ending on 30.06.2020 after a moratorium of 6 month | 120% | N/A |
| Vijaya Bank | Term Loan | 50.0 | 45.4 | Door to Door tenor of 5 years (moratorium period of 6 months from the date of first disbursement | 125% | N/A |
| Au Small Finance Bank | Term Loan | 550.0 | 394.9 | Repayable in 39 Principal Installments starting from the following month from the date of full disbursement. | 110% | N/A |

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|---|---|---|---|---|---|---|
| Indusind Bank Limited | Term Loan | 250.0 | 225.6 | 3 years payable in Equated monthly installments | 133% | N/A |
| Utkarsh Small Finance Bank | Term Loan | 200.0 | 200.0 | 39 months including 3 months of moratorium-commencing from the 4th Month of First Disbursement | 110% | N/A |
| Small Industries Development Bank of India II | Term Loan | 150.0 | 125.0 | 60 monthly installment of 25 Lakhs starting after a moratorium period of 6 months | 133% | N/A |
| Hinduja Leyland Finance Limited | Term Loan | 50.0 | 18.7 | 36 months | 110% | N/A |
| Hinduja Leyland Finance Limited | Term Loan | 100.0 | 51.6 | 36 months | 110% | N/A |
| Hinduja Leyland Finance Limited | Term Loan | 170.0 | 125.7 | 36 months | 110% | N/A |
| Hinduja Leyland Finance Limited | Term Loan | 70.0 | 56.5 | 36 months | 110% | N/A |
| Hinduja Leyland Finance Limited | Term Loan | 75.0 | 67.8 | 36 months | 110% | N/A |
| Hinduja Leyland Finance Limited | Term Loan | 200.0 | 200.0 | 36 months | 120% | N/A |
| Capital First Limited | Term Loan | 150.0 | 75.0 | Principal shall be repayable in 2 equal installment at the end of 18th & 24th month from first disbursement. | 120% | N/A |
| Tata Capital Finance Service Limited | Term Loan | 150.0 | 113.8 | 36 months | 120% | N/A |
| Mahindra & Mahindra Finance Services Limited | Term Loan | 300.0 | 184.8 | 12 months | 110% | N/A |
| Mahindra & Mahindra Finance Services Limited | Term Loan | 500.0 | 250.0 | 12 months | 110% | N/A |
| Bajaj Finance Limited | Term Loan | 200.0 | 184.6 | 42 months | 120% | N/A |
| Nabkisan Finance Limited | Term Loan | 150.0 | 150.0 | 51 months | 110% | N/A |
| Manappuram Finance Limited | Term Loan | 250.0 | 232.1 | 42 months | 110% | N/A |
| CLIX Capital India Unlimited | Term Loan | 300.0 | 271.1 | 36 months | 133% | N/A |
| Fedbank Financial Service Limited | Term Loan | 150.0 | 150.0 | 12 months | 110% | N/A |
| Magma Fincorp Limited | Term Loan | 100.0 | 95.2 | 36 months | 100% | N/A |
| **Total** | | **7844.0** | **5213.7** | | | |

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## (b) Details of Unsecured Loan Facilities (as on 31.03.2018):

| Lender's Name | Type of Facility | Amount Sanctioned | Principal Amount Outstanding | Repayment Date/Schedule |
|---|---|---|---|---|
| IFMR Capital Finance Pvt Limited | Term Loan | 167.5 | 20.9 | 24 month |
| Capital First Limited | Term Loan | 150.0 | 150.0 | 24 month |
| Capital First Limited | Term Loan | 200.0 | 200.0 | 72 month |

## (c) Details of Non-Convertible Debentures: (as on 31.03.2018):

| Debenture Series | Tenor/Period of Maturity | Coupon (Rate of Interest) | Amount (Rs in Crore) | Date of allotment | Redemption Date/ Schedule | Credit Rating | Secured/ Unsecured | Security |
|---|---|---|---|---|---|---|---|---|
| 1-1650 | 5 Years | 18.00% | 1650.00 | 15/10/2012 | 15/10/2017 | CARE BBB- | Unsecured | NIL |
| 1651-2750 | 4 Years | 12.20% | 1100.00 | 15/10/2013 | Rs. 275.00 Lacs repayable each at 31.03.2014, 31.03.2015, 31.03.2016, 31.03.2017 | CARE BBB | Secured | Book Receivables to the extent of 125 % of the outstanding Principle Amount |
| 2751-3230 | 5 years | 14.75% | 4800.00 | 28/05/2014 | 533.33 Lacs each at 30.05.2015, 30.11.2015, 30.05.2016, 30.11.2016, 30.05.2017, 30.11.2017, 30.05.2018, 30.11.2018, 30.05.2019 | CARE BBB | Secured | 120% of the aggregate of the outstanding principal amount of the Debentures or 100% of the aggregate of the outstanding principal amount of the Debentures and the value of all future interest payments on those outstanding Debentures, whichever is greater. |
| 3231-192185 | 3.37 years | 12.05% P.A | 944.775 | 21/12/2015 | 05/02/2019 05/05/2019 | CARE BBB | Secured | Secured by way of hypothecation of book debt which shall be maintained at 110% of debenture |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | outstanding. |
| 192186-192385 | 6 Years | 13.00% | 2000.00 | 29/09/2016 | 29/09/2022 | CARE BBB- | Unsecured | NIL |
| 192586-194085 | 1.5 Years | 11.50% | 15.00 | 20-Mar-17 | 20-Sep-18 Quarterly instalments after a period of 9 months | CARE BBB | Secured | Nil |
| 194086-195585 | 1.5 Years | 12.50% | 15.00 | 21-Mar-17 | 21-Sep-18 Quarterly instalments after a period of 9 months | CARE BBB | Unsecured | NIL |
| 195586-195835 | 42 months | Market Linked | 250000000 | 12/07/17 | 12/01/21 | [CARE] BBB+ | Unsecured | NIL |
| 195836-197335 | 15 months | 11.00% | 150000000 | 16/08/18 | 16/11/18 | [CARE] BBB+ | Secured | And first exclusive charge with 1.33 times (133%) security cover over the book debts of the company. |
| 197336-204835 | 36 Months | Market Linked | 150000000 | 18/08/17 | 18/08/20 | [CARE] BBB+ | Secured | Exclusive charge via a deed of hypothecation over specific standard asset portfolio of receivables ("Company's Receivables") covering security of 1.1X at all times & Pari passu charge over the immovable property of the Company. |
| 204836-205035 | 24 Months | 10.85% Monthly | 20,00,00,000 | 27 December 2017 | 27 December 2017 | IND A (SO) | Secured | Exclusive charge via a deed of hypothecation over specific standard asset portfolio of receivables ("Company's |

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| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Receivables") covering security of 1.2X at all times & Pari passu charge over the immovable property of the Company. |
| 205036-205335 | 24 Months | 10.85% Monthly | 30,00,00,000 | 28 December 2017 | 28 December 2017 | IND A (SO) | Secured | Exclusive charge via a deed of hypothecation over specific standard asset portfolio of receivables ("Company's Receivables") covering security of 1.2X at all times & Pari passu charge over the immovable property of the Company. |
| 205336-205685 | 24 Months | 10.60% | 350000000 | 18th January, 2018 | 18th January, 2018 | [CARE] BBB + | Secured | Exclusive charge via a deed of hypothecation over specific standard asset portfolio of receivables ("Company's Receivables") covering security of 1.2X at all times & Pari passu charge over the immovable property of the Company. |
| 205686-205935 | 22 Months | 10.60% | 25,00,00,000 | 27th February, 2018 | 27th February, 2018 | [CARE] BBB | Secured | Exclusive charge via a deed of |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | + | | hypothecation over specific standard asset portfolio of receivables ("Company's Receivables") covering security of 1.2X at all times & Pari passu charge over the immovable property of the Company. |
| 205936-207935 | 18 Month | 9.75% | 20,00,00,000 | 12th March, 2018 | 12th March, 2018 | [CARE] BBB + | Secured | Exclusive charge via a deed of hypothecation over specific standard asset portfolio of receivables ("Company's Receivables") covering security of 1.2X at all times & Pari passu charge over the immovable property of the Company. |

(d) **Details of Other Secured Loans as of March 31, 2018**

| Lender's Name | Type of Facility | Cumulative Amount Sanctioned (Rs. In Lacs | Principal Amount Outstanding as on March 31, 2018 (Rs. Mn.) | Repayment Date/Schedule | Security | |
|---|---|---|---|---|---|---|
| | | | | | Primary Security (book debt hypothecation) | Percentage of Cash Collateral |
| N/A | N/A | N/A | N/A | N/A | N/A | N/A |

(e) **List of Top 10 Debenture Holder(s)(as on 31.03.2018) :**

| S. No. | Name of Debenture Holders | Amount O/s (Rs. in Crores) |
|---|---|---|
| 1. | Axis Mutual Fund | 32.08 |
| 2. | Principal Mutual Fund | 26.25 |
| 3. | Reliance Mutual Fund | 25.00 |
| 4. | Northern Arc Capital L &Unifi Aif | 23.86 |
| 5. | A K Capital Services Limited | 20.00 |
| 6. | IFMR FIMPACT Long Term Multi Asset Class Fund | 20.00 |
| 7. | IFMR Capital Finance Private Limited- NCD | 20.00 |
| 8. | Sundaram Mutual Fund | 17.50 |
| 9. | Nederlandse Financierings – Maatschappi Voor Financial Institutions (FMO) | 16.00 |
| 10. | Scient Capital Private Limited | 15.00 |

Note: Top 10 holders' (in value terms, on cumulative basis for all outstanding debentures issues) details should be provided

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

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

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

(h) **Details of rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares) as on 31.03.2018: Nil**

| Party Name (In case of Facility)/ Instrument Name | Type of Facility/ Instrument | Amount Sanctioned/ Issued | Principal Amount OS | Credit Rating Schedule | Secured/ Unsecured | Repayment Date/ Schedule | Security |
|---|---|---|---|---|---|---|---|
| N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

(i) **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 Issuer, in the past 5 years: Nil**

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

**5.10 Details of Promoters of the Company:**

(a) **Details of Promoter Holding in Company as on latest quarter end, i.e. 31.03.2018:**

| 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. | Rajendra Kumar Setia | 1,80,283 | 1,80,283 | 51.37% | N/A | N/A |
| 2. | Shalini Setia | 14,542 | 14,542 | 4.14% | N/A | N/A |
| 3. | Yash Setia | 13 | 13 | 0.00% | N/A | N/A |
| 4. | Bhajan Devi Setia | 13 | 13 | 0.00% | N/A | N/A |
| 5. | Rajendra Kumar Setia HUF | 1250 | 1250 | 0.36% | N/A | N/A |

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

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

| Profit and Loss Statement (INR) | 31.03.2015 | 31.03.2016 | 31.03.2017 |
|---|---|---|---|
| | Audited | Audited | Audited |
| Interest Income | 851,427,960 | 94,03,13,455 | 1,20,56,46,337 |
| Less: Interest Expenses | 407,291,011 | 47,49,48,835 | 65,69,90,658 |
| Net Interest Income | 444,136,949 | **46,53,64,620** | **54,86,55,679** |
| Other Income | 34,708,420 | 21,75,35,475 | 36,64,14,496 |
| Total Income | 478,845,369 | **68,29,00,095** | **91,50,70,175** |
| Operating Expenses | 319,244,072 | 44,47,31,286 | 65,47,22,205 |
| Provisions & Write Offs | 14,829,147 | 4,36,02,174 | 5,59,92,900 |
| Operating Profit | 144,772,150 | **19,45,66,635** | **20,43,55,070** |
| Depreciation | 7,303,756 | 86,84,425 | 1,61,32,389 |
| Profit Before Tax | 137,468,394 | **18,58,82,210** | **18,82,22,681** |
| Provisions for tax | 47,018,113 | 6,57,73,093 | 6,52,37,081 |
| **Profit After Tax** | **90,450,281** | **12,01,09,117** | **12,29,85,600** |

| Balance Sheet (INR) | 31.03.2015 | 31.03.2016 | 31.03.2017 |
|---|---|---|---|
| Equity capital | 32,235,500 | 3,22,35,500 | 2,70,70,900 |
| Reserve & Surplus | 587,384,605 | 70,74,92,272 | 83,56,41,022 |
| TNW ( A) | 619,620,105 | 73,97,27,772 | 86,27,11,922 |
| Total Non Current Liabilities | 1,514,697,110 | 2,28,64,00,652 | 3,11,14,63,916 |
| Current Liabilities+ Provisions | 1,730,700,053 | 2,22,56,59,708 | 3,78,10,59,719 |
| Total Outside Liabilities ( B ) | 3,245,397,163 | 4,51,20,60,360 | 6,89,25,23,635 |
| **Total Liabilities ( A + B )** | **3,865,017,268** | **5,25,17,88,132** | **7,75,52,35,557** |
| Fixed assets (Net) | 34,061,555 | 4,97,73,246 | 10,16,25,311 |
| Investments | 9,280,886 | - | 16,50,50,163 |
| Gross Advances | 3,288,680,771 | 4,66,42,44,703 | 6,38,30,27,785 |
| Less : Loan Loss Reserve | - | - | - |
| Net Loan Outstanding | 3,288,680,771 | 4,66,42,44,703 | 6,38,30,27,785 |
| Cash / Liquid Investments | 247,593,158 | 26,36,51,550 | 55,42,57,843 |
| Other current assets | 231,382,665 | 22,08,22,002 | 36,51,54,353 |
| Deferred Tax Assets | 11,825,772 | 1,76,97,256 | 4,32,72,147 |
| Intangible Assets | 594,826 | 19,11,401 | 21,71,405 |
| Other Non Current Assets | 41,597,635 | 3,36,87,974 | 14,06,76,850 |
| **Total Assets** | **3,865,017,268** | **5,25,17,88,132** | **7,75,52,35,557** |

CORP LIMITED + ESS JAIPUR

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

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

| **Profit and Loss Statement (in INR)** | **For the period ended** |
|---|---|
| | **31-Mar-17** |
| | |
| Revenue from Operations | 1,499,722,355 |
| Other Income | 72,338478 |
| **Total Revenue** | **1,572,060,833** |
| | |
| **Expenses:** | |
| Employee benefits expense | 316,712,858 |
| Finance costs | 691,553,369 |
| Depreciation and amortisation | 16,132,389 |
| Provisions and bad debts written off | 55,992,900 |
| Other expenses | 303,446,636 |
| **Total expenses** | **1,383,838,152** |
| | |
| Profit / (Loss) before tax | 188,222,681 |
| | |
| Tax Expense | |
| - Current Tax | 90,604,692 |
| - Deferred Tax | -25,367,611 |
| **Profit after tax** | **122,985,600** |

| | |
|---|---|
| **Balance Sheet (in INR)** | |
| **EQUITY AND LIABILITIES** | |
| | |
| **Shareholder's funds** | |
| Share capital | 27,070,900 |
| Reserves and surplus | 834,887,079 |
| | |
| **Non-current Liabilities** | |
| Long-term borrowings | 3,019,750,623 |
| Other Long term liabilities | 61,389,357 |
| Long-term provisions | 30,323,936 |
| | |
| **Current liabilities** | |
| Short term borrowings | 459,717,039 |
| Trade Payable | - |
| Other current liabilities | 3,227,915,025 |
| Short-term provisions | 93,427,655 |
| | |
| **Total** | **7,755,235,557** |
| | |
| **ASSETS** | |
| | |
| **Non-current assets** | |
| Fixed assets | |
| (i) Tangible Assets | 101,625,311 |
| (ii) Intangible Assets | 2,171,405 |
| (iii) Capital Work in Progress | - |
| (iv) Intangible Assets Under Development | - |
| Non-current Investments | 43,272,147 |

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|---|---|
| Deferred Tax Assets | |
| Long-term loans and advances | 3,696,059,281 |
| Other non-current assets | 140,676,550 |
| | |
| **Current assets** | |
| Current investments | 165,050,163 |
| Trade Receivables | 18,924,511 |
| Cash and bank balances | 554,257,843 |
| Short-term loans and advances | 2,668,043,993 |
| Other current assets | 365,154,353 |
| | |
| **Total** | 7,755,235,557 |

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

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

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

The Debenture Trustee of the proposed Debentures is Axis Trustee Services Limited. Axis Trustee Services Limited has given its written consent for its appointment as debenture trustee to the Issue and inclusion of its name in the form and context in which it appears in this Information Memorandum 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.

