



MIDLAND MICROFIN LIMITED

Our Company was originally incorporated on May 27, 1988 as a private limited company under the provisions of the Companies Act, 1956 as Sajan Hire Purchase Private Limited. Our Company was converted into a public limited company with the name "Sajan Hire Purchase Limited" on April 26, 2002. Subsequently, the name of our Company was changed to Midland Microfin Limited pursuant to a fresh Certificate of Incorporation dated January 24, 2011. Our Company got itself registered as Category-A NBFC with RBI vide registration no. A.06.00458 dated July 11, 2011. Thereafter our Company changed its category and consequently got itself registered as Category -B NBFC (non- deposit taking) with RBI vide registration no. B.06.00458 dated November 12, 2013.

Registered & Corporate Office: 'Gobind Niwas', 2nd Floor, 36, G.T. Road, Jalandhar - 144 001 Punjab, India; **Tel.:** +91 181 5085555; **Fax:** +91 181-5087777; **Website:** www.midlandmicrofin.com

For details of changes in Name and Registered Office, please refer to the chapter "**History and Certain other Corporate Matters**" on page no. 88
Compliance Officer and Contact Person: Mr. Preetpal Singh **Tel.:**+91 181 5091545; **Fax:** +91 181 5087777; **E-mail:** preetpalsingh@midlandmicrofin.com

PUBLIC ISSUE BY MIDLAND MICROFIN LIMITED, ("COMPANY" OR "ISSUER") OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ` 10,000 EACH, ("NCDs"), AGGREGATING UPTO ` 2,500 LACS.

GENERAL RISKS

Investors are advised to read the Risk Factors carefully before taking an investment decision in the Issue. For taking an investment decision, the investors must rely on their own examination of the Issuer and the Issue, including the risks involved. Specific attention of the investors is invited to the chapter titled "**Risk Factors**" on page XII. This document has not been and will not be approved by any regulatory authority in India, including the Reserve Bank of India ("RBI"), the Securities and Exchange Board of India ("SEBI"), any registrar of companies or any stock exchange in India.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

CREDIT RATING

The NCDs proposed to be issued under this issue have been rated "BBB-" (Triple B Minus) by CARE for an amount of ₹ 2500 lacs vide its letter dated April 22, 2014. The rating of NCDs by CARE indicates instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations and carry moderate credit risk. The rating provided by CARE may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. This rating is not a recommendation to buy, sell or hold securities and investors should take their own decisions. Please refer to page 189 for the rationale for the above rating.

LISTING

The NCDs offered through this Draft Prospectus are proposed to be listed on the BSE Limited ("BSE"). Our Company has obtained "in-principle" approval for the Issue from BSE vide their letter(s) dated [.]. BSE shall be the Designated Stock Exchange for this Issue.

PUBLIC COMMENTS

This Draft Prospectus has been filed with BSE pursuant to the regulation 6(2) of the SEBI Debt Regulations. This Draft Prospectus is open for public comments for the period of 7 (seven) Working Days. This Draft Prospectus is available on the website of our Company, on the website of BSE and the website of the Lead Manager. All comments on this Draft Prospectus are to be forwarded to the attention of Mr. Preetpal Singh, Compliance Officer, **Tel.:**+91 181 5091545; **Fax:** +91 181 5087777; **E-mail:** preetpalsingh@midlandmicrofin.com

All comments **MUST** be received by the Issuer within 7 working days of filing this Draft Prospectus with BSE, the Designated Stock Exchange. Comments by post, fax and email shall be accepted, however please note that all comments must be received by the Issuer by 5 p.m. on the 7th working day from the date on which this Draft Prospectus is filed with BSE, i.e. the Designated Stock Exchange.

LEAD MANAGER TO THE ISSUE	DEBENTURE TRUSTEE**	REGISTRAR TO THE ISSUE
 <p>Real Growth Securities Private Limited 112-A, Jyoti Shikhar, District Centre, Janak Puri, New Delhi- 110058 Tel.: 011-25513114-15 Fax: 011-25532212 Email: sunil.chandra@realgrowth.org.in Investor Grievance Email: complaints@realgrowth.org.in Website: www.realgrowth.org.in Contact Person: Mr. Sunil Chandra Compliance Officer: Mr. Sunil Chandra SEBI Registration Number: INM 000011492</p>	 <p>CENTBANK Financial Services Limited 15-16, Bajaj Bhawan, 1st Floor, Opp. Inox Multiplex, Nariman Point, Mumbai – 400021 (Maharashtra) Tel.: 022-2202 2788 Fax: 022-2202 5043 Email: Ramakrishna@cfs.in Website: www.cfs.in Contact Person: Mr. S Rama Krishna SEBI Registration Number: IND000000502</p>	 <p>Skyline Financial Services Private Limited D- 153 A, 1st Floor, Okhla Industrial Area, Phase-I, New- Delhi, 110020 Tel.: 011-64732681 to 88 Fax: 011-26812682 Email: viren@skylinerta.com Investor Grievance Email: grievances@skylinerta.com Website: www.skylinerta.com Contact Person: Mr. Virender Rana SEBI Registration Number: INR 000003241</p>

ISSUE SCHEDULE

Issue Opens on [.]

Issue closes on [.]*

*The subscription list for the Issue shall remain open for subscription up to 5pm, with an option for early closure or extension by such period, up to a period of 30 days from the date of opening of the Issue, as may be decided at the discretion of the duly authorised committee of Directors of our Company subject to necessary approvals. In the event of such early closure of the Issue or extension of the Issue, our Company shall ensure that notice of such early closure or extension of the Issue is given as the case may be on or before such early date of closure or the initial Closing Date through advertisement/s in a leading national daily newspaper. For further details please refer to "**General Information**" on page no. 27.

** **CENTBANK Financial Services Limited** has, by its letter dated April 18, 2014, given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Draft Prospectus and in all the subsequent periodical communications sent to the holders of the Debenture issued pursuant to this Issue. For further details please refer to "**General Information – Debenture Trustee**" on page no. 28.

A copy of the Prospectus and written consents of our Directors, our Company Secretary and Compliance Officer, our Auditor, the Lead Manager, the Registrar to the Issue, Escrow Collection Bank(s), Refund Bank, Credit Rating Agencies, the Legal Advisor, the Bankers to our Company, the Debenture Trustee, and the Syndicate Member to act in their respective capacities shall be filed with the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh, in terms of section 56 and section 60 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 2013 along with the requisite endorsed/certified copies of all requisite documents. For further details please refer to the chapter titled "**Material Contracts and Documents for Inspection**" beginning on page 175.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise requires the following terms shall have the following meanings ascribed thereto in this Draft Prospectus. Reference to any statutes, regulations and policies shall include amendments thereto, from time to time.

All references to “Issuer”, “we”, and “us”, “our”, “our Company” and “the Company” are to Midland Microfin Limited.

Company Related Terms

Term	Description
“We”, “us”, “our”, “the Company”, and “Issuer”	Midland Microfin Limited, a public limited company incorporated under the Act, and having its registered office at 'Gobind Niwas', 2nd Floor, 36, G.T. Road, Jalandhar - 144 001 Punjab, INDIA
AOA/Articles / Articles of Association	Articles of Association of our Company.
Board / Board of Directors	The Board of Directors of our Company and includes any Committee thereof from time to time.
Equity Shares	Equity shares of face value of Rs. 10 each of our Company.
FY	Financial Year
Memorandum / MOA	Memorandum of Association of our Company.
MFI	Micro Finance Institution
NCD	Non Convertible Debentures
NBFC	Non-Banking Financial Company as defined under Section 45-IA of the RBI Act, 1934.
NBFC-D	Non-Banking Financial Company-Deposit taking
NBFC-ND	Non-Banking Financial Company-Non Deposit taking
NBFC-MFI	Non-Banking Financial Company-Micro Finance Institutions as defined under para II sub-para 3 of RBI Circular no RBI/2013-14/49 DNBS.(PD)CC.No. 347 /03.10.38/2013-14, dated July 1, 2013
NPA	Non Performing Asset.
Promoters	Mr. Amardeep Singh Samra, Mr. Dinesh Gupta, Mr. Santokh Singh Chhokar, Mrs. Surinder Kaur and Mrs. Navneet Kaur.
Public Issue Management Committee	The committee constituted by our Board of Directors by a board resolution dated March 28, 2014
Reformatted Financial Statements	The statement of reformatted assets and liabilities of the Company as at March 31, 2010; March 31, 2011; March 31,2012; March 31, 2013 and March 31, 2014 and statement of profit and loss and the related statement of reformatted cash flow for the financial years ending March 31, 2010, March 31, 2011, March 31, 2012, March 31, 2013 and March 31, 2014 as examined by our Company’s Statutory Auditors, M/s. Ashwani Gupta &

	<p>Associates, Chartered Accountants.</p> <p>The audited financial statements of the Issuer Company as on and for the years ending March 31, 2010, March 31, 2011, March 31, 2012, March 31, 2013 and March 31, 2014 and the books of accounts underlying such Financial statement form the basis of such Reformatted Financial Statements</p>
ROC	The Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh.
₹/ Rs./ INR/ Rupees	The lawful currency of the Republic of India.
Statutory Auditors	The auditors of the Company, M/s. Ashwani Gupta & Associates, Chartered Accountants, having their office at: Opposite Friends Cinema, Jalandhar – 144001 Punjab, India.

Issue Related Terms

Term	Description
Application Amount	The aggregate value of NCDs, as indicated in the Application Form.
Application Form	Form in terms of which an Applicant shall make an offer to subscribe to NCDs through the ASBA or non-ASBA process and which will be considered as the Application for allotment of NCDs in terms of Prospectus.
ASBA or “Application Supported by Blocked Amount”	The Application (whether physical or electronic), in terms of which the Applicant shall make an Application by authorizing SCSB to block the Application Amount in the specified bank account maintained with such SCSB.
ASBA Account	An account maintained with an SCSB which will be blocked by such SCSB to the extent of the Application Amount of an ASBA Applicant.
ASBA Applicant	Any Applicant who applies for NCDs through the ASBA process.
Bankers to the Company	Capital Local Area Bank Limited, ICICI Bank Limited, HDFC Bank Limited and Axis Bank
Bankers to the Issue/ Escrow Collection Banks	The bank(s) with whom Escrow Accounts will be opened as specified on page [.]
Base Issue	Public Issue of NCDs by our Company aggregating upto ₹ 250 Millions.
Basis of Allotment	The basis on which NCDs will be allotted to applicants under the Issue and which is described in “ <i>Issue Procedure</i> ” on page 130.
CARE	Credit Analysis & Research Limited
Coupon Rate	Aggregate rate of interest payable to the Investors on the Record Date.
Debt Application Circular	Circular no. CIR/IMD/DF-1/20/2012 issued by SEBI on July 27, 2012.
Debentures / NCDs	Redeemable, Secured NCDs offered through this Prospectus aggregating upto ₹ 250 Millions

Debenture Holder (s) / NCD Holder(s)	The holders of the NCDs, whose name appears in the database of the relevant Depository (in case of NCDs in the dematerialized form) and/or the register of NCD Holders maintained by our Company (in case of NCDs held in the physical form).
Debt Listing Agreement	The listing agreement entered into between our Company and BSE in connection with the listing of debt securities of our Company.
Debt Regulations	SEBI (Issue and Listing of Debt Securities) Regulations, 2008, issued by SEBI, effective from June 06, 2008 as amended from time to time.
Debenture Trust Deed	The trust deed to be executed between our Company and the Debenture Trustee for creating the security for the NCDs issued under the Issue
Demographic Details	Details of the investor such as address, occupation and bank account details for printing on refund orders, based on details provided by the Applicant in the Application Form.
Deemed Date of Allotment	The date as decided by the duly authorized committee of the Board i.e. Public Issue Management Committee, constituted by Board Resolution dated March 28, 2014.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository(ies)	National Securities Depository Limited (NSDL) and /or Central Depository Services (India) Limited (CDSL).
DP / Depository Participant	A depository participant as defined under the Depositories Act.
Designated Branches	Such branches of SCSBs which shall collect the ASBA Applications and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html or at such other website as may be prescribed by SEBI from time to time.
Designated Date	The date on which the Escrow Collection Banks transfer the funds from the Escrow Accounts and the Registrar to the Issue, issues instruction to SCSBs for transfer of funds from the ASBA Accounts to the Public Issue Accounts in terms of the Prospectus and the Escrow Agreement.
Designated Stock Exchange	BSE Limited
Draft Prospectus	The draft prospectus dated April 21, 2014 filed with the Designated Stock Exchange for receiving public comments in accordance with the provisions of the Act/relevant provisions of the Companies Act 1956 with its amendment and re-enactment applicable as on the date of the Draft Prospectus and the Debt Regulations
Escrow Agreement	Agreement dated [.] 2014 entered into by our Company, the Registrar to the Issue, the Escrow Collection Bank, and the Lead Manager, for collection of Application Amount and where applicable for remitting refunds of the amount collected from the Applicants on the terms and conditions contained therein
Escrow Accounts	Accounts opened with the Escrow Collection Bank in whose favour Applicants will issue cheques or bank drafts in respect of the application amount while submitting the application.
Insurance	Insurance companies registered with the IRDA.

Companies	
Issue	Public Issue by our Company of NCDs aggregating upto ₹ 250 Millions.
Issue Agreement	Agreement dated March 27, 2014 entered into by our Company and the Lead Manager.
Issue Opening Date	[.], 2014
Issue Closing Date	[.], 2014 or such early or extended date as may be decided by the duly authorized committee, and communicated to the prospective investors and the stock Exchange through notice of such early/late closure, given on such early date of closure through advertisement/s in a leading national daily newspaper.
Issue Period	The period between the Issue Opening Date and Issue Closing Date inclusive of both days, during which prospective applicants can submit their Application Form. The Issue shall remain open for subscription, with an option to close earlier and/or extend upto a period as may be determined by the Board or the Public Issue Management Committee.
Lead Brokers	[.]
Lead Manager	Real Growth Securities Private Limited
Market Lot	1 NCD.
Members of the Syndicate	Members of syndicate includes [.]
Options	An option of NCDs which are identical in all respects including, but not limited to terms and conditions, listing and ISIN number and as further stated to be an individual Option in the Prospectus.
Prospectus / Offer Document	The Prospectus to be filed with the ROC in accordance with the Debt Regulations containing inter alia the Coupon Rate for the NCDs and certain other information
Public Issue Account	The account opened with the Banker to the Issue to receive monies on the Designated date from the Escrow Account or the ASBA Accounts with the SCSBs for the Issue.
Record Date	The date for payment of interest in connection with the NCDs or repayment of principal in connection therewith which shall be 7 days prior to the date on which interest is due and payable, and/or the date of redemption. In case the Record Date falls on a day when the Stock Exchange is having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date
Refund Account	The account opened by our Company with the Refund Bank, from which refunds of the whole or part of the Application Amounts (excluding for the ASBA Applicants), if any, shall be made.
Refund Bank	[.]
Registrar to the Issue	Skyline Financial Services Private limited
Retail Investor	Individual Applicants who have applied for the NCDs for an aggregate amount not more than ₹ 1,000,000/- in the Issue (including HUFs applying through their Karta).
Secured NCDs	NCDs offered under this Issue which are redeemable and are secured by a charge on the assets of our Company, namely the NCDs issued as detailed in this Prospectus.
Secured	The trust deed executed for this Issue between our Company and the

Debentures Trust Deed	Debenture Trustee for creation of security on the Secured NCD's.
Senior Citizen	A person who on the date of the Issue of the Prospectus has attained the age of 60 years or more.
Stock Exchange	BSE Limited
Subordinated Debt	Subordinated Debt means a fully paid up capital instrument, which is unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority of the NBFC.
Syndicate ASBA Application Locations	Application centres at Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat where the members of the Syndicate shall accept ASBA Applications
Syndicate SCSB Branches	In relation to ASBA Applications submitted to a member of the Syndicate, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the members of the Syndicate, and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time
Transaction Registration Slip or TRS	The slip or document issued by any of the Members of the Syndicate, the SCSBs, or the Trading Members as the case may be, to an Applicant upon demand as proof of registration of his Application.
Tenor	Tenor shall mean the tenor of the NCDs.
Trading Members	Individuals or companies registered with SEBI as "trading members" who hold the right to trade in stocks listed on the Stock Exchanges, through whom investors can buy or sell securities listed on the Stock Exchange, a list of which are available on www.bseindia.com/memberdir/members.asp (for Trading Members of BSE).
Trustees/ Debenture Trustee	Trustee for the Debenture Holders in this case being Centbank Financial Services Limited
Unsecured NCDs	NCDs which are redeemable and are not secured by any charge on the assets of our Company, which will be in the nature of Subordinated Debt and will be eligible for Tier II capital.

Industry related terms

Term	Description
ALM	Asset Liability Management
CRAR	Capital to Risk Adjusted Ratio.
ECGC	Export Credit Guarantee Corporation of India Limited
IBPC	Inter Bank Participation Certificate.
JLG	Joint Liability Groups
KYC	Know Your Customer.

NOF	Net Owned Funds
NSSO	National Sample Survey Organization
PPP	Purchasing Power Parity.
RRB	Regional Rural Bank
SCB	Scheduled Commercial Banks.
SHG	Self Help Groups

Conventional and general terms

Term	Description
AADHAR	AADHAR is a 12-digit unique number which the Unique Identification Authority of India {UIDAI} will issue for all residents of India.
AGM	Annual General Meeting.
AS	Accounting Standard.
Act/Companies Act	The Companies Act, 1956, as amended from time to time including reenactment thereof.
BSE	BSE Limited.
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
Companies Act, 2013	The Companies Act, 2013, to the extent notified by the Ministry of Corporate Affairs, Government of India
DRR	Debenture Redemption Reserve.
EGM	Extraordinary General Meeting.
EPS	Earnings Per Share.
FDI Policy	The Government policy and the regulations (including the applicable provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000) issued by the Government of India prevailing on that date in relation to foreign investments in the Company's sector of business as amended from time to time.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time.
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended from time to time.
Financial Year / FY	Financial Year ending March 31.
GDP	Gross Domestic Product.
GoI	Government of India.
HUF	Hindu Undivided Family.
IFRS	International Financial Reporting Standards.
IFSC	Indian Financial System Code.
Indian GAAP	Generally Accepted Accounting Principles in India.
IRDA	Insurance Regulatory and Development Authority.
IT Act	The Income Tax Act, 1961, as amended from time to time.
MCA	Ministry of Corporate Affairs, Government of India.
MICR	Magnetic Ink Character Recognition.
NECS	National Electronic Clearing Services.

NEFT	National Electronic Funds Transfer.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
PAN	Permanent Account Number.
RBI	The Reserve Bank of India.
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time.
RTGS	Real Time Gross Settlement.
RULES	Rules for all the chapters under The Companies Act, 2013 notified by the Ministry of Corporate Affairs, as on date.
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time.
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992.
SEBI Act	The Securities and Exchange Board of India Act, 1992 as amended from time to time.
TDS	Tax Deducted at Source.
WDM	Wholesale Debt Market.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain “forward-looking statements”. These forward looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “future”, “goal”, “plan”, “contemplate”, “propose” “seek to” “project”, “should”, “will”, “will continue”, “will pursue”, “will likely result” or other words or phrases of similar import. All forward-looking statements are based on our current plans and expectations and are subject to a number of uncertainties and risks and assumptions that could significantly and materially affect our current plans and expectations and our future financial conditions and results of operations. Important factors that could cause actual results, including our financial conditions and results of operations to differ from our expectations include, but are not limited to, the following:

- General economic and business conditions in India and globally;
- Our ability to successfully sustain our growth strategy;
- Our ability to compete effectively and access funds at competitive cost;
- Unanticipated turbulence in interest rates, equity prices or other rates or prices; the performance of the financial and capital markets in India and globally;
- The outcome of any legal or regulatory proceedings we may become a party to;
- Any disruption or downturn in the economy of India;
- Our ability to control or reduce the level of non-performing assets in our portfolio;
- General political and economic conditions in India;
- Change in government regulations;
- Competition from our existing as well as new competitors;
- Our ability to compete with and adapt to technological advances; and
- Occurrence of natural calamities or natural disasters affecting the areas in which our Company has operations.

For further discussion of factors that could cause our actual results to differ, see the section titled “*Risk Factors*”.

All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results and valuations to differ materially from those contemplated by the relevant statement. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the sections titled “*Industry Overview*” and “*Our Business*”. The forward-looking statements contained in this Prospectus are based on the beliefs of management, as well as the assumptions made by and information currently available to management. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct or will hold good at all times. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our Company’s underlying assumptions prove to be incorrect, our Company’s actual results of operations or financial conditions could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

Neither our Company, its Directors and officers, nor any of their respective affiliates or associates have any obligation to update or otherwise revise any statements reflecting

circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI Debt Regulations, the Company, the Lead Manager will ensure that investors in India are informed of material developments between the date of filing the Prospectus with the ROC and the date of the Allotment.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

In this Prospectus, unless the context otherwise indicates or implies, references to “you,” “offeree,” “purchaser,” “subscriber,” “recipient,” “investors” and “potential investor” are to the prospective investors in this Offering, references to our “Company”, the “Company” or the “Issuer” are to Midland Microfin Limited.

In this Prospectus, references to “US\$” is to the legal currency of the United States and references to “Rs.”, “₹” and “Rupees” are to the legal currency of India. All references herein to the “U.S.” or the “United States” are to the United States of America and its territories and possessions and all references to “India” are to the Republic of India and its territories and possessions, and the “Government”, the “Central Government” or the “State Government” are to the Government of India, central or state, as applicable.

Unless otherwise stated, references in this Prospectus to a particular year are to the calendar year ended on December 31 and to a particular “fiscal” or “fiscal year” are to the fiscal year ended on March 31.

Unless otherwise stated all figures pertaining to the financial information in connection with our Company are on an unconsolidated basis.

Presentation of Financial Information

Our Company publishes its financial statements in Rupees. Our Company’s financial statements are prepared in accordance with Indian GAAP and The Companies Act, to the extent applicable.

The Reformatted Summary Financial Statements are included in this Prospectus. The examination reports on the Reformatted Summary Financial Statements, as issued by our Company’s Statutory Auditors, M/s. Ashwani Gupta & Associates, Chartered Accountants are included in this Prospectus in the section titled “*Financial Information*” beginning at page no. I.

Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding off.

Unless stated otherwise, all industry and market data used throughout this Prospectus have been obtained from industry publications and certain public sources. Industry publications generally state that the information contained in those publications have been obtained from sources believed to be reliable, but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes that the industry and market data used in this Prospectus is reliable, it has not been verified by us or any independent sources. Further, the extent to which the market and industry data presented in this Prospectus is meaningful depends on the readers’ familiarity with and understanding of methodologies used in compiling such data.

SECTION II: RISK FACTORS

You should carefully consider all the information in this Prospectus, including the risks and uncertainties described below, and in the section entitled “Our Business” in this Prospectus as well as the Financial Statements contained in this Prospectus, before making an investment in the Debentures. The risks and uncertainties described in this section are not the only risks that we currently face or may face in the future. Additional risks and uncertainties not known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations, cash flows and financial condition. If any of the following or any other risks actually occur, our business, prospects, results of operations, cash flows and financial condition could be adversely affected and the price of, and the value of your investment in, the Debentures could decline and you may lose all or part of your investment.

The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the effect is not quantifiable and hence has not been disclosed in such risk factors. The numbering of risk factors has been done to facilitate the ease of reading and reference, and does not in any manner indicate the importance of one risk factor over another.

You should not invest in this Issue unless you are prepared to accept the risk of losing all or part of your investment, and you should consult your tax, financial and legal advisors about the particular consequences to you of an investment in the Debentures.

Unless the context otherwise requires, our financial information used in this section is derived from the Financial Statements and accounting records of the Company.

Risks Relating To Our Business and Our Industry

1. We may not be able to successfully manage and maintain our growth.

Our business has rapidly grown since 2011. We have significantly expanded our operations and anticipate further expansion of our operations. We have experienced significant growth in terms of our loans portfolio and the number of our branches and employees. Our income from services increased at a compounded annual growth rate (“CAGR”) of 214% from the fiscal year ended March 31, 2011 to March 31, 2014. In this same period, the value of loans advanced by us increased at a CAGR of 154% and our branch network increased at a CAGR of 74%. Our net profit after tax increased from 1.28 million in fiscal year ended 2013 to ₹5.34 million in fiscal year ended 2014.

Our future growth depends upon a number of factors, including growing our loan book and expanding our customer base, the competitive scenario and future regulatory changes. We cannot assure you that we will continue to grow at historical rates in the future or diversify our product portfolio. If we grow our loan book too rapidly or fail to make proper assessments of credit risks associated with new borrowers, a higher percentage of our loans may become non-performing, which would have a negative impact on the quality of our assets and our financial condition.

Our future growth also depends on our timely access to, and the cost associated with,

raising loans. If we do not have access to financing on terms acceptable to us, our growth could be adversely affected.

As we continue to grow, we are required to continue to improve our managerial, technical and operational knowledge, resources and systems. In addition, we may be required to manage relationships with a greater number of customers, third party agents, lenders and other parties. We cannot assure you that we will not experience issues such as capital constraints, operational difficulties, difficulties in expanding our existing business and operations and training an increasing number of personnel to manage and operate our expanding business.

2. *We face increasing competition in our business which may result in declining margins if we are unable to compete effectively.*

There is increased competition from other lenders in the Micro finance industry, including commercial banks and other NBFC-MFIs. We are/may be reliant on higher-cost loans and debentures for our funding requirements, which may reduce our margins compared to our competitors. Our ability to compete effectively will depend, to some extent, on our ability to raise low-cost funding in the future. If we are unable to compete effectively with other participants in the Micro Finance industry, our business, cash flows, financial condition and results of operations may be adversely affected.

Furthermore, as a result of increased competition in the Micro Finance industry, loans are becoming increasingly standardised. Variable interest rates, variable payment terms and waiver of processing fees are also becoming increasingly common. We cannot assure you that we will be able to react effectively to these or other market developments or compete effectively with new and existing competitors. Increasing competition may have an adverse effect on our business, market share and results of operations.

3. *Our business is highly regulated and we may be adversely affected by future regulatory changes.*

All non-deposit taking NBFC-MFIs are required to maintain a minimum capital adequacy ratio, consisting of Tier I and Tier II capital of not less than 15% of their aggregate risk weighted assets on balance sheet and risk adjusted value of off-balance sheet items. Our capital adequacy ratio was 31.58% as of March 31, 2014, with Tier I capital comprising 20.43% and Tier II capital comprising 11.15%. If we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to continue to meet applicable capital adequacy ratios with respect to our business. There can be no assurance that we will be able to raise adequate additional capital in the future on terms favorable to us or at all and this may adversely affect the growth of our business.

In addition to the above, we are also subject to the corporate, taxation and other laws in effect in India which require continued monitoring and compliance. The introduction of additional government control or newly implemented laws and regulations, depending on the nature and extent thereof and our ability to make corresponding adjustments, may adversely affect our business, results of operations and financial condition. In particular, decisions taken by regulators concerning

economic policies or goals that are inconsistent with our interests could adversely affect our results of operations. These laws and regulations and the way in which they are implemented and enforced may change from time to time and we cannot assure you that future legislative or regulatory changes will not have an adverse effect on our business, financial condition, cash flows and results of operations.

Compliance with many of the regulations applicable to our operations may involve significant costs and otherwise may impose restrictions on our operations. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and the business of our Company could be adversely affected. There can be no assurance that changes in these regulations and the enforcement of existing and future rules by governmental and regulatory authorities will not adversely affect our business and future financial performance.

4. *Our business requires substantial capital, and any disruption in funding sources would have an adverse effect on our liquidity, cash flows and financial condition.*

Our liquidity and ongoing profitability are, in large part, dependent upon our timely access to, and the costs associated with, raising capital. Our funding requirements historically have been met through Non-Convertible Debentures, Inter Corporate Deposits and Equity. Nonetheless, our business depends and will continue to depend upon our ability to access diversified low cost funding sources. The capital and lending markets remained highly volatile post the global credit crisis and access to liquidity had been significantly reduced. These conditions resulted in increased borrowing costs and difficulty in accessing debt in a cost-effective manner.

5. *Our ability to access capital depends upon our credit ratings. Any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and lending markets and, as a result, would negatively affect our net interest margin and our business.*

The cost and availability of capital is, amongst other factors, also dependent upon our short term and long term credit ratings / grading. Our current grading is “MFI 3+” (Three Plus) as Institutional Grading as assessed by CARE in the month of January 2014 and [CARE BBB-] (Triple B Minus) for the debentures for an amount of up to ₹ 250 million as assessed by CARE vide letter dated April 22, 2014. Ratings reflect a rating agency’s opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. The rating agencies reserve the right to suspend, withdraw or revise ratings at any time based on new information or other circumstances. Any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and lending markets and, as a result, would adversely affect our business. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions being added to any new or replacement financing arrangements in the future. Any such adverse development could adversely affect our business, financial condition, cash flows and results of operations.

6. *All our branches are located in northern part of India, and any downturn in the economy of northern India or adverse change in consumer preferences in that region could adversely affect our results of operations.*

We have total 16 branches in Punjab, 2 branches in Rajasthan and 3 in Haryana. Our concentration of branches in states located in northern India exposes us more strongly to any adverse geological, ecological, economic or political circumstance that may arise in that region as compared to other NBFC-MFIs or commercial banks that have a more diversified national presence. If there is a downturn in the economy of northern India or an adverse change in consumer preferences in that region, our business, financial condition, cash flows and results of operations may be adversely affected.

7. *We are subject to the risk of fraud by our employees and customers.*

We are exposed to the risk of fraud and other misconduct by employees and customers, although we carefully recruit and screen all our employees.

We are required to report cases of internal fraud to the RBI, which may take appropriate action. While we have risk monitoring policies in place, we cannot guarantee you that such fraud and other misconduct will not be committed in the future, and that such acts would not adversely affect our reputation, business and results of operations.

8. *If we are unable to successfully manage the level of non performing assets in our loan portfolio, our business and financial condition may be adversely affected.*

The Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007 create certain provisioning requirements with respect to our outstanding loan portfolio. The level of our provisions may not be adequate to cover further increases in the amount of our non-performing loans. If such provisions are not sufficient to provide adequate cover for loan losses that may occur, or if we are required to increase our provisions, this could have an adverse effect on our financial condition, cash flows, liquidity and results of operations and may require us to raise additional capital. In addition, we cannot assure you that we will not have significant additional NPAs in our loan portfolio in the future on account of new loans made or that we will be able to maintain the asset quality of our current loan portfolio.

9. *We may be subject to certain restrictive covenants in our loan agreements as and when we go for bank borrowings, which may restrict our operations and ability to expand our business.*

We will have to enter into certain loan agreements in respect of our borrowings, which contain certain restrictive covenants or require us to obtain approval from the lender in certain circumstances for disposing of (including creating a charge on) our specified assets, undertaking any merger or reorganisation, entering into a new line of business, declaring dividends in certain circumstances, amending our memorandum and articles of association, making substantial change to the general nature or scope of our business, incurring or assuming any debt, diluting the Promoters' equity share holdings in our Company beyond certain agreed thresholds, reducing our share capital, undertaking any guarantee obligations on behalf of any other company, making changes to the Company's accounting policies and making a

substantial change in our management. We cannot assure you that consents or waivers in connection with the application of any of these restrictive covenants would be granted in the future. Some of our lenders have a right to appoint a nominee director on the Board even before the occurrence of a default. The occurrence of any of these events could adversely affect our financial condition, cash flows and results of operations.

A failure to observe the covenants under our financing arrangements or to obtain necessary consents required thereunder may lead to the termination of our credit facilities, acceleration of all amounts due under such facilities and the enforcement of any security provided. Any acceleration of amounts due under such facilities may also trigger cross default provisions under our other financing agreements. If the obligations under any of our financing documents are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes. Further, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing. Any of these circumstances could adversely affect our business, credit rating and financial condition, cash flows and results of operations. Moreover, any such action initiated by our lenders could result in the price of our Debentures being adversely affected.

10. *We have entered into, and will continue to enter into, related party transactions.*

We have entered into transactions with related parties, including our Promoters. We cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. Furthermore, it is likely that we will enter into related party transactions in the future. Any future transaction with our related parties could potentially involve conflicts of interest. For details in relation to transactions with related parties as per Accounting Standard 18 issued under the Companies Accounting Standard Rules entered into by us, see section titled “*Section V- Financial Information*” of this Prospectus.

11. *Our entire customer base comprises individual borrowers, who generally are more likely to be affected by declining economic conditions than larger corporate borrowers.*

Individual borrowers typically are less financially resilient than larger corporate borrowers, and as a result, they are typically more adversely affected by declining economic conditions. In addition, a significant majority of our customer base belongs to, low to medium income group. While we follow certain procedures to evaluate the credit profile of our customers before we sanction a loan, it is pertinent to note that our maximum customer base is financially illiterate and therefore the customers are reluctant in providing their financial information. Moreover there is no formal credit history being maintained or recorded by the customers. Although we believe that our risk management controls are sufficient, we cannot be certain that they will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. Failure to maintain sufficient credit assessment policies, particularly for individual borrowers, could adversely affect our loan portfolio, which could in turn have an adverse effect on our financial condition, cash flows and results

of operations.

12. *A rise in the general income level of our customers may adversely affect the demand for our loans.*

The size of our loan portfolio is dependent upon the demand for loans in India, which is inversely related to the general income level of our customers. A rise in the general income level in India could make our loans unattractive to some customers due to their having increased disposable income, making them less reliant on such loans. Such a shift in income levels could lower our interest income, which could in turn adversely affect our business, financial condition, cash flows and results of operations.

13. *Major lapses of control, system failures or calamities could adversely affect our business.*

We are vulnerable to risks arising from the failure of employees to adhere to approved procedures, failures of security systems, computer system disruptions, communication systems failure and data interception during transmission through external communication channels and networks. Failure to prevent or detect such breaches in security or data and communications errors may adversely affect our operations.

Despite our internal controls, policies and procedures, certain matters such as fraud and embezzlement cannot be eliminated entirely given the cash nature of our business. If we fail to maintain and continue to enhance our internal controls, policies and systems, we may be unable to prevent fraud, security breaches or system failures.

Our business is increasingly dependent upon our ability to process, on a daily basis, a large number of transactions. Our financial, accounting or other data processing systems may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, including a disruption of electrical or communications services.

If any of these systems do not operate properly or are disabled, or if there are other shortcomings or failures in our internal processes or systems, financial loss, disruption of our business, regulatory intervention or damage to our reputation may result. In addition, our ability to conduct business may be adversely affected by a disruption in the infrastructure that supports our businesses and the localities in which we are located. Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security.

Constant connectivity between our branch network and our head office is key to the functioning of our business. Each of our branches accesses the Midland database through the internet, and all data is stored centrally with Midland Head office. Data is replicated at our Disaster Recovery Centre at our Head Office in Jalandhar.

14. *The RBI has altered and may further alter regulations relating to priority sector advances.*

The RBI prudential norms for banks require domestic commercial banks operating in India to maintain an aggregate of 40% of their adjusted net bank credit or credit equivalent amount of off-balance sheet exposure, whichever is higher, as “priority sector advances”. These include advances to agriculture, small enterprises, weaker sections, Small scale industries, exports and similar sectors where the Government seeks to encourage the flow of credit to stimulate economic development in India. As these commercial banks are unable to meet these requirements, they often rely on specialised institutions, including MFIs and other financing companies, to provide them with access to qualifying advances through lending programs and loan assignments. These bank requirements result in significant funding for the microfinance sector. To the extent that similar changes in RBI regulations eliminate or reduce the need of banks for priority sector advances or modifies the understanding of the concept of MFIs, less capital would be available to MFIs and other financing companies, such as ours. In such event, our access to funds and the cost of our capital would be adversely affected, which may in turn adversely affect our financial condition, cash flows and results of operations.

15. *In order to successfully manage and expand our business, we must be able to attract, train, motivate and retain key employees.*

In order to successfully manage and expand our business, we must be able to attract, train, motivate and retain highly skilled employees, especially branch managers and loan appraisal personnel. If we cannot hire additional personnel or retain existing qualified personnel, our ability to expand our business will be impaired and our revenues could decline. Our ability to hire and retain qualified and skilled managers and sales representatives is critical for our future, and competition for experienced employees in the Loan industry may be significant. In addition, we may not be able to hire and retain enough skilled and experienced employees to replace those who leave or may not be able to re-deploy. We also may not be able to retain the proper mix of employees to follow trends in technology, evolving industry standards and changing customer preferences. Any failure by us to hire or retain key employees could have an adverse impact on our business and results of operations.

16. *Our insurance may not be adequate to protect us against all potential losses to which we may be subject.*

In order to mitigate the credit risk which may arise due to natural disaster, death of a borrower or any other casualty we are insured under the Group Insurance Term Policy of ICICI Prudential Life Insurance Company Ltd. The aforesaid policy covers life of the members and their spouses, who have procured loan from our Company under the MFI scheme. Thus in case of death of a borrower or her husband, sum assured is given to the Nominee after adjusting our outstanding principal loan amount. The Company also maintains cash insurance which covers cash kept in safe, cash at counter and cash in transit within 30 kms of radius of the related branch premises. In addition to the above, the Company has also obtained Medical Insurance, which is a group insurance, covering its staff members against the risk of general diseases and personal accidents. Still, the amount of our insurance coverage may be relatively

less and may not be sufficient to cover all financial losses that we may suffer should a risk materialize. There are many events that could significantly affect our operations, or expose us to third party liabilities, for which we may not be adequately insured. If we were to incur a significant liability for which we were not fully insured, it would adversely affect our business, results of operations, cash flows and financial conditions.

17. *Our inability to obtain, renew or maintain our statutory and regulatory permits and approvals required to operate our business may have an adverse effect on our business.*

NBFCs in India are subject to strict regulation and close supervision by the RBI. As NBFC-MFI, in addition to the numerous conditions required for the registration as an NBFC with the RBI, we are required to maintain certain statutory and regulatory permits and approvals for our business. In the future, we will be required to renew such permits and approvals and obtain new permits and approvals for any proposed operations. We cannot assure you that the relevant authorities will issue any or all such permits or approvals in our anticipated timeframe or at all. Failure by us to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations and may have a material adverse effect on our business, financial condition, cash flows and results of operations.

18. *We are subject to supervision and regulation by the RBI as an NBFC-MFI and changes in RBI's regulations governing us could adversely affect our business.*

We are subject to the RBI's guidelines on financial regulation of NBFCs, including capital adequacy, exposure and other prudential norms. The RBI also regulates the credit flow by banks to NBFCs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to NBFCs. The RBI's regulations of NBFCs could change in the future which may require us to restructure our activities, incur additional costs or could otherwise adversely affect our business and our financial performance.

The laws and regulations governing the non-banking financial services industry in India have become increasingly complex and cover a wide variety of issues such as interest rates, liquidity, securitization, investments, ethical issues, money laundering and privacy. In some cases, there are overlapping regulations and enforcement authorities. Moreover, these laws and regulations can be amended, supplemented or changed at any time such that we may be required to restructure our activities and incur additional expenses to comply with such laws and regulations, which could materially and adversely affect our business and our financial performance.

19. *We are required to comply with the requirements of certain labour laws which may impose additional costs on us.*

Our branches are required to be registered under the relevant shops and establishments laws of the states in which they are located. The shops and establishment laws regulate various employment conditions, including working

hours, holidays, leave and overtime compensation. Not all our branches are registered with respective shops and establishments laws as of now. If we fail to obtain or retain any of these approvals, exemptions or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected.

In addition, our employees are required to be registered under the provisions of certain labour laws such as the Employees' State Insurance Act, 1948, the Payment of Gratuity Act, 1972, the Punjab Shops and Commercial Establishments Act, 1958, Rajasthan Shops and Commercial Establishments Act, 1958, The Punjab Labour Welfare Fund Act, 1965, and the Employees Provident Fund and Miscellaneous Provisions Act, 1952. We are also required to maintain certain records under the provisions of these laws, which add to our costs. If we are subject to penalties under these labour laws or if we do not obtain the requisite approvals, our business, financial condition, cash flows and results of operations may be adversely affected.

