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|  | <ol style="list-style-type: none"> <li>5. Insolvency, winding up, liquidation</li> <li>6. A receiver or liquidator, provisional liquidator, supervisor, receiver, administrative receiver, administrator, compulsory manager, trustee or other similar officer in respect of the Company or any of its assets is appointed or allowed to be appointed of all or any part of the undertaking of the Company;</li> <li>7. Creditors' processes initiated against the company</li> <li>8. Repudiation of Transaction Documents</li> <li>9. Cessation of business</li> <li>10. Any material act of fraud, embezzlement, misstatement, misappropriation or siphoning off of the Issuer / Promoter funds or revenues or any other act having a similar effect being committed by the management or an officer of the Issuer.</li> <li>11. The Company has taken or suffered to be taken any action for re-organisation of its capital or any rearrangement, merger or amalgamation without the prior written approval of the Debenture Holders;</li> <li>12. Promoters or key management personnel of the Company being declared wilful defaulter.</li> <li>13. The promoter/s and/or the directors of the Company are accused of, charged with, arrested or convicted a criminal offence involving moral turpitude, dishonesty or which otherwise impinges on the integrity of the promoter/s and/or director, including any accusations, charges and/or convictions of any offence relating to bribery;</li> <li>14. Erosion of 50% or more of the Company's net worth</li> <li>15. All or a material part of the undertaking, assets, rights or revenues of the Company are condemned, seized, nationalised, expropriated or compulsorily acquired, or shall have assumed custody or control of the business or operations of the Company, or shall have taken any action for the dissolution of the Company, or any action that would prevent the Company, their member, or their officers from carrying on their business or operations or a substantial part thereof, by or under the authority of any Government or Government authority;</li> <li>16. Occurrence of a Material Adverse Effect as determined by the Debenture Trustee, acting solely on the instructions of the Majority Debenture Holders.</li> <li>17. Change in Control without prior written consent from the Debenture Holders</li> <li>18. Any Transaction Document once executed and delivered, ceases to be in full force or becomes unlawful, invalid and unenforceable;</li> <li>19. A petition for the reorganization, arrangement, adjustment, winding up or composition of debts of the Company is filed on the Company (voluntary or otherwise) or have been admitted or makes an assignment for the benefit of its creditors generally and such proceeding is not contested by the company for staying, quashing or dismissed within 15 (Fifteen) days</li> <li>20. Breach of certain other covenants as set out in the Debenture Trust Deed.</li> </ol> <p>Upon occurrence of any of the aforesaid event of default, the Debenture Trustee may subject to the approval of the RBI (if so required) by a notice in writing to the Company initiate actions as may be contemplated in the Transaction Documents including the following:</p> <ol style="list-style-type: none"> <li>(a) require the Company to mandatorily redeem the Debentures and repay the principal amount on the Debentures, along with accrued</li> </ol> |
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|                                                | <p>but unpaid interest, and other costs, charges and expenses incurred under or in connection with this Deed and other Transaction Documents;</p> <p>(b) Declare all or any part of the Debentures to be immediately (or on such dates as the Debenture Trustee may specify) due and payable, whereupon it shall become so due and payable.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Provisions related to the Cross Default Clause | Refer to "Events of Default"                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Role and Responsibilities of Debenture Trustee | <p>To oversee and monitor the overall transaction for and on behalf of the Debenture Holders, and as more particularly set out in the DTD, including:</p> <p>(a) the Debenture Trustee may act on the opinion or advice of or any information obtained from any solicitor, counsel, advocate, valuer, surveyor, broker, auctioneer, qualified accountant or other expert whether obtained by the Company or by the Debenture Trustee or otherwise and shall not be responsible for any loss occasioned by so acting. Any such advice, opinion or information and any communication passing between the Debenture Trustee and their representative or attorney or a receiver appointed by them may be obtained or sent by letter, telegram, cablegram, telex or telephonic message and the Debenture Trustee, their representative or attorney or the receiver shall not be liable for acting on any advice, opinion or information purporting to be conveyed by any such letter, telegram, cablegram, telex or telephonic message although the same shall contain some error or shall not be authentic. PROVIDED THAT, the Debenture Trustee shall at all times act with due care and diligence before relying upon any advice, opinion, information and communication received by it from any solicitor, counsel, advocate, valuer, surveyor, broker, auctioneer, qualified accountant or other expert its attorney, representative or receiver;</p> <p>(b) the Debenture Trustee shall be the attorney of the Company and shall have the right to execute, sign and do any deeds, documents, assurances, acts and things in the name and on behalf of the Company, which shall in the opinion of the Debenture Trustee be necessary or expedient that the Company should execute, sign and do for the purpose of carrying out any of the trusts or obligations declared or imposed upon the Debenture Trustee;</p> <p>(c) subject to the approval of the Debenture Holders by way of Special Resolution passed at a meeting of Debenture Holders held for determining the liability of the Debenture Trustee, the Debenture Trustee shall, as regards all trusts, powers, authorities and discretions, have the discretion as to the exercise thereof and to the mode and time of exercise thereof. In the absence of any fraud, gross negligence, willful misconduct or breach of trust the Debenture Trustee shall not be responsible for any loss, costs, charges, expenses or inconvenience that may result from the aforementioned exercise or non-exercise thereof. The Debenture Trustee shall not be bound to act at the request or direction of the Debenture Holders under any provisions of the Transaction Documents unless sufficient monies shall have been provided or provision to the satisfaction of the Debenture Trustee has been</p> |



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|                                             | <p>made for providing the same and the Debenture Trustee is indemnified to its satisfaction against all further costs, charges, expenses and liability which may be incurred in complying with such request or direction;</p> <p>(d) with a view to facilitating any dealing under any provisions of the DTD, subject to the Debenture Trustee obtaining the consent of the Special Majority Debenture Holders, the Debenture Trustee shall have (i) the power to consent (where such consent is required) to a specified transaction or class of transactions (with or without specifying additional conditions) and (ii) to determine all questions and doubts arising in relation to the interpretation or construction any of the provisions of the DTD;</p> <p>(e) notwithstanding any contained to the contrary in the DTD, the Debenture Trustee shall before taking any action on behalf of the Debenture Holders or providing any consent on behalf of the Debenture Holders, obtain the written consent of the Majority Debenture Holders; and</p> <p>(f) the Debenture Trustee shall forward to the Debenture Holders copies of any information, documents from the Company pursuant to the DTD within 2 (Two) Business Days of receiving the same from the Company.</p> |
| Representation and warranties and Covenants | As set out in Section 6.2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Illustration of Bond Cashflows              | Kindly refer to Annexure VI of this Information Memorandum                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Governing Law                               | The Debentures and documentation will be governed by and construed in accordance with the laws of India and the parties submit to the non-exclusive jurisdiction of the courts in Chennai, India.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

**Notes:**

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: TRANSACTION DOCUMENTS AND KEY TERMS

### 6.1 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 Catalyst Trusteeship Limited (Formerly GDA Trusteeship Limited) as the Debenture Trustee ("Debenture Trustee Agreement");
- (b) Debenture Trust Deed, which will set out the terms upon which the Debentures are being issued, and shall include the representations and warranties and the covenants to be provided by the Issuer ("Debenture Trust Deed" or "DTD");
- (c) Such other documents as agreed between the Issuer and the Debenture Trustee.



## 6.2 Representations and Warranties of the Issuer

### A. Utilization of Proceeds of the Debentures

The Company shall utilise the moneys received towards subscription of the Debentures for the Purpose and procure and furnish to the Debenture Trustees a certificate from the Company's auditors in respect of the utilisation of funds raised by the issue of the Debentures. The Debenture Trustee shall provide a copy of the aforementioned certificate to the Debenture Holders within 5 (Five) days of receipt.

### A. Representations and Warranties of the Company

The Company makes the representations and warranties set out in this Clause to the Debenture Trustee for the benefit of the Debenture Holders on the date of this Deed and during the term of the Debentures.

#### (a) *Status*

- (i) It is a company, duly incorporated, registered and validly existing under the Laws of India.
- (ii) It is registered as NBFC-MFI with the RBI.
- (iii) It and each of its subsidiaries (as defined under the Act) has the power to own its Assets and carry on its business as it is being conducted.