**5.15 Rating Rationale(s) adopted (not older than one year on the date of opening of the Issue)/ credit rating letter issued (not older than one month on the date of opening of the Issue).**

The Rating Agency has assigned a rating of "BBB+" (Pronounced "Triple B Plus") to the Debentures. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk. The rating letter and rationale from the Rating Agency is provided in Annexure II of this Information Memorandum.

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

NA

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

The Debentures are proposed to be listed on the WDM segment of the BSE within 15 days from the date the Debenture Trustee requests the issuer for listing. The Issuer shall comply with the requirements of the listing agreement for debt securities to the extent applicable to it on a continuous basis.

**5.18 Other details:**

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

As per Section 71 of the 2013 Act, any company that intends to issue debentures must create a DRR 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 relevant notified rules thereunder, the SEBI Debt Listing Regulations,the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Guidelines for Issue and Listing of Structured Products/Market Linked Debentures, 2011 and the applicable RBI guidelines.

**(c) Application process:**

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

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

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.

| S. No. | Nature of Contract |
|---|---|
| 1 | Certified true copy of the Memorandum & Articles of Association of the Issuer. |
| 2 | Board Resolution dated May 08, 2018 authorizing issue of Debentures offered under the terms of this Disclosure Document. |
| | Shareholder Resolution(s) dated June 12, 2017 authorizing the borrowing by the Company and the creation of security. |
| 3 | Shareholder Resolution dated June 12, 2017 authorizing the issue of non-convertible debentures by the Company. |
| 4 | Copies of Annual Reports of the Company for the last three financial years. |
| 5 | Credit rating letter from the Rating Agency dated May 14, 2018. |
| 6 | Letter from Beacon Trusteeship Limited dated May 08, 2018 giving its consent to act as Debenture Trustee. |
| 7 | Letter for Register and Transfer Agent. |
| 8 | Certified true copy of the certificate of incorporation of the Company. |
| 9 | Certified true copy of the tripartite agreement between the Company, the Registrar & Transfer Agent and the NSDL/CDSL. |

**5.20 Details of Debt Securities Sought to be Issued**

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Under the purview of the current document, the Issuer intends to raise an amount of Rs. 25,00,00,000/- (Rupees Twenty Five Crores Only) by issue of Rated, Senior, Secured, Transferable, Redeemable, Principal Protected Market Linked 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: of this Information Memorandum.

### 5.21 Issue Size

The aggregate issue size for the Debentures is of Rs. 25,00,00,000/- (Rupees Twenty Five Crores Only)

### 5.22 Utilization of the Issue Proceeds

The proceeds shall be used for growing the Company's loan portfolio subject to such restrictions as the parties may have agreed upon and shall not be utilized 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 Company undertakes that proceeds of this Issue shall not be utilized for the following purposes as specified in the RBI Master Circular No. DBR.BP.BC.No.5/21.04.172/2015-16 dated July 1, 2015:

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

### 5.23 Issue Details

| | |
|---|---|
| **Issuer/Company** | ESS KAY FINCORP LIMITED ("Esskay") |
| **Promoter(s)** | Rajendra Kumar Setia |
| **Investor(s)/Debenture Holders** | Axis Trustee Services Limited acting in its capacity as the trustee of the IFMR Finance for Freedom Fund V with IFMR FImpact Income Builder Fund as its scheme |
| **Debenture Trustee** | Beacon Trusteeship Limited |
| **Rating Agency** | CARE |
| **Legal Counsel** | Not Applicable |
| **Issuance** | Rated, Senior, Secured, Transferable, Redeemable, Principal Protected Market Linked Debentures |
| **Ranking** | Each Debenture issued by the Issuer will constitute direct and secured obligations of the Issuer. The claims of the Debenture Holders shall and shall rank pari passu to all senior, secured indebtedness of the Issuer. |



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| | Each of the Debenture Holders shall inter-se rank pari passu in relation to their rights and benefits in relation to the Debentures, without any preference or privilege. |
| **Registrar & Transfer Agent** | Bigshare Services Private Limited |
| **Depository** | NSDL / CDSL |
| **Issuance mode** | Private Placement |
| **Trading mode** | Dematerialized |
| **Settlement mode** | ECS |
| **Listing** | Listed |
| **Business Days** | Means a day (other than Sunday or a Bank Holiday) on which banks are open for general business in Jaipur & Chennai |
| **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.<br>• If the redemption 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<br>• If the Maturity Date (also the last coupon payment date) of the Debentures falls on a day that is not a working day, the redemption proceeds and coupon payment shall be paid on the immediately preceding working day. |
| **Record Date** | 3 (Three) Business Days prior to Redemption Date of the Debentures |
| **End Use** | The proceeds of the Issuance will be utilized for the following purposes:<br>• General corporate purposes<br>• for the ordinary course of business of the Issuer including repayment/re-financing of existing debt<br><br>No part of the proceeds shall be utilized directly/indirectly towards capital markets (debt or equity), land acquisition or usages that are restricted for bank financing. |
| **Amount/Issuance Size** | INR 25,00,00,000 (Indian Rupees Twenty Five Crores Only) |
| **Issue price** | INR 100,000 (Rs one Lakh only) per Debenture |
| **Security** | The Debentures shall be secured by way of a first ranking, exclusive and continuing charge on identified receivables ("Hypothecated Receivables") created pursuant to the deed of hypothecation to be executed between the Company and the Debenture Trustee as described herein. The Hypothecated Property shall at all times be equal to the value of the outstanding principal amount of the Debentures. The issuer undertakes :<br><br>• to maintain the value of security at all times equal to 1.10 (One decimal point one zero) time or 110.0% (One Hundred and Ten Percent) the aggregate amount of principal outstanding of the NCDs where at least 1.10 (One decimal point one zero) time or 110.0% (One Hundred and Ten Percent) of the security cover is from principal receivables ("Security Cover");<br>• to create, register and perfect the security over the Hypothecated Assets as contemplated above no later than 30 (Thirty) calendar days after the Deemed Date of Allotment by executing a duly stamped deed of hypothecation ("Deed of Hypothecation") and filing CHG-9 within the time period applicable; The Company shall also provide such information sought by the Debenture Trustee for the purpose of filing the prescribed forms and particulars with the Central Registry and Information Utility in connection with the Debentures and the Security Interest over the Hypothecated Property.<br>• to pay a penal interest of 2.0% (Two Percent) p.a. over the coupon date in case there is any delay in the creation, registration and perfection of the security over the Hypothecated Assets; |

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| | • to provide a list on a monthly basis, of specific loan receivables/identified book debts to the Debenture Trustee over which the charge is created and subsisting by way of hypothecation in favour of the Debenture Trustee (for the benefit of the Debenture Holders) ("Monthly Hypothecated Asset Report")<br>• to add fresh loan assets to the Security Cover to ensure that the value of the Hypothecated Assets is equal to 1.10 (One decimal point one zero) time or 110.0% (One Hundred and Ten Percent) the aggregate amount of principal outstanding of the NCDs<br>• to replace/top up any Hypothecated Receivables that become overdue with current receivables in terms of the hypothecation agreement<br><br>Eligibility Criteria for the Hypothecated Receivables:<br><br>• the receivables are existing at the time of selection and have not been terminated or pre-paid;<br>• the receivables have not been restructured or rescheduled<br>• all "Know Your Customer" norms have been complied with as prescribed by the Reserve Bank of India; |
| **Post dated cheques** | 2 PDCs signed by Authorized Signatory for redemption amount of INR 10 Cr each<br>1 PDC signed by Authorized Signatory for redemption amount of INR 5 Cr |
| Minimum subscription amount | INR 1,00,00,000 (Indian Rupees One Crore Only) |
| Rating | CARE |
| Tenor | 1277 days from the Deemed Date of Allotment |
| **Redemption Date** | November 12,2021 |
| **Put Option Date** | 30-11-2019 (18 months from the Deemed Date of Allotment)<br>28-02-2020 (21 months from the Deemed Date of Allotment) |
| **Put Notification Time** | 45 Days prior the date of exercising the option |
| Scenario Analysis | Refer to the section under the heading 'Scenario Analysis' in ' Annexure-IV to this Information Memorandum.' |
| **Valuation Agency** | The Valuation Agency i.e. Credit Analysis and Research Ltd shall be appointed by the Issuer and communicated to Investor in the Allotment Advice.<br><br>In case of Credit Analysis and Research Ltd.: The Valuation Agency will publish a valuation on its website at least once every calendar week. The valuation shall be available on the website of the Valuation Agency at http://www.careratings.com/mld-valuation/Index.aspx<br><br>The Issuer will also make available, as soon as practicable, the valuation provided by the Valuation Agency on the website of the Issuer at http://www.skfin.in/corporate-governance.php<br><br>The cost of valuation shall be in the range of 0.05% p.a. to 0.15% p.a. of issue size and shall be borne by the Issuer.<br><br>The latest and historical valuations for the this Debentures/NCDs will be published on the website of the Issuer at http://www.skfin.in/corporate-governance.php<br>and the website of the Valuation Agency at http://www.careratings.com/mld-valuation/Index.aspx<br>or<br>Upon request by any Debenture/NCD Holder for the valuation of this Debentures/NCDs, the Issuer shall provide them with the latest valuation. |

| | |
|---|---|
| **Principal Repayment** | Bullet Payment on Maturity or early redemption |
| **Coupon payment** | One time at the time of final principal repayment |
| **Initial Fixing Date** | Deemed Date of Allotment |
| **Day count basis** | Not Applicable |
| **Default Interest Rate** | • In case of default in payment of redemption amount on the due date, the issuer shall pay an additional interest @ 5% p.a. on the outstanding principal amount from the date of the occurrence of the payment default over and above Effective Annualized Coupon Rate until the Debentures are redeemed pursuant to such default.<br><br>• In case of default by the Issuer in the performance of any of the covenants of this Issuance, including but not limited to the financial covenants of this Issuance, additional interest @ 3% p.a. on the outstanding principal amount from the date of the occurrence of the payment default to be paid on or before 5th business day of the subsequent month. |
| **Interest on application money** | As per Debenture Trust Deed |
| **Transaction documents** | The Issuer has executed/ shall execute the documents including but not limited to the following, as required, in connection with the Issue as per latest SEBI guidelines / Companies Act 2013 (as applicable) for issuance of NCDs through Private Placement:<br>1. Information Memorandum;<br>2. Debenture Trustee Agreement;<br>3. Debenture Trust Deed;<br>4. Deed of Hypothecation;<br>5. Guarantee Deeds<br>6. Power of Attorney<br>7. Trustee Appointment Letter;<br>8. Rating Letter;<br>9. Board Resolutions;<br>10. Shareholder Resolutions;<br>11. Issuer's confirmation of allotment of debentures; and<br>12. Any other document related to the Debentures |
| **Issue Schedule** | Issue Open Date: May 15, 2018<br>Issue Close Date: May 15, 2018<br>Pay-in Date: May 15, 2018<br>Deemed Date of Allotment: May 15, 2018 |
| **Conditions Precedent** | The key conditions precedent to disbursement are:<br><br>1. Execution of Debenture Trust Deed<br>2. Consent from the Trustee<br>3. Governmental and corporate authorizations, as applicable<br>4. Transaction Documentation<br>5. Certificate of the Issuer confirming that issuance and allotment of the Debentures would not cause any borrowing, or similar limit binding on the Company, to be exceeded;<br>6. The Representations and Warranties are true and correct;<br>7. Evidence of an appointed trustee;<br>8. Evidence that the fees, costs and expenses have been paid or will be paid by the Deemed Date of Allotment;<br>9. Confirmation by the compliance officer or his representative of the Debenture Holders that their Client Acceptance and Anti Money Laundering (CAAML) file is completed in accordance with their internal regulations in respect thereof;<br>10. Rating; |

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| | Others as agreed between the Debenture Trustee, Debenture holders and the Issuer. |
| **Conditions Subsequent** | The key conditions subsequent to disbursement are:<br>1. Allotment of NCDs to happen within 7 days from Deemed Date of Allotment<br>2. Listing debentures within 30 days from Deemed Date of Allotment<br>And as set out in greater detail in the Debenture Trust Deed. |
| **Events of Default** | **Customary for financings of this nature and others appropriate in the judgment of the Debenture Holders, including but not limited to:**<br>1. Non-payment of any of the dues under this term sheet, with a grace period of 3 days in case of delays due to technical reasons<br>2. Default in compliance with financial covenants, subject to a cure period as may be specified in the Transaction Documents<br>3. Default in compliance with non-financial covenants, subject to a cure period as may be specified in the Transaction Documents<br>4. Default or trigger of event of default on any other indebtedness (cross default)<br>5. Misrepresentation or misleading information in any of the Transaction Documents<br>6. Insolvency, winding up, liquidation<br>7. Creditors' processes initiated against the company<br>8. Repudiation of Transactions Documents<br>9. Cessation of business<br>10. Erosion of 50% or more of the Company's net worth<br>And as set out in greater detail in the Debenture Trust Deed. |
| **Reporting Covenants** | (a) **QUARTERLY REPORTS** - within 45 (Forty five) calendar days after the end of each calendar quarter:<br>i. Information on financials, operations, portfolio growth & asset quality, funding in formats acceptable to the Investor<br>ii. List of Board of Directors<br>iii. Shareholding Pattern<br>iv. Financial covenant compliance certificate<br>v. Copy of returns filed with RBI<br>vi. information on:<br>• New products introduced, or change in existing product features<br>• New business correspondent relationships or discontinuance of existing relationships<br>• Geographical expansion to any new state<br>• Material changes to the IT / MIS systems<br>• Change in credit bureaus used<br>• Revision in the Business Plan<br>• Changes in the Accounting Policy<br>• Any fraud amounting to more than 1% of GLP<br>(b) **ANNUAL REPORTS** – within 120 days after the end of each fiscal year<br>i. Audited financials<br>ii. A certificate from the Director/CFO confirming that there is no Potential Default or Event of Default. |

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| | iii. Copy of all annual information submitted to the RBI; and<br>iv. Corporate social responsibility report<br><br>(c) **EVENT BASED REPORTS** – within 5 business days of event occurring<br><br>i. Change in Board of Directors<br>ii. Change in the Shareholding structure<br>iii. Change in the Senior Management officials (any CXO, or equivalent)<br>iv. Change in statutory auditors<br>v. Board approval of annual business plan<br>vi. Change in the Constitutional Documents of the Company;<br>vii. Material Adverse Effect.<br>viii. Any dispute, litigation, investigation or other proceeding which could result in a Material Adverse Effect.<br>ix. Winding up proceedings<br>x. Any Event of Default or Potential Default, and any steps taken / proposed to remedy the same.<br>xi. Any prepayment or notice of any prepayment of any Indebtedness of the Issuer.<br><br>And as set out in greater detail in the Debenture Trust Deed. |
| **Financial Covenants** | (1) The Company shall maintain Capital Adequacy Ratio of at least 17% or such higher limit as may be prescribed by the RBI from time to time.The Company shall maintain Tier I Capital of at least 12% or such higher limit as may be prescribed by the RBI from time to time..<br><br>For the purpose of the calculations of the Capital Adequacy as mentioned above:<br>- The first loss credit enhancement provided by the originator on securitization shall be reduced from capital funds and the deduction shall be capped at 15% of the outstanding securitized portfolio.<br>- The first loss credit enhancement provided by the originator on loans originated on behalf of other institutions shall be reduced from capital funds without any ceiling.<br>- The deduction shall be made at 50 per cent from Tier I Capital and 50 per cent from Tier II Capital<br>- It is also clarified that in computing the amount of subordinated debt eligible for inclusion in Tier II Capital, the aforementioned subordinated debt shall be subject to discounting as provided in the NBFC Master Circular.<br><br>(2) Earnings: After-tax Net Income to remain positive;<br><br>(3) Quarterly Operating Self Sufficiency Ratio (Operating Income/ Operating costs) >100%.<br><br>(4) Asset Quality: Ratio of PAR-90 to Gross Loan Portfolio of 7% or lower.<br><br>(5) Off-Balance Sheet Portfolio to Total Assets ratio of 35% or less.<br><br>"PAR- 90" shall mean on the Company's Gross Loan Portfolio the outstanding principal value of the relevant portfolio of the Company that has one or more instalments of principal, interest payments overdue for 90 |