20. ***The implementation of our KYC norms as well as our measures to prevent money laundering may not be completely effective, which could adversely affect our reputation and in turn have an adverse impact on our business and results of operations.***

Our implementation of anti-money laundering measures required by the RBI, including KYC policies both for borrowing and lending and the adoption of anti-money laundering and compliance procedures in all our branches, may not be completely effective. There can be no assurance that attempts to launder money using us as a vehicle will not be made. If we were associated with money laundering, our reputation may be adversely affected, which in turn could have an adverse impact on our business and results of operations.

21. ***Non- Registration of trademark and corporate logo may adversely affect us in future.***

Our trademark is not registered under the Trade Marks Act and so our ability to use the trademark may be impaired. Our company's business may be affected due to our inability to protect our existing and future intellectual property rights. Currently, we do not have a registered trademark over our name and logo under the Trade Marks Act and consequently we do not enjoy the statutory protections accorded to a trademark registered in India and cannot prohibit the use of such trademark and logo by anybody by means of statutory protection.

Our Company has made an application for registration of our trademark and corporate logo. The application is under objection and reply to the examination report has been duly filed by the Company. We cannot guarantee that the pending application will be decided in our favour. If our trademark is not registered it can allow any person to use a deceptively similar mark and market its services which could be similar to the services offered by us. Such infringement will hamper our business as prospective clients may go to such user of mark and our revenues may decrease.

22. ***We face difficulties and incur additional expenses in operating from rural and semi urban areas, where infrastructural facilities are limited.***

A significant portion of our operations are conducted in rural and semi urban areas.

We face certain difficulties in conducting such operations, such as accessing power facilities, transporting people and goods and maintaining profitability at branches in remote areas. We may also face increased costs in implementing security measures and expanding our advertising presence. We cannot assure you that such costs will not increase in the future as we expand our network in rural and semi urban areas.

23. *We depend on customer-supplied information when evaluating customer credit worthiness.*

In deciding whether to extend credit to our customers, we may rely on information furnished to us by or on behalf of our customers, including the financial information from which we create our credit assessments. We may also rely on customer representations as to the accuracy and completeness of customer-supplied information. Any relevant changes in this information may not be made available to us. The information that we have gathered may not be sufficient to create a complete customer risk profile. Because we rely on such customer - supplied information, some or all of certain customers' risk profiles may be willfully or inadvertently wrong or misleading, which may lead us to enter into transactions that may adversely affect our financial condition, cash flows and results of operations.

24. *All of our branches are located on leased premises and non renewal of lease agreements or their renewal on terms unfavourable to us could adversely affect our operations.*

All of our branches are located on leased premises. Any failure to renew the lease agreements for these premises on terms and conditions favourable to us may require us to move certain branches to new premises. We may incur considerable expenses in relation to such relocations, which may adversely affect our results of operations.

Some of our lease agreements for our branches may not be adequately stamped or registered with the registering authority of appropriate jurisdiction, which may adversely affect our rights in litigations if any arising therefrom. In case any of such litigations are not resolved in our favour, our business and results of operations may be adversely affected.

Risks Related To Investments in an Indian Company

25. *A slow-down in economic growth in India and other political and economic factors may adversely affect our business.*

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

slowdown could adversely affect our business, prospects, results of operations, cash flows and financial condition.

Since 1991, successive central governments have pursued policies of economic liberalisation and financial sector reforms. Nevertheless, the role of the central and state governments in the Indian economy as producers, consumers and regulators has remained significant. However, there can be no assurance that the liberalisation policies announced by the Government in the past will continue in the future. A significant change in the Government's policies could affect business and economic conditions in India and could also adversely affect our business.

26. *Difficulties faced by other NBFCs, banks or financial institutions or the Indian financial sector generally could cause our business to be adversely affected.*

We are exposed to the risks of the Indian financial sector which in turn may be affected by financial difficulties and other problems faced by Indian financial institutions. Certain Indian financial institutions have experienced difficulties during recent years particularly in managing risks associated with their portfolios and matching the duration of their assets and liabilities. Some co-operative banks have also faced serious financial and liquidity crisis. Any major difficulty or instability experienced by the Indian financial sector could create adverse market perception, which in turn could adversely affect our business, prospects, results of operations, cash flows and financial condition.

27. *Financial instability in other countries could disrupt our business.*

The Indian market and the Indian economy are influenced by economic and market conditions in other countries. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the economy as a whole, in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Indian financial markets and indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India.

In the event that the current difficult conditions in the global credit markets continue or if the recovery is slower than expected or if there is any significant financial disruption, this could have an adverse effect on our cost of funding, loan portfolio, business/prospects, results of operations, cash flows and financial condition.

28. *A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact our financial condition.*

According to the RBI Weekly Statistical Supplement, India's foreign exchange reserves totaled US\$ 303,673.5 million as of March 31, 2014. A decline in India's foreign exchange reserves could impact the valuation of the Rupee and could result in reduced liquidity and higher interest rates which could adversely affect our future financial performance.

29. *A downgrade of India's sovereign debt rating by an international rating*

agency could have a negative impact on our business.

India's sovereign debt rating could be downgraded due to various factors, including changes in tax or fiscal policy, which are outside our control. Such downgrading could cause a change in interest rates or other commercial terms and could adversely affect our ability to raise additional financing as well as our capital expenditure plans, business and financial performance. A decline in this reserve could impact the valuation of the Indian Rupee and could result in reduced liquidity and higher interest rates, which could adversely affect the availability of financing to us.

- 30. *We will be required to prepare our financial statements in accordance with 'Indian Accounting Standards converged with IFRS' ("IND-AS") with effect from a future date to be notified. There can be no assurance that our adoption of IND-AS will not adversely affect our reported results of operations, cash flows or financial condition.***

The Institute of Chartered Accountants of India, the accounting body that regulates the accounting firms in India, has announced a road map for the adoption of/convergence with International Financial Reporting Standards ("IFRS"). This convergence will be notified by the Government. Because many details of IND-AS are yet to be finalised, there is a significant lack of clarity regarding the convergence and implementation process. In addition, there is no significant body of established practice regarding IND-AS implementation and application and there is a shortage of experienced accounting personnel familiar with IFRS accounting standards. Therefore, the Company has not clearly determined the impact that implementation and application of IND-AS will have on its financial reporting. There can be no assurance that the Company's financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IND-AS than under current Indian GAAP. In the Company's transition to IND-AS reporting, the Company may encounter difficulties in the ongoing process of implementing and enhancing its management information systems.

- 31. *Companies operating in India are subject to a variety of central and state government taxes and surcharges.***

Tax and other levies imposed by the central and state governments in India that affect our tax liability include: (i) central and state taxes and other levies; (ii) income tax; (iii) value added tax; (iv) turnover tax; (v) service tax; (vi) stamp duty; and (vii) other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change.

As the taxation system may undergo overhaul, the effects on the Company cannot be determined as on the date of this Prospectus and there can be no assurance that such effects would not adversely affect the Company's business, future financial performance or the price of the Debentures.

- 32. *Our ability to raise foreign capital may be constrained by Indian law.***

As an Indian company, we are subject to exchange controls that regulate

borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, if at all. Limitations on raising foreign debt may have an adverse effect on our business.

33. *Terrorist attacks, civil disturbances, regional conflicts and other acts of violence in India and abroad may disrupt or otherwise adversely affect the Indian economy, the health of which our business depends upon.*

Certain events that are beyond our control, such as terrorist attacks and other acts of violence or war, including those involving India, the United Kingdom, the United States or other countries, may adversely affect worldwide financial markets which could adversely affect our business, and any of these events could lower confidence in India's economy. South Asia has, from time to time, experienced instances of civil unrest and political tensions and hostilities among neighbouring countries, including India, Pakistan and China. Political tensions could create a perception that there is a risk of disruption of services provided by India-based companies, which could have an adverse effect on our business.

34. *India is vulnerable to natural disasters that could severely disrupt the normal operation of our business.*

Parts of India are susceptible to tsunamis and earthquakes and other natural disasters. Because all of our facilities and employees are located in India, if any of our branches or offices are damaged by a natural disaster, our business could be interrupted or delayed. As a result, a natural disaster in India could adversely affect our results of operations.

35. *An outbreak of an infectious disease or any other serious public health concern in Asia or elsewhere could adversely affect our business.*

The outbreak of an infectious disease in Asia or elsewhere or any other serious public health concern, such as swine influenza, could have a negative impact on the global economy, financial markets and business activities worldwide, which could adversely affect our business. Although, we have not been adversely affected by such outbreaks in the past, we can give you no assurance that a future outbreak of an infectious disease among humans or animals or any other serious public health concern will not have a material adverse effect on our business.

Risks Related to the Debentures

36. *Payments to be made on the Debentures will be subordinated to certain tax and other liabilities preferred by law.*

The Debentures will be subordinated to certain liabilities preferred by law such as the claims of the Government on account of taxes, and certain liabilities incurred in the ordinary course of our Company's business. In particular, in the event of bankruptcy, liquidation or winding-up, our Company's assets will be available to pay obligations on the Debentures only after all of those liabilities that rank senior to

these Debentures have been paid as per Section 327 of The Companies Act, 2013. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts due on the Debentures.

37. *The Company may raise further borrowings and charge its assets after receipt of necessary consents from its existing lenders.*

The Company may, subject to receipt of all necessary consents from its existing lenders and the Debenture Trustee to the Issue, raise further borrowings and charge its assets which have not been specifically charged to the Debenture Trustee. The Company is free to decide the nature of security that may be provided for future borrowings and the same may rank *pari passu* with the security created for this Issue provided that the Company confirms to the Debenture Trustee in writing that the requisite asset cover of 110% of the outstanding amount of the Debentures has been maintained. The Company shall obtain the prior written consent of the Debenture Trustee if the Company proposes to charge its assets which have already been charged to the Debenture Trustee on a *pari passu* basis. The Debenture Trustee shall provide such written consent on receipt of a certificate from the Company confirming that the requisite asset cover of 110% of the outstanding amount of Debentures has been maintained. In such a scenario, the Debenture holders will rank *pari passu* with other creditors and to that extent, may reduce the amounts recoverable by the Debenture holders upon the Company's bankruptcy, winding-up or liquidation.

38. *You may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the Debentures.*

Our ability to pay interest accrued on the Debentures and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors inter-alia including our financial condition, profitability and the general economic conditions in India and in the global financial markets.

We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the Debentures and/or the interest accrued thereon in a timely manner, or at all. Although our Company will create appropriate security in favour of the Debenture Trustee for the Debenture holders on the assets adequate to ensure 110% asset cover for outstanding amounts of the Debentures, the realizable value of the Secured Assets, when liquidated, may be lower than the outstanding principal and/or interest accrued thereon in connection with the Debentures.

39. *DRR would be created only up to an extent of 50% for the Debentures. Further, if we do not generate adequate profits, we may not be able to maintain an adequate DRR, for the Debentures issued pursuant to this Prospectus.*

Pursuant to the Companies (Share Capital and Debentures) Rules 2014 dated April 1, 2014 issued by the Ministry of Corporate Affairs, Government of India, we are required to maintain DRR up to 50% of the value of debentures issued through a public issue. Further, the amount to be credited as DRR will be carved out of the profits of the company only. Therefore, we will maintain a DRR only to the extent

of 50% of the Debentures issued and if we are unable to generate adequate profits, the DRR created by us may not be adequate to meet 50% of the value of the Debentures. This may have a bearing on the timely redemption of the Debentures. Furthermore, the DRR will not be sufficient to cover the payment of the remaining 50% of the value of the Debentures.

Further, pursuant to these rules, we are required to deposit or invest, as the case may be, before the 30th day of April of each year, a sum which shall not be less than 15% of the amount of our debentures maturing during the year ending on the 31st day of March next. This may have a bearing on the timely redemption of the Debentures by our Company.

40. *There has been a limited trading in the Debentures of such nature and the same may not develop in future, therefore the price of the Debentures may be volatile.*

There has been a limited trading in Debentures of such nature in the past. Although the Debentures shall be listed on BSE, there can be no assurance that a public market for these Debentures would be available on a sustained basis. The liquidity and market prices of the Debentures can be expected to vary with changes in market and economic conditions, our financial condition and prospects and other factors that generally influence market price of Debentures. Such fluctuations may significantly affect the liquidity and market price of the Debentures, which may trade at a discount to the price at which the Debentures are being issued.

Further, the price of our Debentures may fluctuate after this Issue due to a wide variety of factors, including:

- changes in the prevailing interest rate;
- volatility in the Indian and global securities markets;
- our operational performance, financial results and our ability to expand our business;
- developments in India's economic liberalization and deregulation policies;
- changes in India's laws and regulations impacting our business;
- changes in securities analysts' recommendations or the failure to meet the expectations of securities analysts;
- the entrance of new competitors and their positions in the market; and
- Announcements by our Company of its financial results.

We cannot assure that an active trading market for our Debentures will be sustained after this Issue, or that the price at which our Debentures are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue.

41 *Changes in interest rates may affect the price of our Company's Debentures.*

All securities where a fixed rate of interest is offered, such as our Company's Debentures, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed

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

42. *You may be subject to Indian taxes arising on the sale of the Debentures.*

Sales of Debentures by any holder may give rise to tax liability in India under the Income tax Act, 1961 (amended by the Finance Act, 2013) and Wealth Tax Act, 1957, as further discussed in section entitled "*Statement of Tax Benefits*" in this Prospectus.

43. *There is no guarantee that the Debentures issued pursuant to the Issue will be listed on BSE in a timely manner, or at all or that monies refundable to Applicants will be refunded in a timely manner.*

In accordance with Indian law and practice, permissions for listing and trading of the Debentures issued pursuant to the Issue will not be granted until after the Debentures have been issued and allotted. While an in-principle approval from the BSE will be obtained prior to filing of this Prospectus, approval for listing and trading will require all relevant documents authorising the issuing of Debentures to be submitted. While the Company will use its best efforts to ensure that all steps for completion of the necessary formalities for allotment, listing and commencement of trading at BSE are taken within 12 Working Days of the Issue Closing Date, there can be no assurance that the same will be completed in a timely manner. There could be a failure or delay in listing the Debentures on BSE.

We cannot assure you that the monies refundable to you, on account of (a) withdrawal of your applications, (b) withdrawal of the Issue, or (c) failure to obtain the final approval from the BSE for listing of the Debentures, will be refunded to you in a timely manner. We, however, shall refund such monies, with the interest due and payable thereon, as prescribed under applicable statutory and/or regulatory provisions.

44. *The fund requirement and deployment mentioned in the Objects of the Issue have not been appraised by any bank or financial institution.*

We intend to use the proceeds of the Issue, after meeting the expenditures of and related to the Issue, for our working capital requirements. The funds are being raised in order to meet the Company's demand for micro finance with the scaling up of the business and opening up of new branches. The fund requirement and deployment our is based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue. Further, according to the provisions of the SEBI Debt Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for this Issue.

SECTION III: INTRODUCTION

GENERAL INFORMATION

Midland Microfin Limited

We were originally incorporated as a Private Limited Company on May 27, 1988 in the name and style of “Sajan Hire Purchase Private Limited.” We converted into the name and style of “Sajan Hire Purchase Limited” on April 26, 2002. With a view to expand and diversify our business activity, on Jan 24, 2011 our name was further changed to Midland Microfin Limited. On July 11, 2011 we registered with RBI as NBFC in the Category “A” and subsequently on Nov 12, 2013 we converted our Company into a Category “B” NBFC. In terms of RBI Circular No. DNBS.CC.PD.No. 250/03.10.01/2011-12, our Company has applied for re-classification as NBFC-MFI and the letter from RBI allowing the same is yet to be received.

Registered and Corporate Office

The Company has both its Registered Office and Corporate office at 2nd Floor, Gobind Niwas, 36 G.T. Road, Jalandhar, Punjab -144001, India.

Registration

Corporate Identification Number: U65921TB1988PLC008430 issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh.

The Company was originally incorporated on May 27, 1988 as Sajan Hire Purchase Private Limited with Certificate of incorporation No.16-08430 of 1988. After passing the necessary resolutions the name of the Company was changed to Sajan Hire Purchase Limited on April 26, 2002. The name of the Company was again changed to Midland Microfin Limited and a fresh Certificate of Incorporation was given by the ROC, Punjab, Himachal Pradesh and Chandigarh on January 24, 2011.

Compliance Officer

Preetpal Singh (Company Secretary)
2nd Floor, Gobind Niwas, 36 G.T. Road, Jalandhar – 144 001 (Punjab)
Tel: +91 181 5091545
Fax: +91 181 2236070
Email: preetpal.singh@midlandmicrofin.com

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-Issue or post-Issue related problems.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, number of Debentures applied for, amount paid on application, Depository Participant and the collection centre of the Members of the Syndicate where the Application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either

- (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or
(b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Centers, giving full details such as name, address of Applicant, Application Form number, series/option applied for number of Debentures applied for, amount blocked on Application.

All grievances arising out of Applications for the Debentures made through Trading Members may be addressed directly to the relevant Stock Exchange.

Lead Manager

Real Growth Securities Pvt. Ltd.

Address: 112-A, Jyoti Shikhar, District Centre,
Janak Puri, New Delhi- 110058

Tel.: +91 11 25513114-15

Fax: +91 11 25532212

E-mail: sunil.chandra@realgrowth.org.in

Investor Grievance Email: complaints@realgrowth.org.in

Website: www.realgrowth.org.in

Compliance Officer: Mr. Sunil Chandra

Contact Person: Mr. Sunil Chandra

SEBI Registration Number: INM 000011492

Lead Brokers : [.]

Debenture Trustee

CENTBANK Financial Services Limited

Address: 15-16, Bjj Bhawan, 1st Floor,

Opp. Inox Multiplex, Nariman Point,

Mumbai - 400021

Tel.: +91 22 22022788

Fax: +91 22 22025043

E-mail: ramakrishna@cfsl.in

Website: www.cfsl.in

Contact Person: Mr. S Rama Krishna

SEBI Registration Number: IND000000502

All the rights and remedies of the Debenture holders under this Issue shall vest in and shall be exercised by the appointed Debenture Trustee for this Issue without having it referred to the Debenture holders, subject to the terms of the Debenture Trust Deed. All investors under this Issue are deemed to have irrevocably given their authority and consent to the Debenture Trustee so appointed by our Company for this Issue to act as their trustee and for doing such acts and signing such documents to carry out their duty in such capacity. Any payment by our Company to the Debenture holders shall, from the time of making such payment, completely and irrevocably discharge our Company *pro tanto* from any liability to the Debenture holders. For details on the terms of the Debenture Trust Deed, please refer to the section entitled “*Terms of the Issue*” in this Prospectus. Centbank Financial Services Limited has by its letter dated April 18, 2014 given its consent for its appointment as Debenture Trustee to the Issue and for its name

to be included in this Draft Prospectus, the Prospectus and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to this Issue, pursuant to Regulation 4(4) of the SEBI Debt Regulations.

Registrar to the Issue

Skyline Financial Services Private Limited

Address: D- 153/A, First Floor,
Okhla Indl. Area Phase-I,
New- Delhi, 110020, India
Tel: +91 11 64732681-88
Fax: +91 11 26812683
E-mail: viren@skylinerta.com
Investor Grievance Email: grievances@skylinerta.com
Website: www.skylinerta.com
Contact Person: Virender Rana
SEBI Registration No.: INR000003241

Statutory Auditor

M/s. Ashwani Gupta & Associates, Chartered Accountants

Opposite Friends Cinema,
Jalandhar-144001, Punjab, India
Tel: + 91 181 222 4050
Email id: ashwanigupta@gmail.com
Contact Person: Mr. Ashwani Gupta
Membership No.: 80719
Firm Registration No: 000564

Credit Rating Agency

Credit Analysis & Research Limited

Address: 13th Floor, E-1 Block, Videocon Tower
Jhandewalan Extension, New Delhi - 110055
Tel.: +91 11 45333200
Fax: +91 11 45333238
E-mail: ankita.sehgal@careratings.com
Website: www.careratings.com
Contact Person: Ms. Ankita Sehgal

Disclaimer clause of CARE

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

Legal Advisor to the Issue

Zenith India Lawyers,
B-3/12, Vasant Vihar,
New Delhi- 110057
Tel: +91 11 26146792
Contact Person: Ms. Raj Rani Bhalla
Email: rajranibhalla@gmail.com

Bankers to the Issue / Escrow Collection Banks: [.]

Refund Bank [.]

Self Certified Syndicate Banks

The banks which are registered with SEBI under Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account, a list of which is available on <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries> or at such other website as may be prescribed by SEBI from time to time.

Bankers to the Company

Capital Local Area Bank Limited,
Gobind Niwas, 36 G.T. Road
Jalandhar-144001
Tel: +91 181 5050600
Fax: +91 181 5050602
Email: mail@capitalbank.co.in
Website: www.capitalbank.co.in
Contact Person: Mr. Manoj Sodhi

I.C.I.C.I Bank Limited
22-23, G.T. Road
Jalandhar-144001
Tel: +91 181 4601370
Email: corporatecare@icicibank.com
Website: www.icicibank.com
Contact Person: Mr. Tejinder Singh

H.D.F.C Bank Limited
24, Vijay Nagar
Near Football Chowk
Jalandhar-144001
Tel: +91 181 5019009
Fax: +91 181 5109009
Email: preferredbanking@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Mr. Jayant Pathak

Axis Bank

SCO 30/31, Shri Guru Ram Dass Divine Tower,
Puda Complex, Opp. Suvidha Center
Mini Secretariat, Jalandhar
Tel: +91 181 4356014
Fax: +91 181 2232081
Email: bhupinder9.singh@axisbank.com
Website: www.axisbank.com
Contact Person: Mr. Bhupinder Singh

Credit Rating and Rationale

The Bonds proposed to be issued by our Company have been rated by CARE. CARE has vide its letter dated April 22, 2014, assigned a rating of “CARE BBB-” for an amount of ₹ 250 million for the Bonds in the Issue. Instruments with this rating are considered to have a moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry a moderate credit risk. For details in relation to the rationale for the credit rating, please refer to “*Exhibit B - Credit Rating Letter*” to this Prospectus.

Expert Opinion

Except the following, our Company has not obtained any expert opinions in connection with this Prospectus:

Our Company has received consent from its Statutory Auditors namely, Ashwani Gupta & Associates, Chartered Accountants dated [], 2014 to include their name as an expert under Section 26 of the Companies Act, 2013 in this Prospectus in relation to the financial statements examination report dated April 22, 2014 and Statement of Tax Benefits dated April 22, 2014, included in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S Securities Act, 1933.

Minimum Subscription

Under the SEBI Debt Regulations, our Company may stipulate a minimum subscription amount which it seeks to raise. If our Company does not receive the minimum subscription of 50% of the Issue Size being ₹ 250 million, the entire Application Amounts shall be refunded to the Applicants within the time prescribed by applicable statutory/regulatory requirements. If there is a delay in the refund of Application Amounts beyond the permissible time period as prescribed by applicable statutory/regulatory requirements for our Company to refund the Application Amounts, our Company will pay interest for the delayed period at rates prescribed under such applicable statutory and/or regulatory requirements.

Underwriting

The Issue is not underwritten.

SUMMARY OF BUSINESS STRENGTH AND STRATEGY

SUMMARY OF BUSINESS

In this section only, any reference to “we”, “us” or “our” refers to Midland Microfin Limited. Unless stated otherwise, the financial data in this section is as per our reformatted financial statements prepared in accordance with Indian GAAP set forth elsewhere in this Draft Prospectus. The following information should be read together with the more detailed financial and other information included in this Draft Prospectus.

Midland Microfin Ltd (MML) was originally incorporated as 'Sajan Hire Purchase Pvt. Ltd (SHPPL)' on May 28, 1988. SHPPL was engaged in hire purchase business. In June 2010, it was decided to venture into the microfinance business. The name of the company was changed to 'Midland Microfin Ltd ' in January 2011 and the object clause of the company was altered to ' Providing Micro Financial Services' as main object. MML is registered with RBI as a non-deposit taking NBFC (non-banking financial company).

The Midland group is engaged into asset finance business for more than 46 years. Presently the group includes four Asset Finance Companies registered with RBI. Some promoters of MML are also some promoters of the '*Capital Local Area Bank* ', operating in the districts of Jalandhar, Kapurthala, Hoshiarpur, Ludhiana and Amritsar in Punjab.

We follow a five-member group lending methodology under Joint Liability Group (JLG) model, wherein the group members undertake the responsibility of forming a group for the purpose of joint liability to ensure timely repayment of loans. The borrowers are mainly women predominantly in rural and semi-urban areas, coming from low income backgrounds. A centre is set up for the disbursement of loans and recovery of installments. The centre is started with minimum 3 groups (with each group having 5 members) and then more groups are added upto 10 groups in one centre. The borrowers are typically involved in small retail, small trade, cottage industries, agricultural and allied based projects, animal husbandry projects, service enterprise, other textile and tailoring related projects.

In Midland Microfin Ltd. we offer loans ranging from Rs. 5,000 to 13,000 in the first cycle, which would increase to Rs. 15,000 in the second cycle and up to Rs. 25,000 in subsequent cycle depending upon the need and progress of the customer and past repayment record. The loan is given only for income generating activities. The installments are payable fortnightly and the rate of interest charged is 26% per annum.. MML is currently operating in three states (i.e. Punjab, Rajasthan and Haryana). The operations are managed through a network of 21 branches with over 40,000 active borrowers and loan portfolio of Rs.33.21 crore as on March 31, 2014. The staff strength as on March 31. 2014 was 184.

Key Operational and Financial Parameters

(In ₹)

Parameters	FY 14	FY 13	FY 12	FY 11	FY 10
Net Worth	71,916,562.98	53,872,310.15	51,458,094.10	13,957,401.35	3,133,901.49
Total Debt					
Of which: - ---Non current Maturities of Long Term Borrowing	252,500,000.00	120,610,000.00	36,910,000.00	36,910,000.00	1,999,730.00
----Short Term Borrowing	-	-	-	-	-
---Current borrowing maturities of long term borrowing	-	-	-	-	-
Net Fixed Assets	13,523,828.26	7,284,613.26	4,254,363.26	3,511,112.26	5,584.00
Non Current Assets	15,683,104.26	9,653,656.26	6,929,083.26	4,539,265.26	806,080.83
Cash And Cash Equivalents	6,475,095.11	21,920,506.48	47,583,319.59	51,828,962.78	455,312.02
Current Investments	-	4,000,000.00	-	-	-
Current Assets	344,768,924.11	179,690,010.40	88,124,500.84	57,598,484.59	5,785,458.71
Current Liabilities	8,311,872.39	5,964,260.51	2,477,078.00	999,186.50	1,271,771.05
Asset Under Management	332,142,954.00	146,344,384.00	38,059,446.00	48,37,763.00	5,252,874.00
Off Balance Sheet Assets	-	-	-	-	-
Interest Income	64,550,698.00	27,813,759.00	8,194,179.40	1,509,752.48	870,291.00
Interest Expense	27,291,274.00	10,354,801.00	4,154,629.00	173,729.20	-
Tax	2,879,270.00	1,506,080.00	(2,741,144.00)	820,730.00	116,709.00
Provisionin	3,466,188.00	1,879,682.00	446,275.00	42,315.00	-

g & Write offs					
PAT	5,338,568.83	1,273,895.05	(3,574,445.25)	(1,814,164.14)	246,053.40
Gross NPA (%)	-	-	-	-	-
Net NPA (%)	-	-	-	-	-
Tier I Capital Adequacy Ratio (%)	20.43	32.75	115.36	163.27	70.20
Tier II Capital Adequacy Ratio (%)	11.15	17.27	57.68	92.38	-

Gross Debt: Equity Ratio of the Company:-

Before the issue of Debt Securities	3.50
After the issue of Debt Securities*	6.97

*The debt-equity ratio post the Issue is indicative and is on account of assumed inflow of ₹ 250 million from the proposed NCD issue.

STRENGTHS

Midland Microfin Ltd. is a part of the Midland Group which has a long operating history

Midland Group a Punjab based group is engaged into Asset Finance Business for more than 46 years. Over the years, the group have been successful in expanding its customer base. Presently the group includes four Profit making Asset Finance Companies registered with RBI. The Promoter of the group has established credibility in Banking and Finance in Punjab State through its various prestigious ventures, like Capital Local Area Bank Ltd. and diversified into socially responsible institution in 2011 geared towards poverty alleviation.

Midland Microfin Ltd. can leverage on market penetration and goodwill of the group to reach the masses.

Branch network in areas less served by organized lending institutions

We are mainly active in rural and semi-urban locations which we believe has provided us with an advantage of minimal or no competition. Our areas of operation are unexplored by big lenders as yet. We continue to be one of the most active Micro Finance lenders in our area of operation.

Organized and efficient IT Infrastructure

We use information technology as a strategic tool for our business operations to improve our overall productivity and efficiency. We believe that through our existing information technology systems, we are able to effectively, manage our operations, market to our target customers, and monitor and control risks. We believe that this system has improved customer service by reducing transaction time and has allowed us to comply with regulatory record-keeping and reporting requirements. Further, in order to manage our expanding operations as well as our increased customer base.

Huge Demand – Supply Gap

The supply of credit by big lenders is very weak or inexistent. This is mainly because of high transaction costs involved, lack of accessibility etc. On the other hand the demand for credit keeps on rising in these areas. So there is a huge demand-supply gap which can be captured and used for profitability.

In-house training capabilities to meet the requirements of its branches

Our Company has been continuously investing in developing advanced learning solutions for preparing its employees for the future and to cater to the ever increasing needs of our customers, and training our employees. We believe that our in-house training has built up a talent pool that enables us to staff new branches with qualified and skilled personnel. Our in-house training capabilities also enable us to improve the skill sets of our existing personnel.

STRATEGY

Expand branch network and visibility

We intend to continue to grow our retail loan portfolio by expanding our network through the addition of new branches. In order to optimize our expansion, we carefully assess potential markets by analyzing demographic, competitive and regulatory factors, site selection and availability, and growth potential. Our strategy for branch expansion includes further strengthening our position in North Indian states by providing higher accessibility to customers as well as leveraging our expertise and presence in northern India to enhance our presence in

other regions of India. At the core of our branch expansion strategy, we expect to penetrate new markets and expand our customer base to include customers who otherwise would rely on the unorganized sector. Moreover, our ethics, values and goodwill, which have established our strong brand, will continue to be important factors in our expansion. In addition to increasing the visibility of our brand by sponsoring events and publicity, we will continue to build trust among our customers and enhance our brand with quality services and safety and security of our customer collateral.

Strengthen our technology platform

We intend to further develop and strengthen our technology platform to support our growth and improve the quality of our services. Our information technology strategy is designed to increase our operational and managerial efficiency. We also believe that deploying strong technology systems will enable us to respond to market opportunities and challenges swiftly, improve the quality of services to our customers. As a part of our service oriented strategy, our Company has implemented proactive service related measures which are designed to reduce customer grievances and complaints. We are focused on improving our comprehensive knowledge base and customer profile and support systems, which in turn will assist us in the expansion of our business. We believe that improvements in technology will also reduce our operational and processing time and thereby improve our operating efficiencies.

Retain and Attract high quality talent

The intellectual capital of our management and finance teams, as well as other professionals in our business, is critical to our success, and we accordingly intend to continue to focus on attracting and retaining high quality talent. In order to achieve this, we will continue to capitalize on our strengths in the area of recruiting. In particular, we plan to consolidate our position as an employer of choice within the NBFC sector. We currently conduct training programs periodically across our head office and regional centers.

THE ISSUE

The following is a summary of the terms of the Debentures to be issued under the terms of this Prospectus. This section should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section entitled “*Issue Related Information*” as disclosed in this Prospectus.

Common Terms of Public Issue of Secured Bonds in the nature of debentures

1	Name of the Issuer	Midland Microfin Limited	
2	Complete Address of the Company	2 nd Floor, Gobind Niwas, 36 G.T. Road, Jalandhar – 144 001 (Punjab)	
3	Contact Person & Complete Address for Compliance	Preetpal Singh – Company Secretary & Compliance Officer Midland Microfin Limited 2 nd Floor, Gobind Niwas, 36 G.T. Road, Jalandhar – 144 001 (Punjab)	
4	Telephone & Mobile No.	+91 181 5091545, Mobile +91 7837218968	
5	Fax No.	+91 181 2236070	
6	Mail ID	preetpal.singh@midlandmicrofin.com	
7	Issue	Public Issue of Secured, Redeemable, Non-Convertible Bonds in the nature of debentures, of the face value of ₹ 10,000/- each, upto ₹ 250 Million	
8	Face Value	₹ 10,000/- per Debenture	
9	Issue Price	₹ 10,000/- per Debenture	
10	Minimum Application	₹ 50,000/- (5 Debentures)	
11	In Multiples of	₹ 10,000/- (1 Debenture)	
	Terms of Payment	Full amount on application	
12	Type of Instrument	Secured Redeemable Non-Convertible Bonds in the Nature of Debenture	
13	Nature of Instrument	Secured	
14	Mode of Issue	Public Issue	
15	Pay in Date	Application date	
16	Issue Size	₹ 250 Million	
17	Issue Opening /Closing Dates	Issue Opening Date [.]	Issue Closing Date [.]
		(To be decided by Board before filing the same with the Registrar of Companies)	
18	Tenure of the Bond and Put / Call option	TENURE 4 Years 6 Years & 3 Months 9 Years & 6 Months There is no Call option	Put Option after* 2,3 Years 5 Years 7,8 Years
19	Interest (In %) (Coupon Rate)	(To be decided by Board before filing the same with the Registrar of Companies)	
	Coupon Type	Fixed	
20	Security	That the Bonds in the nature of debentures together	

		with interest, expenses and other moneys shall be secured from the date of allotment by an exclusive charge in favour of Debenture Trustee on all specific and identifiable current assets, book debts, receivables (both present and future) as fully described in the Debenture Trust deed, except those receivables specifically and exclusively charged, on a first ranking <i>pari passu</i> basis with all other lenders to our company holding <i>pari passu</i> charge over the security such that an asset cover of 110% of the outstanding amount of the Bonds in the nature of debentures, is maintained until Maturity Date.
21	Asset Cover	The Company shall maintain minimum security cover of 110% of the debentures issued.
22	Nature of Indebtedness and Ranking	The claims of the bond holders shall be superior to the claims of any unsecured creditor of the Company and subject to applicable statutory and/ or regulatory requirements, rank <i>pari passu</i> inter se with the claims of other creditors of the Company having same security
23	Put/ Call Option	There is no call option.
24	Listing	The Bonds are proposed to be listed on BSE
25	Debenture Trustee	CENTBANK Financial Services Limited
26	Depositories	CDSL and NSDL
27	Issuance/ Mode of Allotment	In dematerialized form as per Companies Act/ SEBI/ Listing Requirements
28	Trading/ Market lot	1 Bond
	Trading Mode	Demat only
29	Deemed Date of Allotment	The Deemed Date of Allotment of the Bonds will be the date on which the Board of Directors is deemed to have approved the Allotment of Bonds or any such date as may be determined by the Board and notified to the Designated Stock Exchange. All benefits under the Bonds including payment of interest will accrue to the Bond holders from the Deemed Date of Allotment. Actual Allotment may occur on a date other than the Deemed Date of Allotment.
30	Record Date	Date falling seven Working Days prior to the date on which interest is due and payable or the Maturity Date. In case the Record Date falls on a day when stock exchanges are having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date.
31	Day Count	Interest will be computed on a 365 days-a-year basis on the principal outstanding on the Bonds. Where the interest period (start date to end date) includes February 29, interest will be computed on

		<p>366 days-a-year basis, on the principal outstanding on the Bonds.</p> <p>Effect of Holidays on Payment If the date of payment of interest specified does not fall on a Working Day, the succeeding Working Day (along with interest for such additional period) will be considered as the effective date. Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next date of payment of interest. In case the date of redemption falls on a holiday, the payment will be made on the previous Working Day along with interest accrued on the Bonds until but excluding the date of such payment.</p>
	Interest on Application Money	Interest on application money will be paid on coupon rate from date of realization of cheque/ demand draft upto 1 day prior to the Allotment / Deemed Date of Allotment.
32	Lead Manager	Real Growth Securities Private Limited, 112-A, Jyoti Shikhar Building, Janakpuri District Centre, Janakpuri, New Delhi-110058
33	Transaction Documents	<p>Documents/Undertakings/Agreements Entered Into Or To Be Entered Into By The Company With Lead Manager And/Or Other Intermediaries For The Purpose Of This Issue, Including But Not Limited To The Following: -</p> <ol style="list-style-type: none"> Debenture Trustee Agreement Debenture Trust Deed Escrow Agreement Issue Agreement Agreements with Depositories and Registrar To The Issue Agreement with The Lead Manager
34	Redemption Premium/ Discount	Not Applicable
35	Credit Rating	Credit Analysis & Research Limited (“CARE”) vide its letter dated April 22, 2014 has assigned a credit rating of “CARE BBB-” to the market borrowing programme of the Company aggregating ₹ 250 million.
36	Purpose of Issue	Please refer Page No. 70 for “ <i>Objects of the Issue</i> ”
37	Who can Apply	Please refer Page No. 105 for “ <i>Issue Structure</i> ”

CAPITAL STRUCTURE AS ON MARCH 31, 2014

Authorised Share Capital	Amount in ₹
100,000,000 Equity Shares of ₹ 10 each	100,000,000
2000,000 Preference Shares of ₹ 10 each	20,000,000
Issued, Subscribed And Paid- Up Share Capital	
7,085,500 Equity Shares of ₹10 each, fully paid-up	70,855,000

Notes to Capital Structure

1. Changes in the authorized capital of our Company for the last five years as on March 31, 2014 is set forth below:

S. No.	Date of Shareholder's / resolution	AGM / EGM	Aggregate Value	Particulars
1.	August 07, 2010-	EGM	30,000,000	Increase in authorized share capital from ₹ 5,000,000 divided into 50,000 Equity Shares of ₹100 each, to ₹ 30,000,000 divided into 300,000 Equity Shares of ₹ 100 each.
2.	December 05,2011	EGM	30,000,000	Subdivision of authorized share capital from ₹ 30,000,000 divided into 3,00,000 Equity Shares of ₹100 each to ₹ 30,000,000 divided into 3,000,000 Equity Shares of ₹ 10 each.
3.	December 05,2011	EGM	75,000,000	Increase in authorized share capital from ₹ 30,000,000 divided into 3,000,000 Equity Shares of ₹ 10 each to ₹ 75,000,000 divided into 7,500,000 Equity Shares of ₹ 10 each.
4.	September 27, 2013	AGM	100,000,000	Increase in authorized share capital from ₹ 75,000,000 divided into 7,500,000 Equity Share of ₹ 10 each to ₹ 100,000,000 divided into 10,000,000 Equity Shares of ₹ 10 each.
5.	March 17, 2014	EGM	120,000,000	Increase in authorized share capital from ₹ 100,000,000 divided into 10,000,000 Equity Share of ₹ 10 each to ₹ 120,000,000 divided into 10,000,000 Equity Shares of 10 each and 2,000,000 Preference Shares of ₹ 10 each.