#### (b) *Binding obligations*

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

#### (c) *Non-conflict with other obligations*

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

- (i) any Law or regulation applicable to it;
- (ii) its Constitutional Documents; or
- (iii) any agreement or instrument binding upon it or any of its Assets.

#### (d) *Power and authority*

It has the power to issue the Debentures and 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.

#### (e) *Validity and admissibility in evidence*

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

- (i) 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;
- (ii) to make the Transaction Documents to which it is a party admissible in evidence in its jurisdiction of incorporation; and



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- (iii) for it to carry on its business, and which are material, have been obtained or effected and are in full force and effect.

(f) ***No default***

No Event of Default or potential Event of Default has occurred and is continuing or would reasonably be expected to result from the execution or performance of any Transaction Documents or the issuance of the Debentures. 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.

(g) ***Pari passu ranking***

Its payment obligations under the Transaction Documents:

- (i) are subordinated to the claims of all other creditors of the Company; and
- (ii) rank at least *pari passu* with the claims of all of its subordinated creditors, except for obligations mandatorily preferred by Law applying to companies generally.

(h) ***No proceedings pending***

Except as disclosed by the Company in its Debt Disclosure Document, annual reports and financial statements, no litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which have been started or threatened against the Company, where such proceedings could result in or cause a Material Adverse Effect.

(i) ***No misleading information***

- (A) All information provided by the Company to the Debenture Trustee/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) at which it is stated.
- (B) It has disclosed all information in the Debt Disclosure Document that is relevant for the Applicants to apply for subscription of the Debentures.

(j) ***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.

(k) ***Assets***



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Except for the security interests and encumbrances created and recorded with the ROC updated from time to time, 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 Assets necessary for the conduct of its business as it is being, and is proposed to be, conducted.

(j) **Financial statements**

- (i) Its financial statements most recently supplied to the Debenture Trustee as of March 31, 2017 were prepared in accordance with Indian GAAP consistently applied save to the extent expressly disclosed in such financial statements.
- (ii) Its 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.
- (iii) It has disclosed all its borrowings from various banks and financial institutions in the Debt Disclosure Document.

(m) **Solvency**

- (i) The Company 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 Law, nor in any such case, will it become so in consequence of entering into this Deed or any other Transaction Document.
- (ii) The Company, by reason of actual or anticipated financial difficulties, has not commenced, and does not intend to commence, negotiations with one or more of its creditors with a view to rescheduling its indebtedness.
- (iii) The value of the Assets of the Company is more than its liabilities (taking into account contingent and prospective liabilities) and it has sufficient capital to carry on its business.
- (iv) The Company has not taken any corporate action nor has it taken any legal proceedings or other procedure or steps in relation to any bankruptcy proceedings.

(n) **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.

(o) **Legal and Beneficial Ownership**

Except for the security interests and encumbrances created and recorded with the Ministry of Corporate Affairs (available using CIN/UCRN/LLPIN/LLPIN : U52234OR1986PTC015931 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.

(p) **Compliance with Laws**



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The Company and its affiliates are in compliance in all respects with all applicable Laws, including but not limited to environmental, social and taxation related laws, for them to carry on their business.

(q) ***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.

(r) ***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, siphoning off of financial and other resources or gains unreported in the audited financial statements.

(s) ***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 INR 10000(Rupees Ten Thousand 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.

(t) ***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.

(u) ***Audit***

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

(v) ***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.

(w) ***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.

(x) ***Employees***



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

(y) ***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 debts/bonds. 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.

(z) ***Tier II Capital***

The Debentures will be eligible for Tier II capital of the Issuer.

**6.3 Covenants of the Issuer**

**6.3.1 AFFIRMATIVE COVENANTS**

The Company shall, and shall procure and ensure that each of its subsidiaries (as defined under the Act) shall:

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

promptly inform the Debenture Trustee if it has notice of any application for winding up having been made or any statutory notice of winding up under the provisions of the Act 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***



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- (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, licenses, 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 or interest on 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;
- (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:
- (a) notice of any Event of Default or potential Event of Default, each as listed in Clause 4 of the Debenture Trust Deed;
  - (b) 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;



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- (c) details of any material litigation, arbitration or administrative proceedings, etc., as required to be disclosed to the stock exchange under the listing agreement entered into with the stock exchange;
  - (d) details of any other material litigation, arbitration or administrative proceedings, etc.;
  - (e) 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; and
  - (f) 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, if any, issued from time to time by the SEBI/RBI;

(k) ***Further assurances***

- (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) 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;
- (iii) 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;
- (iv) 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, including but not limited, in relation 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 to 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 payment of interest or 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***

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 interest/principal and whether the same has been paid or not; and*
- (iv) *next Due Date for the payment of interest/principal.*

(m) ***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 Interest Payment Date and in relation to each date when any other 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;

(n) ***Compliance with ESG Requirements***

the Company shall adhere to ESG requirements and provide a declaration to that effect in the format provided in Schedule IV,

(o) ***Books of Account***

maintain proper books of account as required by the Act and therein make true and proper entries of all dealings and transactions of and in relation to the business of the Company 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 in the same relating to the business of the Company 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.

(p) ***Material Adverse Effect***



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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;

(q) *Financial Covenants*

the Company will comply with the financial covenants mentioned in Clause 3.3 of the Debenture Trust Deed;

(r) *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;

(s) *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 Directions;

(iv) Maintain internal control for the purpose of (i) preventing fraud on monies lent by the Company; and (ii) preventing money being used for money laundering or illegal purposes.

(t) *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 all its financial 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 therewith;

(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 at all times act and proceed in relation to its affairs and business in compliance with Law; and

(v) 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.

(y) *Access*



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shall permit the Debenture Trustee and/or accountants or other professional advisers and contractors appointed by the Debenture Trustee 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;
  - (iv) monitor the Company's collection standards, management, governance, internal systems, origination and credit appraisal standards, documentation and processes, data integrity and customer protection; and
  - (v) meet and discuss matters with senior management employees of the Company.
- (z) **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; and
- (iii) Credit of the demat account of the Applicants with such number of Debentures which have been allotted to them within 2 (Two) Business Days from the Deemed Date of Allotment;

#### 6.3.2 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 of the Debenture Trust Deed. 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 reserves the right to take the consent of the Majority Debenture Holders prior to any such approval/dissent, if it deems necessary.

##### (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-Micro Finance Institution' by the RBI.
- (ii) Any sale of assets/business/division that has the effect of exiting the business or restructuring of its existing business.
- (iii) Undertake any new major new business outside financial services or any diversification of its business outside financial services.
- (iv) Change its Constitutional Documents in any material way or purchase, buy-back or redeem its shares or reduce its authorized capital in any way which would have a Material Adverse Effect or prejudicially affect the interests of the Debenture Holders.



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- (v) The Company will ensure that prior to the Final Redemption Date, there will be no sale, disposal or transfer in any manner 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.
- (vi) Until the Final Redemption 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 Promoter/Mr. Devesh Sachdev will continue to be the executive director/ director of the Company until the Final Redemption 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 set forth in Clause 3.3 of the Debenture Trust Deed.
- (iv) the company has paid or made satisfactory provision for the payment of the installments of principal and interest due on the debentures

**(c) Merger, consolidation, etc.**

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

**(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



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- (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) extend a loan to any single individual or entity amounting to greater than 15% (Fifteen percent) of its Tangible Net Worth; or
- (ii) undertake to guarantee the liabilities of any individual or entity (unless the entity is a wholly owned subsidiary of the 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 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 or senior to the Debentures without the prior written consent of the Majority Debenture Holders.

(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. 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 Issuance Documents.



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(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.

(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 3.6(a) of the Debenture Trust Deed, 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.

(q) ***Change of Financial Year***

Change or alter the financial year-end of the Company from 31st of March (or such other date as may be approved by Debenture Holders) to any other day.