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| | days or more, includes restructured loans but excludes loans that have been written off by the Company.<br><br>"Gross Loan Portfolio" shall include on balance sheet and off balance sheet portfolio<br><br>"Off Balance Sheet Portfolio" shall mean principal balance of loans securitized, assigned, originated on behalf of other institutions in respect of which the Issuer has provided credit enhancements in any form or manner whatsoever.<br><br>"Operating Income" shall mean revenue from interest earned, fees, and commissions on the Gross Loan Portfolio and investments.<br><br>"Operating Expense" shall mean the sum of administrative and personnel expenses, financial costs and Loan Loss Provision during the reporting quarter, where "Loan Loss Provision" means the outstanding provision in the balance sheet of the Company pertaining to on book and securitised book assets to provide for potential losses.<br><br>"PAR-90" shall mean the outstanding principal amount of all client loans that have one or more instalments of principal past due for ninety days or more.<br><br>"Total Assets" means, for any date of determination, the total Assets of the Company on such date, including owned, securitised and managed (non-owned) portfolio.<br><br>And as set out in greater detail in the Debenture Trust Deed |
| **Affirmative Covenants** | a) To utilise the proceeds of this issue in accordance with applicable laws and regulations<br>b) To ensure presence of at least 1 independent director at all times<br>c) To promptly inform notice of winding up / other legal proceedings<br>d) To promptly inform Material adverse effect<br>e) To provide the investor with access to data / information / meetings with the management team for periodical portfolio monitoring<br>f) To comply with corporate governance, fair practices code prescribed by RBI<br><br>And as set out in greater detail in the Debenture Trust Deed. |
| **Negative Covenants** | The issues shall take the prior written permission from the Investor / Debenture Trustee for the following:<br>a) Mr. Rajendra Setia cease to hold an executive position in the company<br>b) Change in promoter, ownership or control;<br>c) Any dilution of control over Board composition, other than appointment of independent directors<br>d) Mergers, acquisitions, investment in associates, JVs and subsidiaries including disposal of any of the above<br>e) Change in nature of business of the Company<br>f) Change in constitutional documents<br>g) Loans exceeding 15% of net worth to any single party and/or guarantees on behalf of third parties<br>h) Declare dividend on equity/preference shares before payment of coupon due on the NCDs when an Event of Default is subsisting<br>i) Change in auditors<br>j) Material compromise or settlement<br>And as set out in greater detail in the Debenture Trust Deed. |
| **Representations & Warranties** | a) Company is registered with the RBI as an NBFC<br>b) No Event of Default has occurred and is continuing on the date of |

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| | the transaction<br>c) Debentures shall rank pari passu amongst themselves and with all other senior creditors<br>d) Company shall not use proceeds from Debenture issuance to fund activities listed in Annexure 1<br>e) Binding obligation of Transaction Documents<br>f) No conflict with other obligations / constitutional documents<br>g) Company has the power and authority to issue Debentures and such Transactions Documents are valid and admissible in evidence<br>h) No proceedings pending<br>i) And as set out in greater detail in the Debenture Trust Deed |
| **Indemnification** | The Issuer will indemnify, and hold harmless the Debenture Holders from and against any claim, liability, demand, loss, damage, judgment or other obligation or right of action which may arise as a result of breach of this Term Sheet by the Issuer or its Promoter/s. |
| **Governing Law & Jurisdiction** | Indian Law, Courts in Chennai or Jaipur |
| **Transaction Costs** | The Issuer shall bear all transaction related costs incurred by the Debenture Holders with respect to legal counsel, valuers and auditors / consultants. Such costs include:<br>1. Trustee fees<br>2. Listing fees<br>3. Rating<br>4. Any other reasonable transaction related expense incurred by the Debenture Holders<br>5. Stamping and registration in relation to all Transaction Documents. |
| **Other costs and conditions** | To be further determined in the Debenture Trust Deed.<br>All costs, charges and expenses (notary's fees, legal opinions, lawyer's fees, advertisements, travel costs, telephone and fax costs, stamp duties) incurred in connection with the negotiation, execution, syndication, filing and registration of the Trust Deed and related documents regardless of whether this transaction is completed or not or whether the NCDs are issued or not.<br>The NCDs will be issued in a form and substance satisfactory to the Fund. Note that specific Fund conditions on Environmental & Social and Corporate Governance issues will be applicable and the Issuer will be required to give separate undertakings to Fund in this regard, as listed in Annexure 1. |
| **Eligible investors** | As permitted under Applicable Law |
| **Material Adverse Effect** | "**Material Adverse Effect**" means an event, circumstance, occurrence or condition which has caused, as of any date of determination a material adverse effect, on:<br>(a) the business, operations, assets or condition (financial or otherwise) of the Company; or<br>(b) the ability of the Company to enter into and to perform its obligations under Transaction Documents or any other related document to which Company is or will be a party; or<br>(c) the legality or validity or enforceability of the Transaction Documents or any other related document or the rights or remedies of Debenture Holder(s) thereunder. |

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| **Financial Indebtedness** | **Financial Indebtedness**" means in relation to an entity any indebtedness without double counting for or in respect of:<br><br>a) moneys borrowed;<br><br>b) any amount raised by acceptance under any acceptance credit, bill acceptance or bill endorsement facility or dematerialised equivalent;<br><br>c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;<br><br>d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;<br><br>e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);<br><br>f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;<br><br>g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value if payable by a borrower under each such transaction shall be taken into account);<br><br>h) (A) shares which are expressed to be redeemable or (B) any shares or instruments convertible into shares which are the subject of a put option or any form of buyback guarantee granted by the issuer issuing such shares or convertible instruments;<br><br>i) any obligation under any put option including any form of guarantee, letter of comfort, short fall undertaking, keep fit letter or indemnity in respect of any shares or instruments convertible into shares or otherwise issued by another entity;<br><br>j) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and<br><br>k) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) above,<br><br>and includes all Financial Indebtedness in respect of any of the items referred to in paragraphs (a) to (k) above. |
| **Control** | **"Control"** means, with respect to a Person which is a corporation, the ownership, directly or indirectly, of more than 50% (fifty percent) of the voting shares of such Person and the power to direct the management and policies of such Person, whether by having a right to nominate majority of directors on the board of such Person or by operation of law or by contract or otherwise; |

| | |
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| **Majority Debenture Holders** | 50% |

**Note:**

1. The list of documents which has been executed or will be executed in connection with the issue and subscription of debt securities shall be annexed.
2. The penal interest rates mentioned above as payable by the Issuer are independent of each other.

## SECTION 6: DISCLOSURES PERTAINING TO WILFUL DEFAULT

In case of listing of debt securities made on private placement, the following disclosures are required to be made vide *SEBI (Issue and Listing of Debt Securities) (Amendment) Regulations, 2016 w.e.f. 25-05-16*:

1. **Name of the bank declaring the entity as a Wilful Defaulter:** NIL
2. **The year in which the entity is declared as a Wilful Defaulter:** NIL
3. **Outstanding amount when the entity is declared as a Wilful Defaulter:** NIL
4. **Name of the entity declared as a Wilful Defaulter:** NIL
5. **Steps taken, if any, for the removal from the list of wilful defaulters:** NIL
6. **Other disclosures, as deemed fit by the Issuer in order to enable investors to take informed decisions:** NIL
7. **Any other disclosure as specified by the Board:** NIL

## 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 Axis Trustee Services Limited as the Debenture Trustee ("**Debenture Trustee Agreement**");

(b) Debenture Trust cum Mortgage 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**"); and

(c) Such other documents as agreed between the Issuer and the Debenture Trustee.

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## 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 is registered as a NBFC with the RBI.

c. 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, including but not limited to any terms and conditions of the existing Indebtedness of the Company.

(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 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

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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:**

Each Debenture constitutes direct and unconditional obligations of the Company. The claims of the Debenture Holders shall be superior to all the claims of equity investors/ lenders of Tier I Capital and Tier II Capital (including without limitation, any Subordinated Debt).

(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:**

(i) The Company has complied with Law and there has not been and there is no investigation or enquiry by, or order, decree, decision or judgment of, any Governmental Authority been issued or outstanding or to the best of the Company's knowledge (after making due and careful enquiry), anticipated against the Company which would have a Material Adverse Effect on the Company, nor has any notice or other communication (official or otherwise) from any Governmental Authority been issued or outstanding or to the best of the Company's knowledge (after making due and careful enquiry), anticipated with respect to an alleged, actual or potential violation and/or failure to comply with any such Applicable Law or requiring them to take or omit any action.

(ii) The Company shall complete all necessary formalities including all filings with the relevant regulatory authorities, including but not limited to SEBI, the BSE and the ROC and obtain all consents and approvals required for the completion of the Issue.

(xi) **ASSETS**:

Except for the security interests and encumbrances created and recorded with the Ministry of Corporate Affairs (available using: CIN: U65190MH1992PLC066228 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 Debenture 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 Debenture Trustee as of March 31, 2017 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.

(xiv) **No immunity**

The Company is not entitled to any immunity or privilege (sovereign or otherwise) from any set-off, judgment, execution, attachment or other legal process.

(xv) **Legal and Beneficial Ownership**

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Except for the security interests and encumbrances created and recorded with the Ministry of Corporate Affairs (available using CIN/FCRN/LLPIN/FLLPIN : U65923RJ1994PLC009051 on the website http://www.mca.gov.in/MCA21/index.html under the heading "Index of Charges"), the Company 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.

(xvi) **Compliance with Applicable Laws**

The Company and its affiliates are in compliance in all respects with all Applicable Law, including but not limited to environmental, social and taxation related laws, for them to carry on their business. The Company is not engaged in any illegal activity and will not use the proceeds of this issue towards any illegal activity.

(xvii) **Anti-terrorism Laws**

The Company and its affiliates are in compliance in all respects with all Anti-Terrorism Laws, and are adhering to all regulatory requirements pertaining to Anti-Terrorism and Anti- Money Laundering.

(xviii) **No Corrupt Practices**

Neither the Company nor its Promoters or affiliates have indulged in any corrupt practices pertaining to the business such as misstatement, fraud, misappropriation, embezzlement of financial and other resources or gains unreported in the audited financial statements

(xix) **Taxation**

(i) The Company has duly and punctually paid and discharged all Taxes imposed upon it or its assets within the time period allowed without incurring penalties save to the extent that (A) payment is being contested in good faith, (B) the Company has maintained adequate reserves for those Taxes, and (C) payment can be lawfully withheld;

(ii) The Company is not overdue in the filing of any Tax returns.

(iii) No claims exceeding 1,00,000 (Rupees One Lakh only) are being or are reasonably likely to be asserted against the Company with respect to Taxes, where such claims could result in or cause a Material Adverse Effect.

(xx) **Disclosures in Debt Disclosure Document**

The extent of disclosures made in the Debt Disclosure Document is consistent with disclosures permitted by Government Authorities in relation to the issue of securities made by the Company prior to the issue of the Debentures.

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(xxi) **Audit**

The Company annual accounts are audited by an auditor from a reputable firm of independent chartered accountants.

(xxii) **Good Business Standard**

The Company in its business transactions with its shareholders, partners, managers, staff, affiliates or affiliates of such entities or persons keeps within normal, good and acceptable business standards, including transactions being on arm's length.

(xxiii) **Proper book-keeping and accounting**

The Company has a proper, efficient and effective book-keeping and accounting system in place as well as adequate professional staff, including maintaining of accounts showing the loan drawings, payments, interest etc.

(xxiv) **No Material Adverse Change**

There is no Material Adverse Change in the business, conditions and operations of the Company.

(xxv) **Employees**

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

(xxvi) **Compliance with RBI/SEBI Regulations and the Act's Requirements**

The Debentures are being issued in compliance with the applicable regulations of the RBI/SEBI and the relevant provisions of the Act as applicable to issue of unsecured debt/bond. Any provision in the Deed which is not in compliance with regulations of the RBI/SEBI and the relevant provisions of the Act can be amended by the Company and the Debenture Trustee by executing an amendment to the Deed and the Debenture Holders shall have no right to raise any objection thereto.

## 7.3 AFFIRMATIVE COVENANTS:-

The Company shall:

(a) *Notice of winding up or other legal process*

promptly inform the Debenture Trustee immediately on any application being filed under the Insolvency and Bankruptcy Code, 2016 for winding up or any other notice under any other statute relating to winding up or otherwise of any suit or other legal process intended to be filed or initiated against the Company;

(b) *Loss or damage by uncovered risks*

promptly inform the Debenture Trustee of any material loss or significant damage which the Company may suffer due to any force majeure circumstances or act of

God, such as earthquake, flood, tempest or typhoon, etc. against which the Company may not have insured its properties;

(c) *Costs and expenses*

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

(d) *Payment of Rents, etc.*

punctually pay all rents, royalties, taxes, rates, levies, cesses, assessments, impositions and outgoings, governmental, municipal or otherwise imposed upon or payable by the Company as and when the same shall become payable and when required by the Debenture Trustee produce the receipts of such payment and also punctually pay and discharge all debts and obligations and liabilities which may have priority over the Debentures and observe, perform and comply with all covenants and obligations which ought to be observed and performed by the Company under this Deed;

(e) *Preserve corporate status; authorisations*

(i) 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 and comply with each and every term of the said franchises and concessions and all acts, authorizations, consents, permissions, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to its Assets or any part thereof PROVIDED THAT the Company may contest in good faith the validity of any such acts, rules, regulations, orders and directions and pending the determination of such contest may postpone compliance therewith if the rights enforceable under the Debentures are not thereby materially endangered or impaired. The Company will not do or voluntarily suffer or permit to be done any act or thing whereby its right to transact its business might or could be terminated or whereby payment of the principal of the Debentures might or would be hindered or delayed; and

(ii) conduct its business with due diligence and efficiency and in accordance with sound technical, managerial and financial standards and business practices with qualified and experienced management and personnel;

(iii) promptly obtain all consents and authorizations as maybe necessary for performing its obligations in relation to the issue of the Debentures;

(f) *Pay stamp duty*

pay all such stamp duty (including any additional stamp duty), other duties, taxes, charges and penalties, if and when the Company may be required to pay according to the applicable state laws and in the event of the Company failing to pay such stamp duty, other duties, taxes and penalties as aforesaid, the Debenture Trustee will be at liberty (but shall not be bound) to pay the same and the Company shall reimburse the same to the Debenture Trustee on demand;

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(g) ***Furnish information to trustee***

give to the Debenture Trustee or its nominee(s)/ agent(s) such information/copies of relevant extracts as they shall require as to all matters relating to the business of the Company or any part thereof and to investigate the affairs thereof and the Company shall allow the Debenture Trustee to make such examination and investigation as and when felt necessary and shall furnish him with all such information as they may require and shall pay all reasonable costs, charges and expenses incidental to such examination and investigation;

(h) ***Grievance***

promptly and expeditiously attend to and redress the grievances, if any, of the Debenture Holders. The Company 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 Debenture Trustee and shall advise the Debenture Trustee periodically of the compliance;

(i) ***Specific Information to be provided to the Debenture Trustee***

inform and provide the Debenture Trustee with applicable documents in respect of the following:

(i) notice of any Event of Default or potential Event of Default, each as listed in Clause 4;

(ii) periodic review of the ratings obtained by the Company by the credit rating agencies and any revision in the rating as per the listing agreement entered into with the stock exchange;

(iii) details of any material litigation, arbitration or administrative proceedings, etc. including those that are required to be disclosed to the stock exchange under the listing agreement entered into with the stock;

(iv) updated list of the names and addresses of the debenture holders;

(v) details of interest due but unpaid and reasons thereof;

(vi) any and all information required to be provided to the Debenture Holders under the listing agreement that may be entered into between the Company and the BSE in the event that the Debentures are listed; and

(vii) the declaration or distribution of dividend;

(j) ***Comply with Investor Education and Protection Fund requirements***

comply with the provisions of the Act relating to transfer of unclaimed/ unpaid amounts of interest on Debentures and redemption of Debentures to Investor Education and Protection Fund (IEPF), if applicable to it. The Company hereby further agrees and undertakes that during the currency of this Deed it shall abide by the guidelines/listing requirements as applicable, if any, issued from time to time by the SEBI/RBI;

(k) ***Further assurances***

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(i) 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 Debenture Trustee may reasonably or by Law require or consider necessary in relation to enforcing or exercising any of the rights and authorities of the Debenture Trustee;

(ii) 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 Debenture Trustee may reasonably or by Law require or consider necessary in relation to listing of the Debentures in terms hereof including but not limited to execution of necessary listing agreements with the relevant stock exchanges, obtaining of credit rating for the Debentures from the Rating Agency and compliance with the (i) the Debt Listing Regulations, as may be in force from time to time during the tenor of the Debentures; (ii) the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (iii) the provisions of the listing agreement as may be entered into by the Company with the BSE in relation to the Debentures;

(iii) promptly obtain all approvals, consents and authorizations as maybe necessary for performing its obligations in relation to the listing of the Debentures in terms hereof;

(iv) furnish to the Debenture Trustee details of all grievances received from the Debenture Holders and the steps taken by the Company to redress the same. At the request of any Debenture Holder, the Debenture Trustee shall, by notice to the Company call upon the Company to take appropriate steps to redress such grievance and the Company shall comply with the instructions of the Debenture Trustee issued in this regard;

(v) 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 to lawfully enter into and perform its obligations under this Deed or to ensure the legality, validity, enforceability or admissibility in evidence in India of this Deed;

(vi) Comply with:

(A) all Laws, rules, regulations and guidelines (including but not limited to environmental, social and taxation related Laws), as applicable in respect of the Debentures and obtain such regulatory approvals as may be required from time to time if the Debentures are listed, including but not limited to the following (i) the Debt Listing Regulations, as may be in force from time to time during the tenor of the Debentures; (ii) the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (iii) the provisions of the listing agreement as may be entered into by the Company with the BSE in relation to the Debentures;

(B) the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 as in force from time to time, in so far as they are applicable to the Debentures and furnish to the Debenture Trustee such data, information, statements and reports as may be deemed necessary by the Debenture Trustee in order to enable them to comply with the provisions of Regulation 15 thereof in performance of their duties in accordance therewith to the extent applicable to the Debentures;

(C) the provisions of the Act in relation to the issue of the Debentures;

(D) procure that the Debentures are rated and continued to be rated until the redemption of the Debentures; and

(E) The Company shall ensure that, at time of making any repayment of the principal amount of the Debentures in full or in part, the Company shall do so in the manner that is most tax efficient for the Debenture Holders (including withholding tax benefit) but without, in any way, requiring the Company to incur any additional costs, expenses or taxes and the Company shall avail of all the benefits available under any treaty applicable to the Company and/or the Debenture Holders.