2. *Equity Share Capital history of our Company as on March 31, 2014 is set forth below:*

Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue price per Equity Share (₹)	Nature of consideration	Type of Allotment	Cumulative No. of Equity Shares	Cumulative paid-up Equity Share capital (₹)	Equity Share equity premium	Gross Cumulative Share Premium
May 27, 1988	100	100	100	Cash	Subscription to the Memorandum	100	10,000	Nil	Nil
September 28, 1988	1,000	100	100	Cash	Private Placement	1100	110,000	Nil	Nil
January 17, 1994	400	100	100	Cash	Private Placement	1500	150,000	Nil	Nil
March 9, 1994	500	100	100	Cash	Private Placement	2000	20,000	Nil	Nil
October 15, 1996	1,350	100	100	Cash	Private Placement	3350	335,000	Nil	Nil
January 14, 1997	150	100	100	Cash	Private Placement	3500	350,000	Nil	Nil
July 31, 1998	3,750	100	100	Cash	Private Placement	7250	725,000	Nil	Nil
August 31, 1998	940	100	100	Cash	Private Placement	8190	819,000	Nil	Nil
December 31, 1998	10	100	100	Cash	Private Placement	8200	820,000	Nil	Nil
March 22, 1999	500	100	100	Cash	Private Placement	8700	870,000	Nil	Nil
March 31, 1999	1,000	100	100	Cash	Private Placement	9700	970,000	Nil	Nil
May 14, 1999	910	100	100	Cash	Private Placement	10610	1,061,000	Nil	Nil
May 19, 1999	300	100	100	Cash	Private Placement	10910	1,091,000	Nil	Nil
May 31, 1999	40	100	100	Cash	Private Placement	10950	1,095,000	Nil	Nil

August 31, 1999	220	100	100	Cash	Private Placeme	11170	1,117,000	Nil	Nil
October 30, 1999	850	100	100	Cash	Private Placeme	12020	1,202,000	Nil	Nil
November 30, 1999	1,000	100	100	Cash	Private Placeme	13020	1,302,000	Nil	Nil
December 24, 1999	14,250	100	100	Cash	Private Placeme	27270	2,727,000	Nil	Nil
January 31, 2000	300	100	100	Cash	Private Placeme	27570	2,757,000	Nil	Nil
September 29, 2000	3,000	100	100	Cash	Private Placeme	30570	3,057,000	Nil	Nil
March 22, 2003	2,000	100	100	Cash	Private Placeme	32570	3,257,000	Nil	Nil
September 25, 2010	70,000	100	100	Cash	Rights Issue	102570	10,257,000	Nil	Nil
March 31, 2011	62,600	100	100	Cash	Rights Issue	165170	16,517,000	Nil	Nil
November 2, 2011	88,250	100	100	Cash	Rights Issue	253420	25,342,000	Nil	Nil
March 31, 2012	3,382,600	10	10	Cash	Preferential and Right Issue	5916800	59,168,000	Nil	Nil
December 31, 2013	1,083,200	10	10	Cash	Right Issue	7000000	70,000,000	Nil	Nil
March 28, 2014	85,500	10	10	Cash	Private Placement	85,500	70,855,000	Nil	Nil

3. Acquisition or Amalgamation or Reconstruction or Re-organization

There has been no acquisition, amalgamation, reconstruction or re-organization in the last one year

4. Shareholding pattern of our Company as on March 31, 2014:

S No	Category of Shareholder	No. of Shareholders	Total No. of Equity Shares	No. of Equity Shares held in Demat form	Total Shareholding as a % age of total number of shares		Equity Shares pledged or otherwise encumbered	
					% age of Equity Shares (A+B)	% age of Equity Shares (A+B+C)	Number of Equity Shares	% No. of Equity Shares
(A) Promoter And Promoter Group								
1	Indian							
(a)	Individual / Hindu Undivided Family	15	2,292,900	0	32.36	32.36	0	0
(b)	Body Corporate	1	150,000	0	2.12	2.12	0	0
(c)	Any Other	0	0	0	0	0	0	0
Sub Total (A) (1)		16	2,442,900	0	34.48	34.48	0	0
2	Foreign							
(a)	Individual (Non Resident Individual / Foreign)	4	1,920,000	0	27.10	27.10	0	0
(b)	Any Other	0	0	0	0	0	0	0
Sub Total (A) (2)		4	1,920,000	0	27.10	27.10	0	0
Total Shareholding of Promoter & Promoter Group {(A) = (A) (1)+ (A) (2)}		20	4,362,900	0	61.58	61.58	0	0

(B) Other Shareholding								
(a)	Body Corporate	5	145,000	0	2.05	2.05	0	0
(b)	Individuals	230	2,172,100	0	30.65	30.65	0	0
(c)	Individual (Non Resident Individual / Foreign)	12	405,500	0	5.72	5.72	0	0
Total Other Shareholding {(B)}		247	2,722,600	0	38.42	38.42	0	0
GRAND TOTAL (A+B)								
		267	7,085,500	0	100	100	0	0

5. List of top10 holders of Equity Shares of our Company as on March 31, 2014:-

Sr. No.	Name of the Shareholder	Address	No. of Equity Shares held	No. of Equity Shares held in dematerialized form	% age of the Shareholding
1	Santosh Singh Chhokar	Huesden House, Huesden Way., Gerrards Cross, Bucks, S197bd, United Kingdom	1,000,000	Nil	14.11
2	Surinder Kaur	H. No. 182, New Jawahar Nagar, Jalandhar, 144001.	885,000	Nil	12.9
3	Amardeep Singh Samra	H. No. 182, New Jawahar Nagar, Jalandhar, 144001. Punjab, India	538,800	Nil	7.60
4	Gurdip Singh Samr	R10#15702, Pheasant Runroad, Water Town, New York, Usa, Ny 13601	430,000	Nil	6.07
5	Gagan Samra	182, New Jawahar Nagar, Jalandhar, 144001. Punjab,	320,240	Nil	4.52
6	Sohan Singh Chohan	Vpo Nagar, Tehphillaur, Jalandhar	290,000	Nil	4.09
7	Amarjit Singh Samra	H. No. 182, New Jawahar Nagar, Jalandhar, 144001.	254,850	Nil	3.60
8	Balbir Singh	Vpo, Daduwal, The. Phillaur	200,000	Nil	2.82
9	Mahesh	Vposmarai, Distt Jalandhar	170,000	Nil	2.40
10	Hamcoispat Limited	Vporaowali, Pathankot	150,000	Nil	2.12
TOTAL			4,238,890	Nil	59.82

6. List of top10 holders of different series of secured redeemable non-convertible debentures issued:

Secured NCD-11- Series I, Scheme A
Maturity Date: September 10, 2015
Face Value: ₹ 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Manpreet Kaur	Vpo Samrai, Teh. Phillaur Jalandhar	100	22.37
2	Harvinder Singh Bassi	Vpo Sarhali, Tehsil Phillaur, Jalandhar	100	22.37
3	Harbans Kaur	Vpo Daduwal, Teh-Phillour, Dt-Jal	80	17.8
4	Rajwinder Kaur	Vpo Nawan Pind Jatta, Teh Nakodar, Jalandhar	30	6.71
5	Paviter Singh	Vpo. Chak Khurd, Jalandhar	30	6.71
6	Sunita Rani	60, Sai Kartar Enclave, Basti Sheikh, Jalandhar	20	4.47
7	Tajinder Singh	Jandiala Distt Jalandhar	20	4.47
8	Sarabjit Kaur	Hno 253, Lakhn Pal, Tehsil Nakodar, Jalandhar	20	4.47
9	Sukhwinder Kaur	Vill Jalalpur Khurd, Po Nahal, Tehsil Shahkot, Jalandhar	20	4.47
10	Angrej Singh	Vill Rauli, Po Mehatpur, Jalandhar	17	3.80
TOTAL			447	97.64

Secured NCD-11- Series I, Scheme A
Maturity Date: September 10, 2017
Face Value: ₹ 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Lakhwinder Singh	Vill. Mokhe Teh-Sultanpur Lodhi, Kapurthala	50	26.32
2	Jaswant Singh	1140, Vill. Shankar, Teh-Nakodar, Dt-Jal	20	10.53
3	Rajinder Kaur	Hno 1312, Part 3, Vill Shankar, Tehsil Nakodar, Jalandhar	40	21.05
4	Kulwinder Kaur	Mohalla Vikas Nagar, Shahkot	20	10.53
5	Surinder Kumar	Vpo Malsian, Jalandhar	20	10.53
6	Ganesh Kumar	Vill, Husainabad, P.O. Sarih, Jal	10	5.26
7	Amarjit Kaur	Vpo Shankar, Patti Takhar, Ps Nakodar, Jalandhar	10	5.26

8	Baldev Singh	Vpo-Malsian, Tehsil- Shahkot, Dt- Jalandhar.	10	5.26
9	Kulvir Kaur	#208, Vill- Malsian, Tehsil- Shahkot.	10	5.26
TOTAL			190	100

Secured NCD-11.10- Series I, Scheme A
Maturity Date: September 10, 2015
Face Value: ₹ 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Amrik Singh	Vpo Daduwal, Teh-Phillour, Dt- Jal	50	23.80952
2	Harbhajan Singh Dhatt	Vpo, Samrai, Teh-Phillaur, Jalandhar	40	19.04762
3	Joga Singh	831, Vill. Bandala, Dt- Jal	30	14.28571
4	Kuldip Singh	Hno 47, Vill Kang Kalan, Tehsil Shahkot, Jalandhar	20	9.52381
5	Sukhjinder Kaur	Vpo Boparai Kalan, Tehsil Nakodar, Jalandhar	20	9.52381
6	Kulwinder Kaur	Vpo, Samrai, Teh-Phillaur, Jalandhar	10	4.761905
7	Baldev Singh	Vpo Samrai, Teh. Phillaur Jalandhar	10	4.761905
8	Satnam Singh	136, Vill. Dhanipind, Teh. Phillaur, Dt- Jal	10	4.761905
9	Rs Coal	Eg 3b, Shop No 2, New Watertank Park, Old Jawahar Nagar, Jalandhar	10	4.761905
10	Surinder Vir Mahay	Vpo Boparai Kalan, Tehsil Nakodar, Jalandhar	10	4.761905
TOTAL			210	100

Secured NCD-11.10- Series I, Scheme A
Maturity Date: September 10, 2017
Face Value: 10,000

S. No	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Gurjeet Singh	Patti Sala Nagar, Malsian, Jalandhar.	100	64.10
2	Jaswinder Kaur	Vill Mandali, Tehsil Nakodar, Jalandhar	30	19.23
3	Balwinder	Vpo. Sarai Jattan Teh-Sultanpur	26	16.67

	Singh	Lodhi, Dt-Kapurthala		
TOTAL			156	100

Secured NCD-11.00% Series II, Scheme A
Maturity Date: May 31, 2016
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Harjinder Singh	Vpo Gandhra Tesh Nakodar Dist Jalandhar	50	11.33
2	Balwant Singh	H.No. 146 Vill Mehatpur Tesh Nakodar Jalandhar	50	11.33
3	Sukhdev Singh	Jalandhar Gate Nurmahal Jalandhar	50	11.33
4	Gurdev Singh	H.No. 34, Mahimuwal Tehs Shahkot, Distt Jal	40	9.07
5	Swaran Singh	H.No. 2 Vill Mahdiala Teh Nakodar Dist Jalandhar	30	6.80
6	Dalip Kumar	H.No.B-34/2/3 Mohalla Sharian, Kapurthala	30	6.80
7	Raghbir Singh	Vpo Dalla Teh Sultanpur Lodhi Dist Kapurthala	20	4.54
8	Sarbjit Singh	Vpo Littran, Nakodar Jalandhar	20	4.54
9	Harjinder Singh	Vpo Pandoori Mushaarkati Teh Phillaur, Jalandhar	20	4.54
10	Lakhbir Singh	Vill Talwandi Sanghera Shahkot Jalandhar	20	4.54
11	Ranjit Singh	H.No. 39 Vill Rawan Teh Phillaur Jalandhar	20	4.54
TOTAL			441	79.99

Secured NCD-11.00% Series II, Scheme A
Maturity Date: August 31, 2019
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Gursharan Singh	H.No. 129 Vill Malsia Teh Shahkot, Jalandhar	50	100
TOTAL			50	100

Secured NCD- 11.25% Series I, Scheme A
Maturity Date: September 10, 2015
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Sohan Lal	264, Vill, Samrai, Teh. Nakodar, Dt-Jal	50	62.5
2	Avtar Kaur	Hno 921, Vpo. Samrai, Teh-Nakodar, Jal	20	25
3	Joginder Singh	Vpo Samrai, Teh. Phillaur Jalandhar	10	12.5
TOTAL			80	100

Secured NCD-11.25% Series I, Scheme A
Maturity Date: September 10, 2017
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Nachattar Kaur	Vill Pandori, Tehsil Nakodar, Jalandhar	10	33.33
2	Lachhman Singh	#6, Vill- Mahimuwal Mahalan, Teh-Nakodar	10	33.33
3	Pushpa Rani	Patti Akalpur, Vpo- Malsian, Distt-Jalandhar.	10	33.33
TOTAL			30	100

Secured NCD-11.35% Series I, Scheme A
Maturity Date: September 10, 2015
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Gurbachan Chand	Vpo Boparai Kalan, Tehsil Nakodar, Jalandhar	70	22.80
2	Niaju	Vpo Samrai, Teh. Phillaur Jalandhar	47	15.31
3	Gurmit Singh	137, Vpo . Dhanipind, Teh-Phillaur, Jal	30	9.77
4	Sewa Singh	82, Vill Gohir, Tehsil Nakodar, Distt Jalandhar	30	9.77
5	Prakash Singh	H.No:314/10 Bhaag No-2 Vill. Samrai, Teh.Phillaur, Dt-Jal	20	6.51
6	Mohan Singh	Vpo Jandiala , Teh- Phillaur-Jal	20	6.51
7	Pushpa Devi	H.No.152 Guru Gobind Singh Nagar Jal	20	6.51
8	Kimat Rai Goel	1044/5 -Akash Puri C.L Ldh	20	6.51

9	Piara Singh	1197 Vpo Samrai, Teh. Phillaur Jalandhar	20	6.51
10	Naranjan Dass	Vpo Boparai Kalan, Tehsil Nakodar, Jalandhar	20	6.51
TOTAL			297	96.71

Secured NCD-11.35% Series I, Scheme A
Maturity Date: September 10, 2017
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debenture s held	Percentage of the holding (%)
1	Laibar Singh	Hno 359, Bhaag No 2, Vill Dhaliwal, Tehsil Nakodar, Distt Jalandhar	10	50
2	Pushpa Devi	Hno 125, Bhag 1, Vill Bajuha Khurad, Tehsil Nakodar, Jalandhar	10	50
TOTAL			20	100

Secured NCD-11.50% Series II, Scheme A
Maturity Date: May 31, 2018
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debenture s held	Percentage of the holding (%)
1	Kanwaljit Singh	H.No. 40 Master Tara Singh Nagar Jalandhar	40	47.06
2	Gurjit Singh	Vpo Samrai ,Teh-Phillaur, Dist- Jalandhar	25	29.41
3	Satyajit Dhir	Eg - 803, Mohalla Gobind Garh, Jalandhar	20	23.53
TOTAL			85	100

Secured NCD-11.50% Series II, Scheme A
Maturity Date: May 31, 2019
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debenture s held	Percentage of the holding (%)
1	Sukhwinder Singh	Vpo Laksian Ps Mahilpur Dist Hoshiarpur	50	20.83
2	Suman Kumar Aggarwal	221 Lajpat Nagar, Jalandhar	40	16.67

3	Balwinder Singh	H.No.71 Vill Dalla Tesh Phillaur Jalandhar	20	8.33
4	Sawarn Singh	P.O. Phull Ghduwal Tesh Shahkot	20	8.33
5	Arvinder Singh	V.P.O. Nahal Teh Shahkot	20	8.33
6	Sital Singh	Vill Aujla Po Bilga Teh Phillaur Dist Jalandhar	20	8.33
7	Devender Kumar Sharma	H.No.6a Vill Fajalpur Teh Nakodar Dist Jalandhar	20	8.33
8	Raghav Kalia	Vd 406, Shardanand Street, Adda Hoshiarpur Chowk, Jalandhar	10	4.17
9	Raman Kumar	H.No. 88 Gumtala Tehs Phillaur Dist Jalandhar	10	4.17
10	Tarvinder Kumar	H.No. 1720 Sunder Nagar Nakodar Dist Jalandhar	10	4.17
11	Mukesh Kumar Gaba	H.No. 3031 Mohalla Rajputa Nakodar Dist Jalandhar	10	4.17
12	Suresh Kumar Gaba	H.No 3031 Mohalla Rajputa Nakodar Dist Jalandhar	10	4.17
TOTAL			240	79.17

Secured NCD- 11.50% Series II, Scheme A
Maturity Date: August 31, 2019
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Inderjit Singh	Vill Kakra Po Kotla Suraj Ma Teh Shahkot, Jal	50	9.61
2	Major Singh	Vill Gill Tehsil Nakodar Dist Jal	50	9.61
3	Manni Singh	H.No. 117 Chuharh Tesh Nakodar Dist Jalandhar	50	9.61
4	Gian Singh	Vpo Janian Chahal Jalandhar	50	9.61
5	Kuldeep Singh	Vpo Nurmahal Mohalla Sahib Tesh Phillaur Dist Jalandhar	40	7.70
6	Lehmber Singh	Vill Maheru Tehsil Nakodar Pandori Khas Jalandhar	30	5.77
7	Maninderjit Singh	Vill -Allowal Po Sainiwal Ps Nakodar Dist Jalandhar	30	5.77
8	Pran Nath Kanojia	H. No. 300, Post Office Road, Nakodar, Dist-Jal	20	3.85
9	Ram Asra	Vpo Pandori, Musharkatti, Jaandhar	20	3.85
10	Makhan Lal	Vill Mehatpur Patti Shasalempur Tesh Nakodar Distt Jalandhar	20	3.85
11	Mukhtiar Singh	H.No 20 Vill Noorpur Teh Nakodar Dist Jalandhar	20	3.85
TOTAL			380	73.08

Secured NCD-11.75% Series II, Scheme A
Maturity Date: May 31, 2020
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Jai Kishan Jhanji	172/8 Preet Nagar Ladowali Road Jalandhar	25	25
2	Rahul Jhanji	H.No. 172/8 Mohalla Preet Nagar Road W.No. 27 Jalandhar City	50	75
TOTAL			75	100

Secured NCD-12.00%Series II, Scheme A
Maturity Date: November 30, 2022
Face Value: - 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Lakhvir Singh Samra	Tehsil Phillaur, Dist- Jalandhar	150	50.00
2	Mukesh Kumar	Vill Bahmania Shahkot Jalandhar	40	13.33
3	Sukhpreet Singh	Vpo Samrai Tesh Nakodar Dist Jalandhar	40	13.33
4	Satwant Singh	Vill Giddar Pindi Shahkot Jalandhar	20	6.67
5	Atul Kumar Gupta	H.No 78, Akalpur Tehsil Jalandhar, Part I	10	3.33
6	Gourav Gupta	Vpo Malsia, Jalandhar	10	3.33
7	Dinesh Gupta	H.No. 47 Defence Colony Jalandhar	10	3.33
8	Kumar Shalay Gupta	H.No. 47 Defence Colony Jalandhar	10	3.33
9	Shubham Gupta	H.No. 47 Defence Colony Jalandhar	10	3.33
TOTAL			300	100

Secured NCD-12.00% Series II, Scheme A
Maturity Date: May 31, 2023
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Gurdip Singh	Patti Ghanta Ghar Vpo Samrai	200	27.89

		Tesh Phillaur		
2	Kulwant Singh	Patti Ghanta Ghar Vpo Samrai Tesh Phillaur	110	15.34
3	Rajinder Singh	H.No. 305 Part 2 Vill Daduwal Jalandhar	85	11.85
4	Rashpal Singh	305 Vill Daduwal, Teh- Philour, Dist- Jal	70	9.77
5	Amarjot Singh	Vpo Malsia Patisala Nagar Teh Shahkot	60	8.38
6	Balkar Singh	H.No. 1733 Mohalla Baghwala Shahkot Jalandhar	50	6.97
7	Satvir Singh(Sarabjit Kaur Guardian)	Bx 1441/2, Lamba Pind, Jalandhar	40	5.59
8	Satvir Singh(Bahadur Singh Guardian)	Bx 1441/2, Lamba Pind, Jalandhar	40	5.59
9	Jaswinder Singh	H.No. 935 Lohian Khas	12	1.67
10	Surinder Singh	H.No. 559 D, Dhaliwal Teh Nakodar, Jal	10	1.39
11	Dharam Pal	269/B Mohalla Bawian Shahkot	10	1.39
12	Charanjit Singh	H.No. 270 Vill Mehatpur Hb 47 Part 2 Teh Nakodar	10	1.39
13	Parkashdeep Singh (Jasvir Kaur Gurdian)	Vpo Nawan Pind Donewal Ps Lohian Khas Dist Jalandhar	10	1.39
14	Hunardeep Singh(Jaswinder Kaur Guardian)	H.No. 65 Vill Navan Pind Donewal Teh Shahkot Dist Jalandhar	10	1.39
TOTAL			717	100

Secured NCD-11.25% Series II, Scheme B
Maturity Date: May 31, 2016
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Surinder Kaur	H.No 150 Vill Siche wali, Teh Shashkot, Jal	100	12.09
2	Dalbir Kaur	H.No. 1194 Lohian Hb 192 Part No 4 Teh Shahkot Dist Jalandhar	90	10.88
3	Malkit Singh	Vill Dherian Po Sainiwal Teh Nakodar Jalandhar	60	7.25
4	Sudesh Sehgal	H.No. 814/4 Housing Board Colony Jalandhar	50	6.05
5	Manohar Lal Sehgal	H.No.814/4 Housing Board Colony Jalandhar	50	6.05
6	Harbaksh Kaur	Vpo Jaggo Sanga Tehs Phillaur Dist Jalandhar	50	6.05
7	Jaswant Singh Bhandal	Jaswant Singh Bandal Bhandal Hospital Moga Road Shashkot	40	4.83
8	Harvinder Kaur	572 Rishi Nagar, Near Model Town Jalandhar	35	4.23
9	Sarabjit Kaur	Vill Dalla Kapurthala	30	3.62
10	Som Dutt	H.No. 6568 Guruteg Bahadar Nagar Nakodar Dist Jalandhar	25	3.022
TOTAL			827	64.08

Secured NCD-11.25% Series II, Scheme B
Maturity Date: May 31, 2017
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Sukhwinder Kaur	H.No. 100 Vill Mehatpur Teh Nakodar Distt Jalandhar	40	100
TOTAL			40	100

Secured NCD-11.25% Series II, Scheme B
Maturity Date: May 31, 2019
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Manjinder Kaur	341/1 Avenue Gali Santokh Garh Nakodar	10	100

TOTAL	10	100
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Secured NCD-11.5 Series I, Scheme B
Maturity Date: December 10, 2018
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Devender Kumar Sharma	Mohalla Guru Teg Bhahudar Nagar, Nakodar	20	66.67
2	Rita Jain	Hni 1, Garden Colony, Nakodar	10	33.33
TOTAL			30	100

Secured NCD-11.5 Series I, Scheme B
Maturity Date: September 10, 2019
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Palvi Gupta	Kartar Nagar, Shahkot.	65	24.16357
2	Balwinder Kaur	#81, Kahlawan, Po- Sidwan Dona, Kapurthala	40	14.86989
3	Davinder Kaur	138, Vill Jandiala, Tehsil Phillaur, Jalandhar	22	8.178439
4	Kukku	Vill- Billi Chao, Po- Khanpur Dhadda, Tehsil- Shahkot.	20	7.434944
5	Sanjuta Gupta	Kartar Nagar, Shahkot.	40	14.86989
6	Ranjit Kaur	#53, Vpo- Mehatpur, Teh- Nakodar, Jal.	20	7.434944
7	Balbir Singh	Vill Talwandi Sanghera, Tehsil Shahkot, Jalandhar	17	6.319703
8	Ranjit	H.No 7, Opp New Jawala Nagar, Kala Mahal Road, Jalandhar, 144004	15	5.576208
9	Avtar Kaur	Vill Bhandal Buta, Po Nurmahal, Tehsil Phillaur, Jalandhar	10	3.717472
10	Harinder Kaur	Vpo Samrai, Teh. Phillaur Jalandhar	10	3.717472
11	Balvir Kaur	Vill Talwandi Sanghera, Tehsil Shahkot, Jalandhar	10	3.717472
TOTAL			269	100

Secured NCD-11.6 Series I, Scheme B
Maturity Date: September 10, 2017
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Jagjit Singh	E.M-66, Rasta Mohalla, New Ward 29, Jalandhar.	30	37.5
2	Darsh Puneet Kaur	E.M-66, Rasta Mohalla, New Ward 29, Jalandhar.	30	37.5
3	Kuldeep Kaur	Vpo,Kangniwal,Teh-Phillaur,Dt-Jal	10	12.5
4	Neelam Kohli	#224, Green Park, Ward No-55, Jalandhar.	10	12.5
TOTAL			80	100

Secured NCD-11.6 Series I, Scheme B
Maturity Date: December 10, 2018
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Harjinder Kaur	Hno. 85 Pandori Masarkati, The Nakodar Dist Jalandhar	100	7.60
2	Ravinder Kaur	H.No 151, Nathewal, Tehsil Nakodar, Jalandhar	80	6.08
3	Balwinder Kaur	Vpo Hiran, Tehsil Nakodar	70	5.33
6	Narinder Singh	Vpo Dhariwal, Jalandhar	70	5.33
7	Jasvir Singh	Vpo Sarhali, Teh-Phillaur, Jal	50	3.80
8	Ranjhit Singh	Vpo Samrai, Teh. Phillaur Jalandhar	50	3.80
9	Kulbir Singh	Vill Thabalki, Tehsil Nakodar, Jalandhar	50	3.80
10	Gurmail Singh	Vpo Samrai, Teh. Phillaur Jalandhar	44	3.35
11	Ranjit Singh	Mohalla Ns New Abadi , Tehsil Nakodar, Jalandhar	40	3.04
12	Kuldip Singh	H.No 274, Part 2, Vill Litran, Tehsil Nakodar, Jalandhar	40	3.04
TOTAL			390	45.171

Secured NCD-11.60 Series I, Scheme B
Maturity Date: September 10, 2019
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Jaswinder Kaur	Vpo- Kangana, Tehsil-Nakodar, Dt- Jalandhar.	100	20.53
2	Dimple Singla	B-4/1091, Mohalla Gandhi Chownk Shahkot, Tehsil Shahkot, Jalandhar	50	10.27
3	Monika	Mohalla Piplawali Gali, Kalandhar	50	10.27
4	Sarbjit Kaur	Vpo Bajwa Kalan, Tehsil Shahkot, Jalandhar	40	8.21
5	Simranjit Kaur	L Vpo Sarih, Patti Vepa, Tehsil Nakodar, Jalandhar	30	6.16
6	Gurdev Singh	Vill Mianwal Arian, Distt Jalandhar	30	6.16
7	Ranjit	H.No 7, Opp New Jawala Nagar, Kala Mahal Road, Jalandhar, 144004	15	3.08
8	Tarsem Kaur	130, Vill Bajuha Kalan, Tehsil Nakodar. Jalandhar	12	2.46
9	Sukhdev Singh Baldev	Vill Kotli Kambod, Po Kang Kalan, Jalandhar	20	4.10
10	Inderpreet Kaur Chhabra	#6629, Moh- Arjan Nagar, Nakodar, Jalandhar	20	4.10
TOTAL			367	75.35

Secured NCD-11.75% Series II, Scheme B
Maturity Date: May 31, 2018
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Baldev Kaur	H.No. 122 Part2 Vill Rasulpur Kalan Tehsil Nakodar, Dist-Jal	60	29.27
2	Karnail Singh	H.No. 25 Vasant Avenue, Jalandhar	50	24.39
3	Sushil Kumar	386 Nagar Palika Nakodar Dist Jalandhar	40	19.51
4	Kulwant Kaur	Vill Pandori Khas Tehsil Nakodar Jalandhar	20	9.76
5	Balraj Singh	Eg - 803, Mohalla Gobind Garh, Jalandhar	13	6.34
6	Chandni Kapoor	H. No. 97, Shaheed Udhm Singh Nagar, Jalandhar	12	5.85
7	Jasvinder Kaur	H.No 29 A Parkash Nagar Model Town Jalandhar	10	4.88
TOTAL			205	100

Secured NCD-11.75% Series II, Scheme B
Maturity Date: May 31, 2019
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Lal Singh	Vpo Poonia, Jalandhar	500	11.99
2	Pardeep Kaur	H.No.82, Village Haripur, Teh- Nakodar, Dist-Jalandhar	180	4.32
3	Anmolpreet Kaur	Vill Sangatpur Po Sandawal Shahkot Jalandhar	150	3.6-
4	Gurmehar Kaur (Monica Sekhon Guardian)	301, New Jawahar Nagar, Jalandhar	100	2.40
5	Lakhvir Kaur	H.No 0, Vill Jandiala, Teh Phillaur, Jal	100	2.40
6	Kulwinder Kaur	Vill Cheema Khurd Po Nurmahal Dist Jalandhar	100	2.40
7	Gurdeep Kaur	Vill George Pur P.O. Khera Dona P.S. Sultanpur Lodhi	100	2.40
8	Satwant Kaur	Vpo ,Mahablipur Po Fauji Colony Tesh.Sultanpur Lodhi	90	2.16
9	Jasbir Singh	30 Patrilia Avenue Gold Thorn Park Wolverhumpton Uk	80	1.91
10	Jaspal Kaur	Vill Mehmnnal Mala Teh Shahkot Jalandhar	70	1.68
TOTAL			1470	35.26

Secured NCD- 11.75% Series II, Scheme B
Maturity Date: August 31, 2019
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Simarjit Kaur	H. No. 305 Part 2, Daduwal Jalandhar	60	100
TOTAL			60	100

Secured NCD-11.75 Series I, Scheme B
Maturity Date: September 10, 2017
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Balraj Singh	H.No:803 Muhala Gobind Garh, Jal	40	57.14
2	Madan Mohan Saini	S.N.6, Shastri Nagar, Nakodar Road, Jalandhar	30	42.86
TOTAL			70	100

Secured NCD-11.75 Series I, Scheme B
Maturity Date: December 10, 2018
Face Value: 10,000

S.N o.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Kirpal Singh	Vpo Samrai, Teh. Phillaur Jalandhar	30	100
TOTAL			30	100

Secured NCD-11.75 Series I, Scheme B
Maturity Date: September 10, 2019
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Sohan Singh	Patti Haveli, Vpo- Malsian, Tehsil- Shahkot	60	23.53
2	Satya Devi	26/4, Rajinder Nagar, Jalandhar	100	39.22
4	Baldev Singh	Vill- Saidpur Jhiri, Tehsil- Shahkot.	35	13.73
5	Ranjit Kaur	Hno 21/40, Jandiala, Tehsil Phillaur, Jalandhar	25	9.80
6	Resham Kaur	Hno 26, Tutt Sher Singh, Tehsil Shahkot, Jalandhar	25	9.80
7	Trilochan	H.No 7, Opp New Jawala Nagar, Kala Mahal Road, Jalandhar, 144004	10	3.92
TOTAL			255	100

Secured NCD-11.85% Series I, Scheme B
Maturity Date: September 10, 2017
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Harminder Kaur	25, Vasant Avenue, Near Urban Estate Ph-2, Jal	50	55.56
2	Gurdip Kaur	H.No E.S 9, Civil Lines Ward No 53, Tehsil Jalandhar 1, Jalandhar	10	11.11
3	Kartar Singh	937 Muhalla Saidan, Tehsil Nakodar, Jalandhar	10	11.11
4	Gian Kaur	937 Muhalla Saidan, Tehsil Nakodar, Jalandhar	10	11.11
5	Sudha Kohli	#55, Green Park, Jal City.	10	11.11
TOTAL			90	100

Secured NCD-11.85% Series I, Scheme B
Maturity Date: December 10, 2018
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Shingara Singh	Vpo.Sarhali, Teh-Phillaur, Jal	60	15.83113
2	Iqbal Singh	Vpo Samrai, Teh. Phillaur Jalandhar	50	13.19261
3	Shanta Bhalla	Mohalla Bhallian, Nakodar	40	10.55409
4	Yashpaul	Vill Talwandi Sanghera, Tehsil Shahkot, Jalandhar	30	7.915567
5	Krishan Kumar Tandon	H.No 766, Mohalla Tandon, Nakodar, Jalandhar	20	5.277045
6	Resham Singh	Vpo Sidhwan Station, Patti Samra, P.S Nurmahal, Tehsil Phillaur, Nakodar	20	5.277045
7	Raj Kumari Pattaria	Vpo, Samrai, Teh-Phillaur, Jalandhar	20	5.277045
8	Kavita Walia	389, Kishan Avenue, Near Model Town, Kapurthala	20	5.277045
9	Ajlour Singh	Vpo Samrai, Teh. Phillaur Jalandhar	20	5.277045
10	Narinder Kumar	Mohalla Sunder Nagar, Nakodar	15	3.957784
TOTAL			295	77.83

Secured NCD-11.85% Series I, Scheme B
Maturity Date: September 10, 2019
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Lal Singh	Vpo-Punia, Tehsil- Shahkot	250	32.46
2	Chinti Kaur	#123, Vill- Punia, Tehsil- Shahkot, Jalandhar.	200	25.97
3	Ajit Singh	Vill Sidhwan Dona, Kapurthala	70	9.09
4	Harbhajan Singh	Vill Bahamanian, Jalandhar	50	6.49
5	Bhajan Kaur	Vill Bajwa Kalan, Tehsil Shahkot, Jalandhar	50	6.49
6	Surinder Pal Singh	Vpo Ghurka, Tehsil Phillaur, Jalandhar	30	3.90
7	Teja Singh	Vill Bajwa Kalan, Tehsil Shahkot, Jalandhar	30	3.90
8	Amrik Chand	Hno. 70 Vpo Chakalan Bagh 1 The Nakodar, Distt Jal	20	2.60
9	Asha Sarin	Hno 288 Partap Nagar, Jalandhar	10	1.30
10	Kartar Kaur	511, Part-1, Vill. Shankar, Teh. Nakodar, Dt- Jal	10	1.30
11	Trilochan	H.No 7, Opp New Jawala Nagar, Kala Mahal Road, Jalandhar, 144004	10	1.30
12	Baljit Singh	Vill Bajuha Kalan, Po Bajuha Khurd, Tehsil Nakodar, Jalandhar	10	1.30
13	Ranjit Singh	Vpo- Malsian, Tehsil- Shahkot, Jalandhar.	10	1.30
14	Lachhman Singh	#6, Vill- Mahimuwal Mahalan, Teh- Nakodar	10	1.30
15	Nirmala Sharma	12-A Ambika Colony ,Jal	10	1.30
TOTAL			770	100

Secured NCD-12.00% Series II, Scheme B
Maturity Date: May 31, 2020
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Charan Kaur	Vpo Samrai ,Teh-Phillaur, Dist-Jalandhar	150	45.45
2	Jaswinder Kaur	Vpo- Kangana Teh Nakodar, Jalandhar	50	15.14
3	Usha Jhanji	172/8 Preet Nagar Ladowali Road Jalandhar	25	7.58
4	Jasvinder Kaur	100-Green Model Town, Jalandhar	25	7.58

	Arora			
5	Jeewan Asha	H.No. 177, Tagore Nagar, Jalandhar	20	6.06
6	Poonam Syal	H.No. 172/8 Preet Nagar Ladowali Rd Jalandhar	20	6.06
7	Kartar Singh	172 Part 1, Daduwal, Teh-Phillaur, Dist-Jal	15	4.55
8	Sarabjit Kaur	H.No. 13 New Guru Teg Bahadar Nagar Jalandhar	15	4.55
9	Usha Gupta	H.No. 624, Mohalla Kapania Nakodar, Jalandhar	10	3.03
TOTAL			330	100

Secured NCD-12.00% Series II, Scheme B
Maturity Date: November 30, 2022
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Deepali Gupta	H.No. 47 Defence Colony Jalandhar	20	100.00
TOTAL			20	100

Secured NCD-12.00% Series II, Scheme B
Maturity Date: May 31, 2023
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Suresh Kumar	H.No. 775 Mohalla Bashirpura Dist Jalandhar	10	100
TOTAL			10	100

Secured NCD-12.25% Series II, Scheme B
Maturity Date: May 31, 2022
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Ranjeet Singh	Vpo Nurpur Tanda Road Jalandhar	200	86.95
2	Meenu	Qno A-12, 220 Kv Bbmb, Colony Near Pap Line, Jalandhar	10	4.35
3	Jyoti Aggarwal	H.No. 57 Mohalla Mandi Fanton Ganj W.No. 30 Jalandhar	10	4.35

4	Navita Aggarwal	H.No. Ef57 Mohalla Mandi Fatan Ganj Ward No 30,16 Jalandhar	10	4.35
TOTAL			230	100

Secured NCD-12.25% Series II, Scheme B
Maturity Date: August 31, 2022
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Gurbax Kaur	Tehsil Phillaur, Dist- Jalandhar	150	36.59
2	Madhu Sharma	H.No. 547, St. No.4 Moh. Subhash Nagar Phagwara, Dist. Kapurthala	75	18.29
3	Gursharan Kaur	H.No. 625 Samrai Bhag No 3 Teh Phillaur Dist Jalandhar	40	9.76
4	Satinderjit Kaur	H.No. 436/C Part 2,Daduwal, Jalandhar	30	7.32
5	Daljit Kaur (Jasvir Singh)	H.No. 313, Daduwal Part-2, Tehsil Phillaur, Vpo Daduwal , Dist- Jal	20	4.88
6	Resham Kaur	H.No. 26 Tutsher Singh Shahkot Jalandhar	20	4.88
7	Shaveta	83 Najatam Nagar Jalandhar	15	3.66
8	Monika	Wg 468-A Suraj Ganj, Jalandhar	10	2.44
9	Payal	H.No. Wg 468a Mohl Uchha Suraj Ganj W.No. 24 Jalandhar	10	2.44
10	Neeru Goyal	H.No. 461, Mohalla Kartar Nagar Shahkot, Jal	10	2.44
11	Shaveta Gupta	H.No 270 N, Partap Nagar Near Chinpurni Mandir Opp Pappi Sweet Shop	10	2.44
12	Aneela Pahwa	H.No 100 Najatam Nagar Jalandhar	10	2.44
13	Renu	H.No 2845 Mohalla Rountan Nakodar Dist Jalandhar	10	2.44
TOTAL			410	100

Secured NCD-12.25% Series II, Scheme B
Maturity Date: May 31, 2023
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Pritam Kaur	Vill Fattuwal Po Dalla Teh Sultanpur Lodhi Kapurthala	100	9.26
2	Sadhu Singh	549 Vill Lohiyan Teh Nakodar Dist Jalandhar	100	9.26
3	Rupinder Kaur	Vill-Dudwindi, Teh-Sultanpur, Kapurthala	80	7.40
4	Rupinder Kaur	Vpo Daduwal Teh Phillaur	70	6.48
5	Surinder Singh	Vpo Cheema Kalan, The. Philaur, Jalandhar	50	4.63
6	Jit Singh	Vpo Chaheru, Teh-Phagwara, Dist-Kapurthala	50	4.63
7	Kulwant Kaur	H.No. 44dv Mohalla Tandan & Dhera Sultanpur Lodhi Dist Kapurthala	50	4.63
8	Charanjit Kaur	H.No.B2/161 Dilbagh Colony Vill Goraya Tesh Phillaur Dist Jalandhar	50	4.63
9	Vandana Nayyar	H.No. 297 Gouns Mohalla Nakodar Dist Jalandhar	50	4.63
10	Rajwinder Kaur	H.No. 25 Vill Mehatpur Teh Nakodar Distt Jalandhar	50	4.63
TOTAL			650	60.18

Secured NCD-11.75% Series I, Scheme C
Maturity Date: December 10, 2018
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Shekhar Kumar	Mohalla Kalian, Nakodar, Jalandhar	20	100
TOTAL			20	100

Secured NCD-11.75% Series I, Scheme C
Maturity Date: September 10, 2019
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Amandeep Kaur	522, New Guruteg Bahadur Nagar, Jal	20	30.77
2	Asha Rani	01, New Jawala Nagar, Maqsudan, Jal	15	23.09
3	Harmeet Singh	528, New Guru Teg Bahadur Nagar, Jalandhar	10	15.38

4	Surjit Singh	Vpo Bhandala, Distt Jalandhar	10	15.38
5	Ravi Kumar Narula Huf	3a, Rani Jhansi Road, Civil Lines, Lidhiana	10	15.38
TOTAL			65	100