(r) ***Related Party Transactions***

Without prior written intimation to the Debenture Holders, the Company shall not enter into or perform any transaction with a related party. Without the prior written consent of the Debenture Holders, the Company shall not enter into any transaction(s) in the nature of loans or advances to a related party(s) where by the overall outstanding amount owed by or to the Company under all such transactions exceeds 10% of its net worth. The Company shall be compliant at all the times during the tenor of the facility so long as any Debentures are outstanding. The Debenture Holders will have access to any additional information that it deems necessary to monitor and evaluate the mentioned covenant so long as any Debentures are outstanding for the duration of the loan.

### 6.3.3 REPORTING COVENANTS

The Company shall provide or cause to be provided to the Debenture Trustee (and to the Debenture Holders if so requested), in form and substance reasonably satisfactory to the Debenture Trustee, each of the following items:



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(a) Quarterly Reports

As soon as available and in any event within 45 (Forty five) calendar days after the end of each quarterly reporting period of the Company, the quarterly reporting required and in form and substance satisfactory to the Debenture Trustee and the Debenture Holders. Such reporting will include information detailing:

- (i) financials, operations, portfolio growth and asset quality (static portfolio cuts, collection efficiency and PAR according to geography, product, ticket size and customer-type), funding, SLA/ALM in formats acceptable to the Investor;
- (ii) the shareholding structure and composition of the board of directors in the Company;
- (iii) copy of the financial and other returns filed by the Company with the RBI (including without limitation, the form NBS 7 filed with the RBI);
- (iv) a compliance certificate regarding the covenants prescribed in Clause 3.3 of the Debenture Trust Deed in form and substance reasonably satisfactory to the Debenture Trustee and the Debenture Holders;
- (iv) information on:
  - (1) any new product being introduced, including a loan product or any other financial product or any new business correspondent relationship is established or discontinuance of existing relationship;
  - (2) expansion of operations into any new location, district, city or state other than those mentioned in Business Plan;
  - (3) any change in a service or feature change in an existing product;
  - (4) if the Company is proposing to expand to any location other than those specifically mentioned in the business plan submitted to the Debenture Trustee and/or the Debenture Holders;
  - (5) if the Company makes any material changes to the information system or loan management software, in terms of upgrade or installing a new software, other than those specifically mentioned in the business plan submitted to the Debenture Trustee and/or the Debenture Holders;
  - (6) if the Company conducts a credit check, as mandated by the RBI, on any borrower with a credit bureau other than Equifax and HighMark;
  - (7) any revisions in the business plan submitted to the Debenture Trustee and/or the Debenture Holders;
  - (8) any changes in the accounting policy of the Company from that followed as on the Deemed Date of Allotment; and/or
  - (9) if there is any fraud, amounting to more than 1% of Gross Loan Portfolio.
- (v) The Company shall at the end of every calendar quarter within 45 days of the respective quarter and within 7 days of the relevant Board meeting, a report confirming /certificate confirming the following:



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- (i) Updated list of names and addresses of all the Debenture Holder(s) and the number of Debentures held by the Debenture Holder(s)/Beneficial Owner(s);
- (ii) Details of interest due but unpaid, if any, and reasons for the same;
- (iii) Details of payment of interest made on the Debentures in the immediately preceding calendar quarter;
- (iv) The number of grievances pending at the beginning of the quarter, the number and nature of grievances received from the Debenture Holder(s) during the quarter, resolved/disposed of by the Company in the quarter and those remaining unresolved by the Company and the reasons for the same; and
- (v) Statement that the quarterly compliance report on corporate governance (if applicable) has been submitted to the Stock exchange, in the format prescribed by SEBI, within the time lines prescribed in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(b) Annual Reports

As soon as available, and in any event within 120 (One Hundred and Twenty) calendar days after the end of each Financial Year of the Company, the annual reporting required and in form and substance satisfactory to the Debenture Trustee and the Debenture Holders. Such reporting will include information detailing:

- (i) certified copies of its audited consolidated and non-consolidated (if any) financial statements for its most recently completed fiscal year, prepared in accordance with Indian GAAP including its balance sheet, income statement and statement of cash flow. All such information shall be complete and correct in all material respects and fairly represents the financial condition, results of operation and changes in cash flow of the Company as of the date thereof;
- (ii) a certificate of the Chief Financial Officer or a Director of the Company confirming that his or her review has not disclosed the existence of any potential Event of Default or Event of Default;
- (iii) complete list comprising all material financial liabilities of the Company, whether absolute or contingent;
- (iv) copies of all annual information submitted to the RBI; and
- (v) the corporate social responsibility report confirming adherence by the Company to its corporate social responsibility policy.

(c) Event Based Reports

- (i) As soon as available and in any event within 5 (Five) Business Days of the occurrence of such event, the details of any change in the shareholding structure of the Company.



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in form and substance satisfactory to the Debenture Trustee and the Debenture Holders.

- (ii) As soon as available and in any event within 5 (Five) Business Days of the occurrence of such event, the details of any change in the Senior Management officials like Chief Executive Officer, Chief Financial Officer/Head of Finance and Treasury, Chief Operations Officer/Head of Business and the Head of Audit;
- (iii) As soon as available and in any event within 5 (Five) Business Days of the occurrence of such event, the details of any change in the Statutory Auditors;
- (iv) As soon as available and in any event within 5 (Five) Business Days after receiving approval by the board of the Company, the annual business plan of the Company including a detailed investment budget and forecast accounts for the following Financial Year and financial projections for at least the next 5 (five) years;
- (v) The Company shall provide/cause to be provided information to the Debenture Trustee (and to the Debenture Holders, if so requested) as soon as practicable, and in any event within 5 (Five) Business Days from the occurrence of such event:
  - (a) the Company obtains or reasonably should have obtained actual knowledge thereof, notice of the occurrence of any event or circumstance that could reasonably be expected to result in a Material Adverse Effect;
  - (b) the Company obtains or reasonably should have obtained actual knowledge thereof, notice of any dispute, litigation, investigation or other proceeding affecting the Company or its property or operations, which, if adversely determined, could result in a Material Adverse Effect;
  - (c) the Company obtains actual knowledge thereof, notice of the occurrence of any Event of Default or potential Event of Default, specifying the nature of such event and any steps the Company is taking and proposes to take to remedy the same;
  - (d) the Company makes any prepayment or receives a notice of any prepayment of any Indebtedness of the Company;
  - (e) the Company alters its Constitutional Documents; and
  - (f) any notice of any application for winding up having been made or receipt of any statutory notice of winding up under the provisions of the Act or any other notice under any other law or otherwise of any suit or legal process intended to be filed and affecting the title to the property of the Company.

#### 6.3.4 FINANCIAL COVENANTS

The Company shall at all times until the redemption of all outstanding Debentures:

- a) maintain Capital Adequacy Ratio of 15% or the capital adequacy standards prescribed by the RBI, whichever is higher.

For the purpose of the calculation of the Capital Adequacy as mentioned above:

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.



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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.

the deduction shall be made at 50 % from Tier I Capital and 50 % from Tier II Capital.

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 Directions.

- b) maintain Tier I Capital Adequacy Ratio of 10% or as prescribed by the RBI, whichever is higher.
- c) maintain a ratio of A:B not greater than 5% (Five percent) up to September 30, 2018 and 3% (Three percent) thereafter till 31st March 2019 where A is Portfolio At Risk Over 90 Days (on the Company's entire portfolio including receivables sold or discounted on a non-recourse basis) and B is the Gross Loan Portfolio;
- d) With effect from April 1, 2019, maintain a ratio of A:B not greater than 3% (Three percent) where A is Portfolio At Risk Over 90 Days and write-offs (on the Company's entire portfolio including receivables sold or discounted on a non-recourse basis) and B is the Gross Loan Portfolio. For the purpose of this covenant, write-offs would be calculated for trailing twelve months.
- e) -
- f) maintain a ratio of A:B not greater than 20% (twenty percent) where A is Portfolio At Risk Over 90 Days net off Loan Loss Provisions (on the Company's entire portfolio including receivables sold or discounted on a non-recourse basis) and B is the Tangible Networth;
- g) maintain a maximum permissible ratio of Off-balance Sheet Portfolio to Gross Loan portfolio of 35% or less.