(l) *Filings*

If the Debentures are listed, the Company shall file with the BSE for dissemination, within one month from the end of half years September and March, a half- yearly communication, counter signed by the Debenture Trustee, containing inter-alia the following information:

(I) credit rating;

(II) debt to Equity ratio accompanied with a certificate of a practicing chartered accountant confirming such debt to Equity ratio;

(III) previous Due Date for the payment of principal and whether the same has been paid or not; and

(IV) next Due Date for the payment of principal.

(m) *Amounts to be reimbursed to the Debenture Trustee*

the Company shall, forthwith upon demand by the Debenture Trustee, reimburse to the Debenture Trustee all amounts paid by the Debenture Trustee to reasonably protect the interests of the Debenture Holders under this Deed;

(n) *Where Debenture Holder is a Foreign Investor*

in the event a Debenture Holder is a foreign portfolio investor, foreign institutional investor or sub-account of foreign institutional investors, or qualified foreign investor, the Company shall, in relation to each date when any payment is due by the Company under the Debentures (each a "**Relevant Payment Date**"), courier to the Debenture Holders (or their designated agent, as confirmed by the Debenture Holders) within 1 (One) Business Day after a Relevant Payment Date, the duly completed and signed Form 15 CA/CB. A scanned copy of such duly completed and signed Form 15 CA/CB shall be sent to the Debenture Holders on the Relevant Payment Date by e-mail;

(o) *Compliance with ESG Requirements*

the Company shall adhere to ESG requirements and provide a declaration to that effect in the format provided in Annexure VI.

(p) *Books of Account*

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maintain proper books of account as required by the Act and keep such books of account and all other books, registers and other documents relating to the affairs of the Company at its registered office or, where permitted by Law, at other place or places where the books of account and documents of a similar nature may be kept. The Company will ensure that all entries shall at all reasonable times be open for inspection of the Debenture Trustee and such person or persons as the Debenture Trustee shall, from time to time, in writing for the purpose, appoint.

(q) ***Material Adverse Effect***

the Company shall promptly inform the Debenture Trustee in writing of the occurrence of any, or the occurrence of any event that is likely to have a, Material Adverse Effect, together with explanation of the reasons thereof;

(r) ***Financial Covenants***

the Company will comply with the financial covenants mentioned in 5.23;

(s) ***Insurance***

the Company shall maintain insurances on and in relation to its business and assets with insurance companies against those risks and to the extent as is usual for companies carrying on the same or substantially similar business and any other insurances as may be required by Law and ensure that all premiums are paid on time and other obligations of the Company under the insurance policies are duly complied with;

(t) ***Corporate Governance***

(i) the Company shall maintain the highest standards of corporate governance in accordance with the NBFC Master Directions;

(ii) shall at all times until the redemption of all outstanding Debentures, ensure that there is at least 1 (One) independent director; and

(iii) the Company shall at all times comply with the NBFC Master Directionson "Fair Practices Code".

(u) ***General***

(i) the Company shall perform all of its obligations under the terms of the Transactions Documents and maintain in full force and effect each of the Transaction Documents;

(ii) the Company shall promptly pay and discharge its Debenture Obligations and regularly make all payments due and payable by the Company, including but not limited to taxes and also such payment due and payable under or in respect of the Issue or any documents executed in connection there with;

(iii) the Company shall give the Debenture Trustee any information, relating to the business, property, affairs of the Company, that materially impacts the interests of the Debenture Holders;

(iv) the Company shall comply with any monitoring and/or servicing requests from Debenture Holders;

(v) the Company shall at all times act and proceed in relation to its affairs and business in compliance with Law; and

(vi) if there is any proposal by the Company to make changes as listed below or there is occurrence of any of the event listed below, intimation of the information to the Debenture Trustee be as soon as available and in any event within 15 (Fifteen) calendar days.

(v) ***Shareholding of Promoters***

The Promoters' shareholding in the Company, on a fully diluted basis, shall not fall below the level at the time of execution of this document the dilution is happening on account of fresh infusion.

(w) ***Buyback***

The Company shall not buyback any equity of any of its present or future shareholder during the tenor of the Debentures.

(x) ***Access***

shall permit the Debenture Trustee and/or accountants or other professional advisers and contractors appointed by the Debenture Trustee (and the Debenture Holders) access at all reasonable times and on reasonable notice of the Company to:

(i) check the management of the funds made available through subscription to the Debentures;

(ii) inspect and take copies and extracts from the books, accounts and records of the Company;

(iii) visit and inspect the premises of the Company; and

(iv) meet and discuss matters with senior management employees of the Company.

(y) ***Conditions Subsequent***

The Company shall fulfil each of the following conditions within the stipulated timelines:

(i) The Company shall immediately on receipt of funds, take on all necessary steps to, including making all applicable filings in the Registrar of Companies and obtaining all necessary approvals including filing Form PAS 5 along with the Information Memorandum and Form PAS 3 along with requisite fee within the timelines prescribed by the Act and Rules thereunder;

(ii) File Form PAS 5 along with the Information Memorandum with SEBI within the timelines prescribed by the Act and Rules thereunder;

(iii) Credit the demat account of the Applicants with such number of Debentures which have been allotted to them within Three (Three) Business Days from the Deemed Date of Allotment;

(iv) Receive final listing of Debentures within 15 days from date of request by the Debenture Holders; and

(v) Ensure compliance with Applicable Law for issuance of the Debentures.

(z) ***Maintaining Internal Control***

The Company shall maintain internal control for the purpose of :

(i) preventing fraud on the monies lent by the Company;

(ii) preventing money being used for money laundering or any other illegal activities.

## 7.4 NEGATIVE COVENANTS:-

Without the prior written permission of the Debenture Trustee the Company shall not take any action/ permit any action to be taken in relation to the items set out in this Clause 3.6. The Debenture 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 Debenture Trustee is required to take the consent of the Majority Debenture Holders prior to any such approval/dissent.

(a) ***Change of business; Role of Promoter***

(i) Change the general nature of its business from that which is permitted as 'Non-Banking Financial Company' by the RBI.

(ii) Change its Constitutional Documents in any material way or purchase or redeem its shares or reduce its authorized capital in any way which would prejudicially affect the interests of the Debenture Holders.

(iii) The Company will ensure that prior to the Final Settlement Date, there will be no sale, disposal or transfer in any matter whatsoever of the equity shares held by the Promoter in the Company, nor will the Promoter encumber (in any manner whatsoever) the equity shares held by the Promoter in the Company.

(iv) Until the Final Settlement Date, the Company will procure and ensure that the Promoter will not exit from or reduce its involvement from the management activities of the Company as is subsisting on the Effective Date. Without prejudice to the foregoing, the Company will also procure and ensure that the Promoters will continue to hold executive role the Company until the Final Settlement Date.

(b) ***Dividend***

Declare or pay any dividend or make any distributions on its share capital (other than dividends or distributions payable on shares of the Company), unless:

(i) the proposed payment or distribution is out of net income of the current Financial Year (excluding any amount resulting from the revaluation of any of the Company's assets);

(ii) no Event of Default has occurred and is then continuing, or could occur or is reasonably likely to occur, as a result of such payment or declaration of any dividend or distribution and after giving effect to any such action; and

(iii) the Company is in compliance with the financial covenants

(c) *Merger, consolidation, etc.*

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

(d) *Associates, Subsidiaries, and Joint Ventures*

Dispose of, acquire or incorporate any associates (as defined in the Act), subsidiary (as defined in the Act) or joint ventures.

(e) *Acquisition*

Acquire, without the prior written consent of the Majority Debenture Holders, any company, business or undertaking if the amount of the acquisition cost, whether paid by cash or otherwise, when aggregated with the aggregate acquisition cost of any other companies, business or undertaking acquired by it during that financial year exceeds 10% (ten percent) of the Equity.

(f) *Joint Venture*

Without the prior written consent of the Majority Debenture Holders:

(i) acquire (or agree to acquire) any shares, stocks, securities or other interest in any joint venture; or

(ii) transfer any assets or lend to or guarantee or indemnify or give security for the obligations of a joint venture (or agree to transfer, lend, guarantee, indemnify or give security for the obligations of a joint venture).

(g) *Loans and Guarantees*

The Company shall not:

(i) make any loan, advance, inter-corporate deposits, grant credit facility (other than in ordinary course of business) or give guarantee or indemnity to make any investments to or for the benefit of any person including Promoters; or

(ii) shall not undertake guarantee or other undertaking on behalf of other firm or company.

(h) *Arm's length basis; No profit sharing arrangements*

The Company shall not, without the prior written consent of the Majority Debenture Holders:

(i) enter into any transaction with any person or enter into or continue business relations with its shareholders, employees, affiliate(s), holding

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company(ies), and/or subsidiary(ies) except on proper commercial terms negotiated on an arm's length basis;

(ii) enter into or establish any partnership, profit sharing, royalty agreement or other similar other arrangement whereby the Company's income or profits are, or might be, shared with any other person; or

(iii) enter into any management contract or similar arrangement whereby its business or operations are managed by any other person.

(i) ***Immunity***

Claim any immunity or limitation of liability against any payment obligations arising towards the Debenture Holders.

(j) ***Auditor***

Change its auditor without the prior written consent of the Majority Debenture Holders. The Company shall authorize its auditors to communicate directly with the Debenture Trustee and the Debenture Holders.

(k) ***Liabilities***

Incur, create, assume, or allow any indebtedness that ranks prior to the Debentures or subordinates the Debentures.

(l) ***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 change in Control of the Company. The Company shall also not perform any actions that result in change in promoter control or in key managerial personnel without prior written consent from the Debenture Holders. PROVIDED THAT if the written consent of the Debenture Trustee/ the Majority Debenture Holder(s) is withheld for the proposed change of control, the Company will, upon the instructions of the Debenture Trustee, redeem the Debentures forthwith within 45 (Forty five) days of receiving such written instructions from the Debenture Trustee and pay prepayment penalty on such redemption in accordance with the terms of the Transaction Documents.

(m) ***Disposal of Assets***

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

(n) ***Change in Ownership***

Change in ownership of more than 5% of the shares of the Company.

(o) ***Material compromise or Settlement***

Enter into material compromise or arrangement or settlement with any of its creditors (secured and unsecured) that would prejudicially affect the interest of the Debenture Holders.

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(p) ***Anti-money laundering***

Permit any of the Debenture proceeds to be used to fund:

(i) 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; or

(ii) Permit any of the Debenture proceeds to be used to fund any activity on the Exclusion List.

(q) ***Others***

Without prejudice to Clause 7.4 (a) above, permit sale/ transfer/ disposal of (i) equity shares of the Company, or (ii) instruments that are compulsorily and mandatorily convertible into equity shares of the Company, by the Promoter(s) and/ or (iii) permit the Promoter(s) to exit from management activities in relation to the Company.

(r) ***Change in End of Financial Year***

Change end of financial year from 31st March, or any other such date as may be approved by Debenture Holders, without consent of Debenture Trustee.

## SECTION 8: OTHER INFORMATION AND APPLICATION PROCESS

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

### 8.1 Mode of Transfer/Transmission of Debentures

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

### 8.2 Debentures held in Dematerialised Form

The Debentures shall be held in dematerialised form and no action is required on the part of the Debenture Holder(s) for redemption purposes and the redemption proceeds will be paid by cheque/EFT/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 relevant Record Date setting out the relevant beneficiaries' name and account number, address, bank details and DP's identification number will be given by the R&T Agent to the Issuer. If permitted, the Issuer may transfer payments required to be made in any relation by EFT/RTGS to the bank account of the Debenture Holder(s) for redemption payments.

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

The Issuer has appointed Axis Trustee Services Limited to act as trustee for the Debenture Holder(s). The Issuer and the Debenture Trustee have entered/intend 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 coupon thereon and they will take necessary action, subject to and in accordance with the Debenture Trustee Agreement and the Debenture Trust Deed, at the cost of the Issuer. No Debenture Holder shall be entitled to proceed directly against the Issuer unless the Debenture Trustee, having become so bound to proceed, fails to do so. The Debenture Trustee Agreement and the Debenture Trust Deed shall more specifically set out the rights and remedies of the Debenture Holder(s) and the manner of enforcement thereof.

## 8.4 Sharing of Information

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

## 8.5 Debenture Holder not a Shareholder

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

## 8.6 Modification of Debentures

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

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

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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 as set out below:

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

## 8.7 Right to accept or reject Applications

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

## 8.8 Notices

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

All notice(s) to be given by the Debenture Holder(s) to the Issuer/ Debenture Trustee shall be sent by registered post, recognized overnight courier service, hand delivery or email or by facsimile transmission to the Issuer or to such persons at such address/ facsimile number as may be notified by the Issuer from time to time through suitable communication. All correspondence regarding the Debentures should be marked "Private Placement of Debentures".

Notice(s) shall be deemed to be effective (a) in the case of registered mail, 3 (three) Business 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 or (e) or in case of e-mail at the time of the sending thereof (provided no delivery failure notification is received by the sender within 24 hours of sending such email).

## 8.9 Issue Procedure

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

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

## 8.10 Application Procedure

Potential 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. The Issue will be open for subscription during the banking hours on each day during the period covered by the Issue Schedule.

### 8.11 Fictitious Applications

All fictitious applications will be rejected.

### 8.12 Basis of Allotment

Notwithstanding anything stated elsewhere, the 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 potential 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 the Issuer by the Deemed Date of Allotment.

### 8.13 Payment Instructions

The Application Form should be submitted directly. The entire amount of Rs. 1,00,000/- (Rs. One Lakh 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:

| | |
|---|---|
| NAME | ESS KAY FINCORP PVT LTD |
| ACCOUNT NO. | 60236767462 |
| IFSC CODE | MAHB0000389 |
| BANK NAME | BANK OF MAHARASHTRA |
| BRANCH | M.I.ROAD, JAIPUR |
| ACCOUNT TYPE | CURRENT ACCOUNT |

### 8.14 Eligible Investors

The following categories of investors, when 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 (**"Eligible Investors"**):

(a) Mutual Funds
(b) NBFCs
(c) Provident Funds and Pension Funds
(d) Corporates
(e) Banks
(f) Foreign Institutional Investors (FIIs)
(g) Qualified Foreign Investors (QFIs)
(h) Foreign Portfolio Investors (FPIs)
(i) Insurance Companies
(j) Any other person (not being an individual or a group of individuals) eligible to invest in the Debentures.

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

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**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.