Secured NCD-11.75% Series I, Scheme C
Maturity Date: September 10, 2022
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Jaspal Singh	Vill Raipur Araian, Tehsil Nakodar	100	26.32
2	Amarjit Kaur	Vpo Mehatpur, Jalandhar	70	18.42
3	Kulvir Singh	Vill Nawan Pind, Nakodar, Jalandhar	70	18.42
4	Kartar Singh	Vill Mandali, Tehsil Nakodar, Jalandhar	50	13.16
5	Bhupinder Kaur	Mohalla Guru Teg Bahadar Nagar, Nakodar	40	10.53
6	Des Raj	Mohalla Kamal Vihar, Ward No 29, Jalandhar	30	7.89
7	Sudesh Bhagat	348 B, New Deol Nagar, Jalandhar	10	2.63
8	Manju	Ward No 1. Hno 751, Mohalla Krishan Nagar, Nakodar	10	2.63
TOTAL			380	100

Secured NCD-11.85% Series I, Scheme C
Maturity Date: December 10, 2018
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Ajay Kumar	H No 6706, Guru Teg Bahadar Nagar, Nakodar	10	100
TOTAL			10	100

Secured NCD-11.85% Series I, Scheme C
Maturity Date: September 10, 2019
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Jaswinder Singh Nagpal	158, New Jwahar Nagar, Jal	40	25.32

2	Sonia Nagpal	158, New Jwahaar Nagar, Jal	38	24.04
3	Daljit Singh	Vpo Jandiala , Teh- Phillaur-Jal	20	12.66
4	Rajeshwari Saini	49/2 Preet Ngr,Ladowalai Road Jal	20	12.66
5	Simran Nagpal	158, New Jwahaar Nagar, Jal	10	6.33
6	Ramnik Nagpal	158, New Jwahaar Nagar, Jal	10	6.33
7	Manjit Singh	46, Guru Teg Bhadur Nagar, Jal	20	12.66
TOTAL			158	100

Secured NCD-11.85% Series I, Scheme C
Maturity Date: March 10, 2022
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Paramjit Kaur	H.No 36, Khairha Donan, Tehsil Kapurthala, Distt Kapurthala	100	25.97
2	Jasbir Singh	Vpo Mehatpur, Jalandhar	100	25.97
3	Rupinder Kaur	Vpo Daduwal, Teh-Phillour, Dt-Jal	40	10.39
4	Kirandeep Kaur	Vpo Daduwal, Teh-Phillour, Dt-Jal	40	10.39
5	Paramjit Kaur	Vpo, Samrai, Teh-Phillaur, Jalandhar	30	7.79
6	Jasvir Singh	Vpo, Samrai, Teh-Phillaur, Jalandhar	20	5.19
7	Makhan Singh	Vpo Daduwal, Teh-Phillour, Dt-Jal	20	5.19
8	Ashok Kumar	H No 15, Vill Dhalla, Tehsil Sultanpur, Distt Kapurthala	15	3.91
9	Mahesh Kumar	Vpo Samrai, Teh. Phillaur Jalandhar	10	2.60
10	Jaswinder Singh	Vpo Samrai, Teh. Phillaur Jalandhar	10	2.60
TOTAL			385	100

Secured NCD-11.85% Series I, Scheme C
Maturity Date: September 10, 2022
Face Value: 10,000

S.No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Nirmal Singh	Vill- Seechewal, Po- Bupowal, Ps- Shahkot, Dt- Jalandhar	50	9.47
2	Baljit Singh	Vpo Mehatpur, Jalandhar	35	6.62
3	Sanjiwan Lata	84,Sudarshan Park, Nandanpur,Road, Jalandhar	30	5.68
4	Ashwani Kumar	Hno 63/6 Mohalla No 31, Jalandhar Cantt,	30	5.68

5	Nirmal Singh	Vpo Pandori Khas, Tehsil Nakodar, Jalandhar	30	5.68
6	Madhu Bhandari	H.No 304, Krishna Apartment, Ward No 24, Jalandhar	20	3.79
7	Mangat Rai	Hno 228, Mohalla Kaler Nagar, Shankar Road, Nakodar	20	3.79
8	Baljeet Kaur	Nakodar, Distt Jalandhar	20	3.79
9	Sunita Rani	Vill- Kangana, Tehsil- Shahkot.	20	3.79
10	Neelam Rani	#120, Vill- Akalpur, Malsian, Tehsil- Shahkot.	20	3.79
11	Rohit Arora	Model Town, Nakodar Road, Shahkot	20	3.79
TOTAL			295	55.87

Secured NCD-12.00% Series I, Scheme C
Maturity Date: September 10, 2019
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Rajni Kochhar	Mohalla Kochharan, Noormahal	400	79.21
2	Sukh Ram	H.No:697 Model Town , Jalandhar	75	14.85
3	Kusum Malhotra	L Hno 23 Ff, Sarswati Vihar, Jalandhar	30	5.94
TOTAL			505	100

Secured NCD- 12.00% Series I, Scheme C
Maturity Date: September 10, 2022
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Ajeet Singh	Vpo Sangowal, Tehsil Nakodar, Jalandhar	110	47.82
2	Gurdev Kaur	Hno. 56 Vill Chak Mughlai, Teh Nakodar Distt Jal	100	43.48
3	Gian Singh	Vpo Chitti, Distt Jalandhar	10	4.35
4	Teja Singh	Mohallan Raj Pitan, Nakodar, Distt Jalandhar	10	4.35
TOTAL			230	100

Secured NCD- 12.1% Series I, Scheme C
Maturity Date: September 10, 2019
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Rajni Kochhar	Mohalla Kochharan, Noormahal	420	84.85
2	Surta Singh	#23, Vill- Warha Budh Singh, Teh-Shahkot, Distt- Jalandhar	50	10.10
3	Sudesh Soni	H No 1020, Mohalla Gobindgarh Ward No 30, Jalandhar	25	5.05
TOTAL			495	100

Secured NCD- 12.1% Series I, Scheme C
Maturity Date: March 10, 2022
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Gurnam Singh	Vpo Daduwal, Teh-Phillour, Dt-Jal	50	55.56
2	Sohan Singh	Vpo Sarhali, Teh-Phillaur, Jal	40	44.44
TOTAL			90	100

Secured NCD- 12.1% Series I, Scheme C
Maturity Date: September 10, 2022
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Sukhwinder Singh	Mohalla Preet Nagar, Nakodar, Jalandhar	50	19.31
2	Surjan Singh	366, Mota Singh Nagar, Jal	30	11.58
3	Sudesh Arora	Vpo Lohian Khas, Tehsil Shahkot, Jalandhar	25	9.65
4	Mohinder Singh	Vpo Lohian Khas, Tehsil Shahkot, Jalandhar	25	9.65
5	Gurbaksh Kaur	8 Vill Chaulang, Tehsil Nakodar, Distt Jalandhar	24	9.26
6	Neelam Jain	213 Pipalyan Wali Gali, Shahkot, Tehsil Nakodar, Distt Jalandhar	20	7.73
7	Kamaljeet Verma	#6648, Moh- Arjan Nagar, Nakodar, Dt- Jalandhar.	20	7.73
8	Satya Rani	Mohalla Mohara, Nakodar	15	5.79
9	Subash	34a, Shastri Nagar, Nakodar Road, Jal	10	3.86

	Chander			
10	Balbir Singh	Vpo Jandu Singha, Jalandhar	10	3.86
11	Kulvinder Kaur	H.No 8, New Jawala Nagar, Maqsuda, Jalandhar 1, Jalandhar	10	3.86
12	Raksha Rani	Vpo Boparai Kalan, Tehsil Nakodar, Jalandhar	10	3.86
13	Poonam	Mohalla Kalian, Nakodar, Jalandhar	10	3.86
TOTAL			259	100

Secured NCD- 12.00% Series III
Maturity Date: November 30, 2016
Face Value: 10,000

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Prem Sagar Vij	H. NO. 320, Nurmahal Road, Jalandhar	1000	50
2	Ashish Vij	H. NO. 320, Nurmahal Road, Jalandhar	750	37.5
3	Shivam Gupta	396, New Jawahar Nagar, Jalandhar	250	12.5
TOTAL			2000	100

7. List of top 10 holders of unsecured redeemable non convertible bonds in the nature of debentures of our Company as on March 31, 2014:-

Scheme A

S. No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Baldev Singh	Vpo Chuheki Phillaur Jalandhar	300	14.73
2	Charanjit Singh Maingi	370 New Jawahar Nagar Jalandhar	216	10.60
3	Narinder Singh Maingi	47-48 Mota Singh Nagar Jalandhar	216	10.60
4	Harjit Kaur	B-40/338 Lajpat Nagar Jalandhar	150	7.36
5	Harjit Kaur Maingi	47-48 Mota Singh Nagar Jalandhar	66	3.24
6	Ajit Kaur Maingi	370 New Jawahar Nagar Jalandhar	66	3.24
7	Jaspal Kaur	560/78 Krishna Nagar Lucknow	98	4.81
8	Sukhdev Kaur	Vpo Sharakpur, Nakoder Jal	50	2.45
9	Balbir Singh	85, Vpo. Kangna, Nakodar, Jal	50	2.45

10	Mahinder Kaur	H.No.1438 Chak Hussiana Lamba Pind, Jalandhar	50	2.45
11	Sarbjit Kaur	Bx 1441/2, Jaja Wali Gali No.14 Lamba Pind, Jalandhar	50	2.45
12	Sarabjit Singh	Vpo Dalla Kapurthala	50	2.45
13	Kuldip Chand Chhura	95 Ugrupur, Sultanpur, Kpt	50	2.45
14	Darshan Singh	Vpo Guntala Phillaur Jalandhar	50	2.45
15	Sham Lal	2234 Railway Road Nakodar Jalandhar	50	2.45
TOTAL			1512	74.18

Scheme B

S.No.	Name of Debenture Holder	Address	Total Debentures held	Percentage of the holding (%)
1	Karnail Singh Uppal	Vpo Uppal Khalsa Phillaur, Jalandhar	100	6.04
2	Ranjit Singh	Vpo Nurpur Tanda Toad Jalandhar	70	4.23
3	Sahabjit Kaur	Vpo Hardaspur Phagwara	60	3.62
4	Gurbax Singh	Vill. Sharak Pur Nakodar Jalandhar	60	3.62
5	Dalvir Singh	Vpo Atta Jalandhar	55	3.32
6	Pardeep Kalra	6725 Mohalla Garhia Guru Teg Bahadur Ngr Nakodar Jal	50	3.02
7	Amarjit Kaur	Vpo Mahal Shahkot Malsian	50	3.02
8	Surjit Singh	Vill. Sidhupur Lohian Khas Jal	50	3.02
9	Mohan Singh	Vpo Kandola Kalan Jalandhar	50	3.02
10	Surjit Kaur	85,Vpo.Kangna, Nakodar, Jal	50	3.02
11	Gurnam Kaur	86 V. Khurampur Nakodar Jalandhar	50	3.02
TOTAL			645	38.95

OBJECTS OF THE ISSUE

Issue proceeds

The funds raised through this Issue will be utilised for working capital requirements for scaling up of our business operations including opening of new branches and general corporate purposes after meeting the expenditures of and related to the Issue and subject to applicable statutory/regulatory requirements.

In accordance with the SEBI Debt Regulations, our Company will not utilise the proceeds of the Issue for providing loans to or acquisition of shares of any person who is a part of the same group as our Company or who is under the same management as our Company.

No part of the proceeds from this Issue will be paid by the company as consideration to our Promoters, our Directors, or companies promoted by our Promoters except in the ordinary course of business.

Further the Company undertakes that Issue proceeds from NCDs allotted to banks if any shall not be used for any purpose, which may be in contravention of the RBI guidelines on bank financing to NBFCs including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI regulations.

The main objects clause of the Memorandum of Association of our Company permits our Company to undertake its existing activities for which the funds are being raised through this Issue.

Monitoring of utilisation of funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI Debt Regulations. The Board of Directors of our Company or any committee thereof shall monitor the utilisation of the proceeds of the Issue. For the relevant Financial Years commencing from the Financial Year 2014, our Company will disclose on a half yearly basis, a statement indicating material deviations, if any, in the use of the proceeds of the Issue from the objects stated in the Prospectus. This information shall be furnished to the stock exchange along with the half yearly financial results furnished under clause 29 of the Debt Listing Agreement to the Stock Exchange and shall also be published in the newspapers simultaneously along with the half yearly financial results.

Interim use of proceeds

The management of our Company, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilisation of the proceeds out of the Issue for the purposes described above, our Company intends to temporarily invest funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in interest bearing securities as may be approved by the Board / Committee of Directors of the Company, as the case may be. Such investment would be in accordance with the investment policy of our Company approved by the Board or any committee thereof from time to time.

STATEMENT OF TAX BENEFITS

Statement of Possible Tax Benefits Available To The Debenture Holders

The following tax benefits will be available to the debenture holders as per the existing provisions law. The tax benefits are given as per the prevailing tax laws and may vary from time to time in accordance with amendments to the law or enactments thereto. The debenture holder is advised to consider the tax implications in respect of subscription to the debentures after consulting his tax advisor as alternate views are possible. We are not liable to the debenture holder in any manner for placing reliance upon the contents of this statement of tax benefits.

A. IMPLICATIONS UNDER THE INCOME-TAX ACT, 1961 (“I.T. ACT”)

(i) To the Resident Debenture Holder

1. Interest on NCD received by debenture holders would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 193 of the I.T. Act. However, no income tax is deductible at source in respect of the following:

(a) In case the payment of interest on debentures to a resident individual or a Hindu undivided family (“HUF”) Debenture Holder does not or is not likely to exceed ₹.5,000.00 in the aggregate during the Financial Year and the interest is paid by an account payee cheque.

(b) On any security issued by a company in a dematerialized form and is listed on recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made there under.(with effect from June 01, 2008).

(c) When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture Holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the I.T. Act; and that certificate is filed with the Company before the prescribed date of closure of books for payment of debenture interest.

(d) (i) When the resident Debenture Holder with Permanent Account Number (“PAN”) (not being a company or a firm) submits a declaration as per the provisions of Section 197A(1A) of the I.T. Act in the prescribed form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be NIL. However under Section 197A(1B) of the I.T. Act, “form15G cannot be submitted nor considered for exemption from tax deduction at source if the dividend income referred to in Section 194 of the I.T. Act, interest on securities, interest, withdrawal from NSS and income from units of mutual fund or of Unit Trust of India as the case may be or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the previous year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax”.

To illustrate, as on April 01, 2013, the maximum amount of income not chargeable to tax in case of individuals (other than senior citizens and super senior citizens) and HUFs is ₹ 200,000.00; in the case of every individual being a resident in India, who is of the age of 60 years or more but less than 80 years at any time during the Financial Year (Senior Citizen) is ₹ 250,000.00; and in the case of every individual being a resident in India, who is of the age of 80 years or more at any time during the Financial Year (Super Senior Citizen) is ₹ 5,00,000.00 for Financial Year 2013-14.

Further, section 87A of the I.T. Act provides a rebate of 100% of income-tax or an amount of ₹

2,000.00 whichever is less to a resident individual whose total income does not exceed ₹ 500,000.00.
(ii) Senior citizens, who are 60 or more years of age at any time during the financial year, enjoy the special privilege to submit a self-declaration in the prescribed Form 15H for non deduction of tax at source in accordance with the provisions of Section 197A(1C) of the I.T. Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax, provided that the tax due on total income of the person is NIL.

(iii) In all other situations, tax would be deducted at source as per prevailing provisions of the I.T. Act. Form No.15G with PAN / Form No.15H with PAN / Certificate issued under Section 197(1) have to be filed with the Company before the prescribed date of closure of books for payment of debenture interest without any tax withholding.

1 In case where tax has to be deducted at source while paying debenture interest, the Company is not required to deduct surcharge, education cess and secondary and higher education cess.

2 As per Section 2(29A) of the I.T. Act, read with Section 2(42A) of the I.T. Act, a listed debenture is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer. Under Section 112 of the I.T. Act, capital gains arising on the transfer of long term capital assets being listed securities are subject to tax at the rate of 20% of capital gains calculated after reducing indexed cost of acquisition or 10% of capital gains without indexation of the cost of acquisition. The capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition/indexed cost of acquisition of the debentures from the sale consideration.

However as per the third proviso to Section 48 of I.T. Act, benefit of indexation of cost of acquisition under second proviso of Section 48 of I.T. Act, is not available in case of bonds and debenture, except capital indexed bonds. Thus, long term capital gains arising out of listed debentures would be subject to tax at the rate of 10% computed without indexation.

In case of an individual or HUF, being a resident, where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate mentioned above.

1 Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act. The provisions relating to maximum amount not chargeable to tax described at para 3 above would also apply to such short term capital gains.

2 In case the debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.

(ii) To the Non Resident Debenture Holder

1. A non-resident Indian has an option to be governed by Chapter XII-A of the I.T. Act, subject to the provisions contained therein which are given in brief as under:

(a) As per Section 115E of the I.T. Act, interest income from Debentures acquired or purchased with or subscribed to in convertible foreign exchange will be taxable at 20%, whereas, long term capital gains on transfer of such Debentures will be taxable at 10% of such capital gains without indexation of cost of acquisition. Short-term capital gains will be taxable at the normal rates of tax in accordance with and subject to the provisions contained therein.

(b) As per Section 115F of the I.T. Act, long term capital gains arising to a non-resident Indian from transfer of debentures acquired or purchased with or subscribed to in convertible foreign exchange will be exempt from capital gain tax if the net consideration is invested within six months after the date of transfer of the debentures in any specified asset or in any saving certificates referred to in section 10(4B) of the

I.T. Act in accordance with and subject to the provisions contained therein. To avail the benefit the conditions as stipulated in the provision the section 115F of the Act should be complied with.

(c) As per Section 115G of the I.T. Act, it shall not be necessary for a non-resident Indian to file a return of income under Section 139(1) of the I.T. Act, if his total income consists only of investment income as defined under Section 115C and/or long term capital gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of chapter XVII-B of the I.T. Act in accordance with and subject to the provisions contained therein.

(d) Under Section 115H of the I.T. Act, where a non-resident Indian becomes a resident in India in any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with return of income under Section 139 for the assessment year for which he is assessable as a resident, to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to the investment income (other than on shares in an Indian company) derived from any foreign exchange assets in accordance with and subject to the provisions contained therein. On doing so, the provisions of Chapter XII-A shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.

2. In accordance with and subject to the provisions of Section 115I of the I.T. Act, a Non-Resident Indian may opt not to be governed by the provisions of Chapter XII-A of the I.T. Act. In that case,

(a) Long term capital gains on transfer of listed debentures would be subject to tax at the rate of 10% computed without indexation.

(b) Investment income and short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months preceding the date of transfer, would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act

(c) Where, debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.

3. Under Section 195 of the I.T. Act, the applicable rate of tax deduction at source is. 20% on investment income and 10% on any long-term capital gains as per Section 115E, and at the normal rates for Short Term Capital Gains if the payee Debenture Holder is a Non-Resident Indian.

4. The income tax deducted shall be increased by a surcharge as under:

(a) In the case of non-resident Indian surcharge at the rate of 10% of such tax where the income or the aggregate of such income paid or likely to be paid and subject to the deduction exceeds ₹.10,000,000.00.

(b) In the case of non domestic company, at the rate of 2% of such income tax where the income or the aggregate of such income paid or likely to be paid and subject to deduction exceeds ₹10,000,000.00 but does not exceed ₹ 100,000,000.00.

(c) In the case of non-domestic company, at the rate of 5% of such income tax where the income or the aggregate of such income paid or likely to be paid and subject to the deduction exceeds ₹ 100,000,000.00. 2% education cess and 1% secondary and higher education cess on the total income tax (including surcharge) is also deductible.

5. As per Section 90(2) of the I.T. Act read with the circular no. 728 dated October 30, 1995 issued by the Central Board of Direct Taxes, in the case of a remittance to a country with which a Double Tax Avoidance Agreement (“DTAA”) is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the assessee. However, submission of tax residency certificate, is a mandatory condition for availing benefits under any DTAA.

6. Alternatively, to ensure non deduction or lower deduction of tax at source, as the case may be, the Debenture Holder should furnish a certificate under Section 197(1) of the I.T. Act, from the Assessing Officer before the prescribed date of closure of books for payment of debenture interest. However, an application for the issuance of such certificate would not be entertained in the absence of PAN as per the provisions of Section 206AA.

(iii) To the Foreign Institutional Investors (FIIs)

1 In accordance with and subject to the provisions of Section 115AD of the I.T. Act, long term capital gains on transfer of debentures by FIIs are taxable at 10% (plus applicable surcharge and education and secondary and higher education cess) and short-term capital gains are taxable at 30% (plus applicable surcharge and education and secondary and higher education cess). The benefit of cost indexation will not be available. Further, benefit of provisions of the first proviso of Section 48 of the I.T. Act will not apply.

2 Income other than capital gains arising out of debentures is taxable at 20% in accordance with and subject to the provisions of Section 115AD of the I.T. Act.

3 The Finance Act, 2013 (by way of insertion of a new section 194LD in the I.T. Act) provides for lower rate of withholding tax at the rate of 5% on payment by way of interest paid by an Indian company to FIIs and qualified foreign investor in respect of rupee denominated bond of an Indian company between June 01, 2013 and June 01, 2015 provided such rate does not exceed the rate as may be notified by the Government.

4 In accordance with and subject to the provisions of Section 196D(2) of the I.T. Act, no deduction of tax at source is applicable in respect of capital gains arising on the transfer of debentures by FIIs.

5 The provisions at paragraph II (4, 5 and 6) above would also apply to FIIs.

(iv) To the Other Eligible Institutions

All mutual funds registered under Securities Exchange Board of India or set up by public sector banks or public financial institutions or authorised by the Reserve Bank of India are exempt from tax on all their income, including income from investment in Debentures under the provisions of Section 10(23D) of the I.T. Act subject to and in accordance with the provisions contained therein.

(v) Exemption under sections 54EC and 54F of the I.T. Act

1. Under Section 54EC of the I.T. Act, long term capital gains arising to the debenture holders on transfer of their debentures in the company shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months after the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said notified bonds are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. However, the exemption is subject to a limit of investment of ₹ 5,000,000.00 during any financial year in the notified bonds. Where the benefit of Section 54EC of the I.T. Act has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under Section 80C of the I.T. Act.

2. As per the provisions of Section 54F of the I.T. Act, any long-term capital gains on transfer of a long term capital asset (not being residential house) arising to a Debenture Holder who is an individual or Hindu Undivided Family, is exempt from tax if the entire net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a

new residential house, or for construction of residential house within three years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis. This exemption is available, subject to the condition that the debenture holder does not own more than one residential house at the time of such transfer. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Similarly, if the Debenture Holder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

(vi) Requirement to furnish PAN under the I.T. Act

1. Section 139A(5A) Section 139A(5A) of the I.T. Act requires every person from whose income tax has been deducted at source under chapter XVII-B of the I.T. Act to furnish his PAN to the person responsible for deduction of tax at source.

2. Section 206AA:

(a) Section 206AA of the I.T. Act requires every person entitled to receive any sum, on which tax is deductible under Chapter XVIII ('deductee') to furnish his PAN to the deductor, failing which attracts tax shall be deducted at the higher of the following rates:

- (i) at the rate specified in the relevant provision of the I.T. Act; or
- (ii) at the rate or rates in force; or
- (iii) at the rate of twenty per cent.

(b) A declaration under Sections 197A(1) or 197A(1A) 197A(1C) shall not be valid unless the person furnishes his PAN in such declaration and the deductor is required to deduct tax as per paragraph(a) above in such a case.

(c) Where a wrong PAN is provided, it will be regarded as non furnishing of PAN and paragraph (a)above will apply

(vii) Taxability of gifts received for nil or inadequate consideration

As per Section 56(2)(vii) of the I.T. Act, where an individual or HUF receives debentures from any person on or after October 01, 2009:

- (a) without any consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole of the aggregate fair market value of such debentures or;
- (b) for a consideration which is less than the aggregate fair market value of the debenture by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such debentures as exceeds such consideration shall be taxable as the income of the recipient at the normal rates of tax

However, this provision would not apply to any receipt:

- (i) from any relative; or
- (ii) on the occasion of the marriage of the individual; or
- (iii) under a will or by way of inheritance; or
- (iv) in contemplation of death of the payer or donor, as the case may be; or
- (v) from any local authority as defined in Section 10(20) of the I.T Act; or
- (vi) from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in Section 10(23C); or
- (vii) from any trust or institution registered under Section 12AA.

B. IMPLICATIONS UNDER THE WEALTH TAX ACT, 1957

Wealth-tax is not levied on investment in debentures under Section 2(ea) of the Wealth Tax Act, 1957.

Notes

1 The above statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of debentures/bonds.

2 The above statement covers only certain relevant benefits under the Income Tax Act, 1961 and Wealth Tax Act, 1957(collectively referred to as '**direct tax laws**') and does not cover benefits under any other law.

3 The above statement of possible tax benefits are as per the current direct tax laws relevant for the assessment year 2014-15. Several of these benefits are dependent on the debenture holder fulfilling the conditions prescribed under the relevant provisions.

4 This statement is intended only to provide general information to the Debenture Holders and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each Debenture Holder is advised to consult his/her/its own tax advisor with respect to specific tax consequences of his/her/its holding in the debentures of the Company.

5 The stated benefits will be available only to the sole/ first named holder in case the debenture is held by joint holders.

6 In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant tax treaty, if any, between India and the country in which the nonresident has fiscal domicile.

7 In respect of non-residents, taxes paid in India could be claimed as a credit in accordance with the provisions of the relevant tax treaty.

8 No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

9 Interest on application money would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of section 194A of the I.T. Act.

SECTION IV: ABOUT THE ISSUER AND INDUSTRY OVERVIEW

Industry Overview

Unless otherwise indicated, all of the information in this section is derived from the websites of and publicly available documents from various sources, including but not limited to industry websites and publications. The data may have been re-classified by us for the purpose of presentation.

The information in this section has not been independently verified by us, the Lead Manager or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Further, there is no assurance that the basis of the data or the findings is completely accurate or reliable. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information.

In connection with the reports by CARE, it has used due care and caution in preparing the aforementioned report. Information has been obtained by CARE from sources it considers reliable. However, CARE does not 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. No part of the aforementioned report may be published / reproduced in any form without CARE's prior written approval. CARE is not liable for any investment decisions which may be based on the views expressed in the aforementioned report. CARE operates independently of, and does not have access to information obtained by CARE's Rating Division, which may, in its regular operations, obtain information of a confidential nature that is not available to CARE Rating. Further the industry chapter may be updated from time to time subject to availability of updated data from websites, reports and other documents referenced in this chapter.

Acknowledgement / Source: For the purpose of Industry Overview section, research reports of CARE Ratings have been referred to.

Summary

- Microfinance sector in India has gone through 3 broad risk phases in the past – high growth (till 2010), high volatility (2010 – 2011), consolidation (2011 – 2013) and is now entering IV phase of relative stability.
- *Phase I*, that ended with the start of Andhra Pradesh (AP) crisis in 2010, saw high growth in the sector attracting both debt and equity investments to a highly profitable segment. Lack of seasoning of portfolio, high risk of regulatory & political intervention, portfolio concentration risks were some of the key credit constraints then and most of the risks were latent. *Phase II* beginning with AP crisis which led to bankruptcy of major AP based MFIs due to geographic concentration and funding constraints for the overall sector. With RBI providing a strong regulatory regime starting in 2011, the sector entered *Phase III* of consolidation with the MFIs adjusting their business model to the new market & regulatory environment.

- The sector is now entering into *Phase IV* and the MFIs have adapted to the new business environment more than three years post the AP crisis. This phase is expected to be characterized by a more stable regulatory environment, steady availability of funds, improving profitability with comfortable asset quality & capital adequacy and relatively lesser impact of concentration risk. Credit ratings in the sector will continue to factor in risks associated with unsecured lending, socio-political intervention, geographic concentration and operational risks related to cash based transactions. Entity specific parameters relating to scale of operations, other operational parameters *and* financial profile along with above factors will determine credit profiles of individual MFI.

Background

Microfinance is seen as an important tool for poverty alleviation and over the years, microfinance institutions (MFIs) have placed themselves as fulfilling this developmental goal. In India the microfinance movement was initiated by NABARD in collaboration with Banks and Non-Government Organisations (NGOs) for unbanked population known as Self Help Groups (SHGs) - bank linkage program in 1992. The program was government initiated program with refinancing to banks from NABARD. SHGs bank linkage program involved NGOs to form Self Help Groups (SHGs) and train them. Each SHG typically consists of a group of women/men members interested in accessing financial services including savings, credit insurance etc. Post the training, NGOs provided SHGs access to funds by linking them to banks which provided financial services (including thrift, credit, etc.) to them directly. NGOs' role was to ensure financial discipline of the SHGs. Apart from this there were state government run SHG programs.

Thus microfinance in this phase was government driven. The microfinance sector started evolving with private sector participation leading to formation of microfinance institutions (MFIs). The MFIs accessed bulk funds from banks and lent to the end borrowers (either SHG members or JLG members). From thereon the microfinance activities were being implemented by the two channels including MFI model and SHG bank linkage model.

The sector witnessed high growth rate during the period 2006 to 2010 supported by funding availability and potential demand in the sector. The growth was mainly driven by the MFIs due to large scale availability of funding in terms of both debt and equity. The overall loan portfolio increased from Rs.139,500 million as on March 31, 2007 to Rs.381,860 million as on March 31, 2010 which included growth from SHG bank linkage and MFI model.

However focus of the microfinance sector is mainly on micro-credit with other products still evolving including thrift, insurance and remittance.

Andhra Pradesh event

The growth witnessed during the period 2006 to 2010 was more intensive with certain geographies (including Andhra Pradesh) becoming saturated as compared to other geographies leading to high competition and aggressive lending. In October 2010, AP state government implemented an ordinance to regulate MFIs operating in the state on concerns that MFIs were charging higher interest rates, using coercive recovery practices and multiple lending was leading to higher over-indebtedness amongst the borrowers. The AP ordinance required that the MFIs operating in the state had to register with the local district authorities pending which the MFIs had to put hold on the collections and disbursements. Realignment of the process and extension in timelines for getting

approvals from the state government, led to deterioration in asset quality of MFIs having exposure in AP as the operations were stalled.

Overall it led to crisis in the microfinance sector as it faced funding constraints due to regulatory uncertainty. The regulatory uncertainty was high on account of likely occurrence of such similar regulation in other states thereby disrupting the operations of the MFIs operating in other states of India.

The impact of such event which led to the crisis was so high that from credit risk perspective the microfinance evolution can be divided into three phases- pre crisis, during and post AP crisis.

The microfinance sector evolved post the AP crisis with regulatory intervention in 2011. External environment improved with RBI guidelines being put in place for NBFC-MFIs and MFI bill being considered by the Central Government. This enabled the microfinance sector to revive its growth and come back on track.

As per the report “Status of Microfinance in India” by National Bank for Agricultural and Rural Development (NABARD), the overall microfinance sector in terms of loan portfolio stood at Rs.538,010 million including SHG bank linkage model (Rs.393,750 million) and MFI model (Rs.144,250 million) as on March 31, 2013. As per the report overall growth in the microfinance sector including the SHG bank linkage program and MFI model has been growing at good pace till the AP crisis in October 2010 and post that has witnessed moderation in growth.

Regulatory Environment

Post the AP ordinance, in October 2010, there was regulatory uncertainty over the microfinance activities undertaken by the MFIs. To overcome or reduce uncertainty and bring MFI activities under single regulator and avoid multiple regulations, Government of India initiated Microfinance Institution (Development & Regulation) bill. The MFI bill aims to address the concerns and regulate the MFI sector and it is pending with the parliament. Furthermore, in May 2011, the Reserve Bank of India (RBI) issued guidelines to regulate NBFC-MFIs and retain priority sector lending status for micro-finance institutions. It issued specific guidelines for NBFC-MFIs, to ensure that the clients are offered services in a transparent manner including clear communication of lending rates, tenure of loans, repayment flexibility etc. The guidelines further ensure that NBFC-MFIs assess the indebtedness level of the clients and disburse loans. In addition to this it also mentions that MFIs need to have customer redressal mechanism in place to address customer grievances. In totality the guidelines were aimed at customer protection principles by the NBFC-MFIs.

To give effect to the recommendations of the sub- committee under the Chairmanship of Shri Y.H.Malegam, on formation of Industry Associations, RBI has decided to accord recognition status to industry associations as Self-regulatory Organizations (SRO) of NBFC-MFIs so as to ensure effective monitoring, their compliance with the regulations and code of conduct and to protect the interest of customers of NBFC-MFIs. These SROs adhere to set of functions and responsibilities prescribed by RBI.

The table below shows the timelines and amendments of guidelines by RBI for the microfinance sector:

Dates	Key Developments
October 2010	Formation of Malegam Committee by RBI to study the issues and concerns in microfinance sector.

January, 2011	RBI released Malegam Committee recommendations for the Microfinance sector.
May, 2011	Acceptance of broad framework of Malegam Committee recommendations in Monetary Policy Statement 2011-12 including retention of priority sector lending status for bank loans to MFIs, margin cap at 12% and interest rate cap at 26%.
December, 2011	RBI introduced new category of NBFCs and termed as 'Non-Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs). Some of the key points include <ul style="list-style-type: none"> ➤ Minimum Net Owned Fund of Rs.5 crore for new NBFC-MFIs and for existing NBFC-MFIs w.e.f. April 1, 2012 ➤ Capital Adequacy Ratio of 15% (relaxation for AP based MFIs for F.Y.12 and for NBFC-MFIs with loan portfolio less than Rs.100 crore) ➤ Margin cap at 12%, interest rate cap at 26% and processing charges at 1%
August, 2012	Amendment to NBFC-MFI guidelines by RBI which included <ul style="list-style-type: none"> ➤ Registration compulsory for NBFCs intending to operate as NBFC-MFIs by October 2012 ➤ Relaxation in meeting norm of Minimum Net Owned Fund (NOF) of Rs.5 crore for existing NBFC-MFIs. It has to be met in tranches with Rs.3 crore NOF by March 2013 and Rs.5 crore by March 2014 ➤ Removal of interest rate cap and linked to borrowing rate plus fixed margin. Margins are capped at 10% for large MFIs and 12% for others ➤ NBFC-MFI should hold minimum 85% of its net assets in the nature of qualifying assets.
July, 2013	Amendment to NBFC-MFI guidelines by RBI which included <ul style="list-style-type: none"> ➤ Relaxation in margin cap for all NBFC-MFIs irrespective of size at 12% till March, 2014. However from April, 2014, margins are capped at 10% for large MFIs and 12% for others
Nov, 2013	RBI has allowed recognition of industry association of NBFC-MFIs as Self-Regulatory Organisation (SRO).
Feb, 2014	Amendment to NBFC-MFI guidelines by RBI with respect to pricing of credit, it would be lower of the following two: <ul style="list-style-type: none"> • The cost of funds plus margin The average base rate of the five largest commercial banks by assets multiplied by 2.75
March, 2014	March, 2014 RBI has notified the applicable average base rate as 10.09% for the quarter beginning April 1, 2014

In-principle approval for Banking License to Bandhan Financial Services Pvt. Ltd

The Reserve Bank of India (RBI) on 2nd April 2014 gave in-principle approval to microfinance institution Bandhan Financial Services Pvt. Ltd to start new bank from amongst the 24 applicants for the banking license. This is the third tranche of grant of licenses to private sector lenders in the last two decades.

Award of the banking license is recognition of the micro-finance sector and their hard work to reach unbanked areas and provide financial services.

OUR BUSINESS

Overview

“Microfinance is an economic development tool whose objective is to assist the poor to work their way out of poverty. It covers a range of services, which include, in addition to the provision of credit, many other services such as savings, insurance, money transfers, counseling etc”. This definition of microfinance is given by Malegam Committee – Sub-Committee of the Central Board of Directors, Reserve Bank of India which was formed to Study Issues and Concerns in the Microfinance Sector. This committee recently submitted its report on January 19, 2011.

Microfinance acts as an umbrella to the poverty stricken and makes provision for credit availability to this sector through poverty focused Microfinance Institutions-MFIs. Microfinance promotes women entrepreneurship by providing loans to poor, to help them engage in productive activities and grow their tiny establishments. It gives people the means to fight against poverty and aims at poverty alleviation.

Nobel laureate ‘Prof. Muhammad Yunus’, in 1976 gave Microfinance a new definition and provided a resource for the upliftment of poverty stricken. His innovative ‘Grameen Model’ of lending to the poor through formal Micro Finance Institutions (MFI) has now established that working poor can act in an entrepreneurial manner and are in principle credit worthy.

Background

During the financial year 2010 – 2011, the Directors of the Company had decided to step into Micro Finance venture and conducted various ground surveys and case studies with the officials of Grameen Bank in Bangladesh, BANDHAN Microfinance, BASIX Group, Ujjivan Microfinance, Equitas Microfinance, SKS Microfinance etc. The Directors of the Company held in-depth discussions with the officials of the above-said Microfinance Institutions and also attended Group Formation meetings, Centre Meetings, Loan Disbursement meetings, Customer Interactions etc. The Directors of the Company also met with Prof. Mohammad Yunus (Nobel Prize winner) in Bangladesh and gained practical experience through personal interactions with Prof. Yunus & other top management of Grameen Bank.

Midland Microfin Ltd. has been set up as an exclusive division of one of the Group NBFCs (RBI registration No. A-06-00458) of Midland Group with registered and Head Office in Jalandhar, Punjab to deal in Microfinance Business in India and abroad. It aims to encourage micro enterprise as source of sustainable livelihood, with special emphasis on woman by providing large scale access to financial services with the help of technology and to work for financial and social empowerment of women. As per the Company’s plans, the operations of the Company would spread the outreach on the domestic grounds to the poorest of the poor by 2016 and then would extend the services to nearby countries 2017 onwards.

Midland Microfin launched its pilot project by opening two branches in Jalandhar in Dec, 2010. As part of the pilot project, initially started with four branches, two each at Jalandhar and Ludhiana. After the pilot run for few months, 05 more branches were operationalised during 2011 – 2012 and 7 more branches were opened by the Company during the year 2012 – 2013. The company is using software by Craft Silicon, one of the leading technology vendors for MFIs. The Authorised Capital has been increased to Rs. 12 crores and the paid up capital is Rs, 70,855,000. The company has

identified the risk in the business and all control measures have been put in place through technology and processes to mitigate the same.

Area of Operation

The Directors decided to begin the operations in the State of Punjab and have already expanded operations in the nearby states of Rajasthan and Haryana. The initial spread shall include neighbouring states of Himachal Pradesh, Delhi, Jammu & Kashmir and Uttarakhand. Thereafter it is proposed to be expanded to entire India and nearby countries.

Branch Network

The Company is operating with 21 branches as on March 31, 2014. It has planned to open 29 branches in the financial year 2014 – 2015 and 50 branches during the financial year 2015 – 2016.