It is clarified that all covenants under the Transaction Documents would be tested on semi-annual basis for the Company, i.e. as on 31st March and 30th September every year, starting from 31<sup>st</sup> March, 2018 on consolidated and standalone balance sheet till the redemption of the Debentures. Compliance to Financial Covenants shall be certified by the Company within 60 days from end of each reporting half year.

#### 6.3.4 OTHER COVENANTS

Pursuant to the provisions of the Companies Act, 2013 and the relevant rules thereunder, the Company undertakes to make the necessary filings of the documents mandated therein including the Private Placement Offer Letter (Form PAS 4), return of allotment (Form PAS 3), Forms CHG-9, and record of Private Placement Offer Letters (Form PAS 5) with the Registrar of Companies and/or SEBI within the timelines stipulated under the Companies Act, 2013 and the relevant rules thereunder.

#### 6.4 Events of Default

##### (i) *Payment Defaults*

The Company does not pay on the Due Date any amount payable pursuant to this Deed and the Debentures at the place at and in the currency in which it is expressed to be payable, unless its failure to pay is caused by administrative or technical error and payment is made within 3 (three) Business Days of its Due Date.

##### (ii) *Insolvency / Inability to Pay Debts / Distress*



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- (i) The Company is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its Indebtedness.
- (ii) The Company is (or deemed by Law or a court to be) insolvent or bankrupt or unable to pay its debts or stops or suspends payments of all its debts, makes a general assignment or an arrangement or composition with or for benefit of the relevant creditors in respect of any such debts or a moratorium is agreed or declared in respect of or affecting all the debts of the Company.
- (iii) Any distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets, or revenues of the Company and is not discharged or stayed within 45 (forty five) Business Days.

(iii) ***Business***

The Company without obtaining the prior consent of the Special Majority Debenture Holders ceases to carry on its business or gives notice of its intention to do so.

(iv) ***Misrepresentation***

Any representation or warranty made by the Company in any Transaction Document or in any certificate, financial statement or other document delivered to the Debenture Trustee/Debenture Holders by the Company shall prove to have been incorrect, false or misleading in any material respect when made or deemed made.

(v) ***Material Adverse Change***

There shall have occurred a change in the business, operations, property, Assets, liabilities, condition (financial or otherwise) or prospects of the Company since the date hereof that has resulted in a Material Adverse Effect and such Material Adverse Effect has not been remedied or rectified for a period of 30 (Thirty) Business Days.

(vi) ***Liquidation or Dissolution of the Company / Appointment of Receiver or Liquidator***

- (i) Any corporate action, legal proceedings or other procedure or step is taken in relation to:
  - (A) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or re-organisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Company;
  - (B) a composition, compromise, assignment or arrangement with any creditor of the Company;
  - (C) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of the Company; or
  - (D) enforcement of any security over any Assets of the Company or any analogous procedure or step is taken in any jurisdiction.

Any other event occurs or proceeding instituted under any applicable Law that would have an effect analogous to any of the events listed in sub-Clauses (A), (B), (C) and (D) above.



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- (ii) An order is made or an effective resolution passed for the winding up or dissolution, judicial management or administration of the Company, or the Company ceases to carry on all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, re-organization, merger or consolidation on terms approved by Special Resolution of Debenture Holders.

(vii) **Cross Default**

The Company (i) defaults in any payment of any Indebtedness beyond the period of grace (not to exceed 30 days), if any, provided in the instrument or agreement under which such Indebtedness was created; (ii) defaults in the observance or performance of any agreement or condition relating to any Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause or to permit the holder or holders of such Indebtedness to cause (determined without regard to whether any notice is required) any such Indebtedness to become due prior to its stated maturity; or (iii) any Indebtedness of the Company shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof.

(viii) **Creditors' Process**

- (i) Any expropriation, attachment, sequestration, distress or execution affects any Asset or Assets (as determined in accordance with Indian GAAP, standards and practices in India or any other prevailing accounting standard in India as may be applicable) of the Company having an aggregate value of 10% (ten percent) of the Total Assets of the Company and is not discharged within 30 (thirty) calendar days or as given in the said order.
- (ii) The Company does not inform the Debenture Trustee of one or more of the other creditors of the Company accelerating the payment obligations on the grounds of a material adverse change (howsoever described) or a material adverse effect (howsoever described) in the financial, operational or regulatory conditions governing the Company.
- (iii) The Company has voluntarily or involuntarily becomes the subject of proceedings under any bankruptcy or insolvency laws and such proceedings have been admitted by a competent court or the Company is voluntarily or involuntarily dissolved.
- (iv) The Company is adjudged insolvent or takes advantage of any law for the relief of insolvent debtors.

(i) **Judgments Defaults**

One or more judgments or decrees entered against the Company involving a liability (not paid or not covered by a reputable and solvent insurance company), individually or in the aggregate, exceeding 5% (five percent) of the Total Assets of the Company PROVIDED THAT such judgments or decrees are either final and non-appealable or have not been vacated, discharged or stayed pending appeal for any period of 30 (thirty) consecutive calendar days.

(j) **Transaction Documents**

- (i) This Deed or any other Transaction Document in whole or in part, are terminated or cease to be effective or cease to be a legally valid, binding and enforceable obligation of the Company.
- (ii) In the opinion of the Debenture Trustee, any of the Transaction Documents fails to provide the rights, title, remedies, power or privileges intended to be created thereby



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(including the priority intended to be created thereby), or do not have the priority contemplated under the Transaction Documents, or becomes unlawful, invalid, or unenforceable.

(k) ***Unlawfulness***

It is or becomes unlawful for the Company to perform any of its obligations under the Transaction Documents and/or any obligation or obligations of the Company under any Transaction Document are not or cease to be valid, binding or enforceable.

(l) ***Repudiation***

The Company repudiates any of the Transaction Documents, or evidences an intention to repudiate any of the Transaction Documents.

(m) ***Government Intervention***

(i) Any step is taken by Governmental Authority or agency or any other competent authority, with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or (in the opinion of the Debenture Trustee) a material part of the assets of the Company which is material to the Company;

(ii) Any Governmental Authority having assumed custody or control of the business or operations of the Company or having taken any action for the dissolution of the Company or any action that would prevent the Company or its officers from carrying on its business or operations thereof; or

(iii) The Company's organizational or legal status, or any license or franchise is revoked or suspended by any Governmental Authority or authority after the Company has exhausted all remedies and appeals relating thereto.

(n) ***Delisting***

Any Debenture is subsequently delisted from any exchange on which it is listed without the prior written consent of the Debenture Trustee.

(o) ***Cessation***

The Company ceases or threatens to cease to carry on the main business it is currently engaged in.

(p) ***Alteration in Constitutional Documents***

The Company, without the previous consent in writing of the Debenture Trustee, makes or attempts to make any alteration in the provisions of its Constitutional Documents where (i) such change might in the opinion of the Debenture Trustee detrimentally affect the interests of the Debenture Holder(s) and (ii) the Company refuses or neglects to or is unable to rescind such alteration.

(p) ***Non-compliance with judicial order***

The Company fails to comply with or fulfil any judicial order passed against it provided however that such order shall not include any order against which appeal is available or for which an appeal is pending.

(q) ***Erosion of Net Worth***



The Debenture Holders' assessment from quarterly or annual financial reporting from the company, or at any time certified by an accountant of a firm or chartered accountant appointed by the Debenture Trustee (which the Debenture Trustee is entitled and hereby authorized to do so at any time), that the net worth (as defined in the Act) of the Company has eroded by 50% or more.

(r) ***Merger***

The rearrangement or consolidation or amalgamation with or merger with or into, or receiving of all or substantially all the assets or obligations of, another entity or any action for reorganisation of capital, without the prior written consent of the Debenture Trustee.

(s) ***Sale, disposal***

Sale, transfer, or other disposition of all or substantially all of the Company's Assets other than in the normal course of business of the Company.

(t) ***Anti-terrorism***

Any client of the Company is listed on:

- (i) any list of terrorists or terrorist organization of the UN, the European Union and any other applicable country; or
- (ii) any financial sanctions list, being defined as lists of persons, groups or entities which are subject to UN, EU, and US Office of Foreign Asset Control Sanctions.