## 8.15 Procedure for Applying for Dematerialised Facility

(a) The applicant must have at least one beneficiary account with any of the DP's of NSDL/CDSL prior to making the application.

(b) The applicant must necessarily fill in the details (including the beneficiary account number and DP - ID) appearing in the Application Form under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form".

(c) Debentures allotted to an applicant will be credited to the applicant's respective beneficiary account(s) with the DP.

(d) For subscribing to the Debentures, names in the Application Form should be identical to those appearing in the details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details maintained with the DP.

(e) Non-transferable allotment advice/refund orders will be directly sent to the applicant by the Registrar and Transfer Agent to the Issue.

(f) If incomplete/incorrect details are given under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form" in the Application Form, it will be deemed to be an incomplete application and the same may be held liable for rejection at the sole discretion of the Issuer.

(g) For allotment of Debentures, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-a-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for the losses, if any.

(h) The redemption amount or other benefits would be paid to those Debenture Holders whose names appear on the list of beneficial owners maintained by the R&T Agent as on the Record Date. In case of those Debentures for which the beneficial owner is not identified in the records of the R&T Agent as on the Record Date, the Issuer would keep in abeyance the payment of the redemption amount or other benefits, until such time that the beneficial owner is identified by the R&T Agent and conveyed to the Issuer, whereupon the redemption amount and benefits will be paid to the beneficiaries, as identified.

## 8.16 Depository Arrangements

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

## 8.17 List of Beneficiaries

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

### 8.18 Application under Power Of Attorney

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

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

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

In case of applications by mutual funds and venture capital funds, a separate application must be made in respect of each scheme of an Indian mutual fund/venture capital fund registered with the SEBI and such applications will not be treated as multiple application, provided that the application made by the asset management company/trustee/custodian clearly indicated their intention as to the scheme for which the application has been made.

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

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

### 8.20 Documents to be provided by Investors

Investors need to submit the following documents, as applicable:

(a) Memorandum and Articles of Association or other constitutional documents
(b) Resolution authorising investment
(c) Certified true copy of the 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 EFT/RTGS details)

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

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

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## 8.22 Succession

In the event of winding up of a Debenture Holder (being a company), the Issuer will recognise the legal representative as having title to the Debenture(s). The Issuer shall not be bound to recognize such legal representative as having title to the Debenture(s), unless they obtains legal representation, 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 such legal representation, in order to recognise any person as being entitled to the Debenture(s) standing in the name of the concerned Debenture Holder on the production of sufficient documentary proof and an indemnity.

## 8.23 Mode of Payment

All payments must be made through cheque(s) demand draft(s), NEFT/RTGS as set out in the Application Form.

## 8.24 Effect of Holidays

In case any Coupon Payment Date falls on a day which is not a Business Day, the payment to be made on such Coupon Payment Date shall be made on the next Business Day. When the Redemption Date falls on a day which is not a Business Day, the payment to be made of such Redemption Date (including accrued Coupon) shall be made on the immediately preceding Business Day.

## 8.25 Tax Deduction at Source

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source. For seeking TDS exemption/lower rate of TDS, relevant certificate/document must be lodged by the Debenture Holder(s) at the office of the R&T Agent of the Issuer at least 15 (Fifteen) calendar 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 Issue 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, as may be necessary and shall simultaneously pay to the Debenture Holders such additional amounts as may be necessary in order that the net amounts received by the Debenture Holders after the Tax Deduction shall equal the respective amounts which would have been receivable by the Debenture Holders in the absence of such Tax Deduction.

## 8.26 Letters of Allotment/Credit of Allotment

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

## 8.27 Deemed Date of Allotment

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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 12, 2017 by which date the Investors would be intimated of allotment.

**8.28 Record Date**

The Record Date will be 3 (Three) calendar days prior to any Due Date.

**8.29 Refunds**

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

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

**8.30 PAN Number**

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

**8.31 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 Information 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. Provisions in respect of investment by investors falling in the categories mentioned above are merely indicative and the Issuer does not warrant that they are permitted to invest as per extant laws, regulations, etc. Each of the above categories of investors is required to check and comply with extant rules/regulations/ guidelines, etc. governing or regulating their investments as applicable to them and the Issuer is not, in any way, directly or indirectly, responsible for any statutory or regulatory breaches by any investor, neither is the Issuer required to check or confirm the same.**

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## SECTION 9: DECLARATION

The Issuer declares that all the relevant provisions in the regulations/guideline issued by SEBI and other applicable laws have been complied with and no statement made in this Information Memorandum is contrary to the provisions of the regulations/guidelines issued by SEBI and other applicable laws, as the case may be. The information contained in this Information Memorandum is as applicable to privately placed debt securities and subject to the 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 **ESS KAY FINCORP LIMITED**
**(Erstwhile Ess Kay Auto Finance Private Limited)**

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Authorised Signatory

Name: Devendra Sharma
Title: ACS
Date: May 15, 2018

## Annexure- I

**Kindly refer to 5.23 (*Issue Details*) above.**

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## ANNEXURE II: RATING LETTER & RATING RATIONALE

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## ANNEXURE III: CONSENT LETTER FROM THE DEBENTURE TRUSTEE

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## ANNEXURE IV: APPLICATION FORM

**Ess Kay Fincorp Limited**
A private limited company incorporated under the Companies Act, 1956
**Date of Incorporation**: November 21, 1994
**Registered Office**: G1&2, New Market, Khasa Kothi, Jaipur- 302001
Tel: +91 141 4161309;
Website: www.skfin.in

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

**ISSUE OF UPTO 2500 (TWO THOUSAND FIVE HUNDRED ONLY) SENIOR, SECURED, RATED, REDEEMABLE, TRANSFERABLE PRINCIPAL PROTECTED NON CONVERTIBLE MARKET LINKED DEBENTURES OF FACE VALUE OF INR 1,00,000/- (RUPEES ( ONE LAKH ONLY) EACH, AGGREGATING UP TO RS. 25,00,00,000/- (RUPEES TWENTY FIVE CRORES ONLY) ON A PRIVATE PLACEMENT BASIS (THE "ISSUE").**

**RS…………………/- (RUPEES ……………………… (RUPEES ………………), FULLY PAID UP FOR CASH AT PAR TO THE FACE VALUE**

**DEBENTURE SERIES APPLIED FOR:**

Number of Debentures……………In words …………………………
Amount Rs.

**DETAILS OF PAYMENT:**

RTGS
No. ____________ Drawn on ______________________________

Funds transferred to Ess Kay Fincorp Limited
Dated ____________

Total Amount Enclosed
(In Figures) ____________ (In words) ______________________________

| APPLICANT'S NAME IN FULL (CAPITALS) | SPECIMEN SIGNATURE |
|---|---|
| | |

**APPLICANT'S ADDRESS**

| | | | | | |
|---|---|---|---|---|---|
| **ADDRESS** | | | | | |
| **STREET** | | | | | |
| **CITY** | | | | | |
| **PIN** | | **PHONE** | | **FAX** | |

APPLICANT'S PAN/GIR NO.

ESS KAY FINCORP LIMITED JAIPUR

IT CIRCLE/WARD/DISTRICT ____

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

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

| Name of the Authorised Signatory(ies) | Designation | Signature |
|---|---|---|
| | | |
| | | |
| | | |

Applicant's
Signature

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

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

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

| |
|---|
| FOR OFFICE USE ONLY<br>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, and other intermediaries and their agents and advisors associated with this Issue. We confirm that we have for the purpose of investing in these Debentures carried out our own due diligence and made our own decisions with respect to investment in these Debentures and have not relied on any representations made by anyone other than the Issuer, if any.

We understand that: i) in case of allotment of Debentures to us, our Beneficiary Account as mentioned above would get credited to the extent of allotted Debentures, ii) the Applicant must ensure that the sequence of names as mentioned in the Application Form matches the sequence of name held with our Depository Participant, iii) if the names of the Applicant in this application are not identical and also not in the same order as the Beneficiary Account 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. We undertake that upon sale or transfer

ESAF FINCORP LIMITED JAIPUR

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 behalf) we shall indemnify the Issuer (and all such persons acting on its behalf) and also hold the Issuer and each of such person harmless in respect of any claim by any Transferee.

**We confirm that we are aware that, as returns on the Debentures are structured and linked to NIFTY 50, we may receive negligible returns, not receive any returns at all or receive negative returns and as a result at any time during the life of the Debentures till the Final Redemption Date or the Early Redemption Date, as the case may be, the value of the Debentures may be substantially less than its redemption value.**

Applicant's
Signature

| | |
|---|---|
| FOR OFFICE USE ONLY | |
| DATE OF RECEIPT ____________ | DATE OF CLEARANCE ____________ |

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

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

**- ACKNOWLEDGMENT SLIP**

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

Received from

Address ____________________________________________

____________________________________________

Cheque/Draft/UTR # ____________ Drawn on ____________________ for Rs. ____________ on account of application of ____________ Debenture

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**ANNEXURE V:-**

**PROVISIONS RELATING TO COUPON (IF ANY) PAYABLE**

<table>
<tr><td>Effective Coupon Amount</td><td>$Face\ Value * [(1 + Effective\ Annualized\ Coupon\ Rate)^{(Tenor\ in\ Days/365)} - 1]$</td></tr>
<tr><td>Effective Annualized Coupon Rate</td><td>Based on 'Reference Index Performance', corresponding 'Effective Annualized Coupon Rate' function will be applicable
<table>
<tr><th>Reference Index Performance</th><th>Effective Annualized Coupon Rate' function</th></tr>
<tr><td><= -75%</td><td>0%</td></tr>
<tr><td>> -75% but <= -22.80%</td><td>12.15% XIRR*</td></tr>
<tr><td>> -22.80% but <= 22.80%</td><td>Min (12.15% XIRR, Annualized Coupon Rate)</td></tr>
<tr><td>> 22.80%</td><td>11.65% XIRR</td></tr>
</table>
In case the credit rating of the Debentures is upgraded at the time of redemption of Debentures, the calculated 'Effective Annualized Coupon Rate' (as defined above) will be reduced by 25 basis points for every notch of rating upgrade as compared to the rating of the Debentures as on the Deemed Date of Allotment,<br><br>
(*12.15% XIRR is thus a ceiling and translates into a comparable coupon rate of 11.52% per annum when the coupon is paid out on a monthly basis. Please refer 'Scenario Analysis' section here below for further details)</td></tr>
<tr><td>Annualized Coupon Rate</td><td>$[(\frac{Face\ Value + Coupon\ Amount}{Face\ Value})^{(\frac{1}{Tenor\ in\ Days/365})}] - 1$</td></tr>
<tr><td>Coupon Amount</td><td>$Face\ Value * \{ [(1.1190)^{(\frac{Tenor\ in\ Days}{365})} + (Participation\ Ratio * Reference\ Index\ Performance)] - 1\}$</td></tr>
<tr><td>Face Value</td><td>INR 1,00,000 (Rupees One Lakh only) per Debenture</td></tr>
<tr><td>Tenor In Days</td><td>Number of days between the (i) Deemed Date of Allotment and (ii) (a) the Final Redemption Date (1277 Days) or (b) Early Redemption Date**, as the case may be.<br><br>
**In the case of an Early Redemption, Tenor in Days will be number of days between the Deemed Date of Allotment and Early Redemption Date. Likewise, in the case of a Put Option, Tenor in Days will be number of days between the Deemed Date of Allotment and Put Option Date</td></tr>
<tr><td>Participation Ratio</td><td>-5%<br><br>
In the event of any regulatory changes with retrospective effect which has adverse impact on the Debenture Holders or in the event Effective Coupon Amount could not be determined or becomes indeterminable on account of termination / suspension of Reference Index (given below) or due to any force majeure circumstances or act of God, the Debenture Trustee shall with the consent of the Majority Debenture Holders</td></tr>
</table>

<table>
<tr><td></td><td>elect either of the following options within 90 (Ninety) Business Days therefrom:<br><br>1. to retain the Participation Ratio (given below) at -5 % (Negative Five percent); or<br><br>2. to reset the Participation Ratio (given below) to 0 % (Zero percent); or<br><br>to contemplate a new Reference Index mechanism agreeable to the Issuer.</td></tr>
<tr><td>Reference Index Performance</td><td>$(\frac{Final\ Fixing\ Level}{Initial\ Fixing\ Level}) - 1$</td></tr>
<tr><td>Initial Fixing Level</td><td>Official closing level of the Reference Index as on Initial Fixing Date</td></tr>
<tr><td>Reference Index</td><td>NIFTY 50</td></tr>
<tr><td>Initial Fixing Date</td><td>Deemed Date of Allotment</td></tr>
<tr><td>Final Fixing Level</td><td>Simple Average of the official closing level of the Reference Index on the Observation Dates.</td></tr>
<tr><td>Observation Dates</td><td>The Deemed Date of Allotment (DDA) and the subsequent Reference Index futures expiry date in the months of March, June, September & December falling over life of the instrument. The same are expected to be as below***:<br><br>
<table>
<tr><th>Observation Date No</th><th>Observation Date</th></tr>
<tr><td>1</td><td>15-05-2018</td></tr>
<tr><td>2</td><td>28-06-2018</td></tr>
<tr><td>3</td><td>27-09-2018</td></tr>
<tr><td>4</td><td>27-12-2018</td></tr>
<tr><td>5</td><td>28-03-2019</td></tr>
<tr><td>6</td><td>27-06-2019</td></tr>
<tr><td>7</td><td>26-09-2019</td></tr>
<tr><td>8</td><td>26-12-2019</td></tr>
<tr><td>9</td><td>26-03-2020</td></tr>
<tr><td>10</td><td>25-06-2020</td></tr>
<tr><td>11</td><td>24-09-2020</td></tr>
<tr><td>12</td><td>31-12-2020</td></tr>
<tr><td>13</td><td>25-03-2021</td></tr>
<tr><td>14</td><td>24-06-2021</td></tr>
<tr><td>15</td><td>30-09-2021</td></tr>
</table>
<br>In the event the Debentures are to redeemed on Early Redemption Date, the final Observation Date for the purpose of calculation the Coupon Amount, if any, will be 15 (Fifteen) Business Days from the date on which the Debenture Trustee receives the Early Redemption Notice.<br><br>***Provided that, if any such date except the DDA is not a scheduled Reference Index futures expiry date, then the Reference Index futures expiry date as notified by the National Stock Exchange for that month will be</td></tr>
</table>

| | |
|---|---|
| | *considered as the observation date.* |

**Scenario Analysis**

| Falling Scenario | | | | | |
|---|---|---|---|---|---|
| Initial Level | Final Level | Reference Index Performance | Ann. Coupon Rate (XIRR) | Comparable Monthly Coupon Rate | Redemption at Face Value plus Coupon Amt. |
| 10000 | 1500 | -85.0% | 0.00% | 0.00% | 100,000 |
| 10000 | 2500 | -75.0% | 0.00% | 0.00% | 100,000 |
| 10000 | 3500 | -65.0% | 12.15% | 11.52% | 149,358 |
| | | | | | |
| **Stable Scenario** | | | | | |
| Initial Level | Final Level | Reference Index Performance | Ann. Coupon Rate (XIRR) | Comparable Monthly Coupon Rate | Redemption at Face Value plus Coupon Amt. |
| 10000 | 9000 | -10.0% | 12.01% | 11.39% | 148,697 |
| 10000 | 10000 | 0.0% | 11.90% | 11.30% | 148,197 |
| 10000 | 11000 | 10.0% | 11.79% | 11.20% | 147,697 |
| 10000 | 12000 | 20.0% | 11.68% | 11.10% | 147,197 |
| | | | | | |
| **Rising Scenario** | | | | | |
| Initial Level | Final Level | Reference Index Performance | Ann. Coupon Rate (XIRR) | Comparable Monthly Coupon Rate | Redemption at Face Value plus Coupon Amt. |
| 10000 | 15500 | 55.0% | 11.65% | 11.07% | 147,042 |
| 10000 | 16500 | 65.0% | 11.65% | 11.07% | 147,042 |
| 10000 | 17500 | 75.0% | 11.65% | 11.07% | 147,042 |

Note: This scenario analysis is being provided for illustrative purposes only. It does not represent all possible outcomes and assumes No Rating Upgrade has happened over the life of the instrument.

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## ANNEXURE VI

### ESG Declaration

The Issuer shall not permit any of the Debenture proceeds to be used to fund any activity listed below:

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.