S. No	Location	Address	L.L. Numbers	email id's
1	Head Office	Gobind Niwas, 2 nd Floor, 36 G.T. Road Jalandhar, Punjab	0181-5085555, 5086666	
2	Jalandhar	# 186, Green Park, Nr. Bus Stand, Jalandhar, Punjab.	0181-5065079	jal.bastisheikh@midlandmicrofin.com
3	Ludhiana-1	Opp. ITI College, Ist floor, Gill Road Shimlapuri, Ludhiana, Punjab	0161-5069955	ldh.gillroad@midlandmicrofin.com
4	Ludhiana-2	Plot No-100, Street No-5/7, Harcharar Nagar, Ludhiana, Punjab	0161-5071535	ldh.tajpurchowk@midlandmicrofin.com
5	Hoshiarpur	Ground Floor, Sutheri Road, Opposite Ramgharhia Gurudwara, Hoshiarpur, Punjab	01882-502753	hoshiarpur@midlandmicrofin.com
6	Kapurthala	37/97, Ist Floor above Sood Traders Paramjit Ganj, Opp. Civil Hospital Kapurthala, Punjab	01822-508729	kapurthala@midlandmicrofin.com
7	Bhatinda	H.No-19117, Gali No-10, Guru Teg Bahadur Nagar, Nr. Dr. Jha hospital, Bhatinda Punjab		bhatinda@midlandmicrofin.com
8	Malout	H.No. 261, Sector No. 20, Aman Nagar Gali No. 06, Malout, Punjab		malout@midlandmicrofin.com

9	Barnala	H.No-1498, Between Street 7 & 8, Gobind Colony, Barnala, Punjab	01679-501801	barnala@midlandmicrofin.com
10	Mansa	Midland Microfin Ltd, Link Road, Nr. Bus Stand, Opp. Dainik Jagran office, Mansa Punjab	01652-500234	mansa@midlandmicrofin.com
11	Abohar	H.No. 169, Ward No. 2/16, Anand Nagari Opp. Dubwali Transport, Abohar, Punjab	01634-500450	abohar@midlandmicrofin.com
12	Hanumangarh	Istta Complex, Ganganagar Road, Opposite Roadways Bus Depot, Hanumangarh Rajasthan	01552-261112	hanumangarh@midlandmicrofin.com
13	Shri Ganganagar	Nohra No. 81-B, Old Dhan Mandi, Shri Ganganagar, Rajasthan.	01542-440051	ganganagar@midlandmicrofin.com
14	Muktsar	H.No. B 5246, malout Road, Near Bus Stand, Muktsar, Punjab		muktsar@midlandmicrofin.com
15	Ellenabad	Surya Hospital, 2nd Floor, Opp. LIC Office Nohar Bus Stand, Ellenabad, Distt- Sirsa Haryana.	01698-220428	ellenabad@midlandmicrofin.com
16	Sangrur	# 74, Ajit Nagar, Barnala Road, Sangrur Punjab		sangrur@midlandmicrofin.com
17	Moga	Amritsar Road, Nr. Amit Hospital, Gali No 2, Sant Nagar, Moga, Punjab		moga@midlandmicrofin.com
18	Sirsa	160 A, Opposite PK house , Near Bhakra Cotton Factory, Jandi Wali Gali , Rania Road, Sirsa, Haryana	01666-222801	sirsa@midlandmicrofin.com
19	Faridkot	Opposite Jain School, Market Near Mandi Faridkot, Punjab	01639-500046	faridkot@midlandmicrofin.com
20	Zira	# 265, Gadri Wala Katcha Road, Namdev Nagar, Basti Puran Singh wali, Zira, District Ferozepur, Punjab	0168-2250801	zira@midlandmicrofin.com
21	Rampur a Phul	B- 142/159 A Shahid Bhagat Singh Colony Behind Bus Stand, Rampura Phul, Bhatinda		rampuraphul@midlandmicrofin.com

		Punjab		.com
22	Fatehabad	Bigarh Road, Dr. Dhriya Wali Gali, Ward no. 13, Fathehabad, Haryana	01667-222466	fatehabad@midlandmicrofin.com

Operational Model of Lending JLG-Lending Model

Midland Microfin broadly follows Grameen Model having Joint Liability Groups (JLGs) of the borrowers (a new hybrid model of lending and monitoring). As per business plans, the Company is having fully computerized environment right from day one. This enables us to work more efficiently with better MIS and fool proof monitoring. A JLG is a Joint Liability Group, which is a small group of five women and is formed by the members with assistance, guidance and supervision of the Centre Officer. The members jointly stand liable for the repayment of the loan disbursed to any of them. A guarantee note for the same is taken when the group is formed. As these micro loans are collateral free peer pressure is the only way to ensure timely recovery. Like most the MFIs, Midland Microfin extends loans only to women as it is established that women are better borrowers, and end users. JLG is a proven concept of risk free lending in India and abroad. We are the first Punjab based MFI to introduce this concept with latest methodology. Our Branch Managers and Centre Officers outreach the communities and create awareness about the benefits of this concept.

Major Target Segment

The major target segment is urban, semi urban and rural women and efforts are made to encourage their micro enterprises like kiriyana stores, small vendors, repair shops, service centers, boutiques, embroidery centers, beauty parlors, small shops, small teaching centers etc. and other home based ventures. The basic purpose is to encourage entrepreneurship among women as sustainable source of livelihood. For the target group 'entrepreneurship' is the only way out of poverty, as the women in this strata are not much qualified so as to get office or well-paying jobs. Hence, to develop an enterprise that provides regular income to these women is a social cause which helps alleviation of poverty for them as well as earns income to the Company.

Insurance-protection of credit and support to family

Midland Microfin provides insurance cover to its clients not only to ensure recovery in case of death but also to provide support to the family which drastically reduces risks for the poor. As soon as a loan is disbursed, the borrower is given an insurance policy along with the loan itself. The insurance amount serves protection of credit and support to the family of the borrower. The mandatory life insurance covers the borrower and her husband at a low premium which is easy to afford.

EMPLOYEE TRAINING

Midland Microfin focuses on training of the staff. Our strong belief is "Learn to work and work to learn". The new recruits are trained in three different phases.

1. **Classroom training:** This includes orientation training covering the concept/model clarity which is followed by detailed sessions for process training. The training focuses on developing practical skills for microfinance. These training sessions cover all aspects of the business of the Company.

2. **Field Exposure:** The staff is taken to the field for practical exposure where they are familiarised about the different processes by making them attend various meetings like Introduction meetings, Group Formation Meetings, Mandatory Group Trainings, Field Investigations, Centre Meetings–disbursement / collection etc.
3. **System Training:** The staff is also given a comprehensive software training of opening of accounts in the system, carrying out daily reporting, MIS etc. by creating a Mock Local Area Network.

LOAN PRODUCTS

All loans are based on joint liability of the members of a group. There is no collateral security.

Business Loan

Business loan gives the members access to finance to support their micro enterprises. Members may use this to cater to their diverse business needs such as working capital, tools and equipment purchase, stock purchase etc. These Loans are provided to economically active women for an opportunity to support their micro-enterprises. The borrowers have an access to the funds for their financial needs. These small enterprises are like small grocery stores, small vendors, repair shops, service centres, boutiques, micro ancillary units, livestock, embroidery centres, beauty parlours, small shops, small teaching centres, toy making, dairy farming, fruit & vegetable selling, basket making etc. and other home based ventures. After assessment of the progress of the micro enterprise, the loan is given to further strengthen the business. The basic purpose is to encourage entrepreneurship amongst women as sustainable source of livelihood.

The loan is based on Joint Liability of the members of a group. There is no collateral security. The joint liability assures timely repayment of the installments. The loan would range from Rs. 7,000/-to Rs. 13,000/- which would increase to Rs. 15,000/-in second and up to 25,000 in subsequent years depending upon the need of the customer, previous repayment record, repayment capacity, track record etc. The installments are payable fortnightly & the loan cycle is of 25 fortnights for a loan amount upto Rs. 15,000/- and 51 fortnights for a loan amount exceeding Rs. 15,000 to Rs. 25,000/

New Business Loan

The loans are provided to those members or their family members wherein they are skilled enough to start a new venture which can change their lives. These loans are given between Rs.7000/- and Rs.10000/-. The loan cycle is one year and installments are payable fortnightly.

PROCESS FLOW CHART

Sensitization - The MFI runs an awareness campaign before the launch of its operations in the area. An area wise extensive sensitization regarding JLG lending concept is undertaken. Modules are designed to generate awareness about the general content and structure of the joint liability groups. To achieve this, key people in the area are familiarized about the program. Initial Customer Interaction is conducted and people are made aware about the products and benefits of microfinance. In order to educate the people about the concept of micro finance in detail, meetings are regularly held.

Introduction Meeting – Introduction meetings are conducted and people are made aware about the products and benefits of microfinance by explaining the concept as well as on-the -spot clarification of the doubts. After the said introduction meetings, people who are interested are advised to form groups according to the well laid down criteria.

Group Formation Meeting (GFM) – GFM is conducted after members fulfill the criteria. Member and group characteristics are checked and hence groups are formed while members are asked to bring documents for KYC. Customer Profile Forms are filled. Customer Scoring is done by rating the customer on different parameters. The repayment capacity is also assessed based upon the information collected by the Field functionaries.

Mandatory Group Trainings (MGTs) – Three MGTs are conducted at different dates. Members are made aware about the products and its benefits. Lending process & policies are informed in detail and members are trained with regard to credit discipline.

Field Investigation – Detailed Field Investigation (FI) of each member is done on a prescribed format.

Group Eligibility Test (GET) – GET is an interactive meeting with the members. It is conducted by senior officials from Head Office which recognise the group members according to the laid down criteria for availing the loan. If the group qualifies the fixed parameters, the documents are forwarded to the Head Office for sanctioning of the loans.

Sanctioning -The documents are sent to Head Office where they are checked by Credit Department for authenticating the credentials. Appraisal and sanction note is prepared based on customer profile form, GET report, F.I. Report etc. All requisite documents are scrutinised and additional verification is done if required. Thereafter loans are sanctioned by the Credit Department and conveyed to the branches.

Disbursement - Discussions are held regarding the disbursement with the groups and the terms and conditions of the contract are explained. Thereafter the contracts are signed and the requisite documentation is completed. Loans are disbursed at the centres

Collection of Installments -Customers attend fortnightly centre meetings where they pay their Installments. Installments are paid to Group Co-ordinator who further deposits with the Centre Officer, who makes entries in customers, pass books and minutes register, which is kept at the centre.

End Use Verification (EUV) - The End Use Verification (EUV) of the loan is done. A visit is planned to each borrower's place of business between 7-10 days from disbursement to ascertain the utilization of the loan. During the visit, it is determined that the disbursed amount has been put to use

for the purpose indicated by the borrower at the time of processing of the loan. If money has been put to use for the specified purpose, it is recorded and report is prepared regarding the end use verification.

If in case, money has not been put to use, it is communicated that the money be spent immediately for the stated purpose. If money has been spent for purposes other than those specified, it is recorded and communicated. The borrower is counseled and informed about the outcome associated and how it can affect the prospects of the next loan. It is also ensured that this is communicated to all members of the group.

Loan Monitoring Mechanism -We have in place a robust post disbursement monitoring mechanism. With the help of this mechanism we monitor the progress of the borrowers' businesses and the consequential increase in their income levels. This also helps in improving our risk management. Monitoring the performance of the borrower is based on the progress reports prepared through visits and supervision.

HISTORY AND CERTAIN CORPORATE MATTERS

Midland Microfin Limited was originally incorporated on May 27, 1988 as Sajan Hire Purchase Private Limited. After passing the necessary resolutions the name of our Company was changed to Sajan Hire Purchase Limited on April 26, 2002. The name of our Company was again changed to Midland Microfin Limited and a fresh Certificate of Incorporation was given by the ROC, Punjab, Himachal Pradesh and Chandigarh on January 24, 2011.

Our Company got itself registered as Category-A NBFC with RBI vide registration no. A.06.00458 dated July 11, 2011. Thereafter our Company changed its category and got itself registered as Category -B NBFC (non- deposit taking) with RBI vide registration no. B.06.00458 dated November 12, 2013.

Our Company has applied for re-classification as NBFC-MFI, pursuant to RBI guidelines dated December 2, 2011.

Main objects of Our Company:

Our main objects as contained in our Memorandum of Association are:

1. To undertake carry and engage into the business of providing Microfinance services of all kinds including credits, thrift, savings, micro insurance and other financial services in India and abroad directly or indirectly to the economically active poor with no or limited access to financial services for improving their standard of living and help them and their families to come out of poverty.
2. To carry on the business of financing through short term and long term loans for development and Income Generating activities of all kinds including but not limited to agriculture, dairy, poultry, Micro and small enterprise, trade, commercial establishment, housing, charitable Institutions.
3. To undertake, engage and carry on the business Finance Company (not being a Banking Company) by accepting deposits of all kinds, issuing securities of all kinds or providing full range of loans, advances, deposits with or without security as may be permitted by Reserve Bank of India or any other law for the time being in force.
4. To undertake and carry on the business of Hire-Purchase and Leasing of all kinds including all types of Industrial Machinery, Agriculture equipments, Furniture & Fixtures, Household equipments, Vehicles, consumer durables.
5. To carry on and undertake the business of research, consultancy, technical assistance and training in the field of livelihood promotion, development finance and other financial services, directly or intermediary for other companies or organizations.
6. To carry on and undertake the business of insurance, including life and general insurance as corporate agent or otherwise intermediary or other insurance companies, subject to the rules and regulations prescribed by the Insurance Regulatory and Development Authority and/or Reserve Bank of India, Non-Banking Finance Companies Rules, as applicable to Insurance business.

7. To provide all financial and related services to non banked people, and activities in the financial arena and related arenas that will benefit the lives and livelihood belonging to non banked sector, with no access to financial services and disadvantaged and low income group.
8. To provide all kinds of services to assist the lower sections of the society, form partnerships and establishing agency relationship with existing financial and other service providers like banks, insurance companies, core banking technology providers, connectivity solution provider, smartcard providers, mutual funds, commodity exchanges and other service provider either through Business Correspondents or otherwise so as to deliver full suite of customized products to the customer of the company at the rural or remote location at the best possible levels of service delivery.
9. To provide all kinds of financial and related services including lending, deposits, remittances, money transfer, money exchange, Insurance, Investments and other such allied services, either by itself or act as Intermediary of Banks, financial Institutions, other Microfinance Institutions, companies or such organizations.
10. To carry on the business of Investment Company in India or elsewhere and for that purpose invest in, acquire, underwrite, subscribe for exchange, sub-underwrite, or participate in any syndicate, hold shares, debentures, bonds or other securities as may be permitted by Reserve Bank of India or other laws in force.

To act as may be permitted by various laws in force as Management consultants, investment advisors, Issue house, promoters, financiers, underwriters, brokers, merchant bankers, consultants, managers, share transfer agents, or in any capacity participate in the creation, issue, conversion or transfer of or on shares, mutual fund or other securities and other financial Instruments and to provide other related services.

OUR MANAGEMENT

Board of Directors

The composition of the Board of Directors is governed by the provisions of the Act and the Equity Listing Agreement with the Stock Exchange. The Articles of Association of the Company provide that the Company shall not have less than three Directors and not more than twelve Directors.

Pursuant to the Act, not less than two-thirds of the total number of directors shall be persons whose period of office is subject to retirement by rotation and one third of such directors, or if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office at every annual general meeting. The Articles of Association provide that the Directors to retire are those who have been the longest in the office since their last appointment but as between persons who become Directors on the same day those to retire shall in default of and subject to any agreement among themselves, be determined by lot. A retiring director is eligible for re-election. The Articles provide that in the event of the Company borrowing any money from any financial institution or corporation or Government or government body or any collaborator, bank person or persons or any other agency or source while any money remains due to them or any of them, the said corporation, institution, government body or financier as the case may be, shall have and may exercise the rights and powers to appoint from time to time any person or persons to be a director or directors of the Company, that such directors shall not be liable to retire by rotation subject to the limits prescribed under the Act, nor be required to holding qualification shares.

The Board of Directors are authorised by the Articles to appoint any person as a Director as an addition to the Board so that the total number of Directors shall not at any time exceed the maximum number fixed by the Articles. Such Director so appointed shall hold office only up to the date of the next AGM of the Company and shall be eligible for re-election. The Articles of Association, subject to the Act allow the Board of Directors to appoint any person to act as an alternate Director for a Director during the latter's absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held.

The following table sets forth details regarding the Board as on the date of this Prospectus:

Name, DIN, Address, Occupation, Age	Designation	Director of the Company Since	Other Directorships
<p>Amardeep Singh Samra DIN: 00649442 Address: 182, New Jawahar Nagar, Jalandhar, Punjab, 144001 INDIA Nationality: Indian Occupation: Business Age: 43</p>	<p>Managing Director</p>	<p>June 07, 2010</p>	<ul style="list-style-type: none"> • Samra Finance and Properties Limited • Samra Leasing Limited • Midland Financiers Doaba Limited • Prince Highways Limited • Midland Motor Finance Co. Limited • Midland Motor Services Limited

Dinesh Gupta DIN: 00475319 Address: 47-Defence Colony, Jalandhar,1440001, Punjab, INDIA Nationality: Indian Occupation: Professional Age: 49	Director	March 31,2011	<ul style="list-style-type: none"> • Capital Local Area Bank Limited • VP Diagnostics Private Limited
Santosh Singh Chhokar DIN: 00514356 Address: Heusden House Heusden Way, Gerrards cross Bucks, SL97BD, UNITED KINGDOM Nationality: United Kingdom Occupation: Professional Age: 58	Director	March,03, 2011	<ul style="list-style-type: none"> • Capital Local Area Bank Limited
Jagdeep Singh DIN: 00440955 Address: 422,Mota Singh Nagar, Jalandhar, Punjab, 144001 INDIA Nationality: Indian Occupation: Retired IRS Officer Age: 56	Director	May 27, 1988	<ul style="list-style-type: none"> • Northern Biotech (India) Private Limited
Surinder Kaur Samra DIN: 00650265 Address: 182,New Jawahar Nagar, Jalandhar, Punjab, 144001 INDIA Nationality: Indian Occupation: Social Worker Age: 73	Director	June 07, 2010	<ul style="list-style-type: none"> • Samra Leasing Limited • Midland Financiers Doaba Limited • Midland Motor Finance Co. Limited
Navneet Kaur DIN: 00650293 Address: 182,New Jawahar Nagar, Jalandhar, Punjab, 144001 INDIA Nationality: Indian Occupation: Social Worker Age: 47	Director	June 07, 2010	<ul style="list-style-type: none"> • Samra Leasing Limited • Midland Reality Services Limited

<p>Shant Kumar DIN: 01571485 Address: 98, Sheed Udham Singh Nagar, Jalandhar, 144001 Punjab, INDIA Nationality: Indian Occupation: Business Age: 49</p>	Director	September 01, 2011	<ul style="list-style-type: none"> • Hamco Ispat Limited • S R Impex Limited • B & B Truss India Private Limited
<p>Vijay Kumar Bhandari DIN: 01571485 Address: 137/4, Central Town, Jalandhar, 144001 Punjab, INDIA Nationality: Indian Occupation: Professional Age: 60</p>	Director	March 28, 2014	<ul style="list-style-type: none"> • Jayant Agro-Organics Limited • HSIL Limited • Golden Tobacco Limited • Super Smelters Limited • Gurunanak Auto Enterprises Limited • V.K.Bhandari & Co. Chartered Accountants • KOPRAN Limited • Khanna Paper Mills

Brief Biographies of the Directors

Mr. Amardeep Samra, is the Promoter and Managing Director. He is a Commerce graduate and holds vast experience in Finance, Marketing and Realty. He is one of the principal promoters of Capital Local Area Bank Ltd. He has been associated with the Real Estate Development Ventures in addition to the Asset Finance business.

Amardeep Samra spearheads an experienced management team and with his professional and ethical approach the Group has been able to become a major player in the area. He is also looks after transport business and agriculture.

Mr. Dinesh Gupta, is the Promoter Director. He is a law graduate and a fellow member of the Institute of Company Secretaries of India. He specialises in the areas of banking, finance, law & social work. He is a Corporate Advisor and Investment Consultant to various Banking and Non-Banking Finance companies. Apart from this he was also involved in the formation of Capital Local Area Bank. He is the Managing Partner with Dinesh Gupta & Co. Company Secretaries.

Mr. Santokh Singh Chhokkar, is the Promoter director. He is B.Sc. (Hons.) graduate and LSF (Hons.) from University of London. He holds specialization in Banking, Finance, law & Social Work. He completed the Law Society's Post Graduate Diploma in Law.

He is also a Solicitor of the Supreme Court, England & Wales and President of Middlesex Law Society. He owns a firm in the name and style of Chhokkar & Co. Solicitors. He is a member of the Solicitors' Family Law Association, the Society of Trust and Estate Practitioners and the International Bar Association. He is a member of the Council's Overview and Scrutiny Committee and the Standards Committee. At present he is the Deputy Mayor of South Buckingham District U.K.

Mrs. Surinder Kaur Samra, is the Promoter and Director. She is a Director of Asset Finance Companies namely, Midland Motor Finance Co. Ltd, Midland Financiers (Doaba) Ltd & Samra

Leasing Ltd. She works in Education, Administration & Social Work sectors. She is Bachelor of Arts and is actively involved in the promotion of adult education in rural areas.

Mr. Shant Gupta is the Promoter and Director. He is a law graduate. He specializes in Administration & Social Work. He is active on the social front and is Founder Chairman of 'Hamco Charitable Trust'.

Mrs. Navneet Kaur Samra is a Director. She is a Bachelor of Arts. She specializes in Finance, Administration & Social Work and has approximately 15 years of experience in the field on finance and hire- purchase business.

Mr. Jagdeep Singh is a Director. He is a law graduate and retired IRS officer. He specializes in Finance and Education. He has more than 20 years of experience in the field of finance. He ensures that while growing, the Company abides by all the laws and compliances.

Mr. Vijay Kumar Bhandari is a Director. He is a B.Com (Hons) and Fellow Chartered Accountant. He is a practicing Chartered Accountant. He is the Sole Proprietor of V.K.Bhandari & Company, Chartered Accountants. He has more than 30 years of experience in his field. Has was Director of Capital Local Area Bank for 8 years and retired on April 15, 2014. He is presently the Director of various other Companies as well.

Borrowing Powers of the Directors of the Company

Pursuant to a resolution passed by the shareholders of the Company at their EGM held on March 17, 2014 and in accordance with provisions of the Companies Act the Board has been authorised to borrow up to ₹300 crores, apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business, notwithstanding that such borrowings may exceed the aggregate of the paid-up share capital and free reserves of the Company. The aggregate value of the Bonds offered under this Prospectus, together with the existing borrowings of the Company, is within the approved borrowing limits as above mentioned.

Interest of Directors of the Company (Will be completed once we get form 24 AA as submitted by them.

All the Directors, including independent Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses and commission payable to them. The Managing Director is interested to the extent of rent received from the Company for using his property for the purposes of Registered Office. A sum of Rs. 14,000 was paid to the Independent Directors as sitting fees @ Rs 1000/- per Board Meeting during the financial year ended March 31, 2014

Some of the Directors may be deemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by the Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective capacity. Except as otherwise stated in this Prospectus and statutory registers maintained by the Company in this regard, the Company has not entered into any contract, agreement or arrangement during the two years immediately preceding the date of this Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of

these contracts, agreements, arrangements which are proposed to be made with them and none of the Directors have taken any loans from the Company.

Shareholding of Directors

The following table sets forth the shareholding of our Directors in our Company as on March 31, 2014:

S. No.	Name	No. of Equity Shares	Shareholding (%)
1	Amardeep Singh	5,38,800	7.60
2	Dinesh Gupta	53,700	0.76
3	Navneet Kaur	78,880	1.11
4	Santokh Singh Chhokar	10,00,000	14.11
5	Surinder Kaur	8,85,000	12.49
6	Jagdeep Singh	NIL	NIL
7	Shant Kumar	NIL	NIL
8.	Vijay Kumar	NIL	NIL

Remuneration and Terms of Employment of the Directors

1. Executive Directors

The Company has not paid any remuneration to any Whole Time Director in past five years.

Corporate Governance

The Company has been complying with the requirements of the applicable regulations, on Corporate Governance including constitution of the Board and Committees thereof. The corporate governance framework is based on an effective independent Board of Directors, separation of the supervisory role of the Board of Directors from the executive management team and constitution of the committees of the Board of Directors, as required under applicable law. The Company's corporate governance policies recognize the accountability of the Board and the importance of transparency to all constituents, including employees, customers, investors and the regulatory authorities.

The Board of Directors functions either as a full Board or through various committees constituted to oversee specific operational areas. The executive management of the Company provides the Board of Directors with detailed reports on its performance periodically.

As per the mandatory requirements of Corporate Governance norms pertaining to NBFCs and for day to day functioning, the Company has constituted the following committees of the Board ("Committee") and brief details of each of such Committee, its scope and composition are given below:

1. Audit Committee

The Audit Committee was constituted by the Board of Directors through its resolution dated

September 1, 2011.

The Audit Committee currently comprises the following Directors:

- (i) V. K. Bhandar, Chairman
- (ii) Amardeep Singh Samra, Managing Director
- (ii) Dinesh Gupta, Director
- (iii) Navneet Kaur, Director

The functions of the Audit Committee include:

- a) To discuss and review annual audited financial statements and quarterly financial statements (including Management's Discussion and Analysis of Financial Condition and Results of Operations) prior to filing or distribution of reports containing the financial statements.
- b) To review the significant accounting principles, the reasonableness of significant judgments and the clarity and completeness of the disclosures in the financial statements.
- c) To discuss any significant audit problems or difficulties faced by the internal auditors
- d) To review issues pertaining to adequacy of the Company's internal controls and any special steps adopted in the light of material control deficiencies.
- e) To review the effect of new accounting initiatives on the financial statements.
- f) To review any unexpected events having material impact on the Company's financial statements.
- g) Accounting for and disclosure of related party transactions
- h) To respond to the queries of regulatory bodies on Company's accounting practices or financial reporting
- i) To review the policies with respect to business and financial risks assessment and risk management
- j) To review reports of significant unethical or illegal acts by the Company's employees.
- k) To review scope of plan of the work to be done by independent auditors for each year.
- l) Review and approve proposed and actual audit fee
- m) To review the performance of the independent auditors
- n) Review and approve internal audit manual
- o) Review the performance of internal auditor on an annual basis including the audit scope, audit results, operational plans, staffing levels, adequacy of internal audit budget and co-ordination of activities with the independent auditors.

2. Investor/ Stakeholder Grievance Redressal Committee

The Investor/ Stakeholder Grievance Redressal Committee was constituted by the Board of Directors through its resolution dated March 28, 2014. The Investor/ Stakeholder Grievance Redressal Committee currently consists of the following directors:

- a. Mr. Amardeep Singh Samra – Managing Director
- b. Mr. Dinesh Gupta – Director
- c. Mr. Shant Gupta – Director

The Board also appointed Mr. Preetpal Singh – Company Secretary and Compliance Officer as Investor Grievance Redressal Officer for timely addressing grievances and enquiries of investors.

The functions of the Investor/ Stakeholder Grievance Redressal Committee and Investor Grievance Redressal Officer include:

- a. To investigate any activity pertaining to investor grievance/ enquiry.
- b. To seek any specific information, as may be required, from any employee(s) or any investor of the Company and/ or Registrar and Transfer Agents who shall cooperate with any request of the Committee/ Investor Grievance Redressal Officer.
- c. To obtain legal or other independent professional advice pertaining to investor grievance/ enquiry.
- d. Monitor redressal of investor's grievance related to transfer/ transmission of securities, non-receipt of certificates, non-receipt of annual report, non-receipt of declared dividend or interest, non-receipt of notice of meetings, if any.
- e. Recommend methods to upgrade the standards of services to investors.
- f. To prohibit Insider Trading as specified in the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations amended from time to time.
- g. To carry out any other function as is referred by the Board of Directors from time to time or enforced by any statutory notification/ amendment or modification as may be applicable.

3 Nomination and Remuneration Committee

The Nomination and Remuneration Committee was constituted by the Board of Directors through its resolution dated March 28, 2014. The Nomination and Remuneration Committee currently consists of the following directors:

- a. Mr. Dinesh Gupta – Director
- b. Mr. Vijay Kumar Bhandari – Director
- c. Mr. Shant Gupta – Director

The functions of Nomination committee include –

- a. To select the candidates for the Board and Top Management whenever there is a vacancy.
- b. To review the performance evaluation policy.
- c. To recommend appointment of Independent Director and Top level and One level below top level executives.
- d. To re-elect the Directors after properly assessing their past performance.
- e. To facilitate a formal, rigorous, and transparent procedure for the appointment of directors to the Board and to make recommendations to the Board regarding appointments.
- f. To formulate and design succession planning and talent management strategy.
- g. To assess the performance of the Board annually taking into account the attendance, skills and contributions to the Board discussions.
- h. To oversee the matters of Corporate Governance for the Board, including formulation and recommendation of Governance principles and policies.
- i. To determine the Remuneration Policy (including benefits, pension rights and termination payments) of the Chairman of the Board, the Chief Executive Officer, the Executive Directors, and the Key Managerial Personnel of the Company.
- j. While determining the Remuneration Policy, the Committee shall have regard to the risk appetite of the company and alignment to the company's long term strategic goals. The remuneration should be structured so as to involve balance between fixed and incentive pay reflecting loan and short term performance objectives appropriate to the working of the Company.
- k. To consider and make recommendations in respect of terms of the service contracts of the Executive Directors and any proposed changes to these contracts.
- l. To obtain reliable, up-to-date information about remuneration in other companies.

- m. To help it fulfil its obligations, the Remuneration Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary. The Remuneration Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Remuneration Committee at the expense of the Company but within any budgetary restraints imposed by the Board.
- n. To review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate.
- o. To ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

4 Public Issue Management Committee

Public Issue Management committee was constituted by Board Resolution dated March 28, 2014. The Public Issue Management Committee consists of the following Directors:

Mr. Amardeep Singh Samra – Managing Director

Mr. Dinesh Gupta – Director

Mr. Preetpal Singh – Company Secretary & Compliance Officer

The functions of the Public Issue Management Committee include:

- a. To enter into agreement, appoint and approve the remuneration of various intermediaries viz. Legal Advisors, Merchant Bankers, Lead Managers, Depositories, Underwriters, Registrar and Share Transfer Agents, Debenture Trustees, Credit Rating Agencies and such other intermediaries as may be required.
- b. To enter into agreements with Stock Exchanges, Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India
- c. To ensure compliance with the provisions of the Companies Act, 1956 and rules made thereunder, Companies Act, 2013 and rules made thereunder, Listing Agreement, directions/ guidelines issued by Securities and Exchange Board of India and directions/ guidelines issued by Reserve Bank of India.
- d. To decide upon issue structure – Issue Size, Opening and Closing of Issue, Face Value of Securities, Nature of Securities, Tenure, Maturity Value, Type of Security and Allotment/ Deemed Date of Allotment.
- e. To sign and file Prospectus, Draft Prospectus, Letter of Offer, Information Memorandum, Advertisements, Abridged Prospectus and Application Forms.
- f. To obtain information from the Promoters, Board and Key Managerial Personnel with respect to their shareholding in the Company and their shareholding in group/ associate companies.
- g. To obtain reports/ certificates from the Statutory Auditors with respect to Profit & Losses and Assets & Liabilities.
- h. To file and submit various returns to the Ministry of Corporate Affairs, Reserve Bank of India and Securities and Exchange Board of India.
- i. To do such other acts, deeds and things as may be necessary for the proper and efficient management of Public Issue of Securities.

6. Risk Management Committee

The Risk Management Committee was constituted by the Board of Directors through its resolution dated September 1, 2011.

The Risk Management Committee currently consists of:

- (i) Amardeep Singh Samra, Managing Director
- (ii) Dinesh Gupta, Director
- (iii) Navneet Kaur, Director

The Functions of the Risk Management Committee includes:

- a) To develop and implement risk identification and management process and the review and reporting on the same in a consistent manner throughout the Company.
- b) To review the effectiveness of the company-wide risk management framework, policies and process at Corporate, Segment and Business Unit levels, and the proposing of improvements, with the aim of ensuring that the Company's management is supported by an effective risk management system.
- c) The promotion of productive and open conversations on risk identification and management among senior management, the Board of Directors, the Finance department, the Legal Department and other relevant departments within the Company.
- d) To review of proposals for assessing, defining and reviewing the risk appetite/ tolerance level of the company and ensuring that appropriate risk limits/ tolerance levels are in place, with the aim of helping to define the Company's risk management strategy;
- e) Making recommendations to the Board of Directors about senior management's proposals concerning risk management.
- f) To review the Company's internal and external audit plans and to ensure that they include a review of the major risks affecting the Company, such as –
 - i. Financial and liquidity risk
 - ii. Legal aspects of operations including bribe, corruption and fraud
 - iii. Risks associated with natural disasters, acts of terrorism and anti-money laundering
 - iv. Appropriate insurance coverage
 - v. Protection of our intellectual property and security of our data
 - vi. Responses to competition
 - vii. Human resource matters, including compliance with the employment policies of the company
 - viii. Public policy, social responsibility and general reputation.

7. Board Management Committee

The Board Management Committee was constituted by the Board of Directors through its resolution dated September 1, 2011.

The Board Management Committee currently consists of:

- (i) Amardeep Singh Samra, Managing Director
- (ii) Dinesh Gupta, Director
- (iii) Navneet Kaur, Director
- (iv) Surinder Kaur, Director

The functions of the Board Management Committee include:

- a) To implement the credit policy, expenditure policy, risk management policy, audit policy, HR policies and various other policies for proper functioning of the organization.
- b) To approve different loan products according to business needs.

- c) To sanction loan cases with exception, if any.
- d) To approve the exceptions as per the above-said policies.
- e) To approve appraisals/ sanction notes, loan agreements and other documents relating to credit.
- f) To call for further information as may be required.
- g) To review requirement and sourcing of funds.
- h) To device and review incentive scheme and any changes required therein.
- i) To supervise and review the functioning of various departments.
- j) Development of operations, policies, rules and procedures and provision of recommendations to the other committees of the Board.
- k) Preparation of capital and operational budgets.

8. Head Office Executive Committee

The Head Office Executive Committee was constituted by the Board of Directors through its resolution dated April 28, 2011.

The Head Office Management Committee currently consists of:

- (i) Amardeep Singh Samra, Managing Director
- (ii) Dinesh Gupta, Director
- (iii) Amitesh Kumar, Sr. VP- Operations
- (iv) Sonia Arora, Asst. VP- Finance & Accounts
- (v) Preetpal Singh, Company Secretary & Compliance Officer
- (vi) Gagandeep Sharma, Manager-Audit
- (vii) Amarjeet Singh, Manager- IT
- (viii) Anjali Jindal, Dy. Manager- HR

The functions of the Head Office Executive Committee include:

- a) To oversee the implementation of the credit policy, expenditure policy, risk management policy, audit policy, HR policies and various other policies for proper functioning of the organization.
- b) To approve different loan products according to business needs
- c) To observe the functioning of the Company on day to day basis.
- d) To plan CSR activities of the Company.
- e) To conduct recruitment drives and to foresee training and development requirements of the staff.
- f) To approve and disseminate incentive schemes for the staff.
- g) To approve and allocate targets to the staff of the Company.
- h) Such other duties as the Board may direct the Committee to perform in this behalf.

KEY MANAGERIAL PERSONNEL

Midland Microfin has engaged a dedicated team of professionals.

Amitesh Kumar, Sr. Vice President (Operations): He is MBA in rural management with vast experience in Microfinance sector. He is overall incharge of the Operations. He is responsible for management of the core operations, business development within the laid down norms and procedures with special focus on Credit Risk Management.

Sonia Arora, Asstt. Vice President (Finance): She is a qualified Chartered Accountant and Cost Accountant and is incharge of the Finance and Accounts. She is responsible for management of funds and cost control.

Gagan Deep Sharma, Manager (Audit & Internal Control): With more than 16 years' experience in Audit and Accounts, he is responsible for streamlining the systems and procedures.

Preetpal Singh, Manager (Credits): He is a qualified Company Secretary, having more than 5 years' experience in credits. He is responsible for scrutinizing of loan applications, KYC appraisals and assisting in sanctioning of loans. He is also responsible for convening all Board Meetings, General Meetings, Committee Meetings and updation of secretarial records.

Amarjit Singh, Manager (IT): He is post graduate in Computer Application (MCA), MCSE (Microsoft Certified System Engineer) and DBA (Data Base Administrator). He has more than eight years' experience in IT sector, specialization in Data Base Administration. He provides software support to the branches and head office.

Anjali Jindal, Dy. Manager (HR): She is Graduate in Mathematics with Post Graduate Diploma in Computer Application. She has experience in Human Resource Management.

Details of Key Managerial Personnel of Midland Microfin Limited

Name	Designation	Date of Appointment	Qualification	Brief Profile	Compensation paid for the FY 2013-14	% Share holding
Amitesh Kumar	Sr. VP – Operations	January 01, 2011	B.Sc. (Horticulture), MBA (Agri Business and Rural Management)	Amitesh Kumar was associated with SKS Microfinance for 3 Years. He joined MML at the start of Operations in January, 2011 and has been instrumental in setting up strategic goals of the institution	Rs 9,66,777/-	Nil
Sonia Arora	Asst. VP – Finance		B.COM., CA, CWA	Sonia Arora was a Practicing Chartered Accountant for 2 years. Her experience in finance filed has helped the Company to develop a strong accounting structure.	Rs 599598/-	Nil
Preetpal Singh	Company Secretary & Compliance Officer		B.COM., CS	Preetpal Singh was associated with Barclays as a Credit Fraud Analyst for 3 years. Prior to that he	Rs 332568/-	Nil

				has also worked in various roles with HCL, Ienergizer and Wipro. He has played a major role in development and implementation of credit structure and has helped the Company in secretarial compliances.		
Gagandeep Sharma	Manager – Audit		B.COM., CA Inter, LL.B.	Gagandeep Sharma has worked as Income Tax consultant for 7 years. In addition, he also have 8 years of exposure in the audit of NBFCs.	Rs 332568/-	Nil
Amarjit Singh	Manager – IT	September 01, 2010	M.Sc. (IT), MCA, DBA	Amarjit Singh has worked for 7 years as System Manager with e-governance society, DC Office, Jalandhar.	Rs 316788/-	Nil
Anjali Jindal	Dy. Manager – HR		B.Sc. Maths, PGDCA	Anjali was working with Capital Local Area Bank in Credit Department. She has also worked as an Admin Head with Dream Weavers for 2 years. Prior to that she was working with OZZY consultants as a Director for 2.5 Years.	Rs 221527/-	0.35% 2500 shares constituting

Interests of Key Management Personnel

Except as disclosed in this Prospectus and other than to the extent of remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business, the Key Management Personnel of the Company do not have any interest in the Company.

Payment or Benefit to Officers of the Company

Except statutory benefits upon termination of their employment in the Company or on reaching superannuation, no officer of the Company is entitled to any benefit.

BRIEF PROFILE OF PROMOTERS

Mr. Amardeep Samra

He is a Commerce graduate and holds vast experience in Finance, Marketing and Realty. He is one of the principal promoters of Capital Local Area Bank Ltd.

Amardeep Samra spearheads an experienced management team and with his professional and ethical approach the Group has been able to become a major player in the area. He is also looks after transport business and agriculture.

Mr. Dinesh Gupta

He is a law graduate and a fellow member of the Institute of Company Secretaries of India since 1987. He specialises in the areas of banking, finance, law & social work. He is a Corporate Advisor and Investment Consultant to various Banking and Non-Banking Finance companies. Apart from this he was also involved in the formation and regular management of Capital Local Area Bank. He is presently the Director on various board committies. He is the Managing Partner of Dinesh Gupta & Co. Company Secretaries.

Mr. Santokh Singh Chhokkar

He is B.Sc. (Hons.) graduate and LSF Hons.) from University of London. He holds specialization in Banking, Finance, law & Social Work. He completed the Law Society's Post Graduate Diploma in Law.

He is also a Solicitor of the Supreme Court, England & Wales and President of Middlesex Law Society. He owns a firm in the name and style of Chhokkar & Co. Solicitors. He is a member of the Solicitors' Family Law Association, the Society of Trust and Estate Practitioners and the International Bar Association. He is a member of the Council's Overview and Scrutiny Committee and the Standards Committee. At present he is the Deputy Mayor of South Buckingham District U.K.

Mrs. Surinder Kaur Samra

She is the Managing Director of Asset Finance Company namely, Midland Motor Finance Co. Ltd and Director of Midland Financiers (Doaba) Ltd & Samra Leasing Ltd. She works in Education, Administration & Social Work sectors. She is Bachelor of Arts and is actively involved in the promotion of adult education in rural areas.