(v) ***Third party***

A default or Event of Default occurs on account of a breach of representation or breach of an information covenant under the terms of any other agreement involving borrowed money or the extension of credit or any other indebtedness under which the Company may be obligated as a borrower or guarantor and pursuant to which the Company is called upon to and makes a prepayment to a 3rd party without the prior written consent of the Debenture Holder. Such consent shall not be unreasonably delayed or withheld by the Debenture Holders.

(z) ***Wilful default***

Any Promoters or directors or key management personnel of the Company is/are declared as wilful defaulter by any competent authority or accused of, charged with, arrested or convicted a criminal offence involving moral turpitude, dishonesty or which otherwise impinges on the integrity of the promoter/s and/or director, including any accusations, charges and/or convictions of any offence relating to bribery.

(aa) ***Breach of Terms of terms of the Debenture Trust Deed***

Any breach or non-compliance by the Company of certain other terms of the Debenture Trust Deed as set out therein.

## 6.5 Events of Default & Remedies

If one or more of the events specified in Clause 4.2 of the Debenture Trust Deed occur(s), then subject to applicable Law and upon the Debenture Trustee may, in its discretion, that is, without requiring any consent or confirmation of the Company, and upon request in writing of Special Majority Debenture Holders or by a Special Resolution duly passed at the meeting of the Debenture Holders held in accordance with the provisions set out in Schedule II hereto by a notice in writing to the Company initiate the following course of action:

(This Information Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

- (a) require the Company to mandatorily redeem the Debentures and repay the principal amount on the Debentures, along with accrued but unpaid interest, and other costs, charges and expenses incurred under or in connection with this Deed and other Transaction Documents, subject to prior approval of the RBI, if so required;
- (b) declare all or any part of the Debentures to be immediately (or on such dates as the Debenture Trustee may specify) due and payable, whereupon it shall become so due and payable subject to prior approval of the RBI, if so required;
- (c) appoint any independent agency to inspect and examine the working of the Company and give a report to Debenture Holders/ the Debenture Trustee. The Company shall give full co-operation and provide necessary assistance to such agency and bear all costs and expenses of the examination including the professional fees and travelling and other expenses;
- (d) take all such other action expressly permitted under this Deed or in the other Transaction Documents or permitted under the Law; and
- (e) exercise such other rights as the Debenture Trustee may deem fit under applicable Law to protect the interest of the Debenture Holders.

#### 6.6 Notice of Event of Default

If any Event of Default or any event which, after the notice, or lapse of time, or both, would constitute an Event of Default, has happened, the Company shall, forthwith give notice thereof to the Debenture Holders and the Debenture Trustee in writing specifying the nature of such Event of Default, or of such event.

### SECTION 7: 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*:

- (A) **Name of the Bank declaring the entity as a Wilful Defaulter:** N.A
- (B) **The year in which the entity is declared as a Wilful Defaulter:** N.A
- (C) **Outstanding amount when the entity is declared as a Wilful Defaulter:** N.A
- (D) **Name of the entity declared as a Wilful Defaulter:** N.A
- (E) **Steps taken, if any, for the removal from the list of wilful defaulters:** N.A
- (F) **Other disclosures, as deemed fit by the Issuer in order to enable investors to take informed decisions:** N.A
- (G) **Any other disclosure as specified by the Board:** N.A



## 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 DP's of the transferor or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, 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 Trustee for the Debenture Holder(s)

The Issuer has appointed Catalyst Trusteeship Limited (Formerly GDA Trusteeship Limited) to act as trustee for the Debenture Holder(s). The Issuer and the Debenture Trustee intends to enter/has entered into the Debenture Trustee Agreement and the DTD *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 DTD, at the cost of the Issuer. The Debenture Trustee Agreement and the DTD 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



(This Information Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

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 rights, privileges, terms and conditions attached to the Debentures may be varied, modified or abrogated with 100% (One Hundred percent) of Debenture Holders approving such modification by way of a unanimous resolution. PROVIDED THAT nothing in such consent or resolution shall be operative against the Company where such consent or resolution modifies or varies the terms and conditions governing the Debentures and the same are not acceptable to the Company.

The provisions of the DTD shall not be modified or amended without the written consent of the Debenture Trustee provided that the Debenture Trustee shall consent to a modification or an amendment only if such modification or amendment is approved by a consent in writing of the Majority Debenture Holder(s) for the time being outstanding, or by a Majority Resolution duly passed at a meeting of the Debenture Holder(s) convened in accordance with the provisions set out in Schedule II of the DTD. The Debenture Trustee shall give effect to such modification or amendment by executing necessary deed(s) supplemental to the DTD.

#### **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, electronic mail, 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, electronic mail, recognized overnight courier service, hand delivery or by facsimile transmission to the Issuer or to such persons at such address/ facsimile number as may be notified by the Issuer from time to time through suitable communication. All correspondence regarding the Debentures should be marked "Private Placement of Debentures".

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

#### **8.9 Issue Procedure**

Only Eligible Investors as given hereunder and identified upfront by the Issuer may apply for the Debentures by completing the Application Form in the prescribed format in block letters in English as per the instructions contained therein. The minimum number of Debentures that can be applied for and the multiples thereof shall be set out in the Application Form. No application can be made for a fraction of a Debenture. Application Forms should be duly completed in all respects and applications not completed in the said manner are liable to be rejected. The name of the applicant's bank, type of account and account number must be only completed by the



applicant. This is required for the applicant's own safety and these details will be printed on the refund orders and/or redemptions warrants.

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

#### 8.10 Application Procedure

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

#### 8.11 Fictitious Applications

All fictitious applications will be rejected.

#### 8.12 Basis of Allotment

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

#### 8.13 Payment Instructions

The Application Form should be submitted directly. The entire amount of ₹10,00,000/- (Rupees Ten Lakhs Only) per Debenture is payable along with the making of an application. Applicants can remit the application amount through RTGS on Pay-in Date. The RTGS details of the Issuer are as under:

|                                |                                                                                                    |
|--------------------------------|----------------------------------------------------------------------------------------------------|
| <b>Beneficiary name</b>        | Fusion Microfinance Private Limited                                                                |
| <b>Beneficiary account no.</b> | 912020014420522                                                                                    |
| <b>Beneficiary address</b>     | Sector – 15 Part 1 Gurgaon SCO 50 & 51, OLD Judicial Complex Civil Lines Sector 15, Gurgaon 122001 |
| <b>Beneficiary bank</b>        | Axis Bank Limited                                                                                  |
| <b>Account type</b>            | Current Account                                                                                    |
| <b>IFSC code</b>               | UTIB0000791                                                                                        |

#### 8.14 Eligible Investors

The following categories of investors, when specifically approached, 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) Non-banking financial companies
- (c) Provident Funds and Pension Funds
- (d) Corporates
- (e) Banks
- (f) Foreign Institutional Investors (FIIs)
- (g) Foreign Portfolio Investors (FPIs)
- (h) Qualified Foreign Investors (QFIs)



- (i) Insurance Companies
- (j) Investment holding companies of high net worth individuals
- (k) Any other person (not being an individual or a group of individuals) eligible to invest in the Debentures

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

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

#### **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-à-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for the losses, if any.
- (h) The redemption amount or other benefits would be paid to those Debenture Holders whose names appear on the list of beneficial owners maintained by the R&T Agent as on the Record Date. In case of those Debentures for which the beneficial owner is not identified in the records of the R&T Agent as on the Record Date, the Issuer would keep in abeyance the payment of the redemption amount or other benefits, until such time that the beneficial owner is identified by the R&T Agent and conveyed to the Issuer, whereupon the redemption amount and benefits will be paid to the beneficiaries, as identified.

#### **8.16 Depository Arrangements**

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

#### **8.17 List of Beneficiaries**

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



#### 8.18 Application under Power of Attorney

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

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

Potential Investors need to submit the following documents, as applicable

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

#### 8.22 Succession

In the event of winding-up of the holder of the Debenture(s), the Issuer will recognize the liquidator of the concerned Debenture Holder(s), or such other legal representative of the Debenture Holder(s) as having title to the Debenture(s).