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**BEACON**
TRUSTEESHIP

476/BTL/CL/18-19/DEB/10
Date: May 8, 2018

Ess Kay Fincorp Limited
G1-2, New Market,
Khasa Kothi, Jaipur,
Rajasthan-302001

Kind Attn: - Mr. Vivek Singh

Dear Sir,

**Sub: Consent to act as Debenture Trustee for Rated, Senior, Secured, Transferable, Redeemable, Principal Protected Market Linked Debentures aggregating to Rs. 25 Crores**

This is with reference to the discussion we had with you regarding appointment of Beacon Trusteeship Ltd. as Debenture Trustee Rated, Senior, Secured, Transferable, Redeemable, Principal Protected Market Linked Debentures aggregating to Rs. 25 Crores to be raised by your company.

In this regards it would indeed be our pleasure to be associated with your esteemed organization as Debenture Trustee. In this connection, we confirm our acceptance to act as Debenture Trustee for the same.

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

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

Yours faithfully,
For Beacon Trusteeship Limited

Authorised Signatory

Beacon Trusteeship Limited

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CARE Ratings
Professional Risk Opinion
20 PLUS YEARS Analytical Excellence

No. CARE/JRO/RL/2018-19/1142

Mr Rajendra Setia
Managing Director
**Ess Kay Fincorp Ltd.**
G-1 &2, New Market
Khasa Kothi Circle
Jaipur – 302 006

May 14, 2018

**Confidential**

Dear Sir,

**Credit rating for proposed Principal Protected Market Linked Debenture (PP-MLD) issue**

Please refer to your request for rating of proposed Principal Protected – Market Linked Debenture (PP-MLD) issue aggregating to Rs.25 crore of your company. The proposed NCDs would have tenure of 1277 days with bullet repayment at the end of 1277 days from the deemed date of allotment.

2. The following ratings have been assigned by our Rating Committee:

| Instrument | Amount (Rs. crore) | Rating[1] | Rating Action |
|---|---|---|---|
| Principal Protected - Market Linked Debentures (PP-MLD) (Proposed) | 25 (Rs. Twenty Five crore only) | **CARE PP-MLD BBB+; Stable (Principal Protected-Market Linked Debenture Triple B Plus; Outlook: Stable)** | **Assigned** |

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within a period of six months from the date of our initial communication of rating to you (that is May 11, 2018).

4. In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*



CREDIT ANALYSIS & RESEARCH LTD.

CORPORATE OFFICE: 4th Floor, Godrej Coliseum, Somaiya 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

32, Titanium, Prahaladnagar Corporate Road
Satellite, Ahmedabad - 380 015
Tel: +91-79-40265656
Fax: +91-79-40265657

CIN-L67190MH1993PLC071691

5. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

| Instrument type | ISIN | Issue Size (Rs cr) | Coupon Rate | Coupon Payment Dates | Terms of Redemption | Redemption date | Name and contact details of Debenture Trustee | Details of top 10 investors |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |

6. Kindly arrange to submit to us a copy of each of the documents pertaining to the PP-MLD issue, including the offer document and the trust deed.

7. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as Annexure. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by May 1, 2018 we will proceed on the basis that you have no any comments to offer.

8. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.

9. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instrument, CARE shall carry out the review on the basis of best available information throughout the life time of such instrument. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.

10. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.



CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)

301, 304, Pashupati Akshat Heights, D-91, Madhosingh Road, Nr. Collectorate Circle, Bani Park, Jaipur - 302 016
Tele: +91-141-4020213-214 • Email: care@careratings.com • www.careratings.com • CIN-L67190MH1993PLC071691

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11. CARE ratings are not recommendations to buy, sell or hold any securities.

If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE.

Thanking you,

Yours faithfully,

yatesh

(Yatesh Juneja)
Analyst
yatesh.juneja@careratings.com

for (Anurag Jain)
Manager
anurag.jain@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/outlooks 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/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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. |

ESS KAY FINCORP LIMITED JAIPUR



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## Annexure I

### Ess Kay Fincorp Pvt. Ltd.

**Ratings**

| Facilities/Instruments | Amount (Rs. crore) | Rating[1] | Remarks |
|---|---|---|---|
| Proposed Principal Protected- Market Linked Debenture | 25.00 | CARE PP-MLD BBB+; Stable (Principal Protected-Market Linked Debenture Triple B Plus; Outlook: Stable) | Assigned |
| Total Long term Instrument | 25.00 (Rupees Twenty Five crore only) | | |

*Details of instruments/facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

*The ratings of Ess Kay Fincorp Ltd. (Ess Kay) continue to take into account the continuous improvement in loan portfolio of Ess Kay with broader resource base along-with reduction in its cost of borrowings and diversification of business profile over the years. The ratings also factor in equity infusion of Rs.100 crore by the PE investors in Ess Kay in December, 2017 which is expected to provide the fuel for further growth in the AUM while augmenting the capitalization levels of the company. The ratings further derive strength from long-standing track record of Ess Kay in the auto financing segment with major focus on priority sector lending and good Management Information System (MIS).*

*The ratings, however, are constrained by the regional concentration, moderate seasoning of loan portfolio of business, increasing off-book exposure and moderation in its asset quality during FY17 (refers to the period April 1 to March 31) and 9MFY18 and moderate earnings profile.*

*Ess Kay's ability to increase its scale of operations while improving asset quality, profitability and capital adequacy with greater geographical diversification would be crucial and act as key rating sensitivities.*

**Detailed description of the key rating drivers**

**Key Rating Strengths**

**Established track record of operations**

Ess Kay has long track record of over two decades in vehicle financing. Mr. Rajendra Setia, promoter and MD of company has vast experience of more than 20 years in finance sector especially vehicle financing.

**Improvement in loan portfolio with broader resource base**

Ess Kay's outstanding portfolio on own book has increased by around 30% to Rs.575.18 crore as on March 31, 2017 compared to Rs.442.10 crore as on March 31, 2016.Also, its assigned portfolio has increased from Rs.83.10 crore as on March 31, 2016 to Rs.255.93 crore as on March 31, 2017. Ess Kay's total outstanding AUM (including assignment business) increased by around 58% from Rs.525.20 crore as on March 31, 2016 to Rs.831.11 crore as on March 31, 2017. Further, AUM (including assignment business) increased to Rs.1158.60 crore as on December 31, 2017.

Ess Kay is gradually increasing its resource base and currently enjoys bank facilities from 21 banks having broad resource base. Apart from accessing bank facilities; it has raised funds through NCDs and Commercial Paper through private placement mode. The company's cost of borrowings has also declined over the last 2 years due to reduction in interest rates by the lenders. Further, company has also raised equity of around Rs.100 crore from PE investors in December, 2017.

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*



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**Geographical as well as product diversification over the years**

The operations of Ess Kay were spread across Gujarat and Rajasthan in FY16. Ess Kay has started its operations in Maharashtra, Punjab and Madhya Pradesh in FY17. However, the loan portfolio is mainly concentrated in one state i.e. Rajasthan which alone constituted 84% of total outstanding as on March 31, 2017. However, company has diversified its product portfolio by entering into mortgage backed SME lending with asset cover of three times. Ess Kay has started lending SME loans during FY16 and has disbursed around Rs. 11.43 crore of loans in FY16 and further Rs.48.90 crore in FY17.

**Comfortable liquidity profile**

Liquidity position of Ess Kay as on March 31, 2017 has been comfortable with positive mismatches in all term periods except 6-12 months mainly considering repayment of fund based limits and repayment of CP issues which can be rolled over. Ess Kay's working capital limit utilization remained comfortable at 42.46% for 12 months ending January 31, 2018.

## Key Rating Weaknesses

**Deterioration in asset quality in FY17 though improved from 9MFY17**

Gross NPA (AUM) improved from 5.65% as on December 31, 2016 (as per 120 days over-dues norm) post demonetization to 3.55% as on March 31, 2017 due to strong collection mechanism. However, the same has deteriorated from 1.68% as on March 31, 2016 mainly due to change in NPA recognition policy from over-dues more than 150 days to over-dues more than 120 days as per RBI guidelines and moderation in asset quality post-demonetization in November, 2016. Further, Gross NPA (AUM) stood at 4.81% (based on 90+ dpd) as on December 31, 2017.

**Deterioration in gearing and moderation of CAR after adjusting for assigned portfolio**

Ess Kay has increased its assigned loan portfolio in FY16 and FY17 and the same accounted for around 31% of total AUM of Rs.831.11 crore as on March 31, 2017. Its adjusted overall gearing (after considering outstanding assigned portfolio as debt) deteriorated to 7.02 times as on March 31, 2016 and further to 10.66 times as on March 31, 2017 on the back of increase in borrowings to build its own-books portfolio as well as increase in securitized portfolio. However, the same has improved to 5.97 times as on December 31, 2017 post equity infusion of Rs.100 crore in 9MFY18. Also, overall CAR deteriorated to 17.76% as on March 31, 2017 as compared with 20.12% as on March 31, 2016 mainly due to debt funded expansion of the portfolio. After considering its off balance sheet exposure, adjusted CAR deteriorated to 13.06% as on March 31, 2017 compared to 17.36% as on March 31, 2016. However, receipt of equity proceeds of Rs.100 crore in December, 2017 is likely to improve capital adequacy going forward.

**Deterioration in profitability in FY17 though improved from 9MFY17:**

With the building up of own-books portfolio, NIM of Ess Kay has gradually improved. Despite reduction in cost of borrowings, its profitability has deteriorated during FY17 marked by NIM of 8.39% compared to 10.16% during FY16 due to debt funded expansion of portfolio. Further, NIM has deteriorated to 8.01% (Prov.) during 9MFY18 ROTA has improved from 1.18% (annualized) during 9MFY17 to 1.53% during FY17. However, ROTA has declined from 2.67% in FY16 to 1.94% in FY17 mainly due to increase in provisioning for NPA (due to change in NPA recognition policy) as well as higher operating expenses associated with geographical diversification into three new states i.e. Maharashtra, Punjab and Madhya Pradesh which has led to increase in its branch network from 129 branches as on March 31, 2016 to 208 branches as on March 31, 2017.

**Industry Outlook:** Due to subdued economic environment, last three years have been challenging period for the NBFCs with moderation in growth and rising delinquencies resulting in higher provisioning thereby impacting profitability. However, comfortable capitalization levels and liquidity management continue to provide comfort to the credit profile of NBFCs in spite of impact on profitability. Also with the

ESS KAY FINCORP LIMITED JAIPUR

improvement in economic environment, asset quality pressures should ease which will partially offset the impact of migration towards 90-day NPA recognition norm.

**Analytical approach: Standalone**

**Applicable Criteria:**

Criteria on assigning Outlook to Credit Ratings

CARE's Policy on Default Recognition

Criteria for Short Term Instruments

Rating Methodology-Non-banking Financial Companies

Financial Sector Ratios

Policy on Withdrawal of ratings

**About the Company**

Incorporated in 1994, Ess Kay is a mid-sized NBFC operating out of Rajasthan. The company is promoted by Mr Rajendra Setia along with his family members. Ess Kay is operating with 208 branches of which 131 branches are in Rajasthan, 61 branches in Gujarat, 6 in Madhya Pradesh, 5 in Punjab and 5 in Maharashtra as on March 31, 2017. It is primarily engaged in the used vehicle financing including commercial vehicle, multi utility vehicle, car, three-wheeler etc. apart from SME loans. Till FY12 (refers to the period April 1 to March 31), it was also originating loans under channel and assignment business arrangement and subsequently it has started focusing on building its own portfolio. Total outstanding own portfolio and assigned portfolio stood at Rs.575.18 crore and Rs.255.93 crore respectively as on March 31, 2017.

| Brief Financials (Rs. crore) | FY16 (A) | FY17 (A) |
|---|---|---|
| Total operating income | 115.78 | 157.21 |
| PAT | 12.01 | 12.30 |
| Interest coverage (times) | 1.40 | 1.40 |
| Total Assets | 519.51 | 747.12 |
| Net NPA (%) | 1.43 | 3.44 |
| ROTA (%) | 2.67 | 1.94 |

*A: Audited*

**Status of non-cooperation with previous CRA: None**

**Any other information: None**

**Rating History for last three years:** Please refer Annexure-2

***Note on complexity levels of the rated instrument:*** *CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*


Analyst Contact:

Name: Mr. Anurag Jain

Tel: 0141 – 4020213/214

Mobile: +91-7300059591

Email: anurag.jain@careratings.com


**For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

**About CARE Ratings:**

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

**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/outlooks 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 /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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.

## Annexure-1: Details of Instruments/Facilities

| Name of the Instrument | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. crore) | Rating assigned along with Rating Outlook |
|---|---|---|---|---|---|
| Debentures-Market Linked Debentures (Proposed) | - | - | - | 25.00 | CARE BBB+; Stable |

ESS FINCORP LIMITED JAIPUR



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Annexure-2: Rating History of last three years

| Sr. No. | Name of the Instrument/ Bank Facilities | Current Ratings | | | Rating history | | | |
|---|---|---|---|---|---|---|---|---|
| | | Type | Amount Outstanding (Rs. crore) | Rating | Date(s) & Rating(s) assigned in 2018-2019 | Date(s) & Rating(s) assigned in 2017-2018 | Date(s) & Rating(s) assigned in 2016-2017 | Date(s) & Rating(s) assigned in 2015-2016 |
| 1. | Fund-based – LT-Cash Credit | LT | 124.00 | CARE BBB+; Stable | - | 1)CARE BBB+; Stable (20-Mar-18)<br>2)CARE BBB+; Stable (19-Jan-18)<br>3)CARE BBB+; Stable (06-Nov-17)<br>4)CARE BBB+; Stable (12-Jul-17)<br>5)CARE BBB; Stable (04-Apr-17) | 1)CARE BBB (19-Apr-16) | - |
| 2. | Fund-based – LT-Term Loan | LT | 243.22 | CARE BBB+; Stable | - | 1)CARE BBB+; Stable (20-Mar-18)<br>2)CARE BBB+; Stable (19-Jan-18)<br>3)CARE BBB+; Stable (06-Nov-17)<br>4)CARE BBB+; Stable (12-Jul-17)<br>5)CARE BBB; Stable (04-Apr-17) | 1)CARE BBB (19-Apr-16) | - |
| 3. | Debentures-Non Convertible Debentures | LT | - | - | - | 1)Withdrawn (04-Apr-17) | 1)CARE BBB (19-Apr-16) | - |
| 4. | Debentures-Non Convertible Debentures | LT | - | - | - | 1)Withdrawn (06-Nov-17)<br>2)CARE BBB; Stable (12-Jul-17) | 1)CARE BBB- (19-Apr-16) | - |



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| Sr. No. | Name of the Instrument/ Bank Facilities | Current Ratings | | | Rating history | | | |
|---|---|---|---|---|---|---|---|---|
| | | Type | Amount Outstanding (Rs. crore) | Rating | Date(s) & Rating(s) assigned in 2018-2019 | Date(s) & Rating(s) assigned in 2017-2018 | Date(s) & Rating(s) assigned in 2016-2017 | Date(s) & Rating(s) assigned in 2015-2016 |
| | | | | | | 3)CARE BBB-; Stable (04-Apr-17) | | |
| 5. | Debentures-Non Convertible Debentures | LT | 21.33 | CARE BBB+; Stable | - | 1)CARE BBB+; Stable (19-Jan-18)<br>2)CARE BBB+; Stable (06-Nov-17)<br>3)CARE BBB+; Stable (12-Jul-17)<br>4)CARE BBB; Stable (04-Apr-17) | 1)CARE BBB (19-Apr-16) | - |
| 6. | Debentures-Non Convertible Debentures | LT | 9.45 | CARE BBB+; Stable | - | 1)CARE BBB+; Stable (19-Jan-18)<br>2)CARE BBB+; Stable (06-Nov-17)<br>3)CARE BBB+; Stable (12-Jul-17)<br>4)CARE BBB; Stable (04-Apr-17) | 1)CARE BBB (19-Apr-16) | 1)CARE BBB (28-Dec-15)<br>2)CARE BBB (06-Aug-15) |
| 7. | Fund-based - LT-Term Loan | LT | 20.00 | CARE BBB; Stable | - | 1)CARE BBB; Stable (19-Jan-18)<br>2)CARE BBB; Stable (06-Nov-17)<br>3)CARE BBB; Stable (12-Jul-17)<br>4)CARE BBB-; Stable (04-Apr-17) | 1)CARE BBB- (19-Apr-16) | 1)CARE BBB- (17-Nov-15) |
| 8. | Debentures-Non Convertible | LT | 20.00 | CARE BBB+; | - | 1)CARE BBB+; Stable | 1)CARE BBB (10-Oct-16) | - |