Mrs. Navneet Kaur Samra

She is a **Bachelor of Arts**. She specializes in Finance, Administration & Social Work and has approximately 15 years of experience in the field on finance and hire- purchase business.

Details of Promoter's Contribution as On March 31, 2014

Promoter's Name	Type of Issue	Allotment Date/ Transfer Date	No. of Shares	Face Value	Issue Price	Sources of Funds	Paid up Value	Shares Transferred from Promoters	Total Holding
Amardeep Singh Samra	Share Transfer	5-Nov-09	460	100	100	Own Contribution	46,000		
	Rights Issue	25-Sep-10	15,000	100	100	Own Contribution	1,500,000		
	Rights Issue	31-Mar-11	7,350	100	100	Own Contribution	735,000		
	Rights Issue	31-Mar-12	240,000	10	10	Own Contribution	2,400,000		
	Rights Issue	31-Dec-13	70,700	10	10	Own Contribution	707,000		
									5,388,000
Dinesh Gupta	Share Transfer	26-Sep-13	5,200	10	10	Own Contribution	52,000		
	Share Transfer	26-Sep-13	25,000	10	10	Own Contribution	250,000		
	Share Transfer	26-Sep-13	500	10	10	Own Contribution	5,000		
	Share Transfer	26-Sep-13	450	10	10	Own Contribution	4,500		
	Share Transfer	26-Sep-13	8,050	10	10	Own Contribution	80,500		
	Share Transfer	26-Sep-13	8,400	10	10	Own Contribution	84,000		
	Share Transfer	26-Sep-13	6,100	10	10	Own Contribution	61,000		537,000
Santokh Singh Chhokar	Rights Issue	31-Mar-11	20,000	100	100	Own Contribution	2,000,000		
	Rights Issue	2-Nov-11	30,000	100	100	Own Contribution	3,000,000		
	Rights Issue	31-Mar-12	200,000	10	10	Own Contribution	2,000,000		
	Rights Issue	31-Dec-13	300,000	10	10	Own Contribution	3,000,000		10,000,000
Surinder Kaur Samra	Share Transfer	5-Nov-09	250	100	100	Own Contribution	25,000		
	Rights Issue	25-Sep-10	55,000	100	100	Own Contribution	5,500,000	27000 Shares @ Rs 100 each	
	Rights Issue	2-Nov-11	58,250	100	100	Own Contribution	5,825,000		
	Rights Issue	31-Mar-12	20,000	10	10	Own Contribution	200,000		8,850,000
Navneet Kaur Samra	Share Transfer	5-Nov-09	200	100	100	Own Contribution	20,000		
	Share Transfer	5-Nov-09	80	100	100	Own Contribution	8,000		
	Rights Issue	31-Mar-11	250	100	100	Own Contribution	25,000		
	Share Transfer	31-Mar-11	4,000	100	100	Own Contribution	400,000		
	Share Transfer	22-Dec-12	10,000	10	10	Own Contribution	100,000		
	Share Transfer	26-Sep-13	14,380	10	10	Own Contribution	143,800		
	Share Transfer	26-Sep-13	4,000	10	10	Own Contribution	40,000		
	Share Transfer	26-Sep-13	2,200	10	10	Own Contribution	22,000		
	Share Transfer	26-Sep-13	1,000	10	10	Own Contribution	10,000		
	Share Transfer	26-Sep-13	1,000	10	10	Own Contribution	10,000		
	Share Transfer	26-Sep-13	1,000	10	10	Own Contribution	10,000		788,800

Group Profile

The list of our Promoter Group Companies/ entities is given as under:

- Capital Local Area Bank Limited
- Midland Realty Services Limited
 - Samra Finance and Properties Limited
 - Samra Leasing Limited
 - Midland Financiers(Doaba) Limited
 - Prince Highways Limited
 - Midland Motor Finance Co. Limited
 - Midland Developers
 - Midland Investment and Development Associates
- Amarjit & Company
- New Patiala Bus
- Libra Express
- VP Diagnostic Private Limited
- Dinesh Gupta- Proprietorship
- Dinesh Gupta & Company
- R&D Company Secretaries
- DSB Law Group
- M& D Dressage Boutique
- D Gupta & Associates
- K.M. Gupta- Proprietorship
- S.S. Global Services-HUF

SECTION V: FINANCIAL INFORMATION

To
The Board of Directors
Midland Microfin Limited
36, Gobind Niwas,
IIInd Floor,
G.T Road,
Jalandhar-14400 1,
Punjab

Dear Sirs

We have examined the attached reformatted standalone financial information of Midland Microfin Limited, annexed to this report, which is proposed to be included in the Draft Prospectus/ Prospectus of the Company in connection with the proposed issue of Secured, Redeemable, Non-Convertible Debentures (NCDs) aggregating to Rs. 2,500 Lakhs in terms of the requirement of Section 26 of the Companies Act, 2013 ("the Act"), Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended ("the Regulations") issued by Securities and Exchange Board of India (SEBI), as amended from time to time in pursuance of Section 11A of the Securities and Exchange Board of India Act, 1992 (the "SEBI Act") and related clarifications and in terms of our engagement letter dated April 18, 2014. This financial information has been prepared by the Company and is approved by the Public Issue Management committee of the board of directors of the company.

The preparation and presentation of the reformatted financial information is the responsibility of the Company's management. This reformatted financial information is proposed to be included in the Draft Prospectus/Prospectus of the Company in connection with the Issue. These reformatted financial information have been regrouped and reclassified in accordance to Revised Schedule VI to the Act effective from April 1, 2012 for the years ended March 31, 2014, 2013, 2012, 2011 and 2010 and are to be included in the Offer Documents of the Company in connection with the Issue.

We have examined this financial information taking into consideration the Guidance Note on Reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India.

1. Reformatted Standalone Financial Statements as per Audited Standalone Financial Statements of the Company

We have examined the following attached statements of the Company:

- a) the "Reformatted Standalone Statement of Assets and Liabilities" as at March 31, 2014, 2013, 2012, 2011 and 2010 (Annexure I) and the schedules forming part thereof (Annexure IV);
- b) the "Reformatted Standalone Statement of Profits and Losses" for each of the years ended March 31, 2014, 2013, 2012, 2011 and 2010 (Annexure II) and the schedules forming part thereof (Annexure V); and
- c) the "Reformatted Standalone Statement of Cash Flows" for each of the years ended March 31, 2014, 2013, 2012, 2011 and 2010 (Annexure III), together referred to as "Reformatted Standalone Financial Statements".

The financial statements for each of the years ended March 31, 2013, 2012, 2011 and 2010 have been approved/ adopted by the Board of Directors and the members of the Company and the Financial statements for the Year Ended 2014 has been approved by the Board of Directors but are yet to be adopted by the members of the Company.

We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Financial Information with the Company's audited financial statements for the financial years ended March 31, 2014, 2013, 2012, 2011 and 2010 and regrouping and reclassification as per Schedule VI of the 'Act' and requirements of 'SEBI Regulations'.

These Reformatted Standalone Financial Statements have been extracted from the Audited Standalone Financial Statements of the Company after making such adjustments, reclassifications and regroupings as considered appropriate and based on our examination of these Reformatted Standalone Financial Statements, we state that:

- (a) These Reformatted Standalone Financial Statements have to be read in conjunction with the relevant Significant Accounting Policies and Notes to Financial Statements on the Reformatted Standalone Financial Statements given as per Annexure VI;
- (b) The figures of earlier years / Periods have been regrouped (but not restated) wherever necessary, to conform to the classification adopted for the Reformatted Standalone Financial Statements;
- (c) There are no extra-ordinary items that need to be disclosed separately in the Reformatted Standalone Financial Statements;
- (d) These Reformatted Standalone Financial Statements conform to the requirements of the Revised Schedule VI of the Companies Act, 1956.

2. Other Standalone Financial Information of the Company

We have examined the following Other Standalone Financial Information of the Company in respect of each year ended March 31, 2014, 2013, 2012, 2011 and 2010 proposed to be included in the Draft Prospectus/Prospectus, and annexed to this report:

- a) Significant Accounting Policies (Annexure VI)
 - b) Capitalization Statement (Annexure VII)
 - c) Statement of Secured & Unsecured Loans (Annexure VIII)
 - d) Statement of Accounting Ratios (Annexure IX)
 - e) Statement of Dividends (Annexure X)
 - f) Statement of Contingent Liability (Annexure XI)
 - g) Statement of List of Related Parties & transaction with them (Annexure XII A & B)
3. Based on our examination of these Reformatted Standalone Financial Information, we state that in our opinion, the "Reformatted Standalone Financial Statements as per Audited Standalone Financial Statements of the Company" and "Other Standalone Financial Information of the Company" mentioned above for the years ended March 31, 2014, 2013, 2012, 2011 and 2010 have been prepared in accordance with Section 26 of the Act and the Regulations amended by time to time, by SEBI Act.
 4. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports nor should this be construed as a new opinion on any of the financial statements referred to herein.
 5. This report is intended solely for your information and for inclusion in the Draft Prospectus/Prospectus in connection with the proposed issue of NCDs aggregating to Rs. 2,500 lakhs for issuance of additional NCDs and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Date
Place

For Ashwani Gupta & Associates
Chartered Accountants
Reg No : 000564

Ashwani Gupta
(FCA, LLB, DISA)
M.No. 80719

Annexure I: Reformatted Summary Statement of Assets and Liabilities

(In Rs.)

	Particulars	Note No.	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010
A	EQUITY AND LIABILITIES						
1	Shareholders' funds						
	(a) Share capital	1	70,855,000.00	59,168,000.00	59,168,000.00	16,517,000.00	3,257,000.00
	(b) Reserves and surplus	2	1,286,892.98	(4,051,675.85)	(5,325,570.90)	(1,751,125.65)	63,038.49
	Share application money pending allotment					8,825,000.00	
2	Non-current liabilities						
	(a) Long-term borrowings	3	252,500,000.00	120,610,000.00	36,910,000.00	36,910,000.00	1,999,730.00
	(b) Deferred tax liabilities (net)	10	617,480.00		-	637,689.00	-
	(c) Other long-term liabilities	4	26,880,783.00	7,653,082.00	1,824,077.00	-	-
					-	-	-
3	Current liabilities						
	(a) Trade Payables	5	346,544.39	2,717,430.00	977,835.00	294,286.50	32,534.00
	(b) Other current liabilities	6	2,419,413.00	1,064,328.51	1,118,648.00	692,805.00	593,004.05
	(c) Short-term provisions	7	5,545,915.00	2,182,502.00	380,595.00	12,095.00	646,233.00
	TOTAL		360,452,028.37	189,343,666.66	95,053,584.10	62,137,749.85	6,591,539.54
B	ASSETS						
1	Non-current assets						
	(a) Fixed assets						
	(i) Tangible assets	8.A	11,475,059.26	5,947,979.26	2,832,400.26	2,149,102.26	5,584.00
	(ii) Intangible assets	8.B	2,048,769.00	1,336,634.00	1,421,963.00	1,362,010.00	-
	(iii) Capital work-in-progress		366,721.00	-	118,160.00		
	(b) Non Current Investment	9	-	-	250,000.00	250,000.00	614,359.83
	(c) Deferred tax assets (net)	10		1,040,909.00	2,103,455.00		186,137.00
	(d) Long-term loans and advances	11	1,670,000.00	1,202,804.00	-	-	-
	(e) Other non-current assets	12	122,555.00	125,330.00	203,105.00	778,153.00	-
2	Current assets						
	(a) Trade receivables	13	313,419.00	4,562,879.00	-	274,818.00	-
	(b) Current investments	14		4,000,000.00	-	-	
	(c) Cash and cash equivalents	15	6,475,095.11	21,920,506.48	47,583,319.59	51,828,962.78	455,312.02
	(d) Short-term loans and advances	16	332,834,379.00	146,069,922.00	38,946,265.75	4,913,568.00	5,254,051.00
	(e) Other current assets	17	5,146,031.00	3,136,702.92	1,594,915.50	581,135.81	76,095.69
	TOTAL		360,452,028.37	189,343,666.66	95,053,584.10	62,137,749.85	6,591,539.54

Annexure II: Reformatted Summary Statement of Profit and Loss

							(In Rs.)
	Particulars	Note No.	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010
A	CONTINUING OPERATIONS						
1	Revenue from operations	18	81,074,540.85	26,929,808.00	7,634,457.00	1,687,841.50	837,713.00
2	Other income	19	23,459.00	13,336,282.32	3,348,401.19	915,100.48	35,087.00
3	Total revenue (1+2)		81,097,999.85	40,266,090.32	10,982,858.19	2,602,941.98	872,800.00
4	Expenses						
	(a) Employee benefits expense	20	25,879,844.00	15,874,638.00	7,417,319.00	1,468,853.00	459,075.00
	(b) Finance costs	21	30,587,954.00	12,292,341.00	4,165,659.00	194,729.20	4,000.00
	(c) Depreciation and amortisation expense	8.c	1,519,218.00	901,111.00	618,703.00	132,518.00	665.00
	(d) Other expenses	22	14,893,145.02	8,418,025.27	5,096,766.44	1,800,275.92	331,696.60
	Total expenses		72,880,161.02	37,486,115.27	17,298,447.44	3,596,376.12	795,436.60
5	Profit / (Loss) before exceptional and extraordinary items and		8,217,838.83	2,779,975.05	(6,315,589.25)	(993,434.14)	77,363.40
6	Exceptional items	-	-	-	-	-	-
7	Profit / (Loss) before extraordinary items and tax (5 ± 6)		8,217,838.83	2,779,975.05	(6,315,589.25)	(993,434.14)	77,363.40
8	Extraordinary Item	-	-	-	-	-	-
9	Profit / (Loss) before tax (7 ± 8)		8,217,838.83	2,779,975.05	(6,315,589.25)	(993,434.14)	77,363.40
10	Tax expense:						
	(a) Current tax expense for current year (MAT)		1,220,881.00	443,534.00	-	-	-
	(b) (Less): MAT credit (where applicable)		-	-	-	-	-
	(c) Current tax expense relating to prior years		-	-	-	-	-
	(d) Net current tax expense		-	-	-	(3,096.00)	28,523.00
	(e) Deferred tax		1,658,389.00	1,062,546.00	(2,741,144.00)	823,826.00	88,186.00
	(f) NPA Adjustments		-	-	-	-	(285,399.00)
11	Profit After Taxes		5,338,568.83	1,273,895.05	(3,574,445.25)	(1,814,164.14)	246,053.40
	Less Amt Trfd to Statutory Reserves		1,067,714.00	256,000.00	-	-	49,211.00
12	Profit / (Loss) from continuing operations		4,270,854.83	1,017,895.05	(3,574,445.25)	(1,814,164.14)	196,842.40

Annexure III: Reformatted Summary of Cash Flow Statement

(In Rs.)

Particulars	2014	2013	2012	2011	2010
Cash from Operation Activities					
Net Profit Before Tax	8217838.83	2779975.05	-6315589.25	-993434.14	77363.4
Add/Less Adjustment of Non - Operating items					
Add:-					
Depreciation & Amortization of Expenses	1519218	901111	618703	132518	665
Less:-					
Profit on sale of Fixed Asset					-1300
Operating Profit before Working Capital Changes	9737056.83	3681086.05	-5696886.25	-860916.14	76728.4
Add/Less : Increase or Decrease in Current Assets & Current Liabilities					
Increase/Decrease in Trade Receivables	4249460	-4562879	274818	-274818	985785
Increase/Decrease in Short Term Loans & advances	-186764457	-107123656.3	-34032697.75	340483	-619449
Increase/Decrease in Other Current assets	-2009328.08	-1541787.42	-1013779.69	-505040.12	69979.5
Increase/Decrease in Trade Payables	-2370885.61	1750831	778093.5	261752.5	-549702
Increase/Decrease in Other Current Liabilities	1355084.49	-65555.49	331298	99800.95	310804.75
Increase/Decrease in Short -term Provisions	3363413	1801907	368500	-590238	-21100
Cash Generated from Operations	-182176713.2	-109741140.2	-33293767.94	-668059.67	176318.25
Less: Income Tax paid	-1220881	-443534	0	-46324	-34867
Add: Refund from Income Tax				5520	6344
Cash Flow Before Extraordinary Items	-173660537.4	-106503588.1	-38990654.19	-1569779.81	224523.65
Add/Less: Extraordinary Items	0	0	0	0	0
Net Cash from Operating Activities (A)	-173660537.4	-106503588.1	-38990654.19	-1569779.81	224523.65
Cash Flows from Investing Activities					
Purchase of Fixed Assets	-6589519	-3599876	-1037342	-3638046.26	0
Proceeds from sale of fixed assets	0	0	0	0	4000
Investment in Intangible Assets	-1,168,914.00	-213,325.00	-324,612.00	0.00	0.00
Investment in Capita work - in -progress	-366721	0	-118160	0	0
Sale of Investments	4000000	250000	0	364359.83	0
Purchase of Investments	0	-4000000	0	0	-12207
Long Term Advance Given	-467196	-1202804	0		0
Change in Other Current assets	2775	7775	575048	-778153	0
Net Cash from Investing Activities (B)	-4589575	-8688230	-905066	-4051839.43	-8207
Cash Flows from Financing Activities					
Proceeds from issue of Share Capital	11687000	0	33826000	22085000	0
Raise of Long- Term Borrowings	131890000	83700000	0	34910270	25600
Raise Other Long Term Borrowings	19227701	5829005	1824077		0
Net Cash used in Financing Activities (C)	162804701	89529005	35650077	56995270	25600
Net Increase in Cash & Cash Equivalent (A+B+C)	-15445411.37	-25662813.11	-4245643.19	51373650.76	241916.65
Cash & Cash Equivalents in the Beginning of the Year	21920506.48	47583319.59	51828962.78	455312.02	213395.37
Cash & Cash Equivalents in the end of the Year	6475095.11	21920506.48	47583319.59	51828962.78	455312.02

Annexure IV: Notes to Reformatted Summary Statement of Assets and Liabilities

Note 1: Share capital

Particulars	As at 31st March, 2014		As at 31st March, 2013		As at 31st March, 2012		As at 31st March, 2011		As at 31st March, 2010	
	Number of shares	Amount (Rs)	Number of shares	Amount (Rs)	Number of shares	Amount (Rs)	Number of shares	Amount (Rs)	Number of shares	Amount (Rs)
(a) Authorised										
Equity shares of `Rs. 10.00 each with voting rights	10,000,000.00	100,000,000.00	7,500,000.00	75,000,000.00	7,500,000.00	75,000,000.00	300,000.00	30,000,000.00	50,000.00	5,000,000.00
Preference shares of `Rs. 10.00 each without voting rights	2,000,000.00	20,000,000.00	-	-	-	-	-	-	-	-
(b) Issued										
Equity shares of `Rs. 10.00 each with voting rights	7,085,500.00	70,855,000.00	5,916,800.00	59,168,000.00	5,916,800.00	59,618,000.00	165,170.00	16,517,000.00	32,570.00	3,257,000.00
(c) Subscribed and fully paid up										
Equity shares of `Rs.10.00 each with voting rights	7,085,500.00	70,855,000.00	5,916,800.00	59,168,000.00	5,916,800.00	59,168,000.00	165,170.00	16,517,000.00	32,570.00	3,257,000.00
Total	7,085,500.00	70,855,000.00	5,916,800.00	59,168,000.00	5,916,800.00	59,168,000.00	165,170.00	16,517,000.00	32,570.00	3,257,000.00

Note 1 Share capital (contd.)

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	31st March	31st March 2013	31st March 2012	31st March	31st March
Equity shares with voting rights					
Face Value per shares (Rs.)	10.00	10.00	10.00	100.00	100.00
Year ended 31st March, 2014					
Number of Shares	5,916,800.00	5,916,800.00	1,651,700.00	32,570.00	32,570.00
Amount (Rs.)	59,168,000.00	59,168,000.00	16,517,000.00	3,257,000.00	3,257,000.00
Fresh Issue					
Number of Shares	1,168,700.00	-	4,265,100.00	132,600.00	-
Amount(Rs.)	11,687,000.00	-	42,651,000.00	13,260,000.00	-
Closing Balances					
Number of Shares	7,085,500.00	5,916,800.00	5,916,800.00	165,170.00	32,570.00
Amount (Rs.)	70,855,000.00	59,168,000.00	59,168,000.00	16,517,000.00	3,257,000.00

Note 1 (b) Share capital (contd.)

Details of Shares held by each Shareholder holding more than 5 % shares in any of year showing their percentage of holding in another year :

Class of shares / Name of shareholder	As at 31st March, 2014		As at 31st March, 2013		As at 31st March, 2012		As at 31st March, 2011		As at 31st March, 2010	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights										
Amardeep Samra	538,800	7.60	468,100	7.91	468,100	7.91	22,810	13.81	460	1.41
Amarjit Singh Samra	254,850	3.60	254,850	4.31	240,000	4.06	20,000	12.11	-	0
Santokh Singh Chhokar	1,000,000	14.11	700,000	11.83	700,000	11.83	20,000	12.11	-	0
Surinder Kaur	885,000	12.49	885,000	14.96	885,000	14.96	28,250	17.10	-	0
Balbir Singh	200,000	2.82	200,000	3.38	200,000	3.38	20,000	12.11	-	0
Hamco Ispat Limited,	150,000	2.12	150,000	2.54	150,000	2.54	15,000	9.08	-	0
Gurdip Singh Samra	430,000	6.07	430,000	7.27	430,000	7.27	-	0.00	-	0.00
Rajinder Kaur	32,230	0.45	32,230	0.54	57,230	0.97	5,723	3.46	5,723	17.57
Jagdeep Singh Shergill	-	0.00	-	0.00	50,740	0.86	5,074	3.07	5,074	15.57
Harbans Singh Chandi	-	0.00	-	0.00	49,500	0.84	4,950	3.00	4,950	15.19
Balwinder Kaur	-	0.00	-	0.00	24,380	0.42	2,483	1.50	2,483	7.62
Jalandhar Cargo Finance Co. Pvt. Ltd	25,000	0.35	25,000	0.42	25,000	0.42	2,500	1.51	2,500	7.67
Charanjit Kaur	23,500	0.33	23,500	0.40	23,500	0.40	2,350	1.42	2,350	7.21
Harjeet Singh	21,000	0.30	21,000	0.35	21,000	0.35	2,100	1.27	2,100	6.44

Note 2: Reserves and surplus

(In Rs.)					
Particulars	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010
	(a) Statutory reserves (Under Section 45 IC of the RBI Act)				
Opening balance	381,578.00	125,578.00	125,578.00	125,578.00	76,367.00
Add: Additions / transfers during the year	1,067,714.00	256,000.00	-	-	49,211.00
Less: Utilisations / transfers during the year	-	-	-	-	-
Closing balance	1,449,292.00	381,578.00	125,578.00	125,578.00	125,578.00
(b) Surplus / (Deficit) in Statement of Profit and Loss					
Opening balance	(4,433,253.85)	(5,451,148.90)	(1,876,703.65)	(62,539.51)	(259,381.91)
Add: Profit / (Loss) for the year	4,270,854.83	1,017,895.05	(3,574,445.25)	(1,814,164.14)	196,842.40
Closing Balance	(162,399.02)	(4,433,253.85)	(5,451,148.90)	(1,876,703.65)	(62,539.51)
Closing Balance (a+b) Total	1,286,892.98	(4,051,675.85)	(5,325,570.90)	(1,751,125.65)	63,038.49

Note 3: Long-term borrowings

(In Rs.)					
Particulars	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010
	Unsecured				
Sundry Depositors					
Due to Directors	-	-	-	-	446,300.00
Due to Shareholders	-	-	-	-	211,466.00
Due to Others	-	-	-	-	1,341,964.00
2017 Unsecured Non-convertible non-cumulative Debentures of `Rs.10000/- each redeemable at 11% on 31-03-2021	20,170,000.00	20,170,000.00	20,170,000.00	20,170,000.00	
1674 Unsecured Non convertible Cumulative Debentures of `Rs.10000/- each redeemable at 11.10% on 31-03-2021	16,740,000.00	16,740,000.00	16,740,000.00	16,740,000.00	
Inter-Corporate Loans	13,700,000.00	-	-	-	-
Secured					
2441 Secured Simple Redeemable Non Convertible Bonds in nature of Debentures (Series I) of Rs 10000/-each	24,410,000.00	24,410,000.00	-	-	-
5929 Secured Compounded Redeemable Non Convertible Bonds in nature of Debentures (Series I) of Rs 10000/-each	59,290,000.00	59,290,000.00	-	-	-
1517 Secured Simple Redeemable Non Convertible Bonds in nature of Debentures (Series II) of Rs 10000/-each	15,170,000.00	-	-	-	-
8302 Secured Compounded Redeemable Non Convertible Bonds in nature of Debentures (Series II) of Rs 10000/-each	83,020,000.00	-	-	-	-
2000 Secured Compounded Redeemable Non Convertible Bonds in nature of Debentures (Series III) of Rs 10000/-each	20,000,000.00	-	-	-	-
	252,500,000.00	120,610,000.00	36,910,000.00	36,910,000.00	1,999,730.00

Note 4: Other long-term liabilities

(In Rs.)					
Particulars	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010
Interest accrued but not due on borrowings					
Secured Debentures	19,730,442.00	3,799,228.00	-	-	-
Unsecured Debentures	7,150,341.00	3,853,854.00	1,824,077.00	-	-
Total	26,880,783.00	7,653,082.00	1,824,077.00	-	-

Note 5: Trade payables

(In Rs.)

Particulars	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010
Insurance Payable	-	636,059.00	714,035.00	-	-
Salary Payable	44,871.00	23,737.00	8,051.00	3,722.00	-
Incentive Payable	-	181,646.00	24,618.00	-	-
Audit Fee Payable	40,450.00	40,450.00	28,090.00	25,000.00	-
Telephone Exp Payable	117,522.00	80,286.00	41,912.00	10,000.00	-
Internet Payable	-	-	-	2,615.00	-
Electricity Payable	64,850.00	16,648.00	15,584.00	2,200.00	-
Newspaper & Periodicals Payable	180.00	425.00	320.00	230.00	-
Rent Payable	-	120,000.00	122,700.00	-	-
Claim Payable	-	-	18,615.00	-	-
Stamp Duty Payable	-	-	-	138,413.00	-
Expenses Payable	62,292.00	101,349.00	-	-	-
Trade payables	16,379.39	1,516,830.00	3,910.00	-	-
Payment due to Parties	-	-	-	112,106.50	32,534.00
Total	346,544.39	2,717,430.00	977,835.00	294,286.50	32,534.00

Note 6: Other current liabilities

(In Rs.)

Particulars	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010
TDS Payable	503,932.00	171,732.00	111,199.00	3,250.00	-
ESI Payable	96,138.00	55,898.00	24,914.00	32,862.00	-
PF Payable	307,611.00	164,364.00	79,305.00	28,426.00	-
Service Tax Payable	-	556,269.51	-	-	-
Insurance and Admin Charges Received			678,898.00	42,319.00	
Interest Payable on Depositors					132,255.05
Trade Payables		11,236.00	89,662.00		
Unearned H.P Charges					460,749.00
Cheque Issued but not	1,511,732.00	104,829.00	134,670.00	585,948.00	-
Total	2,419,413.00	1,064,328.51	1,118,648.00	692,805.00	593,004.05

Note 7: Short-term provisions

(In Rs.)

Particulars	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010
(a) Provision for employee benefits:					
(i) Provision for gratuity	560,071.00	275,524.00	-	-	-
(b) Provision - Others:					
(i) Provision for tax	1,664,415.00	443,534.00	-	-	43,900.00
(ii) Provision on Standard Asset	3,321,429.00	1,463,444.00	380,595.00	12,095.00	-
(iii) Provision for NPA Advances	0	-	-	-	602,333.00
Total	5,545,915.00	2,182,502.00	380,595.00	12,095.00	646,233.00

Note 8 a: Detail of Tangible Assets

Gross Block

(In Rs.)

Assets	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010
Premises Fixture	2,160,970.82	358,023.82	234,673.82	234,673.82	
Other Furniture	3,269,529.82	2,625,715.82	435,356.82	255,461.82	6,249.00
Electric Implants	2,628,449.99	788,366.99	278,552.99	185,077.99	
Computer	5,506,522.63	3,203,847.63	2,309,334.63	2,968,416.63	
Total	13,565,473.26	6,975,954.26	3,257,918.26	3,643,630.26	6,249.00

Depreciation

(In Rs.)

Assets	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010
Premises Fixture	93,581.00	36,788.00	18,283.00	3,428.00	-
Other Furniture	317,169.00	132,736.00	26,264.00	3,042.00	665.00
Electric Implants	113,582.00	38,921.00	13,633.00	2,181.00	-
Computer	1,566,082.00	819,530.00	367,338.00	123,867.00	-
Total	2,090,414.00	1,027,975.00	425,518.00	132,518.00	665.00

Net Block

(In Rs.)

Assets	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010
Premises Fixture	2,067,389.82	321,235.82	216,390.82	231,245.82	-
Other Furniture	2,952,360.82	2,492,979.82	409,092.82	252,419.82	5,584.00
Electric Implants	2,514,867.99	749,445.99	264,919.99	182,896.99	-
Computer	3,940,440.63	2,384,317.63	1,941,996.63	2,844,549.63	-
Total	11,475,059.26	5,947,979.26	2,832,400.26	3,511,112.26	5,584.00

Note 8b. Detail of Intangible Assets

Gross Block

(In Rs.)

Assets	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010
Software	1,934,377.00	1,566,616.00	1,485,166.00	-	-
Licence Fee	1,195,528.00	394,375.00	262,500.00	-	-
Total	3,129,905.00	1,960,991.00	1,747,666.00	-	-

Depreciation

(In Rs.)

Assets	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010
Software	826,670.00	539,087.00	287,845.00	-	-
Licence Fee	254,466.00	85,270.00	37,858.00	-	-
Total	1,081,136.00	624,357.00	325,703.00	-	-

Net Block

(In Rs.)

Assets	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010
Software	1,107,707.00	1,027,529.00	1,197,321.00	-	-
Licence Fee	941,062.00	309,105.00	224,642.00	-	-
Total	2,048,769.00	1,336,634.00	1,421,963.00	-	-

Note 9: Non-current investments

(In Rs.)

Particulars	As at 31st March, 2014			As at 31st March, 2013			As at 31st March, 2012			As at 31st March, 2011			As at 31st March, 2010		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total	Quoted	Unquoted	Total	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Investments (At cost):															
GOI&FDR Interest													364359.83	364359.83	
Shares in Indian Companies	-	-	-	-	-	-	-	250,000.00	250,000.00	-	250,000.00	250,000.00	-	250,000.00	250,000.00
Investment in Liquid Assets															
Tata Mutual Funds															
Reliance Mutual Funds															
Total - Trade (A)	-	-	-	-	-	-	-	250,000.00	250,000.00	-	250,000.00	250,000.00	-	614,359.83	614,359.83

Note 10: Deferred Tax (Asset / Liability)

(In Rs.)

Particulars	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010
Deferred tax(liability)/assets					
Tax effect of items constituting deferred tax Liability				(637,689.00)	
On difference between book balance and tax balance of fixed assets (13523828-9382981)	(1,279,522.00)	(826,774.00)	(607,313.00)		207.00
Tax effect of items constituting deferred tax Liability (A)	(1,279,522.00)	(826,774.00)	(607,313.00)	(637,689.00)	207.00
Tax effect of items constituting deferred tax assets (on St Assets & Gratuity)	662,042.00				186,121.00
Brought forward business losses		1,867,683.00	2,710,768.00		
Profit on Sale of Asset					(191.00)
Tax effect of items constituting deferred tax assets (B)	662,042.00	1,867,683.00	2,710,768.00	-	185,930.00
Net deferred tax (Liability) / asset	(617,480.00)	1,040,909.00	2,103,455.00	(637,689.00)	186,137.00

Note 11: Long-term loans and advances

(In Rs.)

Particulars	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010
(a) Loans and advances to related parties					
Secured, considered good	1,670,000.00	300,000.00	-		
(b) Others (Assets in Micro-finance)					
Secured, considered good		902,804.00	-		
Total	1,670,000.00	1,202,804.00	-	-	-

Note 12: Other non-current assets

(In Rs.)

Particulars	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010
Ancillary Borrowing Cost				687,593.00	
(i) Share issue expenses (where applicable)	122,555.00	125,330.00	203,105.00	90,560.00	
			-		
Total	122,555.00	125,330.00	203,105.00	778,153.00	-

Note 13: Trade receivables

(In Rs.)

Particulars	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010
Other Trade receivables					
Trade Receivable from Parties	1,519.00	4,562,879.00	-	274,818.00	-
Advance Payments to Parties	311,900.00	-	-	-	-
Total	313,419.00	4,562,879.00	-	274,818.00	-

Note 14: Current investments

(In Rs.)

Particulars	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010
A. Current portion of long-term investments (At cost)					
(i) Investment in mutual funds (give details)					
(a) Reliance Mutual Funds	-	3,000,000.00	-	-	-
(b) Tata Mutual Fund	-	1,000,000.00	-	-	-
Total - Current investments (A+B)	-	4,000,000.00	-	-	-

Note 15: Cash and cash equivalents

(In Rs.)

Particulars	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010
(a) Cash in hand	1,960,303.37	1,690,590.37	1608456.87	1336329.37	419856.17
(b) Cheques, drafts in hand		-	200000		
(c) Balances with banks					
(i) In current accounts	4514791.74	12729916.11	20378862.72	8492633.41	35455.85
CLAB C/A 1096	31,965.00	281,965.00	31,965.00	919,567.00	
CLAB C/A 1095	316,425.11	174,598.49	990,875.99	662,385.43	
CLAB C/A 1118	4,545.29	4,545.29	4,680.13	6,909,680.13	35,455.85
CLAB C/A KAPURTHALA	2,426.96	2,426.96	9,724.25	-	-
CLAB C/A HOSHIARPUR	1,060.48	1,352.62	8,712.40	-	-
ICICI Bank	3,241,675.15	12,265,027.75	1,102,800.72	-	-
HO ICICI 6437	268,507.42	-	-	-	-
AXIS Bank	100,000.00	-	-	-	-
HDFC Bank	548,186.33	-	-	-	-
State Bank of Patiala	-	-	699.85	1,000.85	-
CLAB C/A-1165	-	-	8,509,602.92		
CLAB C/A-1163	-	-	2,909,933.82		
CLAB C/A-1162	-	-	509,933.82		
CLAB C/A-1164	-	-	6,299,933.82		
(ii) Fixed Deposits					
Fixed Deposits		7,500,000.00	25,396,000.00	42,000,000.00	-
Total	6,475,095.11	21,920,506.48	47583319.59	51828962.78	455312.02

Note 16: Short-term loans and advances

Particulars	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010
(a) Security deposits					
Unsecured, considered good	22,750.00	21,500.00	5,000.00	5,000.00	-
Share Issue Expenses (where applicable)	102,775.00	77,775.00	77,775.00	30,320.00	
(b) Loans and advances to employees					
Unsecured, considered good	36,835.00	7,018.00	39,700.00		
(c) Prepaid expenses - Unsecured, considered good (For e.g. Insurance premium, Annual maintenance contracts, etc.)	529,065.00	522,049.00	764,344.75	40,485.00	1,177.00
(d) Others (Assets in Micro-finance Business)					
Secured, considered good					
Unsecured, considered good	332,142,954.00	145,441,580.00	38,059,446.00	4,837,763.00	
(e) Hire Purchase Advances					4158460
(f) Loan against Pronotes					1094414
Total	332,834,379.00	146,069,922.00	38,946,265.75	4,913,568.00	5,254,051.00

Note 17: Other current assets

(In Rs.)

Particulars	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010
(a) Accruals					
(i) Interest accrued on deposits with banks	-	630,324.00	933,387.00	457,013.00	-
(ii) Interest accrued on Loan against Debentures	87,510.00	4,853.00	-	-	-
(iii) Interest accrued on Micro-finance	1,656,091.00	699,707.00	186,706.50	21,062.00	-
(b) Others					
(i) Insurance claims	386,000.00	86,000.00	28,000.00	-	-
(ii) Receivables on Insurance	-	19,137.92	7,316.00		
(iv) Others (TDS, Advance Tax and Electricity, Rent Advance)	2,613,710.00	1,688,681.00	439,506.00	103,060.81	48,524.00
(v) Receivables against Claims	-	2,000.00	-	-	-
(vi) Stamps In Hand	35,000.00	6,000.00	-	-	-
(vii) Stationary In Hand	362,720.00	-	-	-	-
(viii) Advance Rent	5,000.00	-	-	-	-
(ix) Sundry Recoverable					27571.69
Total	5,146,031.00	3,136,702.92	1,594,915.50	581,135.81	76,095.69

Annexure V: Notes to Reformatted Summary of Statement of Profit and Loss

Note 18: Revenue from Operations

(In Rs.)					
Particulars	Year Ended 31st March, 2014	Year Ended 31st March, 2013	Year Ended 31st March, 2012	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Revenue From Operation Comprises :					
(A) Financial Revenue	72,174,540.85	26,929,808.00	7,634,457.00	1,085,508.50	837,713.00
(B) Other Operating Revenue	8,900,000.00	-	-	602,333.00	-
Total	81,074,540.85	26,929,808.00	7,634,457.00	1,687,841.50	837,713.00
Particulars	Year Ended 31st March, 2014	Year Ended 31st March, 2013	Year Ended 31st March, 2012	Year Ended 31st March, 2011	Year Ended 31st March, 2010
(A) Financial Revenue					
Financial Revenue comprises:					
(i) Financial Revenue from MFI/NBFC Loan Portfolio					
Hire Purchase with Overdue	-	-	-	633,421.00	678,119.00
Interest Income	61,080,417.00	24,467,978.00	5,823,333.50	267,069.00	159,594.00
Processing Fee	5,578,375.00	2,461,830.00	595,400.00	79,770.00	-
Insurance & Admin Charges	-	-	447,046.50	8,568.00	-
Membership & Training Fee	-	-	768,677.00	96680.5	-
(ii) Financial Revenue From Investments					
Interest On FDR's	871,351.00	-	-	-	-
Short term Income from Money Market Instruments	1,468,926.85	-	-	-	-
(iii) Financial Revenue From Other Loan Portfolio					
Interest on ICL & other Loans	2,575,471.00	-	-	-	-
Processing Charges	600,000.00	-	-	-	-
Total - Financial Revenue	72,174,540.85	26,929,808.00	7,634,457.00	1,085,508.50	837,713.00
Particulars	Year Ended 31st March, 2014	Year Ended 31st March, 2013	Year Ended 31st March, 2012	Year Ended 31st March, 2011	Year Ended 31st March, 2010
(B) Other Operating Revenue					
Financial Sub- Arranger Fee	8,900,000.00	-	-	-	-
NPA Provision W/Off	-	-	-	602,333.00	-
Total - Financial Revenue	8,900,000.00	-	-	602,333.00	-

Note 19: Other income

(In Rs.)

Particulars	Year Ended 31st March, 2014	Year Ended 31st March, 2013	Year Ended 31st March, 2012	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Interest income (Refer Note (i) below)	23,459.00	3,345,781.00	2,370,845.19	609,262.48	32,578.00
Other non-Operating income (Refer Note (ii) below)		9,990,501.32	977,556.00	305,838.00	2,509.00
Total	23,459.00	13,336,282.32	3348401.19	915100.48	35087
Particulars	Year Ended 31st March, 2014	Year Ended 31st March, 2013	Year Ended 31st March, 2012	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Note (i) Interest income comprises:					
Interest Income from Income tax Refund	23,459.00		655.19		
Interest On FDR'S		2,054,685.00	2,370,190.00	536,593.00	29,857.00
Interest on ICL & other Loans		1,291,096.00		72669.48	2721
Total - Interest income	23,459.00	3,345,781.00	2,370,845.19	609,262.48	32,578.00
Note (ii) Other non-operating income comprises:					
Misc Income	-	257,795.17		269.00	1,209.00
Short term Income from Money Market Instruments	-	152,706.15			
Financial Sub- Arranger Fee	-	9,580,000.00	977,556.00		
Data Assess Fee				305,353.00	
Profit on Sales of Assets				216.00	1,300.00
Total - Other non-operating income	-	9,990,501.32	977,556.00	305,838.00	2,509.00

Note 20: Employee Benefits Expense

(In Rs.)