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

#### 8.23 Mode of Payment



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

#### 8.24 Effect of Holidays

If any Due Date falls on a day which is not a Business Day, the payment to be made on such Due Date shall be made on the immediately succeeding Business Day, except if such Due Date is for the Redemption Amount, in which case the payment to be made on such Due Date 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 holders at the office of the Registrar & Transfer Agents of the Company at least 15 (Fifteen) days before the relevant payment becoming due. Tax exemption certificate / declaration of non-deduction of tax at source on interest on application money, should be submitted along with the Application Form. Interest will be paid to the Debenture Holder subject to deduction of tax deducted at source at the rate prescribed from time to time under the Income Tax Act, 1961 or any statutory modification or re-enactment thereof for the time-being in force.

If the applicable rate of tax deducted at source is modified and results in a reduction of the net interest received by the Debenture Holders, the Company must give written notice to the Debenture Holders (with a copy to the Debenture Trustee) as soon as it becomes aware of such change.

#### 8.26 Letters of Allotment

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

#### 8.27 Deemed Date of Allotment

All the benefits under the Debentures will accrue to the Investor from the specified Deemed Date of Allotment. The Deemed Date of Allotment for the Issue is March 31, 2018 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

Where the entire subscription amount has been refunded, the interest on Application Money will be paid along with the refunded amount. Where an Applicant is allotted a lesser number of Debentures than applied for, the excess amount paid on application will be refunded to the Applicant and the cheque/ draft towards interest on the refunded money will be dispatched by registered post, courier or by way of RTGS/NEFT/direct credit. Details of allotment will be sent to every successful Applicant. In all cases, the interest instruments will be sent, at the sole risk of the Applicant. In case the Issuer has received money from applicants for Debentures in excess of the aggregate of the application money relating to the Debentures in respect of which allotments have been made, the Registrar shall upon receiving instructions in relation to the same from the Issuer repay the moneys to the extent of such excess, if any.

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 Interest on Application Money

Interest at the Interest Rate will be paid on Application Money to the Applicants from the date of receipt of such Application Money up to 1 (one) day prior to the Deemed Date of Allotment for all valid applications, within 5 (Five) Business Days from the Deemed Date of Allotment. Where the entire subscription amount has been refunded, the interest on Application Money will be paid along with the refunded amount. Where an Applicant is allotted a lesser number of Debentures than applied for, the excess amount paid on application will be refunded to the applicant in the bank account of the Applicant as described in the Application Form towards interest on the refunded money by electronic mode of transfer like RTGS/NEFT/direct credit. Details of allotment will be sent to every successful Applicant. In all cases, the interest instruments will be sent, at the sole risk of the Applicant / first Applicant.

### 8.31 PAN Number

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

### 8.32 Payment on Redemption

Payment on redemption will be made in accordance with the instructions of the Debenture Holder(s) by way of electronic funds transfer 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. 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.

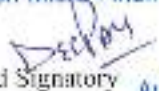


(This Information Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

## SECTION 9: DECLARATION

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

For Fusion Microfinance Private Limited  
For Fusion Micro Finance Private Limited

Authorised Signatory  Authorised Signatory  
Name:  
Title:  
Date: March 31, 2018

**ANNEXURE I: TERM SHEET**

**AS PER CLAUSE 5.22 ISSUE DETAILS**



(This Information Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

## ANNEXURE II: RATING LETTER & RATING RATIONALE





No. CARE/DRO/BL/2017-18/3581

Mr. Divesh Sachdev  
Chief Executive Officer  
Fusion Microfinance Pvt Ltd  
H-1, C Block, Community Center, Naraina Vihar,  
New Delhi-110028

March 29, 2018

**Confidential**

Dear Sir,

**Credit rating for proposed Subordinated Debt issue**

Please refer to your request for rating of proposed Subordinated Debt issue aggregating to Rs.30 crore of your company. The proposed Sub-debt issue would have tenure of 66 months.

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

| Instrument                      | Amount<br>(Rs. crore)            | Rating <sup>1</sup>                                   | Rating Action |
|---------------------------------|----------------------------------|-------------------------------------------------------|---------------|
| Subordinated Debt<br>(Proposed) | 30.00<br>(Rs. Thirty crore only) | CARE BBB+; Stable<br>(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 March 28, 2018).

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

5. Please inform us the 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 NCD issue, including the offer document and the trust deed.

7. 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 March 30, 2018 we will proceed on the basis that you have no comments to offer.

(Formerly known as Credit Analysts & Research Limited)

CORPORATE OFFICE: 4<sup>th</sup> Floor, Gable, Connaught Place, Connaught Place, New Delhi-110028.  
Offices: 10<sup>th</sup> Floor, E-1 Block, Vidya Tower, Naraina, New Delhi-110028.  
Tel: +91-11-45331256 & Fax: +91-11-45331257  
Email: [info@careratings.com](mailto:info@careratings.com) & [care@careratings.com](mailto:care@careratings.com)

10<sup>th</sup> Floor, E-1 Block, Vidya Tower, Naraina, New Delhi-110028.  
Tel: +91-11-45331256 & Fax: +91-11-45331257

Complete set of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

CIN: L46712DNH1992PLC0971091





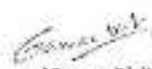
8. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
9. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, 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 above-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](http://www.careratings.com) for latest update on the outstanding rating.
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,

  
[Arti Tahiliani]  
Manager  
[arti.tahiliani@careratings.com](mailto:arti.tahiliani@careratings.com)

  
[Gaurav Dhill]  
Dy General Manager  
[gaurav.dhill@careratings.com](mailto:gaurav.dhill@careratings.com)

Encl: As above

**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or refinance 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.

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

13B/13C, F-1 Block, Wazirpur Tower, Handwala Extension, New Delhi - 110 005.  
Tel: +91-11-4535-3230 • Fax: +91-11-4535-3232 • [www.careratings.com](http://www.careratings.com) • CIN: L65103MH1992PL007163



## ANNEXURE III: CONSENT LETTER FROM THE DEBENTURE TRUSTEE

**CATALYST**  
Trustee by appointment - Trust cat

CL/MUM/17-18/DEB/711



March 27, 2018

To,  
**Mr. Deepak Madan**  
**Fusion Micro Finance Private Limited**  
H-1, C Block, Community Centre,  
Naraina Vihar,  
New Delhi - 110028

Dear Sir,

**Consent to act as Trustee for Unsecured, Subordinated, Listed, Rated, Redeemable, Non-Convertible Debentures aggregating upto Rs. 30 Crores to be issued by your Company.**

This is with reference to the discussions in respect of appointment of Catalyst Trusteeship Limited (CTL) (Formerly GDA Trusteeship Limited) to act as Debenture Trustee for the Unsecured, Subordinated, Listed, Rated, Redeemable Non-Convertible Debentures aggregating upto INR 30 Crores to be issued.

The Company and the Trustee shall enter into relevant trustee agreements and other necessary Debenture documents for the aforesaid issue of NCDs and term loans and also agrees & undertakes to comply with the provisions of the SEBI (Debenture Trustees) Regulations, 1993, the RBI Circular No.RBI/2012-13/560 dated June 27, 2013, the Companies Act, 2013, the Companies (Share Capital and Debenture) Rules, 2014 and any other applicable statutes, regulations and provisions as amended from time to time.

The Company shall enter into Agreement with Trustee as required by Regulation 13 of SEBI (Debenture Trustee) Regulations, 1993 thereby agreeing to create the security within three months from the date of closure of issue or in accordance with the Companies Act, 2013 or as per the provisions as prescribed by any regulatory authority as applicable and comply with the provisions of applicable laws.

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

Yours faithfully,

**For Catalyst Trusteeship Limited**

**Authorized Signatory**

We Accept the above terms  
**For Fusion Micro Finance Private Limited**

**Authorized Signatory**



## Annexure IV: Application Form

FUSION MICROFINANCE PRIVATE LIMITED  
A private limited company incorporated under the Companies Act, 1956  
Date of Incorporation: September 05, 1994  
Registered Office: H-1, C Block, Community Centre,  
Naraina Vihar, 110028

DEBENTURE SERIES APPLICATION FORM SERIAL NO.