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FINCORP LIMITED JAIPUR

| Sr. No. | Name of the Instrument/ Bank Facilities | Current Ratings | | | Rating history | | | |
|---|---|---|---|---|---|---|---|---|
| | | Type | Amount Outstanding (Rs. crore) | Rating | Date(s) & Rating(s) assigned in 2018-2019 | Date(s) & Rating(s) assigned in 2017-2018 | Date(s) & Rating(s) assigned in 2016-2017 | Date(s) & Rating(s) assigned in 2015-2016 |
| | Debentures | | | Stable | | (19-Jan-18)<br>2)CARE BBB+; Stable (06-Nov-17)<br>3)CARE BBB+; Stable (12-Jul-17)<br>4)CARE BBB; Stable (04-Apr-17) | | |
| 9. | Commercial Paper-Commercial Paper (Standalone) | ST | 20.00 | CARE A3+ | - | 1)CARE A3+ (19-Jan-18)<br>2)CARE A3+ (06-Nov-17)<br>3)CARE A3+ (12-Jul-17)<br>4)CARE A3+ (04-Apr-17) | 1)CARE A3+ (13-Dec-16) | - |
| 10. | Debt-Non-convertible Debenture/Subordinate Debt | LT | 20.00 | CARE BBB; Stable | - | 1)CARE BBB; Stable (19-Jan-18)<br>2)CARE BBB; Stable (06-Nov-17)<br>3)CARE BBB; Stable (12-Jul-17)<br>4)CARE BBB-; Stable (04-Apr-17) | 1)CARE BBB-; Stable (08-Feb-17) | - |
| 11. | Commercial Paper-Commercial Paper (Standalone) | ST | 22.00 | CARE A3+ | - | 1)CARE A3+ (19-Jan-18)<br>2)CARE A3+ (06-Nov-17)<br>3)CARE A3+ (12-Jul-17)<br>4)CARE A3+ (04-Apr-17) | 1)CARE A3+ (08-Feb-17) | - |
| 12. | Debentures-Non Convertible Debentures | LT | 15.00 | CARE BBB+; Stable | - | 1)CARE BBB+; Stable (19-Jan-18) | - | - |





JAIPUR

| Sr. No. | Name of the Instrument/ Bank Facilities | Current Ratings | | | Rating history | | | |
|---|---|---|---|---|---|---|---|---|
| | | Type | Amount Outstanding (Rs. crore) | Rating | Date(s) & Rating(s) assigned in 2018-2019 | Date(s) & Rating(s) assigned in 2017-2018 | Date(s) & Rating(s) assigned in 2016-2017 | Date(s) & Rating(s) assigned in 2015-2016 |
| | | | | | | 2)CARE BBB+; Stable (06-Nov-17)<br>3)CARE BBB+; Stable (12-Jul-17)<br>4)CARE BBB; Stable (04-Apr-17) | | |
| 13. | Debentures-Non Convertible Debentures | LT | 15.00 | CARE BBB+; Stable | - | 1)CARE BBB+; Stable (19-Jan-18)<br>2)CARE BBB+; Stable (06-Nov-17)<br>3)CARE BBB+; Stable (12-Jul-17)<br>4)CARE BBB; Stable (04-Apr-17) | - | - |
| 14. | Debentures-Market Linked Debentures | LT | 25.00 | CARE PP-MLD BBB+; Stable | - | 1)CARE PP-MLD BBB+; Stable (19-Jan-18)<br>2)CARE PP-MLD BBB+; Stable (06-Nov-17)<br>3)CARE PP-MLD BBB+; Stable (12-Jul-17) | - | - |
| 15. | Debentures-Market Linked Debentures | LT | 15.00 | CARE PP-MLD BBB+; Stable | - | 1)CARE PP-MLD BBB+; Stable (19-Jan-18)<br>2)CARE PP-MLD BBB+; Stable (06-Nov-17) | - | - |



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| Sr. No. | Name of the Instrument/ Bank Facilities | Current Ratings | | | Rating history | | | |
|---|---|---|---|---|---|---|---|---|
| | | Type | Amount Outstanding (Rs. crore) | Rating | Date(s) & Rating(s) assigned in 2018-2019 | Date(s) & Rating(s) assigned in 2017-2018 | Date(s) & Rating(s) assigned in 2016-2017 | Date(s) & Rating(s) assigned in 2015-2016 |
| | | | | | | 3)CARE PP-MLD BBB+; Stable (11-Aug-17) | | |
| 16. | Debentures-Non Convertible Debentures | LT | 15.00 | CARE BBB+; Stable | - | 1)CARE BBB+; Stable (19-Jan-18) 2)CARE BBB+; Stable (06-Nov-17) 3)CARE BBB+; Stable (11-Aug-17) | - | - |
| 17. | Debentures-Non Convertible Debentures | LT | 20.00 | CARE BBB+; Stable | - | 1)CARE BBB+; Stable (20-Mar-18) | - | - |



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## ESS KAY FINCORP PRIVATE LIMITED, JAIPUR
## ( Erstwhile Ess Kay Auto Finance Private Limited)

**BALANCE SHEET AS AT 31st MARCH 2017**

| S. No. | PARTICULARS | NOTE NO. | AMOUNT AS AT 31-Mar-17 | AMOUNT AS AT 31-Mar-16 |
|---|---|---|---|---|
| I | EQUITY AND LIABILITIES | | | |
| 1 | SHAREHOLDER'S FUNDS | | | |
| | SHARE CAPITAL | 3 | 2,70,70,900 | 3,22,35,500 |
| | RESERVES AND SURPLUS | 4 | 83,56,41,022 | 70,74,92,272 |
| | MONEY RECEIVED AGAINST SHARE WARRANTS | | - | - |
| | TOTAL(1) | | 86,27,11,922 | 73,97,27,772 |
| 2 | SHARE APPLICATION MONEY PENDING ALLOTMENT | | - | - |
| 3 | NON-CURRENT LIABILITIES | | | |
| | LONG TERM BORROWINGS | 5 | 3,01,97,50,623 | 2,26,14,69,212 |
| | DEFERRED TAX LIABILITIES (NET) | | - | - |
| | OTHER LONG-TERM LIABILITIES | 6 | 6,13,89,357 | 50,51,377 |
| | LONG-TERM PROVISIONS | 7 | 3,03,23,936 | 1,98,80,063 |
| | TOTAL(3) | | 3,11,14,63,916 | 2,28,64,00,652 |
| 4 | CURRENT LIABILITIES | | | |
| | SHORT TERM BORROWINGS | 8 | 45,97,17,039 | 73,30,82,729 |
| | TRADE PAYABLES | | - | - |
| | OTHER CURRENT LIABILITIES | 9 | 3,22,79,15,025 | 1,45,71,94,302 |
| | SHORT TERM PROVISIONS | 7 | 9,34,27,655 | 3,53,82,677 |
| | TOTAL(4) | | 3,78,10,59,719 | 2,22,56,59,708 |
| | TOTAL(1+2+3+4) | | 7,75,52,35,557 | 5,25,17,88,132 |
| II | ASSETS | | | |
| 1 | NON-CURRENT ASSETS | | | |
| | FIXED ASSETS | | | |
| | i) PROPERTY PLANT & EQUIPMENT | 11 (a) | 10,16,25,311 | 4,97,73,246 |
| | ii) INTANGIBLE ASSETS | 11 (b) | 21,71,405 | 19,11,401 |
| | iii) CAPITAL WORK IN PROGRESS | | - | - |
| | iv) INTANGIBLE ASSETS UNDER DEVELOPMENT | | - | - |
| | NON-CURRENT INVESTMENTS | | - | - |
| | DEFERRED TAX ASSETS (NET) | 10 | 4,32,72,147 | 1,76,97,256 |
| | LONG-TERM LOANS AND ADVANCES | 16 | 3,69,60,59,281 | 2,43,44,87,203 |
| | OTHER NON-CURRENT ASSETS | 12 | 14,06,76,550 | 3,36,87,974 |
| | TOTAL(1) | | 3,98,38,04,694 | 2,53,75,57,080 |
| 2 | CURRENT ASSETS | | | |
| | CURRENT INVESTMENTS | 14 | 16,50,50,163 | - |
| | INVENTORIES | | - | - |
| | TRADE RECEIVABLES | 13 | 1,89,24,511 | 1,22,48,165 |
| | CASH AND BANK BALANCE | 15 | 55,42,57,843 | 26,51,24,076 |
| | SHORT-TERM LOANS AND ADVANCES | 16 | 2,66,60,43,993 | 2,21,60,36,809 |
| | OTHER CURRENT ASSETS | 17 | 36,51,54,353 | 22,08,22,002 |
| | TOTAL(2) | | 3,77,14,30,863 | 2,71,42,31,052 |
| | TOTAL(1+2) | | 7,75,52,35,557 | 5,25,17,88,132 |

Overview and significant accounting policies 1 & 2
The accompanying notes are an integral parts of the financial Statements
As per our report of even date

For S.S. Kothari Mehta & Co ,
Chartered Accountants
Firm Reg. No. 000756N

(YOGESH GUPTA)
PARTNER
( M. No - 093214 )

For and on behalf of the board of Directors of
Ess Kay Fincorp Private Limited

(RAJENDRA KUMAR SETIA)
MANAGING DIRECTOR
( DIN- 00957374)

(SHALINI SETIA)
DIRECTOR
( DIN - 02817624 )

(ATUL ARORA)
CHIEF FINANCIAL OFFICER

(ANAGHA BANGUR)
COMPANY SECRETARY

Place : Jaipur
Date : 19th May 2017

**ESS KAY FINCORP PRIVATE LIMITED, JAIPUR**
**(Erstwhile Ess Kay Auto Finance Private Limited)**

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31st MARCH 2017**

| S. No. | PARTICULARS | NOTE NO. | AMOUNT AS AT 31-Mar-17 | AMOUNT AS AT 31-Mar-16 |
|---|---|---|---|---|
| | **REVENUE** | | | |
| I | Revenue from Operations | 18 | 1,49,97,22,355 | 1,10,52,72,613 |
| II | Other Income | 19 | 7,23,38,478 | 5,25,76,317 |
| III | **TOTAL REVENUE(I+II)** | | **1,57,20,60,833** | **1,15,78,48,930** |
| IV | **EXPENSES:** | | | |
| | Employee Benefit Expenses | 20 | 31,67,12,858 | 17,95,41,912 |
| | Finance Cost | 21 | 69,15,53,369 | 50,23,21,495 |
| | Depreciation And Amortization Expenses | 22 | 1,61,32,389 | 86,84,425 |
| | Provisions and bad debts written off | 23 | 5,59,92,900 | 4,36,02,174 |
| | Other Expenses | 24 | 30,34,46,636 | 23,78,16,714 |
| V | **TOTAL EXPENSES** | | **1,38,38,38,152** | **97,19,66,720** |
| VI | **PROFIT BEFORE TAX (III-V)** | | **18,82,22,681** | **18,58,82,210** |
| VII | **TAX EXPENSE** | | | |
| | (1). CURRENT TAX | | 9,06,04,692 | 7,16,44,577 |
| | (2). EARLIAR YEARS TAX | | 2,07,280 | - |
| | (3). DEFERRED TAX | | (2,55,74,891) | (58,71,484) |
| VIII | **PROFIT AFTER TAX** | | **12,29,85,600** | **12,01,09,117** |
| XVI | EARNING PER EQUITY SHARE | 25 | | |
| | (1). BASIC | | 606 | 593 |
| | (2). DILUTED | | 454 | 444 |
| | Nominal Value of Equity Shares | | 100 | 100 |

Overview and significant accounting policies — 1 & 2

The accompanying notes are an integral parts of the financial Statements

As per our report of even date

**For S.S. Kothari Mehta & Co.**
Chartered Accountants
Firm Reg. No. 000756N

S.S. KOTHARI MEHTA & CO. NEW DELHI CHARTERED ACCOUNTANTS

**(YOGESH GUPTA)**
PARTNER
**( M. No - 093214 )**

**For and on behalf of the board of Directors of**
**Ess Kay Fincorp Private Limited**

**(RAJENDRA KUMAR SETIA)**
MANAGING DIRECTOR
**( DIN- 00957374)**

**(SHALINI SETIA)**
DIRECTOR
**( DIN - 02817624 )**

**(ATUL ARORA)**
CHIEF FINANCIAL OFFICER

**(ANAGHA BANGUR)**
COMPANY SECRETARY

**Place : Jaipur**
**Date : 19 th May 2017**

ESS KAY FINCORP LIMITED JAIPUR

## ESS KAY FINCORP PRIVATE LIMITED, JAIPUR
## ( Erstwhile Ess Kay Auto Finance Private Limited)

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**

| S. No | PARTICULARS | AMOUNT AS AT 31-Mar-17 | | AMOUNT AS AT 31-Mar-16 | |
|---|---|---|---|---|---|
| 1 | CASH FLOW ARISING FROM OPERATING ACTIVITIES: | | | | |
| | Profit Before Tax | | 18,82,22,681 | | 18,58,82,210 |
| | **ADJUSTMENT FOR:** | | | | |
| | Depreciation and Amortisation | | 1,61,32,389 | | 88,84,425 |
| | Provisions and bad debts written off | | 5,59,92,900 | | 4,36,02,174 |
| | Loss on Sale of Fixed Assets | | 3,85,457 | | 1,79,670 |
| | **Operating Profit before working capital Changes** | | **26,07,33,427** | | **23,83,48,479** |
| | MOVEMENT IN WORKING CAPITAL CHANGES | | | | |
| | (Increase) / Decrease in Trade Receivables | | (66,76,348) | | (73,85,351) |
| | (Increase) / Decrease in Short term Loans and Advances | | (46,93,43,017) | | (63,28,25,729) |
| | (Increase) / Decrease in Long term Loans and Advances | | (1,28,15,72,076) | | (75,67,37,279) |
| | (Increase) / Decrease in Other Non -Current Assets | | (10,69,88,576) | | 79,09,661 |
| | (Increase) / Decrease in Other Current Assets | | (14,43,32,351) | | (2,72,272) |
| | Increase / (Decrease) in Other Current Liability | | 32,31,15,996 | | 1,16,40,026 |
| | Increase / (Decrease) in Other Long term Liabilities | | 5,63,37,980 | | (46,62,686) |
| | Increase / (Decrease) in Other Short term provision | | (1,26,895) | | 6,24,394 |
| | Increase / (Decrease) in Other Long term provision | | 56,52,789 | | 47,24,134 |
| | Increase/( Decrease) in Bank Deposits( Having Maturity more than three months shown in Cash and Bank Balance) | | 5,61,64,639 | | (48,93,303) |
| | Cash generated from Operations before tax | | (1,28,50,34,432) | | (1,14,35,29,928) |
| | Net Taxes Paid | (6,65,06,083) | (6,65,06,083) | (7,34,16,179) | (7,34,16,179) |
| | **Net Cash Flows from Operating activities (A)** | | **(1,35,15,40,515)** | | **(1,21,69,46,107)** |
| 2 | CASH FLOW ARISING FROM INVESTING ACTIVITIES: | | | | |
| | Purchase of Investments | | (16,50,50,163) | | 92,80,886 |
| | Purchase of Fixed Assets | | (6,96,23,914) | | (2,75,59,562) |
| | Sale of Fixed Assets | | 9,94,000 | | 16,67,201 |
| | **Net cash flow in cases of investing Activities(B)** | | **(23,36,80,077)** | | **(1,66,11,475)** |
| 3 | CASH FLOW ARISING FROM FINANCING ACTIVITIES | | | | |
| | Amount received from issuance of Non Convertible Debentures | | 70,00,00,000 | | 9,44,77,500 |
| | Repayment of Non Convertible Debentures | | (13,41,66,565) | | (13,41,66,768) |
| | Amount received from long term borrowings | | 3,70,27,64,000 | | 2,76,16,00,000 |
| | Repayment of borrowings | | (2,06,27,32,496) | | (2,04,52,31,290) |
| | Short Term Borrowings (Net) | | (27,33,65,690) | | 56,80,43,480 |
| | Corporate dividend tax paid | | (251) | | (251) |
| | **Net Cash flow in cases of Financing Activities (c)** | | **1,93,25,18,998** | | **1,24,47,22,671** |
| | Net Increase/(Decrease) in Cash and Cash equivalent (A+B+C) | | 34,72,98,406 | | 1,11,65,069 |
| | cash and cash equivalent as at the beginning of the year | | 5,36,25,436 | | 4,24,60,347 |
| | **Cash and Cash Equivalent at the End of the year as per books** | | **40,09,23,842** | | **5,36,25,436** |
| | Note: Cash and cash equivalents included in the Cash Flow Statement comprise of the following:- | | | | |
| | i) Cash Balance on Hand | | 4,61,54,424 | | 3,44,85,641 |
| | ii) Balance with Banks : | | | | |
| | -In Current Accounts | | 34,04,10,797 | | 1,91,39,795 |
| | -In Fixed Deposits( Having Maturity less than 3 Months) | | 1,43,58,621 | | - |
| | **Total** | | **40,09,23,842** | | **5,36,25,436** |
| | **Non Cash Items** | | | | |

During the year , 68,294 equity shares having face value of Rs 100/- were issued and allotted by the company to preference share holders at a premium of Rs 75.623 /- per equity share on conversion of 1,19,940 compulsory convertible preference shares. Consequently Rs 51,64,600/- have been transferred in Security Premium Account

Summary of significant accounting policies 2.1
The accompanying notes are an integral parts of the financial Statements
As per our report of even date

For S.S. Kothari Mehta & Co .
Chartered Accountants
Firm Reg. No. 000756N

S.S. KOTHARI MEHTA & CO. NEW DELHI CHARTERED ACCOUNTANTS

(YOGESH GUPTA)
PARTNER
( M. No - 093214 )

For and on behalf of the Board of Directors of
Ess Kay Fincorp Private Limited

(RAJENDRA KUMAR SETIA)
MANAGING DIRECTOR
( DIN- 00057374)

(SHALINI SETIA)
DIRECTOR
( DIN - 02817624 )

ESS KAY FINCORP LIMITED JAIPUR

(ATUL ARORA)
CHIEF FINANCIAL OFFICER

(ANAGHA BANGUR)
COMPANY SECRETARY

Place : Jaipur
Date : 19 th May 2017

## Term Sheet

Date: 27-04-2018

All terms of the investment, including structure, tenor, amount and pricing are non-binding, and are subject to change as a result of adverse changes in the capital markets or the financial condition of the Issuer or the Group.