Particulars	Year Ended 31st March, 2014	Year Ended 31st March, 2013	Year Ended 31st March, 2012	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Salaries and wages	22,317,909.00	13,994,002.00	6787934	1389326	459075
Contributions to provident and other funds	1,556,981.00	1,170,472.00	450363	65285	-
ESI Exp	692,196.00	-	-	-	-
Medical Aid to Staff	6,000.00	-	-	-	-
Medical Insurance Premium	296,098.00	-	-	-	-
Provision for Gratuity Fund	284,547.00	275,524.00	-	-	-
Staff welfare expenses	726,113.00	434,640.00	179022	14242	-
Total	25,879,844.00	15,874,638.00	7417319	1468853	459075

Note 21: Finance costs

(In Rs.)

Particulars	Year Ended 31st March, 2014	Year Ended 31st March, 2013	Year Ended 31st March, 2012	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Interest on Secured Debentures Application Money	279,050.00	150,747.00	-	115,032.00	-
Interest on Unsecured Debentures (Series I)	4,597,119.00	4,362,684.00	4,151,325.00	58,697.20	-
Interest on Secured Debentures (Series I)	10,547,763.00	5,505,753.00	-	-	-
Interest on Secured Debentures (Series II)	9,903,990.00	-	-	-	-
Interest on Secured Debentures (Series I III)	812,247.00	-	-	-	-
Interest on ICL	1,151,105.00	335,617.00	-	-	-
Processing Charges on ICL	307,867.00	-	-	-	-
Brokerage	2,454,750.00	1,504,725.00	-	-	-
Stamp Duty Paid	443,213.00	313,875.00	-	21,000.00	4,000.00
Interest Paid on TDS	-	-	3,304.00	-	-
Debenture Trusteeship Charges	90,850.00	118,940.00	11,030.00	-	-
Total	30,587,954.00	12,292,341.00	4,165,659.00	194,729.20	4,000.00

Note 22: Other expenses

(In Rs.)

Particulars	Year Ended 31st	Year Ended 31st	Year Ended 31st	Year Ended 31st	Year Ended 31st
	March, 2014	March, 2013	March, 2012	March, 2011	March, 2010
Power and fuel	591,450.00	311,680.00	208891	36255	-
Rent including lease rentals	2,169,662.00	1,047,986.00	650700	111774	-
Repairs and maintenance -	385,039.00	140,961.00	78559	18865	-
Insurance	295,858.00	40,780.00	417910.25	8917	1983
<u>Rates and taxes</u>					
Fee & Taxes	9,000.00	5,000.00	-	-	-
Legal Fee	-	11,236.00	-	-	-
Filing Fee	30,600.00	43,100.00	1000	21700	1500
Service Tax Paid	8,155.54	10,593.86	2575	-	-
Stamp Exp	200,030.00	93,325.00	-	-	-
<u>Communication</u>					
Postage	9,713.00	5,025.00	1349	1137	1160
Telephone & Internet Charges	1,651,600.40	711,995.00	410696	56965	-
Travelling and conveyance	915,801.00	589,484.00	469658	44345.5	4180
Printing and stationery	1,019,114.00	560,852.00	263590	76659	5107
Freight and forwarding	332,334.00	80,780.00	-	-	-
<u>Business promotion</u>	105,781.00	383,449.00	67828.5	31309	1200
Advertisement	12,756.00	4,371.00	12062	8354	900
Annual Function Charges	244,253.00	347,906.00	154974	-	-
Legal and professional	196,921.00	48,670.00	359766	10000	7500
Payments to auditors	44,944.00	44,944.00	28090	25000	15112
<u>Preliminary Exp W/off</u>	102,775.00	77,775.50	77775	30220	-
<u>Prov for Standard Assets</u>	1,857,985.00	1,082,849.00	368500	12095	-
News Paper & Periodicals	11,381.00	7,334.00	10474	460	-
Bank Charges & Interest	1,494,605.26	576,396.41	195652.69	1869.68	221322.1
Computer Exp	317,181.00	305,138.00	431141	19225	-
Sanitation Charges	178,007.00	84,551.00	37940	-	-
Training Exp	458,233.00	281,269.00	94216	10000	-
AMFI Registration Fee	-	103,000.00	-	-	-
Meeting Fee	14,000.00	-	-	-	-
Petrol Expenses	1,811,908.00	1,131,122.00	-	-	-
General Charges	99,092.82	37,810.50	65826	25224	-
D-MAT Charges	-	-	-	639.74	551.5
Credit Information Service Charges	26,967.00	-	-	-	-
Director Fee	-	-	-	27000	63500
Annual Maintenance Charges	297,998.00	248,642.00	-	-	-
Loss on Sale of Bonds GOI	-	-	-	13600	-
HP Advance W/Off	-	-	-	1200887	-
Entertainment	-	-	-	7775	7681
Deffered Revenue Expenditure	-	-	687593	-	-
Total	14,893,145.02	8,418,025.27	5,096,766.44	1,800,275.92	331,696.60

Annexure VI:**1. Corporate Information**

Midland Microfin Limited (the Company) , formally known as Sajan Hire Purchase Limited is engaged primarily in Micro Finance activities comprising of advances prescribed under the guidelines for MFI. The activities of the company are governed by the regulations of RBI in respect of Non Banking Financial companies. In compliance to the Circular No. DNBS.CC.PD.No. 250/ 03.10.01/ 2011 – 2012 dated December 02, 2011 issued by the Reserve Bank of India, the Company had been recently converted into Non-Deposit Taking Company and a fresh Certificate of Registration No. B-06-00458 was issued by Reserve Bank of India on November 18, 2013.

The Company has also applied for registration as NBFC-MFI with Reserve Bank of India ('RBI').

In an endeavour to promote financial inclusion in the country and to serve the progressive poor, the Company choose to begin from Punjab state where Microfinance had marginal presence. Now in short span of three years, it has extended its operation to Rajasthan and Haryana states also.

During the year, the company's operations were carried out at head office and Twenty one branches; two at Ludhiana, one each at Jalandhar, Hoshiarpur, Kapurthala, Bhatinda, Malout, Barnala, Mansa, Hanumangarh, Sri Ganganagar , Abohar, Muktsar ,Sangrur, Ellenabad, Moga , Faridkot , Sirsa, Rampuraphul ,Zira and Fatehabad.

The Company being an MFI and formally Hire Purchase Company, so no payments are outstanding towards parties as defined in Micro, small and Medium Enterprises Development ACT, 2006. The company was previously issued certificate No 06-00458 dated 22-02-01 as non Banking deposit taking financial company by RBI. The Company was converted into Limited Company u/s 25/44 of the Companies Act, 1956 on 26th April 2003 and amended certificate had been issued by the Registrar of Companies, punjab.

Statement of Significant Accounting Policy adopted by the Company in the preparation of Financial Statements for the year ended March 31, 2014, 2013, 2012, 2011 and 2010.**2. Summary of Significant Accounting Policies:****Basis of Preparation**

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply with all material aspect with the accounting standards notified under Section 211 (3C) [Companies (Accounting standards) Rules, 2006 as amended] and other relevant provision of the company Act, 1956.

All Assets and liabilities have been classified as current or non current as per company's normal operating cycle and other criteria set out in the schedule VI to the Companies Act 1956.

Tangible Assets and Depreciation

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation and accumulated amortization losses, if any. All costs relating to the acquisition and installation of fixed assets are capitalized and include borrowing cost directly attributable to construction or acquisition of fixed assets, till the date the asset is put to use. Subsequent expenditure related to an item or fixed assets are added to its book value only if it increase the future benefits from the existing assets beyond its previously assessed standard of performance. Gains or Losses arising from retirement or disposal of fixed assets which are carried at cost are recognised in the statement of Profit or Loss.

Depreciation on fixed assets has been provided as under: Depreciation is provided on a pro-rata basis on the straight line method over the estimated useful life of the assets or the rates prescribed Under Schedule XIV of the Companies Act 1956, whichever is higher.

Intangible Assets and Amortization

Intangible Assets are stated at acquisition cost, net of accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. A rebuttable presumption that the useful life of

an intangible asset will not exceed ten years from the date when the asset is available for use is considered by the management. The amortisation methods are reviewed at each financial year and if the expected useful life of the assets is significantly different from previous estimates, the amortisation period is changed accordingly. Gains or losses arising from the retirement or disposal proceeds and the carrying amount of the assets are recognised as income or expenses in the statement of profit and loss. The amortisation rates used are:
Intangible Assets are stated at acquisition cost, net of accumulated impairment losses, if any.

Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until the time the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in statement of profit and loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The company's borrowing pattern stands issuance of unsecured redeemable non convertible subordinated bonds in the nature of debentures, Secured Redeemable non convertible debentures and inter corporate loans. The expenditure comprising of brokerage, stamp duty charges and interest on account of unsecured debentures in shape of Redeemable non convertible subordinate bonds has been deferred for one year in the Year ended Mar'11 as the same were issued on 31.03.2011 being last day of close of year.

Impairment

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (Tangible or intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or group of assets is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the assets / cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down. The recoverable amount is higher of net selling price and its value in use. The value in use of the assets / cash generating unit is the present value of the estimated future cash flow expected to arise from the continuing use of an assets / cash generating unit and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have no longer exist or may have decreased.

Investment

Investments that are readily and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value whichever is lower. Long term investments are carried at cost. However provision for diminution is made to recognize a decline, other than temporary in the value of Investment.

The company had purchased tax free bonds of Govt of India from market in FY 07-08 that is 1000 bonds of face value of Rs 100/- each bearing interest rate 7.40% at discount of Rs 4.50 that was at 95.50. The value of bonds has been stated at book value in the Year Ended Mar'10.

Revenue Recognition

Receipt of Income: Asset finance income has been accounted as per contract with the borrower on standard advances. Whenever an asset turns to be NPA in loss category, income is not recognized.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i. Interest income on loans given is recognised under the internal rate of return method. Income including interest or discount or any other charges on non-performing asset is recognised only when realised. Any such income recognised before the asset became non-performing and remaining unrealised shall be reversed.
- ii. Interest income on deposits with banks is recognised on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.

ii. In accordance with the RBI guidelines, the Company accounts for any loss arising from assignment/ securitisation immediately at the time of sale and the profit/ premium arising from securitisation is amortised over the life of the underlying portfolio loans/ securities. Income from interest strip is recognized in the statement of profit and loss account (net of any losses).

Other Income

Interest on Investment: Interest income is recognized when the right to receive interest is established.

Employee Benefits

Provident Fund Contribution towards provident fund for certain employee is made to the regulatory authorities where the company has no further obligation. Such benefits are classified as Define Contribution Scheme as the company does not carry any further obligation apart from the contribution made on a monthly basis. Gratuity: The company provides for gratuity, a define benefit plan (The Gratuity Plan), covering employee in accordance with the payment of Gratuity Act 1972. The gratuity Plan Provides a lump sum payment to vested employee at retirement, death, incapacitation or termination of employment of an amount based on the respective employee salary and the tenure of employment. The company's liability is actuarial determined at the end of each year. As no employee of the company has completed five years of service, so no gratuity provision has been made thereof. The Company is making provision for gratuity as per the actuarial valuation at the end of every year.

Compensated Absences: Accumulated compensated absences which are expected to be availed or encashed within 12 months from the year end are treated as short term employee benefits. The obligation toward the same is measured at the expected cost of accumulating compensated absences and the additional amount expected to be paid as a result of the unused entitlement as at year end.

Accumulated compensated absences which are expected to be availed or encashed beyond 12 months from the year end are treated as other long term employee benefit and is actuarially determined (using the project unit card method) at the end of each year. Actuarial losses/gains are recognised in the statement of profit and loss in the year within which they arise.

Termination Benefit: Termination benefits in the nature of voluntary retirement benefit are recognised in the statement of profit and loss when incurred.

Taxation

(1) Provision for current tax in the Year Ended Mar'13 and Mar'14 has been made as per the provisions of section 115JB of Income Tax Act, 1961. The Company has ascertained tax expenses under section 115 JB of Income Tax Act for which provisions for standard assets and Gratuity not being added back for calculation in the Year Ended Mar'14.

Minimum Alternative Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such assets are reviewed at each balance sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the company will pay normal income tax during the specified period.

Accounting for Taxes

In accordance with Accounting Standard 22- Accounting for taxes on income issued by The Institute of Chartered Accountants of India :-The deferred tax for timing difference between the book and tax profit for the year is accounted for using the tax rates and law that has been enacted as of the Balance sheet date. Deferred Tax Assets arising from the timing difference are recognized to the extent there is reasonable certainty that the assets can be realized in future.

Deferred tax assets are recognised for tax loss and depreciation carried forward to the extent that the realization of the related tax benefit through the future taxable profit is virtually certain.

Provision and Contingencies

NPA Provisions: Provisions on advances which have to be classified as nonperforming as per prudential norms have been made as per directions of RBI with respect to regulations applicable to NBFCs-MFI's, considering standard, doubtful and loss assets.

Provision: Provisions are recognized when there is a present obligation as a result of a past event, it is a probable that outflow of resource embodying economic benefit will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the presented obligation at the Balance sheet date and are not discounted to its present value.

Contingent Liabilities : Contingent liabilities are disclosed when there is a possible future obligation arising from past event the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future event not wholly within the control of the company or a present obligation that arises from past event where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Cash and Cash Equivalents

In the cash flow statement cash and cash equivalent include cash in hand, cash demand deposits with bank other short term highly liquid investment with original maturities of three months or less.

Earnings Per Share

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholder by the weighted average number of equity shares outstanding during the period.

Regrouping Of Income

There has been rescheduling under certain heads of income ,by considering relevant financial income as operational income during the year ended March'14 in order to bring more transparency as applicable . The same has been done in accordance with Schedule VI of The Companies act, 1956 and report of Consultative Group to Assist the Poor (CGAP).

Authorised Capital

Expenses for increase in capital have been recognised under preliminary expenses. Company has further increased authorised capital for Preference shares in extra ordinary general meeting held in March,17 .2014 and the corresponding fee for increasing capital has not provided as the same is pending for payment.

Annexure VII: Capitalization Statement as at March 31, 2014

Particulars	Pre Issue	Post Issue
Long Term Debts	252,500,000.00	502,500,000.00
Short Term Debt (Including Current maturities of Long Term Debt)		
Total Debts	252,500,000.00	502,500,000.00
Shareholder's Fund		
Equity Share Capital	70,855,000.00	70,855,000.00
Reserves & Surplus		
Capital Reserve		
Statutory Reserve	1,449,292.00	1,449,292.00
Revaluation Reserve		
General Reserve		
Surplus in Profit And Loss Account	(162,399.02)	(162,399.02)
Total Shareholder's Fund	72,141,892.98	72,141,892.98
Long Term Debt Equity		
Debt/Equity	3.50	6.97

Notes:

- 1 Short term debts represent debts which are due within twelve months from March 31, 2014.
- 2 Long term debts (excluding the interest accrue but not due) represent debts other than short term debts, as defined above.
- 3 The figures disclosed above are based on the Audited Financial Statements as at 31 March 2014
- 4 Long Term Debts/ Equity = Long Term Debts / Shareholders' Funds
- 5 The debt-equity ratio post the issue is indicative and is on account of assumed inflow of Rs. 2500 lacs from the proposed issue

Annexure VIII: Statement of Secured and Unsecured Loans

		(In Rs.)										Total			
Particulars	Series	Date of Allotment	Rate (%)	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	9 Years	10 Years	Total			
Unsecured Debentures	I	31-Mar-11	Quarterly Compounded Quarterly	11.00							20,170,000.00	20,170,000.00			
				11.10							16,740,000.00	16,740,000.00			
Unsecured Interoperate Loans :															
Interoperate Loan			18.00	3,500,000.00								3,500,000.00			
Interoperate Loan			18.00	3,000,000.00								3,000,000.00			
Interoperate Loan			18.00	3,500,000.00								3,500,000.00			
Interoperate Loan			18.00	3,700,000.00								3,700,000.00			
Total				13700000.00	0.00	0.00	0.00	0.00	0.00	0.00	36910000.00	50610000.00			
Secured Debentures															
Particulars Secured Debentures	I	10-Sep-12	Quarterly Compounded Quarterly	11.00		4,470,000.00		1,900,000.00				6,370,000.00			
				11.25		800,000.00		300,000.00				1,100,000.00			
				11.50				700,000.00	100,000.00	2,140,000.00			2,240,000.00		
				11.75				300,000.00	300,000.00	2,550,000.00			3,800,000.00		
				12.00					4,300,000.00				3,250,000.00		
				11.10		2,100,000.00		1,560,000.00						3,660,000.00	
				11.35		3,070,000.00		200,000.00						3,270,000.00	
				11.60				900,000.00	13,150,000.00	5,520,000.00				19,570,000.00	
				11.85		900,000.00		3,790,000.00	10,330,000.00					9,330,000.00	
				12.10					5,190,000.00					3,250,000.00	8,440,000.00
Total				11,340,000.00	-	5,560,000.00	17,340,000.00	29,830,000.00		-	19,630,000.00	83,700,000.00			
Secured Debentures															
Particulars Secured Debentures	II	31-May-13	Quarterly Compounded Quarterly	11.00		900,000.00						900,000.00			
				11.25		2,100,000.00	400,000.00						2,500,000.00		
				11.50			600,000.00	300,000.00						900,000.00	
				11.75			1,450,000.00	1,400,000.00	600,000.00					2,850,000.00	
				12.00										2,820,000.00	
				12.25										5,200,000.00	
				11.00		3,510,000.00									3,510,000.00
				11.25		6,270,000.00									6,270,000.00
				11.50				250,000.00	7,800,000.00	750,000.00					8,050,000.00
				11.75				600,000.00	40,090,000.00	750,000.00					41,440,000.00
12.00					2,700,000.00					8,050,000.00	10,750,000.00				
12.25									5,200,000.00	7,800,000.00	13,000,000.00				
Total				-	12,780,000.00	400,000.00	2,900,000.00	49,590,000.00	4,050,000.00	5,200,000.00	23,270,000.00	98,190,000.00			
Secured Debentures															
Particulars Secured Debentures	III	30-Nov-13	Quarterly Compounded Quarterly	12.00		20,000,000.00						20,000,000.00			
Total				-	20,000,000.00	-	-	-	-	-	20,000,000.00				
Grand Total				13700000.00	44120000.00	400000.00	8460000.00	66930000.00	33880000.00	5200000.00	79810000.00	252500000.00			

Annexure IX: Statement of Accounting Ratios

Particulars	March 31,2014	March 31,2013	March 31,2012	March 31,2011	March 31,2010
Earnings Per Share – Basic(Rs)	0.69	0.17	-2.12	-26.44	6.04
Earnings per Share – Diluted (Rs)	0.69	0.17	-2.12	-26.44	6.04
Return on Net worth (%)	7.42	2.36	-6.95	-13.00	7.85
Net Asset Value per Share (Rs)	10.15	9.10	8.70	84.50	96.22
Weighted Average No of Equity Shares used in Basic EPS	6,184,358	5,916,800	1,687,725	68,625	32,570
Weighted Average No of Equity Shares used in Diluted EPS	6,184,358	5,916,800	1,687,725	68,625	32,570
Total No of Equity Shares outstanding at the end of the year/period	7,085,500	5,916,800	5,916,800	165,170	32,570

Note:

The ratios have been computed as below:

Earnings per Share = Net Profit/(Loss) as reformatted, attributable to equity shareholders/ Weighted average number of equity shares outstanding during the year (Restated)

Return on Net Worth = Net Profit/(Loss) after tax as reformatted / Net Worth as reformatted

Net Assets Value per Equity Share = Net worth as reformatted / Number of Equity shares outstanding at the end of the year

Net Worth= Equity Share Capital + Reserves and Surplus (Excluding Revaluation Reserves)-Fictitious Assets

Earnings per Share calculations are in accordance with the Accounting Standard 20" Earning Per Share"

Return on Net Worth is calculated on Annual basis

Annexure X: Details of Dividends

Particulars	March 31,2014	March 31,2013	March 31,2012	March 31,2011	March 31,2010
<u>On Equity Shares</u>					
Fully Paid -up Share Capital (Nos.)	7,085,500.00	5,916,800.00	5,916,800.00	165,170.00	32,570.00
Face Value/Paid up Value (Rs)	10.00	10.00	10.00	100.00	100.00
Equity Share Capital (Rs in lacs)	70,855,000.00	59,168,000.00	59,168,000.00	16,517,000.00	3,257,000.00
Rate of Dividend	NIL	NIL	NIL	NIL	NIL
Dividend per Share	NIL	NIL	NIL	NIL	NIL
Dividend Distribution Tax	NIL	NIL	NIL	NIL	NIL

Annexure XI: Statement of Contingent Liabilities

Particulars	March 31,2014	March 31,2013	March 31,2012	March 31,2011	March 31,2010
Contingent Liability	NIL	NIL	NIL	NIL	NIL

Annexure XII
A) Details of the list of the Related Parties and Nature of Relationship
Key Managerial Personnel

S. No.	March 31,2014	March 31,2013	March 31,2012	March 31,2011	March 31,2010
1	Amardeep Singh Samra		Amardeep Singh Samra	Harbans Singh	Harbans Singh

Relatives Of Key Managerial Personnel

Serial Number	March 31,2014	March 31,2013	March 31,2012	March 31,2011	March 31,2010
1	Amarjit Singh Samra			Surinder Kaur	Jagdeep Singh
2	Surinder Kaur Samra			Lakhwinder Kaur	Rajinder Kaur
3	Sarvjit Singh Samra			Balwinder Kaur	Lakhwinder Kaur
4	Navneet Kaur Samra			Harpreet Singh	Balwinder Kaur
5	Gagan Samra			Kanwaljit Singh	Rajminder Singh
6				Roop Kiran	Zorawar Singh
7				Santokh Singh Chokkar	
8				Mohinder Singh Chokkar	
9				Sohan Singh Chokkar	
10				Rajminder Singh	Monika
11				Zorawar Singh	Palwinder Kaur
12				Monika	Roop Kiran
13				Palwinder Kaur	
14				Parduman Singh	
15				Inderjit Singh	
16				Puran Kaur	
17				Gurcharan Singh	
18				Gian Kaur	
19				Darshan Singh	
20				Kulwant Kaur	
21				Basant Singh	
22				Harbhajan Singh	
23				Jagir Singh	
24				Jasbir Singh	
25				Bagicha Singh	
26				Sardara Singh	

27				Lakhwinder Singh	
28				Satwinder Singh	
29				Udhai Parkash Singh	
30				Hargunjit Shergill	
31				Adhiraj Singh	

Entities in which KMP/Relatives of KMP have significant Influence

Serial Number	March 31,2014	March 31,2013	March 31,2012	March 31,2011	March 31,2010
1	Midland Financiers(Doaba) Ltd				
2	Samra Leasing Ltd				
3	Midland Motor Finance Co. ltd				

B) Transaction with Related Parties

Key Managerial Personnel

(In Rs.)

	Particulars	March 31, 2014	March 31,2013	March 31,2012	March 31,2011	March 31,2010
A	Transaction during the year					
	Loans taken/ recoverd during the year					
	Loan granted/ repaid suring the year					
	Director's Remuneration				146,005	132,770
	Travelling Reimbursement			88,412		
	Interest Received during the year					
	Interest Paid					606
	Rent Paid	55,057				
	Meeting Fee				5,000	6,000
B	Net Amt. Receivable/(Due) as at the year end					
	Amount Payable at the year/period end					
	Amount Receivable at the year/period end					

Relative of Key Managerial Personnel

	Particulars	March 31,2014	March 31,2013	March 31,2012	March 31,2011	March 31,2010
A	Transaction during the year					
	Loans taken/ recoverd during the year					211,466
	Debentures Issued					
	Remuneration				85,910	78100
	Interest Paid				12,794	94888.35
	Rent paid	220,227				
	Meeting Fee				22,000	57,500

B	Net Amt. Receivable/(Due) as at the year end					(441,954)
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Entities in which KMP/Relatives of KMP have significant Influence

	Particulars	March 31,2014	March 31,2013	March 31,2012	March 31,2011	March 31,2010
A	Transaction during the year					
	Loans taken/ recoverd during the year	10,000,000				
	Interest Due	890,558				
B	Net Amt. Receivable/(Due) as at the year end	(10,890,558)				

Material Developments since March 31, 2014

There have not arisen, since the date of the last financial information disclosed in the Prospectus, any circumstances which materially and adversely affect or are likely to affect our performance, profitability or prospects, within the next 12 months.

Description of Certain Indebtedness

A. Set forth below is a summary of the Company's significant inter corporate loans as on March 31, 2014.

List of Inter corporate loans procured by our Company					
Sl. No.	Name of the Lender	Amount	Period	ROI	Date of the agreement
1.	Midland Motor Finance Comp. Ltd	35 Lacs	3 Yrs	18%	24.10.2013
2.	Samra Leasing Ltd.	15 Lacs	3 Yrs	18%	24.10.2013
3.	Midland Financers Doaba	35 Lacs	3 Yrs	18%	23.09.2013
4.	Samra Leassing Ltd.	15 Lacs	3 Yrs	18%	23.09.2013
5.	Northern India Consultants	12 Lacs	1 Yr	18%	05.12.2013
6.	Northern India Consultants	25 Lacs	1 Yr	18%	01.11.2013

List of Inter corporate loans provided by our Company					
Sl. No.	Name of the Borrower	Amount	Period	ROI	Date of the agreement
1.	Super Tech. Forging	1 Cr	90 Days	14%	10.09.2012
2.	Super Tech. Forging	2 Cr	1 Yr	13.5%	11.06.2013
3.	S. R. Impex	1 Cr	90 Days	14%	10.09.2012
4.	Millenium Real Estate Developers	1 Cr	1 Yr	13.5%	13.06.2013

Sr. no.	Type of Debenture and Loans	Principal Amount	Interest Amount	Total Outstanding
1	Unsecured Debentures	36,910,000	6,114,348	43,024,348
2	Inter-corporate Loans :			
	Midland Financers(Doaba) Ltd	3,500,000	305,190	3,805,190

	Samra Leasing Ltd	3,000,000	240,605	3,240,605
	Midland Motor Finance Co. Ltd	3,500,000	255,706	3,755,706
	Northern India Consultant Pvt Ltd	3,700,000	234,492	3,934,492
	Total of unsecured	50,610,000	7,150,341	57,760,341
1	Secured Debentures Series I	83,700,000	11,238,972	94,938,972
2	Secured Debentures Series II	98,190,000	7,760,447	105,950,447
3	Secured Debentures Series III	20,000,000	731,023	20,731,023
	Total of Secured	201,890,000	19,730,442	221,620,442
	Total Long Term Borrowings	252,500,000	26,880,783	279,380,783

There is no borrowing from any Bank or Financial Institution as on March 31, 2014.

SECTION VI: ISSUE RELATED INFORMATION

The Issue Structure

The Board of Directors, at its meeting held on March 28, 2014 constituted the Public Issue Management Committee and the shareholders, approved the issue of the Bonds through their resolution in EGM dated March 17, 2014 and authorised the Public Issue Management Committee to continue to exercise all powers vested with it in pursuance of the board resolution dated March 28, 2014 for completing this Issue

The Issue Structure

The following are the key common terms of the Bonds to be issued under the terms of the Prospectus. This Section should be read in conjunction with the section entitled “Terms of the Issue” as disclosed in the Prospectus.

Common Terms of Public Issue of Secured Bonds

1	Name of the Issuer	Midland Microfin Limited
2	Complete Address of the Company	2 nd Floor, Gobind Niwas, 36 G.T. Road, Jalandhar – 144 001 (Punjab)
3	Contact Person & Complete Address for Compliance	Preetpal Singh – Company Secretary & Compliance Officer Midland Microfin Limited 2 nd Floor, Gobind Niwas, 36 G.T. Road, Jalandhar – 144 001 (Punjab)
4	Telephone & Mobile No.	+91 181 5091545, Mobile +91 7837218968
5	Fax No.	+91 181 2236070
6	Mail ID	preetpal.singh@midlandmicrofin.com
7	Issue	Public Issue of Secured, Redeemable, Non-Convertible Bonds in the nature of debentures, of the face value of ₹ 10,000/- each, upto ₹ 250 Million
8	Face Value	₹ 10,000/- per Debenture
9	Issue Price	₹ 10,000/- per Debenture
10	Minimum Application	₹ 50,000/- (5 Debentures)
11	In Multiples of	₹ 10,000/- (1 Debenture)
	Terms of Payment	Full amount on application
12	Type of Instrument	Secured Redeemable Non-Convertible Bonds in the Nature of Debenture
13	Nature of Instrument	Secured
14	Mode of Issue	Public Issue
15	Pay in Date	Application date
16	Issue Size	₹ 250 Million
17	Issue Opening /Closing	Issue Opening Date [.] Issue Closing Date [.]

	Dates	(To be decided by Board before filing the same with the Registrar of Companies)	
18	Tenure of the Bond and Put / Call option	TENURE 4 Years 6 Years & 3 Months 9 Years & 6 Months	Put Option after* 2,3 Years 5 Years 7,8 Years
		There is no Call option	
19	Interest (In %) (Coupon Rate)	(To be decided by Board before filing the same with the Registrar of Companies)	
	Coupon Type	Fixed	
20	Security	That the Bonds in the nature of debentures together with interest, expenses and other moneys shall be secured from the date of allotment by an exclusive charge in favour of Debenture Trustee on all specific and identifiable current assets, book debts, receivables (both present and future) as fully described in the Debenture Trust deed, except those receivables specifically and exclusively charged, on a first ranking <i>pari passu</i> basis with all other lenders to our company holding <i>pari passu</i> charge over the security such that an asset cover of 110% of the outstanding amount of the Bonds in the nature of debentures, is maintained until Maturity Date.	
21	Asset Cover	The Company shall maintain minimum security cover of 110% of the debentures issued.	
22	Nature of Indebtedness and Ranking	The claims of the bond holders shall be superior to the claims of any unsecured creditor of the Company and subject to applicable statutory and/ or regulatory requirements, rank <i>pari passu</i> inter se with the claims of other creditors of the Company having same security	
23	Put/ Call Option	There is no call option.	
24	Listing	The Bonds are proposed to be listed on BSE	
25	Debenture Trustee	CENTBANK Financial Services Limited	
26	Depositories	CDSL and NSDL	
27	Issuance/ Mode of Allotment	In dematerialized form as per Companies Act/ SEBI/ Listing Requirements	
28	Trading/ Market lot	1 Bond	
	Trading Mode	Demat only	
29	Deemed Date of Allotment	The Deemed Date of Allotment of the Bonds will be the date on which the Board of Directors is deemed to have approved the Allotment of Bonds or any such date as may be determined by the Board and notified to the Designated Stock Exchange. All benefits under the Bonds including payment of interest will accrue to the Bond holders from the Deemed Date of Allotment. Actual Allotment may occur on a date other than the	

		Deemed Date of Allotment.
30	Record Date	Date falling seven Working Days prior to the date on which interest is due and payable or the Maturity Date. In case the Record Date falls on a day when stock exchanges are having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date.
31	Day Count	<p>Interest will be computed on a 365 days-a-year basis on the principal outstanding on the Bonds. Where the interest period (start date to end date) includes February 29, interest will be computed on 366 days-a-year basis, on the principal outstanding on the Bonds.</p> <p>Effect of Holidays on Payment If the date of payment of interest specified does not fall on a Working Day, the succeeding Working Day (along with interest for such additional period) will be considered as the effective date. Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next date of payment of interest. In case the date of redemption falls on a holiday, the payment will be made on the previous Working Day along with interest accrued on the Bonds until but excluding the date of such payment.</p>
	Interest on Application Money	Interest on application money will be paid on coupon rate from date of realization of cheque/ demand draft upto 1 day prior to the Allotment / Deemed Date of Allotment.
32	Lead Manager	Real Growth Securities Private Limited, 112-A, Jyoti Shikhar Building, Janakpuri District Centre, Janakpuri, New Delhi-110058
33	Transaction Documents	<p>Documents/Undertakings/Agreements Entered Into Or To Be Entered Into By The Company With Lead Manager And/Or Other Intermediaries For The Purpose Of This Issue, Including But Not Limited To The Following: -</p> <ol style="list-style-type: none"> a. Debenture Trustee Agreement b. Debenture Trust Deed c. Escrow Agreement d. Issue Agreement e. Agreements with Depositories and Registrar To The Issue f. Agreement with The Lead Manager
34	Redemption Premium/ Discount	Not Applicable
35	Credit Rating	Credit Analysis & Research Limited (“CARE”) vide its letter dated April 22, 2014 has assigned a

		credit rating of €CARE BBB• to the market borrowing programme of the Company aggregating ₹ 250 million.
36	Purpose of Issue	Please refer Page No. 70 for <i>Objects of the Issue</i> •
37	Who can Apply	Please refer Page No. 105 for <i>Issue Structure</i> •

Terms of the NCDs

Tenure	4 years		6 years & 3 months		9 years & 6 months	
	I	II	III	IV	V	VI
Options						
Frequency of Interest Payment	Quarterly	Cumulative	Quarterly	Cumulative	Quarterly	Cumulative
Minimum Application	5 NCDs (₹ 50,000) (across all options of NCDs)					
Face Value of NCDs (₹ / NCD)	₹ 10,000					
Issue Price (₹ / NCD)	₹ 10,000					
Mode of Interest Payment/Redemption	Through Various options available					
Coupon (%) per annum in Category I, II, III and IV	[.]	NA	[.]	NA	[.]	NA
Coupon (%) for Exservicemen, Senior Citizen and Women	[.]	NA	[.]	NA	[.]	NA
Coupon Type	Fixed					
Redemption Amount (₹ /NCD) for NCD Holders in Category I, II, III and IV	[.]	[.]	[.]	[.]	[.]	[.]
Effective Yield (per annum) € Category I, II, III and IV	[.]	[.]	[.]	[.]	[.]	[.]
Effective Yield (per annum) € Category I, II, III and IV for Ex-servicemen, Senior Citizen and Women	[.]	[.]	[.]	[.]	[.]	[.]
Put and Call Option	Only PUT Option					
Deemed Date of Allotment	The date on which the Board or a duly authorized committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on the NCDs shall be available to the investors from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment.					

Interest and Payment Of Interest

1. Quarterly interest payment options

Interest would be paid quarterly under Option I, III and V at the following rates of interest in connection with the relevant categories of NCD holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of NCDs:

Category Of NCD holder	Rate of interest (p.a.) for the following tenures		
	4 Years	6 Years & 3 Months	9 Years & 6 Months
	Option I	Option III	Option V
Category I,II,III and IV	[.]	[.]	[.]
Category I,II,III and IV Coupon % for Women, Ex-Servicemen, Senior Citizen	[.] % *	[.] % *	[.] % *

*Ex-servicemen, Senior Citizen and Women shall be eligible for additional coupon of [.] % p.a. over and above the coupon for the NCD's allotted to them in this Issue, irrespective of the category they belong to.

2. Cumulative bond redemption option

Category Of NCD holder	Redemption amount (per NCD)		
	4 Years	6 Years & 3 Months	9 Years & 6 Months
	Option II	Option IV	Option VI
Category I,II,III and IV	[.]	[.]	[.]
Category I,II,III and IV Coupon % for Women, Ex-Servicemen, Senior Citizen	[.] % *	[.] % *	[.] % *

*Ex-servicemen, Senior Citizen and Women shall be eligible for additional coupon of [.] % p.a. over and above the coupon for the NCD's allotted to them in this Issue, irrespective of the category they belong to.

3. Additional Coupon of [.]% p.a. for the Ex-servicemen, Senior Citizen and Eligible Employees.

Ex-servicemen, Senior Citizen and Women, shall be eligible for the additional coupon on the NCDs that is allotted to them under all Options

Applicants who are eligible as Ex-servicemen, Senior Citizen and Women and intend to avail the additional coupon of [.] p.a. are required to fill in the appropriate category in the Application Form, and submit the KYC documents, as provided for in “**Issue Procedure - Additional KYC documentation requirements**” which shall be subject to further scrutiny by the Registrars. It will be the responsibility of the applicant(s) to ensure KYC document(s) reach the Registrar by registered post only within 30 days of the opening of the Issue, failing which they will not be eligible for the additional coupon.

The additional Coupon payable on the NCDs shall be applicable only to the original Allottees in this public issue. If NCDs allotted to any of the Ex-servicemen, Senior Citizen and Women in this public issue availing this additional coupon, are transferred or transmitted, subsequent to the allotment thereof, the subsequent holder of such NCDs shall not be entitled to the aforesaid additional coupon.

In case any of the Ex-servicemen, Senior Citizen and Eligible Employees have transferred or transmitted a part of the NCDs allotted to them pursuant to the Issue, they shall continue be eligible for additional coupon on the balance part of the NCDs originally Allotted to them and held as on the Record Date. In case the Ex-servicemen, Senior Citizen and Women have acquired further NCDs subsequent to the Issue, such NCDs shall not be eligible for the additional coupon

Tax on interest accrued

As per clause (ix) of Section 193 of the IT Act, no tax is required to be deducted at source on any interest payable on any security issued by a company, where such security is in dematerialized form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder. Accordingly, no tax will be deducted at source from the interest on listed NCDs held in the dematerialised form.

However in case of NCDs held in physical form, as per the current provisions of the IT Act, tax will not be deducted at source from interest payable on such NCDs held by the investor (in case of resident individual NCD holders and Hindu Undivided Family), if such interest does not exceed ₹ 5,000 in any financial year and the interest is paid by an account payee cheque. If interest exceeds the prescribed limit of ₹ 5,000 on account of interest on the NCDs, then the tax will be deducted at applicable rate. However in case of NCD holders are claiming non-deduction or lower deduction of tax at source, as the case may be, the NCD holders should furnish either (a) a declaration (in duplicate) in the prescribed form i.e. (i) Form 15H which can be given by individuals who are of the age of 60 years or more (ii) Form 15G which can be given by all applicants (other than companies, and firms), or (b) a certificate, from the Assessing Officer which can be obtained by all applicants (including companies and firms) by making an application in the prescribed form i.e. Form No. 13.

The aforesaid documents, as may be applicable, should be submitted to our Company quoting the name of the sole/ first NCD holder, NCD folio number and the distinctive number(s) of the NCD held, prior to the Record Date to ensure non-deduction/lower deduction of tax at source from interest on the NCD. The investors need to submit Form 15H/ 15G/certificate in original from Assessing Officer for each financial year during the currency of the NCD to ensure non-deduction or lower deduction of tax at source from interest on the NCD.

Payment of Interest/ Maturity Amount to NCD Holders

Payment of Interest/ Maturity Amount will be made to those NCD holders whose names appear in the register of Debenture Holders (or to first holder in case of joint-holders) as on Record Date.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the investors. In such cases, interest, on the interest payment date, would be directly credited to the account of those investors who have given their bank mandate.

We may offer the facility of NECS, NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to help NCD holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI.

Issue Procedure

This section applies to all Applicants. ASBA Applicants should note that the ASBA processes involve application procedures which may be different from the procedures applicable to Applicants who apply for Bonds through any of the other permitted channels and accordingly should carefully read the provisions applicable to ASBA.

All Applicants are required to make payment of the full Application Amount with the Application Form. ASBA Applicants are required to ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Application Amount can be blocked by the SCSBs.

ASBA Applicants may submit their ASBA Applications to the Members of the Syndicate or Trading Members of the Stock Exchanges only in the Specified Cities or directly to the Designated Branches of SCSBs. Applicants other than ASBA Applicants are required to submit their Applications to the Members of the Syndicate or Trading Members of the Stock Exchanges.

Please note that the Applicants cannot apply in this Issue by filling in the application form directly through the online interface of BSE.