ISSUE OF UPTO 300 ( THREE HUNDRED) UNSECURED SUBORDINATED RATED LISTED REDEEMABLE NON CONVERTIBLE DEBENTURES OF FACE VALUE OF INR 10,00,000/- (RUPEES TEN LAKH ONLY) EACH, AGGREGATING UP TO RS. 30,00,00,000/- (RUPEES THIRTY CRORES ONLY) ON A PRIVATE PLACEMENT BASIS (THE "ISSUE").

RS. .... (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 Fusion Microfinance Private 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.  
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)    |                   |

|                         |                                                                                                    |
|-------------------------|----------------------------------------------------------------------------------------------------|
| Beneficiary name        | Fusion Microfinance Private Limited                                                                |
| Beneficiary account no. | 912020014420522                                                                                    |
| Beneficiary address     | Sector - 15 Part 1 Gurgaon SCO 50 & 51, OLD Judicial Complex Civil Lines Sector 15, Gurgaon 122001 |
| Beneficiary bank        | Axis Bank Limited                                                                                  |
| Account type            | Current Account                                                                                    |
| IFSC code               | UTIB0000791                                                                                        |

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

FOR OFFICE USE ONLY

DATE OF RECEIPT \_\_\_\_\_ DATE OF CLEARANCE \_\_\_\_\_

(Note: Cheque and Drafts are subject to realisation)

We understand and confirm that the information provided in the Information Memorandum is provided by the Issuer and the same has not been verified by any legal advisors to the Issuer, 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 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.

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

on

for

Rs.

on account of application of

Debenture



Balance Sheet as at 31 March 2017

**Spallier accounting policies**  
**Notes to the financial statements**  
 The notes will need to show more detail than all the financial statements

For your own Reports on your data, attached  
 (a) B.N.R. & Associates, L.P.  
 (b) Statistical Associates, Inc.  
 (c) R.A.T. and Regenerative Systems, Inc. & W.W. (1997)

*Maryam*  
Hendriyati Mubandari  
Pustak  
Mubandari Mubandari Mubandari

Place: Wykehamstead  
(Date: 10 May 201)

for and on behalf of the Board of Directors of  
Fusion Micro Finance Private Limited  
CIN: U72400GK1994PTC361287

Deyoung Nicholas  
 (Deyoung & Co.)  
 DNY 405-1711  
 Deyoung Nicholas  
 (Deyoung & Co.)

Print: New Delhi  
Date: 20 May 2017

Amitya Bhambhani  
Director  
10001 11162401

Paul M. Mahoney  
Duke University



(This Information Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Fusion Micro Finance Private Limited  
Statement of Profit and Loss for the year ended 31 March 2017  
(All amounts in Indian Rupees, except share data and where otherwise stated)

| Note                                               | For the year ended<br>31 March 2017 | For the year ended<br>31 March 2016 |
|----------------------------------------------------|-------------------------------------|-------------------------------------|
| <b>Income</b>                                      |                                     |                                     |
| Revenue from operations                            | 2.36 1,246,204,347                  | 1,079,811,202                       |
| Other income                                       | 2.37 11,927,622                     | 21,629,825                          |
| <b>Total revenue</b>                               | <b>1,258,131,969</b>                | <b>1,101,441,027</b>                |
| <b>Expenses</b>                                    |                                     |                                     |
| Operating expenses                                 | 2.18 149,497,394                    | 81,327,612                          |
| Employee benefit expense                           | 2.19 445,184,885                    | 225,063,378                         |
| Finance costs                                      | 2.20 974,585,015                    | 481,534,315                         |
| Depreciation and amortisation                      | 2.3 16,325,411                      | 30,167,077                          |
| Other expenses                                     | 2.21 136,141,278                    | 87,279,612                          |
| <b>Total expenses</b>                              | <b>1,662,279,423</b>                | <b>805,265,044</b>                  |
| <b>Profit before tax</b>                           | <b>48,553,136</b>                   | <b>222,875,983</b>                  |
| <b>Tax expenses</b>                                |                                     |                                     |
| - Current tax                                      | 104,100,000                         | 68,710,000                          |
| - Deferred tax                                     | 7,701,851                           | -                                   |
| <b>Profit after tax</b>                            | <b>40,751,227</b>                   | <b>154,165,983</b>                  |
| <b>Earning per equity share</b>                    | 2.30                                |                                     |
| Basic value per share Rs.10 (previous year: Rs.10) |                                     |                                     |
| - Basic                                            | 1.27                                | 3.36                                |
| - Diluted                                          | 1.18                                | 4.87                                |

Significant accounting policies 1  
Notes to the financial statements 2  
The notes referred to above form an integral part of its financial statements.

As per our report of even date attached  
for B H & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 116231W/W-106124

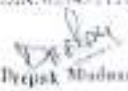
  
Hemant Maheshwari  
Partner  
Membership Number: 198537

Place: Hyderabad  
Date: 30 May 2017

For and on behalf of the Board of Directors of  
Fusion Micro Finance Private Limited  
CIN: U71499DL1994PTC061287

  
Divesh Sachdev  
Director & CEO  
DIN: 02147112

  
Ajay Bhandari  
Director  
DIN: 03852403

  
Deepak Madhoo  
Company Secretary

  
Hemant Maheshwari  
Chief Financial Officer

Place: New Delhi  
Date: 30 May 2017



Fusion Micro Finance Private Limited  
Cash Flow Statement for the year ended 31 March 2017  
(All amounts in Indian rupees, except share details and where otherwise stated)

| Particulars                                                                                | For the year ended<br>31 March 2017 | For the year ended<br>31 March 2016 |
|--------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| <b>I. Cash flows from operating activities:</b>                                            |                                     |                                     |
| Profit before tax                                                                          | 88,153,114                          | 222,878,983                         |
| Adjustments:                                                                               |                                     |                                     |
| Depreciation and amortisation                                                              | 16,026,631                          | 11,162,077                          |
| Loan portfolio written off                                                                 | 46,697,741                          | 7,387,128                           |
| Provision on loan portfolio                                                                | 256,221,352                         | 26,344,976                          |
| Provision for employee benefits                                                            | 4,856,784                           | 1,193,944                           |
| Profit on sale of mutual fund units                                                        | (190,744,260)                       | (17,430,433)                        |
| Loss on sale of fixed assets                                                               | 26,476                              | 77,199                              |
| Operating profit before working capital changes                                            | 33,199,470                          | 246,400,924                         |
| Increase in loan portfolio (net of securitised loan portfolio)                             | 17,543,523,143                      | 27,541,804,745                      |
| Increase in advances and other assets                                                      | (11,330,869)                        | (21,768,849)                        |
| Increase / decrease in trade receivables                                                   | 9,336,951                           | (7,887,888)                         |
| Increase / (decrease) in liabilities and provisions                                        | (18,663,696)                        | (52,423,727)                        |
| Cash generated from operations                                                             | (2,892,992,657)                     | (2,272,476,920)                     |
| Income taxes paid, net                                                                     | (225,685,418)                       | (94,647,307)                        |
| <b>Net cash flow used by operating activities (A)</b>                                      | <b>(2,678,578,605)</b>              | <b>(2,607,124,972)</b>              |
| <b>II. Cash flows from investing activities:</b>                                           |                                     |                                     |
| Purchase of fixed assets                                                                   | (80,598,143)                        | (19,375,121)                        |
| Purchase of investments, net                                                               | (1,964,269,599)                     | 22,483,463                          |
| Investment in long-term security deposits in banks with maturity of more than three months | (7,171,393)                         | (185,204,256)                       |
| <b>Net cash used by investing activities (B)</b>                                           | <b>(1,992,039,235)</b>              | <b>(182,279,114)</b>                |
| <b>III. Cash flows from financing activities:</b>                                          |                                     |                                     |
| Proceeds from issue of share capital (including share premium)                             | (613,823,770)                       | 105,000,900                         |
| Proceeds from Fusion Employee Benefit Trust towards repayment of loan                      | (8,613,918)                         | -                                   |
| Payment of preference dividend                                                             | (1,348,501)                         | (7,607,830)                         |
| Payment of tax on preference dividend                                                      | (271,075)                           | (530,077)                           |
| Proceeds from borrowings                                                                   | 4,749,116,530                       | 7,316,309,557                       |
| <b>Net cash provided by financing activities (C)</b>                                       | <b>5,779,931,842</b>                | <b>2,679,178,644</b>                |
| <b>Net increase in cash and cash equivalents (A + B + C)</b>                               | <b>(298,416,558)</b>                | <b>(69,771,763)</b>                 |
| Cash and cash equivalents at the beginning of the year                                     | 524,430,728                         | 451,639,025                         |
| <b>Cash and cash equivalents at the end of the year (refer Note 2.1J)</b>                  | <b>226,014,170</b>                  | <b>381,867,262</b>                  |