The contents of this Term Sheet are indicative & confidential and no person may release or disclose the contents without the prior written consent of IFMR Investment Managers Private Limited.

**ISSUE DETAILS**

| | |
|---|---|
| **Type of instrument** | Non-Convertible Debentures (NCDs) |
| **Nature of instrument** | Rated, Senior, Secured, Transferable, Redeemable, Principal Protected Market Linked Debentures |
| **Ranking** | Each Debenture issued by the Issuer will constitute a direct obligation of the Issuer. The claims of the Debenture Holders shall be akin to the claims of senior lenders and shall rank pari passu to all senior indebtedness of the Issuer.<br>Each of the Debenture Holders shall inter-se rank pari passu in relation to their rights and benefits in relation to the Debentures, without any preference or privilege. |
| **Issuer** | Ess Kay Fincorp Ltd |
| **Subscriber/ Debenture Holder** | Beacon Trusteeship Limited acting in its capacity as the trustee of the IFMR Finance for Freedom Fund V with 'IFMR FImpact Income Builder Fund' as its scheme |
| **Debenture Trustee** | Beacon Trusteeship Limited |
| **Depository** | NSDL / CDSL |
| **Listing** | Listed |
| **Mode of Issue** | Private Placement |
| **Objects of Issue** | To augment the long term resources of the company |
| **Details of Utilization of Proceeds** | The Issuer shall utilize the proceeds of the Issue solely for meeting the Objects of the Issue as stated in the Disclosure Document |
| **Rating** | CARE PP-MLD BBB+ |
| **Final Redemption Date** | 12-11-2021 |
| **Issue size** | INR 25 Crores (Rupees Twenty Five Crores Only) |
| **Issue Price** | INR 100,000 (Rupees One Lakh only) per Debenture |
| **Face Value** | INR 100,000 (Rupees One Lakh only) per Debenture |
| **Redemption Amount** | (Face Value + Effective Coupon Amount) per Debenture.<br>Effective Coupon Amount to be determined in accordance with the method of calculation |

| | |
|---|---|
| Issue Timing<br>1. Issue Opening Date<br>2. Issue Closing Date<br>3. Pay In Date<br>4. Deemed Date of Allotment | <br>15-05-2018<br><br>15-05-2018<br>15-05-2018<br><br>15-05-2018 |
| Redemption | Bullet |
| Issuance mode of the Instrument | Dematerialized only |
| Trading mode of the Instrument | Dematerialized only |
| Security | None. |
| Third Party Obligations | Nature of Obligation: Personal Guarantee<br>Name of Such Person(s): Mr. Rajendra Kumar Setia<br>Documents to be executed: Guarantee Deed |
| Post-Dated Cheques | 2 PDCs signed by Authorized Signatory for redemption amount of INR 10 Cr each<br>1 PDC signed by Mr. Authorized Signatory for redemption amount of INR 5 Cr |
| Transaction Documents | (a) Information Memorandum;<br>(b) Debenture Trustee Agreement;<br>(c) Debenture Trust Deed;<br>(d) Deed of Hypothecation;<br>(e) Guarantee Deeds<br>(f) Power of Attorney<br>(g) Trustee Appointment Letter;<br>(h) Rating Letter;<br>(i) Board Resolutions;<br>(j) Shareholder Resolutions;<br>(k) Issuer's confirmation of allotment of debentures; and<br>(l) Any other document related to the Debentures |
| Business Days | Means a day (other than Sunday or a Bank Holiday) on which banks are open for general business in Jaipur & Chennai |
| 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<br>• If the redemption 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<br>• If the Maturity Date of the Debentures falls on a day that is not a working day, the redemption proceeds and coupon payment shall be paid on the immediately preceding working day |
| Security | The Debentures shall be secured by way of a first ranking, exclusive and continuing charge on identified receivables (**"Hypothecated Receivables"**) created pursuant to the deed of hypothecation to be executed between the Company and the Debenture Trustee as described herein. The Hypothecated Property shall at all times be equal to the value of the outstanding principal amount of the Debentures. The Issuer undertakes : |



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| | • Revision in the Business Plan<br>• Changes in the Accounting Policy<br>• Any fraud amounting to more than 1% of GLP<br><br>(b) **ANNUAL REPORTS** – within 120 days after the end of each fiscal year<br><br>(i) Audited financials<br>(ii) A certificate from the Director/CFO confirming that there is no Potential Default or Event of Default;<br>(iii) Copy of all annual information submitted to the RBI; and<br>(iv) Corporate social responsibility report<br><br>(c) **EVENT BASED REPORTS** – within 5 business days of event occurring<br><br>(i) Change in Board of Directors<br>(ii) Change in the Shareholding structure<br>(iii) Change in the Senior Management officials (any CXO, or equivalent)<br>(iv) Change in statutory auditors<br>(v) Board approval of annual business plan<br>(vi) Change in the Constitutional Documents of the Company;<br>(vii) Material Adverse Effect.<br>(viii) Any dispute, litigation, investigation or other proceeding which could result in a Material Adverse Effect.<br>(ix) Winding up proceedings<br>(x) Any Event of Default or Potential Default, and any steps taken / proposed to remedy the same.<br>(xi) Any prepayment or notice of any prepayment of any Indebtedness of the Issuer.<br><br>And as set out in greater detail in the Debenture Trust Deed. |
| Financial Covenants | (1) The Capital Adequacy Ratio (as defined by the RBI regulation) shall be maintained at or above 17% at all points in time. Maintain Tier 1 ratio (as defined by RBI regulation) of 12% or higher at all points in time.<br><br>For the purpose of the calculations of the Capital Adequacy as mentioned above:<br>- The first loss credit enhancement provided by the originator on securitization shall be reduced from capital funds and the deduction shall be capped at 15% of the outstanding securitized portfolio.<br>- The first loss credit enhancement provided by the originator on loans originated on behalf of other institutions shall be reduced from capital funds without any ceiling.<br>- The deduction shall be made at 50 per cent from Tier I and 50 per cent from Tier II capital<br>• It is also clarified that in computing the amount of subordinated debt eligible for inclusion in Tier II capital, the aforementioned subordinated debt shall be subject to discounting as provided in the NBFC Master Circular.<br><br>(2) Earnings: After-tax Net Income to remain positive;<br><br>(3) Quarterly Operating Self Sufficiency Ratio (Operating Income/ Operating costs) >100%. |

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| | days in case of delays due to technical reasons<br>(b) Default in compliance with financial covenants, subject to a cure period as may be specified in the Transaction Documents<br>(c) Default in compliance with non-financial covenants, subject to a cure period as may be specified in the Transaction Documents<br>(d) Default or trigger of event of default on any other indebtedness (cross default)<br>(e) Misrepresentation or misleading information in any of the Transaction Documents<br>(f) Insolvency, winding up, liquidation<br>(g) Creditors' processes initiated against the company<br>(h) Repudiation of Transactions Documents<br>(i) Cessation of business<br>(j) Erosion of 50% or more of the Company's net worth<br><br>And as set out in greater detail in the Debenture Trust Deed. |
| **Other costs and conditions** | To be further determined in the Debenture Trust Deed.<br><br>All costs, charges and expenses (notary's fees, legal opinions, lawyer's fees, advertisements, travel costs, telephone and fax costs, stamp duties) incurred in connection with the negotiation, execution, syndication, filing and registration of the Trust Deed and related documents regardless of whether this transaction is completed or not or whether the NCDs are issued or not.<br><br>The NCDs will be issued in a form and substance satisfactory to the Fund. Note that specific Fund conditions on Environmental & Social and Corporate Governance Issues will be applicable and the Issuer will be required to give separate undertakings to Fund in this regard, as listed in Annexure 1. |
| **Conditions Precedent to Disbursement** | The key conditions precedent to disbursement are:<br><br>1. Execution of Debenture Trust Deed<br>2. Consent from the Trustee<br>3. Governmental and corporate authorizations, as applicable<br>4. Transaction Documentation<br>5. Certificate of the Issuer confirming that issuance and allotment of the Debentures would not cause any borrowing, or similar limit binding on the Company, to be exceeded;<br>6. The Representations and Warranties are true and correct;<br>7. Evidence of an appointed trustee;<br>8. Evidence that the fees, costs and expenses have been paid or will be paid by the Deemed Date of Allotment;<br>9. Confirmation by the compliance officer or his representative of the Debenture Holders that their Client Acceptance and Anti Money Laundering (CAAML) file is completed in accordance with their internal regulations in respect thereof;<br>10. Rating;<br><br>Others as agreed between the Debenture Trustee, Debenture holders and the Issuer. |
| **Conditions Subsequent to Disbursement** | The key conditions subsequent to disbursement are:<br>1. Allotment of NCDs to happen within 7 days from Deemed Date of Allotment<br>2. Listing debentures within 30 days from Deemed Date of Allotment |



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**SCHEDULE I**

**PROVISIONS RELATING TO COUPON (IF ANY) PAYABLE**

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| **Effective Coupon Amount** | $Face\ Value * [(1 + Effective\ Annualized\ Coupon\ Rate)^{(Tenor\ in\ Days/365)} - 1]$ |
| **Effective Annualized Coupon Rate** | Based on *'Reference Index Performance'*, corresponding *'Effective Annualized Coupon Rate' function* will be applicable<br><br>*Reference Index Performance* / *Effective Annualized Coupon Rate' function*:<br>*<= -75%* : *0%*<br>*> -75% but <= -22.80%* : *12.15% XIRR**<br>*> -22.80% but <= 22.80%* : *Min (12.15% XIRR, Annualized Coupon Rate)*<br>*> 22.80%* : *11.65% XIRR*<br><br>In case the credit rating of the Debentures is upgraded at the time of redemption of Debentures, the calculated 'Effective Annualized Coupon Rate' (as defined above) will be reduced by 25 basis points for every notch of rating upgrade as compared to the rating of the Debentures as on the Deemed Date of Allotment,<br><br>*(*12.15% XIRR is thus a ceiling and translates into a comparable coupon rate of 11.52% per annum when the coupon is paid out on a monthly basis. Please refer 'Scenario Analysis' section of the term sheet for further details)* |
| **Annualized Coupon Rate** | $[(\frac{Face\ Value + Coupon\ Amount}{Face\ Value})^{(\frac{1}{Tenor\ in\ Days/365})}] - 1$ |
| **Coupon Amount** | $Face\ Value * \{[(1.1190)^{(\frac{Tenor\ in\ Days}{365})} + (Participation\ Ratio * Reference\ Index\ Performance)] - 1\}$ |
| **Face Value** | INR 1,00,000 (Rupees One Lakh only) per Debenture |
| **Tenor in Days** | Number of days between the (i) Deemed Date of Allotment and (ii) (a) the Final Redemption Date (1277 Days) or (b) Early Redemption Date**, as the case may be.<br><br>***In the case of an Early Redemption, Tenor in Days will be number of days between the Deemed Date of Allotment and Early Redemption Date. Likewise, in the case of a Put Option, Tenor in Days will be number of days between the Deemed Date of Allotment and Put Option Date* |
| **Participation Ratio** | -5% |
| **Reference Index Performance** | $(\frac{Final\ Fixing\ Level}{Initial\ Fixing\ Level}) - 1$ |
| **Initial Fixing Level** | Official closing level of the Reference Index as on Initial Fixing Date |



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**ANNEXURE I**

**ESG Declaration**

The Issuer shall not permit any of the Debenture proceeds to be used to fund any activity listed below:

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.



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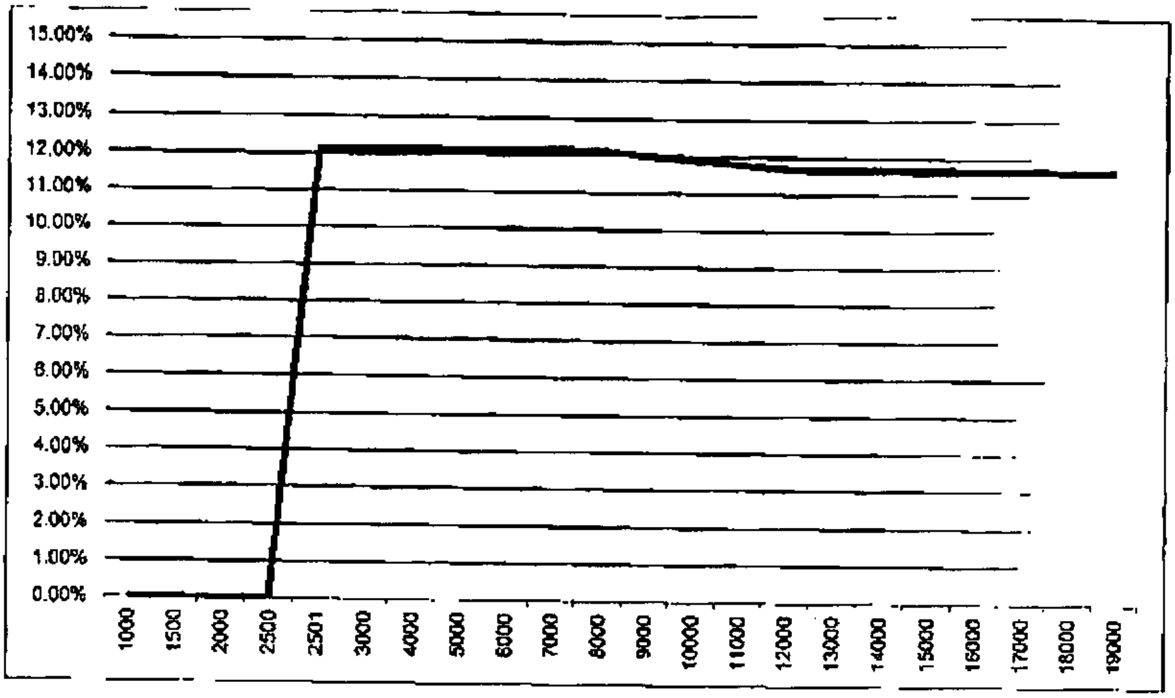
**Scenario Analysis: Graphical Representation of Effective Annualized Coupon Rate (XIRR) vs Final NIFTY Levels**




Note: This scenario analysis assumes Initial NIFTY Level as 10,000 and is being provided for illustrative purposes only. It does not represent all possible outcomes and assumes No Rating Upgrade has happened over the life of the Instrument.



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