As per our Report of complete audit  
for B.S.R. & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 116231W/W-100024

  
**Harish Maheshwari**  
Partner  
Membership Number: 196537

Place: Hyderabad  
Date: 20 May 2017

For and on behalf of Board of Directors of  
Fusion Micro Finance Private Limited  
CIN: L27389DL1998PTC068287

  
**Divesh Sachdev**  
Director & CEO  
DIN: 02147131

  
**Aditya Shankar**  
Director  
DIN: 03052461

  
**Deepak Madan**  
Company Secretary

  
**Gaurav Maheshwari**  
Chief Financial Officer

Place: New Delhi  
Date: 19 May 2017



## ANNEXURE VI: ILLUSTRATION OF BOND CASH FLOWS

| Illustration of Bond Cash Flows                      |                                         |
|------------------------------------------------------|-----------------------------------------|
| Company                                              | Fusion Microfinance Private Limited     |
| Face Value (per security)                            | Rs. 10,00,000/- (Rupees Ten lakhs only) |
| Issue Date                                           | March 31, 2018                          |
| Date of Allotment                                    | March 31, 2018                          |
| Redemption                                           | September 29, 2023                      |
| Coupon Rate                                          | 13.90% per annum payable monthly        |
| Frequency of the Coupon Payment with specified dates | Monthly                                 |
| Day Count Convention                                 | Actual / Actual                         |

| Cash Flows | Date              | No. of days in Coupon Period | Coupon Amount (in Rupees) (gross of withholding taxes) | Principal Amount (in Rupees) |
|------------|-------------------|------------------------------|--------------------------------------------------------|------------------------------|
|            | 31 March 2018     |                              |                                                        |                              |
| 3,541,644  | 01 May 2018       | 31                           | 3,541,644                                              |                              |
| 3,541,644  | 01 June 2018      | 31                           | 3,541,644                                              |                              |
| 3,541,644  | 02 July 2018      | 31                           | 3,541,644                                              |                              |
| 3,427,397  | 01 August 2018    | 30                           | 3,427,397                                              |                              |
| 3,770,137  | 03 September 2018 | 33                           | 3,770,137                                              |                              |
| 3,198,904  | 01 October 2018   | 28                           | 3,198,904                                              |                              |
| 3,541,644  | 01 November 2018  | 31                           | 3,541,644                                              |                              |
| 3,655,890  | 03 December 2018  | 32                           | 3,655,890                                              |                              |
| 3,313,151  | 01 January 2019   | 29                           | 3,313,151                                              |                              |
| 3,541,644  | 01 February 2019  | 31                           | 3,541,644                                              |                              |
| 3,198,904  | 01 March 2019     | 28                           | 3,198,904                                              |                              |
| 3,541,644  | 01 April 2019     | 31                           | 3,541,644                                              |                              |
| 3,427,397  | 01 May 2019       | 30                           | 3,427,397                                              |                              |
| 3,770,137  | 03 June 2019      | 33                           | 3,770,137                                              |                              |
| 3,198,904  | 01 July 2019      | 28                           | 3,198,904                                              |                              |
| 3,541,644  | 01 August 2019    | 31                           | 3,541,644                                              |                              |
| 3,655,890  | 02 September 2019 | 32                           | 3,655,890                                              |                              |
| 3,313,151  | 01 October 2019   | 29                           | 3,313,151                                              |                              |
| 3,541,644  | 01 November 2019  | 31                           | 3,541,644                                              |                              |
| 3,541,644  | 02 December 2019  | 31                           | 3,541,644                                              |                              |
| 3,418,033  | 01 January 2020   | 30                           | 3,418,033                                              |                              |
| 3,759,836  | 03 February 2020  | 33                           | 3,759,836                                              |                              |
| 3,190,164  | 02 March 2020     | 28                           | 3,190,164                                              |                              |
| 3,418,033  | 01 April 2020     | 30                           | 3,418,033                                              |                              |



(This Information Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

|             |                   |    |           |             |
|-------------|-------------------|----|-----------|-------------|
| 3,418,033   | 01 May 2020       | 30 | 3,418,033 |             |
| 3,531,967   | 01 June 2020      | 31 | 3,531,967 |             |
| 3,418,033   | 01 July 2020      | 30 | 3,418,033 |             |
| 3,759,836   | 03 August 2020    | 33 | 3,759,836 |             |
| 3,304,098   | 01 September 2020 | 29 | 3,304,098 |             |
| 3,418,033   | 01 October 2020   | 30 | 3,418,033 |             |
| 3,645,902   | 02 November 2020  | 32 | 3,645,902 |             |
| 3,304,098   | 01 December 2020  | 29 | 3,304,098 |             |
| 3,541,644   | 01 January 2021   | 31 | 3,541,644 |             |
| 3,541,644   | 01 February 2021  | 31 | 3,541,644 |             |
| 3,198,904   | 01 March 2021     | 28 | 3,198,904 |             |
| 3,541,644   | 01 April 2021     | 31 | 3,541,644 |             |
| 3,655,890   | 03 May 2021       | 32 | 3,655,890 |             |
| 3,313,151   | 01 June 2021      | 29 | 3,313,151 |             |
| 3,427,397   | 01 July 2021      | 30 | 3,427,397 |             |
| 3,655,890   | 02 August 2021    | 32 | 3,655,890 |             |
| 3,427,397   | 01 September 2021 | 30 | 3,427,397 |             |
| 3,427,397   | 01 October 2021   | 30 | 3,427,397 |             |
| 3,541,644   | 01 November 2021  | 31 | 3,541,644 |             |
| 3,427,397   | 01 December 2021  | 30 | 3,427,397 |             |
| 3,770,137   | 03 January 2022   | 33 | 3,770,137 |             |
| 3,313,151   | 01 February 2022  | 29 | 3,313,151 |             |
| 3,198,904   | 01 March 2022     | 28 | 3,198,904 |             |
| 3,541,644   | 01 April 2022     | 31 | 3,541,644 |             |
| 3,541,644   | 02 May 2022       | 31 | 3,541,644 |             |
| 3,427,397   | 01 June 2022      | 30 | 3,427,397 |             |
| 3,427,397   | 01 July 2022      | 30 | 3,427,397 |             |
| 3,541,644   | 01 August 2022    | 31 | 3,541,644 |             |
| 3,541,644   | 01 September 2022 | 31 | 3,541,644 |             |
| 3,655,890   | 03 October 2022   | 32 | 3,655,890 |             |
| 3,313,151   | 01 November 2022  | 29 | 3,313,151 |             |
| 3,427,397   | 01 December 2022  | 30 | 3,427,397 |             |
| 3,655,890   | 02 January 2023   | 32 | 3,655,890 |             |
| 3,427,397   | 01 February 2023  | 30 | 3,427,397 |             |
| 3,198,904   | 01 March 2023     | 28 | 3,198,904 |             |
| 3,770,137   | 03 April 2023     | 33 | 3,770,137 |             |
| 3,198,904   | 01 May 2023       | 28 | 3,198,904 |             |
| 3,541,644   | 01 June 2023      | 31 | 3,541,644 |             |
| 3,655,890   | 03 July 2023      | 32 | 3,655,890 |             |
| 3,313,151   | 01 August 2023    | 29 | 3,313,151 |             |
| 3,541,644   | 01 September 2023 | 31 | 3,541,644 |             |
| 303,198,904 | 29 September 2023 | 28 | 3,198,904 | 300,000,000 |



(This Information Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

|  |  |  |  |  |
|--|--|--|--|--|
|  |  |  |  |  |
|--|--|--|--|--|