This section is based on SEBI circular No. CIR./IMD/DF-1/20/2012 dated July 27, 2012. Since the Stock Exchanges have not put in place the necessary systems and infrastructure required in relation to Direct Online Applications through the online platform and online payment facility to be offered by Stock Exchanges, as applicable and accordingly is subject to any further clarification, notification, modification, direction, instructions and/or correspondence that may be issued by the Stock Exchanges and/or SEBI. Hence, the Direct Online Application facility will not be available for this Issue. The following Issue procedure may consequently undergo change between the date of this Prospectus and the Issue Opening Date. Applicants are accordingly advised to carefully read the Prospectus and Application Form in relation to any proposed investment. The Company, the Registrar to the Issue and the Lead Manager shall not be liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date thereof.

Specific attention is drawn to the circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI, which amends the provisions of the SEBI circular No. CIR./IMD/DF-1/20/2012 dated July 27, 2012 to the extent that it provides for allotment in public issues of debt securities to be made on the basis of date of upload of each application into the electronic book of the Stock Exchanges, as opposed to the date and time of upload of each such application. In the event of, and on the date of, oversubscription, allotments in public issues of debt securities is to be made on a proportionate basis.

*Trading Members of the Stock Exchanges who wish to collect and upload Applications in the Issue on the electronic application platform provided by the Stock Exchanges will need to approach the respective Stock Exchanges and follow the requisite procedures prescribed by the relevant Stock Exchange. **The Members of the Syndicate, the Company and the Registrar to the Issue shall not be responsible or liable for any errors or omissions on the part of the Trading Members of the Stock Exchanges in connection with the responsibility of such Trading Members of the Stock Exchanges in relation to collection and upload of Applications in the Issue on the online platform and online payment facility to be provided by the Stock Exchanges, as applicable. Further, the relevant Stock Exchanges shall be responsible for addressing***

investor grievances arising from Applications through Trading Members registered with such Stock Exchanges.

Please note that as per Para 4 of SEBI Circular No. CIR/CFD/DIL/12/2012 dated September 13, 2012, for making Applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB/s. Such account shall be used solely for the purpose of making Application in public issues and clear demarcated funds should be available in such account for ASBA Applications.

For purposes of the Issue, the term “Working Day” shall mean all days excluding Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881, except with reference to Issue Period and Record Date, where working days shall mean all days, excluding Saturdays, Sundays and public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881.

Procedure for Application

Availability of Prospectus, Abridged Prospectus and Application Forms

Please note that there is a single Application Form for persons resident in India (for both ASBA Applicants and non-ASBA Applicants) applying for bonds in the nature of debenture.

Physical copies of the Abridged Prospectus containing salient features of the Prospectus together with

Application Forms and copies of the Prospectus may be obtained from:

- (a) The Company’s Registered Office;
- (b) Offices of the Lead Manager;
- (c) Offices of the Lead Brokers;
- (d) Trading Members of the Stock Exchange; and
- (e) Designated Branches of SCSBs.

The prescribed colour of the Application Form for the Applicants is as follows:

Category	Colour of the Application
Resident Indians – ASBA Applicants OR non-ASBA Applicants	White

Electronic Application Forms will be available on the website of the Stock Exchange, as applicable and the SCSB that permit submission of ASBA Applications electronically. A unique application number (“UAN”) will be generated for every Application Form downloaded from the website of the Stock Exchange, as applicable. Hyperlink to the website of the Stock Exchange, as applicable for this facility will be provided on the website of the Lead Manager and the SCSB. The Company may also provide Application Form for being downloaded and filled at such website as it may deem fit. In addition, online beneficiary account portals may provide a facility of submitting Application Forms online to their account holders.

Trading Members of the Stock Exchange can download Application Form from the website of the Stock Exchange, as applicable. Further, Application Form will be provided to Trading Member of

the Stock Exchange at their request.

On a request being made by any Applicant before the Issue Closing Date, physical copies of the Prospectus and Application Form can be obtained from the Company's registered office, as well as offices of the Lead Manager. Electronic copies of the Prospectus will be available on the websites of the Company, Lead Manager, the Designated Stock Exchange, SEBI and the SCSB.

Who Can Apply

Category I ("Institutional Investors")	Category II ("Non Institutional Investors")	Category III ("High Networth Individuals") ("HNIs")	Category IV ("Retail Individual Investors") ("RIIs")
<ul style="list-style-type: none"> • Public financial institutions specified in Section 2(72) of the Companies Act, 2013, statutory corporations, scheduled commercial banks, co-operative banks, regional rural banks, multilateral and bilateral development financial institutions, state industrial development corporations, which are authorized to invest in the Bonds; • Mutual funds registered with SEBI; • Alternative Investment Fund registered with SEBI; • Insurance companies registered with the Insurance Regulatory and Development Authority; • Provident funds, pension funds, superannuation funds and gratuity funds authorised to invest in the Bonds; • The National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India; • Insurance funds set up and managed by the army, navy, or air force of the Union of India; and • Insurance funds set up and managed by the Department of Posts, India. 	<ul style="list-style-type: none"> • Companies within the meaning of Section 2(20) of the Companies Act, 2013, societies and bodies corporate registered under the applicable laws in India and authorized to invest in Boards; • Trusts settled under the Indian Trusts Act, 1882, public/ private charitable/ religious trusts settled and/or registered in India under applicable laws, which are authorized to invest in the Bonds; • Resident Indian scientific and/ or industrial research organizations, authorized to invest in the Bonds; • Partnership firms formed under applicable laws in India in the name of the partners, authorized to invest in the Bonds; and • LLPs registered and formed under the LLP Act, authorized to invest in the Bonds. 	<ul style="list-style-type: none"> • The following investors applying for an amount aggregating to more than ₹ 5 lakhs across all Series of Bonds in the Issue; • Resident Individual Investors; and • Hindu Undivided Families applying through the Karta. 	<ul style="list-style-type: none"> • The following investors applying for an amount aggregating upto and including ₹ 5 lakhs across all Series of Bonds in the Issue; • Resident Individual Investors; and • Hindu Undivided Families applying through the Karta.

The Lead Manager and their respective associates and affiliates are permitted to subscribe in the Issue.

Persons not eligible to Apply

The following persons and entities will not be eligible to participate in the Issue and any Applications from such persons and entities are liable to be rejected:

- minors without a guardian (a guardian who is competent to contract under the Indian Contract Act, 1872, may apply on behalf of a minor. However the name of the guardian will need to be mentioned on the Application form);
- foreign investors (including NRIs, persons resident outside India, Foreign Institutional Investors and Qualified Foreign Investors);
- foreign venture capital investors;
- overseas corporate bodies (“OCBs”); and
- persons ineligible to contract under applicable statutory/regulatory requirements.

Based on information provided by the Depository, the Company will have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship). For Allotment of Bonds in the nature of debenture in dematerialised form, the Registrar to the Issue shall verify the foregoing on the basis of records provided by the Depositories based on the Depository Participant ID and Client ID provided by the Applicants in the Application Form and uploaded to the electronic system of the Stock Exchange, as applicable.

The concept of OCBs (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in the Issue.

Nothing in this Prospectus shall constitute a solicitation, offer or invitation for the sale of any securities in any jurisdiction where it is unlawful to do so, or to any persons ineligible to participate in the Issue.

The Bonds in the nature of debenture have not been and will not be registered, listed or otherwise qualified for any offering to the public, or to any restricted persons, in any jurisdiction outside India. In particular, the Bonds in the nature of debenture have not been and will not be registered under the United States Securities Act, 1933 (“Securities Act”) and may not be offered or sold within the United States or to, or for the account or benefit of, ‘U.S. persons’ (as defined in Regulation under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

No offer to the public (as defined under Directive 2003/71/EC, together with any amendments and implementing measures thereto, the “Prospectus Directive”) has been or will be made in respect of the Issue or otherwise in respect of the Bonds, in any Member State of the European Economic Area which has implemented the Prospectus Directive (a “Relevant Member State”) except for any such offer made under exemptions available under the Prospectus Directive, provided that no such offer shall result in a requirement to publish

or supplement a prospectus pursuant to the Prospectus Directive, in respect of the Issue or otherwise in respect of the Bonds. Applications in the Issue by persons resident outside India, including persons based, incorporated, domiciled or resident in the U.S.A. or in a Relevant Member State, are liable to be rejected.

Prospective investors are advised to seek independent legal, tax and investment advice, as necessary, in order to ascertain their eligibility to invest in the Issue and possible consequences of such investment, and to ensure that they have obtained and are able to furnish copies of all necessary legal or regulatory approvals and proof of compliance with all prescribed procedures and legal and regulatory requirements for investing in the Issue, failing which their applications are liable to be rejected.

All communications and correspondence in relation to the Issue, including in relation to dispatch and delivery of Allotment Advice, Refund Orders, etc. will be made only to the investors'/Applicants' registered addresses in India.

Investor must ensure that, it is not: (i) based in the United States of America ("USA"); (ii) domiciled in the USA; (iii) residents/citizens of the USA; and/or (iv) subject to any taxation laws of the USA.

Modes of Making Applications

Applicants may use any of the following facilities for making Applications:

- (a) ASBA Applications through the Members of the Syndicate or Trading Members of the Stock Exchange only in the Specified Cities ("**Syndicate ASBA**"). See "*Issue Procedure - Submission of ASBA Applications*";
- (b) ASBA Applications for Allotment only in dematerialized form through Designated Branches of SCSB. See "*Issue Procedure - Submission of ASBA Applications*";
- (c) Non-ASBA Applications through Members of the Syndicate or Trading Members of the Stock Exchange at centres mentioned in the Application Form. See "*Issue Procedure - Submission of Non- ASBA Applications*"; and
- (d) Non-ASBA Applications for Allotment in physical form through the Members of the Syndicate of Trading Members of the Stock Exchanges at the centers mentioned in the Application Form. See "*Issue Procedure – Submission of Non-ASBA Applications for Allotment of the Bonds in physical form*".

Applications by certain categories of Applicants

Applications by Mutual Funds

No mutual fund scheme shall invest more than 15% of its NAV in debt instruments issued by a single company which are rated not below investment grade by a credit rating agency authorised to carry out such activity. Such investment limit may be extended to 20% of the NAV of the scheme with the prior approval of the board of trustees and the board of the asset management company ("**AMC**").

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications will not be treated as multiple Applications. Applications made by the AMCs or custodians of a mutual fund must clearly indicate the name of the scheme for which Application is being made. In case of Applications made by mutual funds registered with SEBI, the Application Form must be accompanied by certified true copies of their (i) SEBI registration certificate; (ii) trust deed (ii) resolution authorising investment and containing operating instructions; and (iv) specimen signatures of authorised signatories. **Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Application by domestic Alternative Investment Funds

Applications made by domestic alternative investments funds eligible to invest in accordance with the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended (the “**SEBI AIF Regulations**”) for Allotment of the Bonds must be accompanied by certified true copies of (i) SEBI registration certificate; (ii) a resolution authorising investment and containing operating instructions; and (iii) specimen signatures of authorised persons. **Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the Bonds in whole or in part, in either case, without assigning any reason thereof.** The alternative investment funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI.

Application by Scheduled Commercial Banks, Co-operative Banks, Regional Rural Banks, Multilateral and Bilateral Development Financial Institutions and State Industrial Development Corporations

Scheduled commercial banks, co-operative banks, regional rural banks, multilateral and bilateral development financial institutions and state industrial development corporations can apply in the Issue based on their own investment limits and approvals. The Application Form must be accompanied by certified true copies of their (i) memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) resolution authorising investments/containing operating instructions; and (iv) specimen signatures of authorised signatories. **Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Pursuant to SEBI circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

Application by Insurance Companies

Insurance companies registered with the IRDA can apply in the Issue. The Application Form must be accompanied by certified copies of their (i) certificate of registration issued by IRDA; (ii) memorandum and articles of association; (ii) resolution authorising investment and containing operating instructions; (iii) power of attorney; and (iv) specimen signatures of authorised signatories. **Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Applications by Public Financial Institutions/ Statutory Corporations

In case of Applications by public financial institutions / statutory corporations authorised to invest in the Bonds **in the nature of debenture**, the Application Form must be accompanied by certified true copies of: (i) any Act/rules under which they are incorporated; (ii) board resolution authorising investments; and (iii) specimen signature of authorised person. **Failing this, the Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund

In case of Applications by Indian provident funds, pension funds, superannuation funds and gratuity funds authorised to invest in the Bonds **in the nature of debenture**, the Application Form must be accompanied by certified true copies of: (i) any Act/rules under which they are incorporated; (ii) power of attorney, if any, in favour of one or more trustees thereof; (iii) board resolution authorising investments; (iv) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (v) specimen signature of authorised person; (vi) certified copy of the registered instrument for creation of such fund/trust; and (vii) tax exemption certificate issued by income tax authorities, if exempt from income tax. **Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Applications by National Investment Fund

In case of Applications by National Investment Fund, the Application Form must be accompanied by certified true copies of: (i) resolution authorising investment and containing operating instructions; and (ii) specimen signature of authorised person. **Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Applications by Insurance Funds set up and managed by the army, navy or air force of the Union of India or the Indian Department of Posts

In case of Applications by insurance funds set up and managed by the army, navy or air force of the Union of India or the Indian department of posts, the Application Form must be accompanied by certified true copies of: (i) any Act/rules under which they are incorporated; (ii) power of attorney, if any, in favour of one or more trustees thereof; (iii) resolution authorising investment and containing operating instructions; (iv) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (v) specimen signature of authorised person; (vi) certified copy of the registered instrument for creation of such fund/trust; and (vii) tax exemption certificate issued by income tax authorities, if exempt from income tax. **Failing this, the Company reserves the right to**

accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Applications by Companies, Bodies Corporate and Societies registered under applicable laws in India

In case of Applications by companies, bodies corporate and societies registered under applicable laws in India, the Application Form must be accompanied by certified true copies of: (i) any Act/Rules under which they are incorporated; (ii) board resolution authorising investments; and (iii) specimen signature of authorised person. **Failing this, the Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by Indian Scientific and/or industrial research organizations, which are authorized to invest in the Bonds in the nature of debenture.

The Application must be accompanied by certified true copies of: (i) any Act/ Rules under which they are incorporated; (ii) board resolution authorising investments; and (iii) specimen signature of authorized person. **Failing this, the Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by Trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, the Application must be accompanied by a (i) certified copy of the registered instrument for creation of such trust; (ii) power of attorney, if any, in favour of one or more trustees thereof; and (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for Bonds pursuant to the Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorizations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of Bonds **in the nature of debenture** that can be held by them under applicable statutory and or regulatory provisions. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by Partnership firms formed under applicable Indian laws in the name of the partners and Limited Liability Partnerships

The Application must be accompanied by certified true copies of: (i) partnership deed; (ii) any documents evidencing registration thereof under applicable statutory/regulatory requirements; (iii) resolution authorizing investment and containing operating instructions; and (iv) specimen signature of authorized person. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Applications under Power of Attorney

In case of Applications made pursuant to a power of attorney by Applicants in Category I and Category II, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, with a certified copy of the memorandum of association and articles of association and/or bye laws must be submitted with the Application Form. In case of Applications made pursuant to a power of attorney by Applicants in Category III and Category IV, a certified copy of the power of attorney must be submitted with the Application Form. **Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor. The Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney with the Application Forms subject to such terms and conditions that the Company and the Lead Manager may deem fit.**

Brokers having online demat account portals may also provide a facility of submitting the Application Forms (ASBA as well as non-ASBA Applications) online to their account holders. Under this facility, a broker receives an online instruction through its portal from the Applicant for making an Application on his/ her behalf. Based on such instruction, and a power of attorney granted by the Applicant to authorise the broker, the broker makes an Application on behalf of the Applicant.

Application for Allotment of Bonds in the Nature of Debenture In Dematerialised Form

Application for allotment in dematerialised form

Pursuant to Section 29 of Companies Act 2013, Public offer of securities is to be in dematerialized form only.

Every Public company making public offer, shall issue the securities only in dematerialised form by complying with the provisions of the Depositories Act, 1996 and the regulations made thereunder. Therefore no allotment will be made by the Company in the physical form.

Submission of ASBA Applications

Applicants may also apply for Bonds in the nature of Debenture using the ASBA facility. ASBA Applications can be only by Applicants opting for Allotment in dematerialised form. ASBA Applications can be submitted through either of the following modes:

- (a) Physically or electronically to the Designated Branches of SCSB with whom an Applicant's ASBA Account is maintained. The Designated Branch will verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the ASBA Application, prior to uploading such ASBA Application into the electronic system of the Stock Exchange, as applicable. **If sufficient funds are not available in the ASBA Account, the respective Designated Branch will reject such ASBA Application and will not upload such ASBA Application in the electronic system of the Stock Exchange, as applicable.** If sufficient funds are available in the ASBA Account, the Designated Branch will block an amount equivalent to the Application Amount and upload details of the ASBA Application in the electronic system of the Stock Exchanges, as applicable. The Designated Branch of the SCSB will stamp the Application Form. In case of Application in the electronic mode, the ASBA Applicant will submit the ASBA Application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly registering such

ASBA Applications.

- (b) Physically through the Members of the Syndicate or Trading Members of the Stock Exchanges only at the Specified Cities, i.e., Syndicate ASBA. ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Application, is maintained has not named at least one branch at that Specified City for the Members of the Syndicate or Trading Members of the Stock Exchange, as the case may be, to deposit ASBA Applications. A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>.

On receipt of the Application Form by the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be, an acknowledgement will be issued by giving the counter foil of the Application Form with the date stamp to the ASBA Applicant as proof of having accepted the Application. Thereafter, the details of the Application will be uploaded in the electronic system of the Stock Exchange, as applicable and the Application Form will be forwarded to the relevant branch of the SCSB, in the relevant Specified City, named by such SCSB to accept such ASBA Applications from the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be. A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>. On receipt of the ASBA Application, the relevant branch of the SCSB will perform verification procedures and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the ASBA Form. **If sufficient funds are not available in the ASBA Account, the relevant ASBA Application is liable to be rejected.** If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB will block an amount equivalent to the Application Amount mentioned in the ASBA Application. The Application Amount will remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted Bonds to the Public Issue Account(s), or until withdrawal/failure of the Issue or withdrawal/rejection of the Application Form, as the case may be.

ASBA Applicants must note that:

- (a) Physical Application Forms will be available with the Designated Branches of SCSBs and with the Members of the Syndicate at the Specified Cities; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchange, as applicable, at least one day prior to the Issue Opening Date. Trading Members of the Stock Exchange can download Application Forms from the websites of the Stock Exchange, as applicable. Application Forms will also be provided to Trading Members of the Stock Exchange at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that the Abridged Prospectus is made available on their websites.
- (b) The Designated Branches of SCSBs will accept ASBA Applications directly from ASBA Applicants only during the Issue Period. The SCSB will not accept any ASBA Applications directly from ASBA Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, in case of Syndicate ASBA, the relevant branches of SCSBs at Specified Cities can accept ASBA Applications from the Members of the Syndicate or Trading Members of the Stock Exchange, as the case may be, after the closing time of acceptance of Applications on the Issue Closing Date. For further information on the Issue programme, see “*Terms*

of the Issue –Issue Period”.

- (c) In case of Applications through Syndicate ASBA, the physical Application Form will bear the stamp of the Members of the Syndicate or Trading Members of the Stock Exchange, as the case may be; if not, the same will be rejected. **Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs, if not, the same are liable to be rejected.**

Please note that all Applicants including the ASBA Applicants can make an Application for Allotment of Bonds in the nature of Debenture in dematerialized form only.

For instructions pertaining to completing the Application Form please see “*Issue Procedure - General Instructions*”.

Submission of Non-ASBA Applications

Applicants must use the Application Form, which will be serially numbered, bearing the stamp of the relevant Member of the Syndicate or Trading Member of the Stock Exchange, as the case may be, from whom such Application Form is obtained. Such Application Form must be submitted to the relevant Member of the Syndicate or Trading Member of the Stock Exchange, as the case may be, with the cheque or bank draft for the Application Amount, before the closure of the Issue Period. The Stock Exchange, as applicable, may also provide Application Forms for being downloaded and filled. Accordingly, Applicants may download Application Forms and submit the completed Application Forms together with cheques/demand drafts to the Members of the Syndicate or Trading Member of the Stock Exchange. On submission of the completed Application Form, the relevant Members of the Syndicate or Trading Member of the Stock Exchange, as the case maybe, will upload the Application Form on the electronic system provided by the Stock Exchange, as applicable, and once an Application Form has been uploaded, issue an acknowledgement of such upload by stamping the acknowledgement slip attached to the Application Form with the relevant date and return the same to the Applicant. Thereafter, the Application Form together with the cheque or bank draft will be forwarded to the Escrow Collection Bank(s) for realisation and further processing.

The duly stamped acknowledgment slip will serve as a duplicate Application Form for the records of the Applicant. The Applicant must preserve the acknowledgment slip and provide the same in connection with: (a) any cancellation/withdrawal of their Application; (b) queries in connection with Allotment and/or refund(s) of Bonds; and/or (c) all investor grievances/complaints in connection with the Issue.

For instructions pertaining to completing Application Form please see “*Issue Procedure - General Instructions*”.

Instructions for Completing The Application Form General Instructions

- (a) Applications must be made only in the prescribed Application Form.
- (b) Applications must be completed in block letters in English according to the instructions contained in the Prospectus, Abridged Prospectus and Application Form.
- (c) If the Application is submitted in joint names, the Application Form should contain only the name of the first Bidder whose name should also appear as the first holder

of the depository account held in joint names. Signature of the first Bidder alone would be required in the Application Form. The first Bidder would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

- (d) Applications must be for a minimum of 5 Bonds in the nature of debenture and in multiples of 1 Bond thereafter.
- (e) Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any of the other languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his official seal.
- (f) Applicants should hold a valid PAN allotted under the Income Tax Act and mention it in the Application Form. In the case of joint Applicants, the PAN allotted to each Applicant must be mentioned.
- (g) Applicants must tick the relevant box for the 'Category of Investor' provided in the Application Form.
- (h) Applicants must tick the relevant box for the 'Mode of Application' provided in the Application Form, choosing either ASBA or Non-ASBA mechanism.
- (i) ASBA Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account and also ensure that the signature in the Application Form matches with the signature in Applicant's bank records, otherwise the Application is liable to be rejected.
- (j) Applications should be made by the Karta in case of HUFs. Applicants are required to ensure that the PAN details of the HUF are mentioned and not those of the Karta.
- (k) **No separate receipts will be issued for the Application Amount payable on submission of the Application Form.** However, the Lead Manager, Lead Brokers, Trading Members of the Stock Exchange or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants an acknowledgement slip which will serve as the duplicate of the Application Form for the records of the Applicant.

The Company, the Members of the Syndicate, Trading Members of the Stock Exchange, Designated Branches of SCSBs, and the Registrar to the Issue will not be liable for errors in data entry due to submission of incomplete or illegible Application Forms.

The Company shall allot Series [.] Bonds to all valid Applications where the Applicants have not indicated their choice of the relevant Series in the Application Form.

Applicant's Beneficiary Account and Bank Account Details

Applicants must mention their DP ID and Client ID in the Application Form, and ensure that the name provided in the Application Form is exactly the same as the name in which the beneficiary account is held. In case the Application Form is submitted in joint names, it should be ensured that the beneficiary account is held in the same joint names and in the same sequence in which they appear in the Application Form. **In case the DP ID, Client ID and**

PAN mentioned in the Application Form and entered into the electronic system of the Stock Exchange, as applicable, do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected. Further, Application Forms submitted by Applicants whose beneficiary accounts are inactive will be rejected.

On the basis of the DP ID and Client ID provided by the Applicant in the Application Form and entered into the electronic system of the Stock Exchange, as applicable, the Registrar to the Issue will obtain from the Depositories the Demographic Details of the Applicant including PAN, address, bank account details for printing on refund orders/sending refunds through electronic mode, MICR Code and occupation. These Demographic Details would be used for giving Allotment Advice and refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS), if any, to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the DP and ensure that they are true and correct, and carefully fill in their beneficiary account details in the Application Form. **Failure to do so could result in delays in dispatch/credit of refunds to Applicants and delivery of Allotment Advice at the Applicants' sole risk, and neither the Company, the Members of the Syndicate, Trading Members of the Stock Exchanges, Escrow Collection Bank(s), SCSBs, Registrar to the Issue nor the Stock Exchanges will bear any responsibility or liability for the same.**

The Demographic Details would be used for correspondence with the Applicants including mailing of Allotment Advice and printing of bank particulars on refund orders or for refunds through electronic transfer of funds, as applicable. Allotment Advice and physical refund orders would be mailed at the address (in India) of the Applicant according to the Demographic Details received from the Depositories. Delivery of refund orders/ Allotment Advice may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such event, the address and other details provided by the Applicant (other than ASBA Applicants) in the Application Form would be used only to ensure dispatch of refund orders. In case of refunds through electronic modes detailed in the Prospectus, refunds may be delayed if bank particulars obtained from the DP are incorrect. **Any such delay will be at such Applicants' sole risk and neither the Company, the Members of the Syndicate, Trading Members of the Stock Exchanges, Escrow Collection Bank(s), SCSBs, Registrar to the Issue nor the Stock Exchange will be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay, or to pay any interest for such delay.**

In case of Applications made under power of attorney, the Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that for the purpose of printing particulars on the refund order and mailing of refund orders/ Allotment Advice, the demographic details obtained from the Depository of the Applicant will be used. By signing the Application Form, the Applicant would be deemed to have authorised the Depositories to provide to the Registrar to the Issue, on request, the required Demographic Details available on their records. The Demographic Details provided by the Applicant in the Application Form would not be used for any purpose by the Registrar to the Issue except in relation to the Issue.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of Bonds in the nature of Debenture pursuant to the Issue will be made into the accounts of such Applicants. Application Form submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories,

which match three parameters, namely, DP ID, Client ID and PAN, then such Applications are liable to be rejected.

PAN

Any Application Form without the PAN (or submitting the GIR number instead of the PAN) is liable to be rejected, irrespective of the amount of transaction. In accordance with SEBI circular dated April 27, 2007, the PAN would be the sole identification number for the participants transacting in the Indian securities market, irrespective of the amount of transaction. Further, with effect from August 16, 2010, beneficiary accounts of Applicants for whom PAN details have not been verified have been suspended for credit and no credit of Bonds in the nature of Debenture pursuant to the Issue will be made into the accounts of such Applicants. Therefore, the Applicant (in the case of Applications made in joint names, the first Applicant) should mention the PAN allotted under the Income Tax Act in the Application Form. For minor Applicants, applying through the guardian, it is mandatory to mention the PAN of the minor Applicant. However, Applications on behalf of the Central or State Government officials and officials appointed by the courts in terms of SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim may be exempt from the requirement to specify their PAN for transacting in the Indian securities market in terms of SEBI circular dated July 20, 2006. However, the exemption for the Central or State Government and the officials appointed by the courts and for Applicants residing in the State of Sikkim is subject to the DPs verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN field, i.e., either Sikkim category or exempt category.

Joint Applications

Applications may be made in single or joint names (not exceeding three). In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

Additional/Multiple Applications

For purposes of Allotment of Bonds in the nature of Debenture in the Issue, Applications will be grouped based on the PAN, i.e., Applications under the same PAN will be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first applicant is one and the same.

An Applicant is allowed to make one or more Applications for the Bonds in the nature of Debenture for the same or other Series of Bonds, subject to a minimum Application size of Rs.50,000 and in multiples of ₹ 10,000 thereafter, for each Application. **Any Application for an amount below the aforesaid minimum Application size will be deemed as an invalid application and shall be rejected.** However, multiple Applications by the same individual Applicant aggregating to a value exceeding ₹ 5 lakhs shall deem such individual Applicant to be a Category III Applicant and all such Applications shall be grouped in the Category III Portion, for the purpose of determining the Basis of Allotment to such Applicant. Applications made by any person in individual capacity and in capacity as a Karta of an HUF and/or as second or third Applicant in case of Applications made in joint names will not be treated as a multiple Application. Moreover, a separate Application can be made in respect of

each scheme of an MF; such Applications will not be treated as multiple Applications.

Do's and Don'ts:

Applicants are advised to take note of the following while filling and submitting the Application Form:

Dos:

1. Check if you are eligible to apply according to the terms of the Prospectus, Abridged Prospectus and applicable law.
2. Read all the instructions carefully and complete the Application Form in the prescribed form
3. If the Application Form is submitted in joint names, the Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the depository account held in joint names.
4. Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
5. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as "XYZ Hindu Undivided Family applying through PQR", where PQR is the name of the Karta.
6. Ensure that the Application Forms (for non-ASBA Applicants) are submitted at the Collection Centres provided in the Application Forms, bearing the stamp of a Member of the Syndicate or a Trading Members of the Stock Exchange, as the case may be.
7. Ensure that the DP ID, Client ID and PAN mentioned in the Application Form are correct and match the details available in the Depository's database, and that the beneficiary account is activated for Allotment/trading of Bonds in dematerialised form.
8. Ensure that you have been given a transaction registration slip ("TRS") and an acknowledgment as proof of having accepted the Application Form.
9. Ensure that the name(s) provided in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the DP. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form.
10. Except in the case of ASBA Applications, Applicants are requested to write their names and Application serial number on the reverse of the instruments by which the payments are made.
11. Tick the relevant box for the 'Category of Investor' provided in the Application Form.

12. Tick the relevant box for the 'Mode of Application' provided in the Application Form, choosing either ASBA or Non-ASBA mechanism.
13. Tick the series of Bonds in the nature of Debenture in the Application Form that you wish to apply for.
14. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of the Bonds in the nature of Debenture.
15. Ensure that the Application Forms are submitted to a Member of the Syndicate or Trading Member of a Stock Exchange, as the case may be, for Applications other than ASBA Applications, before the closure of Application hours on the Issue Closing Date. For information on the Issue programme, see "*Terms of the Issue – Issue Period*".
16. In case of revision of an Application during the Issue Period, ensure that you have first withdrawn your original Application and then submit a fresh Application.
17. Ensure what the Demographic Details including PAN are updated, true and correct in all respects.
18. Applicants are requested to write their names and Application serial number on the reverse of the instruments by which the payments are made.

Don'ts:

1. Do not apply if you are not competent to contract under the Indian Contract Act, 1872 or if you are otherwise ineligible to acquire Bonds in the nature of Debenture under applicable law or your relevant constitutional documents or otherwise.
2. Do not apply such that the number of Bonds in the nature of Debenture applied for exceeds the Issue size (including retention of oversubscription), and/or investment limit applicable to you under applicable laws or regulations.
3. Do not make an Application for lower than the minimum Application size.
4. Do not send Application Forms by post; instead submit the same to a Member of the Syndicate, Trading Member of a Stock Exchange or Designated Branch of an SCSB, as the case may be. Applicants other than ASBA Applicants should not submit the Application Form directly to the Escrow Collection Bank(s).
5. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue. Do not submit the GIR number instead of the PAN.
6. Do not pay the Application Amount in cash, by money order or by postal order or by stock invest.

7. Do not submit the Application Forms without the full Application Amount for the number of Bonds in the nature of Debenture applied for.
8. Do not submit Applications on plain paper or on incomplete or illegible Application Forms.
9. Do not submit an Application in case you are not eligible to acquire Bonds in the nature of Debenture under applicable law or your relevant constitutional documents or otherwise.
10. Do not submit an Application that does not comply with the securities law of your respective jurisdiction.
11. Do not submit an Application to the Escrow Collection Bank, unless such Escrow Collection Bank is a Designated Branch of a SCSB where the ASBA Account is maintained, in case of ASBA Application.
12. Do not make an application of the Bonds in the nature of Debenture on multiple copies taken of a single form.

Additional Instructions Specific to ASBA Applicants

Dos:

1. Check if you are eligible to apply under ASBA;
2. Ensure that you tick the ASBA option in the Application Form and provide correct details of your ASBA Account including bank account number/bank name and branch;
3. In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, please note that an SCSB who is investing in the Issue should have a separate account in its own name with any other SEBI registered SCSB/s. Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications;
4. Ensure that your Application Form is submitted either at a Designated Branch of a SCSB where the ASBA Account is maintained or with the Members of the Syndicate or Trading Members of the Stock Exchange at the Specified Cities, and not directly to the Escrow Collection Bank (assuming that such bank is not an SCSB) or to the Company or the Registrar to the Issue;
5. Before submitting physical Application Form with the Member of the Syndicate at the Specified Cities ensure that the SCSB, whose name has been filled in the Application Form, has a branch in that centre.
6. In case of ASBA Applications through Syndicate ASBA, before submitting the physical Application Form to a Member of the Syndicate, at the Specified Cities or Trading Member of the Stock Exchange, ensure that the SCSB where the ASBA Account, as specified in the Application Form, is maintained has named at least one branch in that specified city for the Members of the Syndicate or Trading Members of the Stock Exchange, as the case may be, to deposit Application Forms (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>);

7. Ensure that the Application Form is signed by the ASBA Account holder in case the ASBA Applicant is not the account holder; and
8. Ensure that the ASBA Account holder has funds equal to the Application Amount in the ASBA Account before submitting the Application Form.
9. Ensure that you have correctly ticked, provided or checked the authorisation box in the Application Form, or otherwise have provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Amount mentioned in the Application Form; and
10. Ensure that you have received an acknowledgement from the Designated Branch or the Member of the Syndicate or Trading Member of the Stock Exchange, as the case maybe for submission of the Application Form.

Don'ts:

1. Do not submit the Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts;
2. Do not submit the Application Form to the Members of the Syndicate or Trading Members of the Stock Exchange, as the case may be, at a location other than the Specified Cities.
3. Do not send your physical Application Form by post; instead submit the same to a Designated Branch of an SCSB or Member of the Syndicate or Trading Members of the Stock Exchange, as the case may be, at the Specified Cities; and
4. Do not submit more than five Application Forms per ASBA Account.

ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchange at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that specified city for the Members of the Syndicate or Trading Members of the Stock Exchange, as the case may be, to deposit such Application Forms. A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>. See “*Issue Procedure - Rejection of Applications*” for information on rejection of Applications.

For further instructions, Applicants are advised to read the Prospectus, Abridged Prospectus and Application Form.

BASIS OF ALLOTMENT**Group of Applications and Allocation Ratio**

For the purposes of the Basis of Allotment:

- (a) Applications received from Category I Applicants: Applications received from

Applicants belonging to Category I shall be grouped together (“**Institutional Portion**”);

- (b) Applications received from Category II Applicants: Applications received from Applicants belonging to Category II, shall be grouped together (“**Non Institutional Portion**”);
- (c) Applications received from Category III Applicants: Applications received from Applicants belonging to Category III shall be grouped together (“**High Networth Individual Portion**”); and
- (d) Applications received from Category IV Applicants: Applications received from Applicants belonging to Category IV shall be grouped together (“**Retail Individual Investor Portion**”).

Applications will be consolidated on the basis of PAN for classification into various categories.

For avoidance of doubt, the terms “**Institutional Portion**”, “**Non Institutional Portion**”, “**High Net Worth Individual Portion**” and “**Retail Individual Investor Portion**” are individually referred to as a “**Portion**” and collectively referred to as “**Portions**”.

Allocation Ratio

Institutional Portion	Non Institutional	High Networth Individual	Retail Individual
Upto 5% of the Issue size	Upto 5% of the Issue Size	Upto 10% of the Issue Size	Upto 80% of the Issue Size

Basis of Allotment for the Bonds in the nature of Debenture

- (a) Allotments in the first instance:
 - (i) Applicants belonging to the Category I, in the first instance, will be allocated Bonds in the nature of debentures up to 5% of Issue size on first come first serve basis which would be determined on the basis of the date of upload of each Application into the electronic system of the Stock Exchange, as applicable;
 - (ii) Applicants belonging to the Category II, in the first instance, will be allocated Bonds in the nature of debenture up to 5% of Issue size on first come first serve basis which would be determined on the basis of date of upload of each Application into the electronic system of the Stock Exchange, as applicable;
 - (iii) Applicants belonging to the Category III, in the first instance, will be allocated Bonds in the nature of debenture up to 10% of Issue size on first come first serve basis which would be determined on the basis of date of upload of each Application in to the electronic system of the Stock Exchange, as applicable;
 - (iv) Applicants belonging to the Category IV, in the first instance, will be allocated Bonds up to 80% of Issue size on first come first serve basis which would be determined on the basis of date of upload of each Application in to the electronic system of the Stock Exchange, as applicable;

Allotments, in consultation with the Designated Stock Exchange, shall be made on a

first come first serve basis, based on the date of upload of each Application into the electronic system of the Stock Exchanges, as applicable, in each Portion, subject to the Allocation Ratio.

- (b) Under Subscription: If there is any under subscription in any Portion, priority in allotments will be given in the following order on a first come first serve basis in each Portion, based on the date of upload of each Application into the electronic system of the Stock Exchange, as applicable, in each Portion:
- (i) Retail Individual Investor Portion (ii) High Networth Individual Portion (iii) Non Institutional Portion (iv) Institutional Portion
- (c) For each Portion, all Applications uploaded into the electronic system of the Stock Exchange, as applicable, in the same day would be treated at par with each other. Allotment within a day would be on proportionate basis, where Bonds in the nature of Debentures applied for exceeds Bonds to be allotted for each Portion respectively.
- (d) Allotments in case of oversubscription: In case of an oversubscription, allotments to the maximum extent, as possible, will be made on a first come first serve basis and thereafter on a proportionate basis in each Portion, determined based on the date of upload of each Application into the electronic system of the Stock Exchange, as applicable, i.e. full allotment of Bonds in the nature of Debentures to the Applicants on a first come first serve basis up to the date falling 1 day prior to the date of oversubscription and proportionate allotment of Bonds to the Applicants on the date of oversubscription. The method of proportionate allotment is as described below:
- (i) Allotments to the Applicants shall be made in proportion to their respective Application size, rounded off to the nearest integer.
- (ii) If the process of rounding off to the nearest integer results in the actual allocation of Bonds in the nature of debentures being higher than the Issue size, not all Applicants will be allotted the number of Bonds in the nature of Debentures arrived at after such rounding off. Rather, each Applicant whose Allotment size, prior to rounding off, had the highest decimal point would be given preference.
- (iii) In the event, there are more than one Applicant whose entitlement remain equal after the manner of distribution referred to above, our Company will ensure that the basis of allotment is finalised by draw of lots in a fair and equitable manner.
- (e) Applicant applying for more than one Series of Bonds: If an Applicant has applied for more than one Series of Bonds in the nature of Debenture and in case such Applicant is entitled to allocation of only a part of the aggregate number of Bonds in the nature of debenture applied for, the Series - wise allocation of Bonds in the nature of Debenture to such Applicants shall be in proportion to the number of Bonds in the nature of Debenture with respect to each Series of Bonds in the nature of Debenture, applied for by such Applicant, subject to rounding off to the nearest integer, as appropriate in consultation with Lead Manager and the Designated Stock Exchange.
- (f) Minimum allotment of five Bond in the nature of Debenture and in multiples of one Bond in the nature of Debenture thereafter would be made in case of each valid Application, subject to Basis of Allotment as mentioned above.

All decisions pertaining to the Basis of Allotment of Bonds in the nature of Debentures pursuant to the Issue shall be taken by our Company in consultation with the Lead Manager, and the Designated Stock Exchange and in compliance with the aforementioned provisions of the Prospectus.

Our Company has the discretion to close the Issue irrespective of whether any of the Portion(s) are fully subscribed or not.

PAYMENT INSTRUCTIONS

The entire Application Amount is payable at the time of submitting the Application Form. In case of ASBA Applicants, the entire Application Amount will be blocked in the ASBA Account. In case of Allotment of a lesser number of Bonds in the nature of Debenture than applied for, the Company will refund the excess amount paid on Application to the Applicant (or the excess amount shall be unblocked in the ASBA Account, as the case may be).

Payment mechanism for ASBA Applicants

ASBA Applicants are required to specify the ASBA Account number in the Application Form. ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchange at the Specified Cities will be uploaded onto the electronic system of the Stock Exchange, as applicable, and deposited with the relevant branch of the SCSB at the specified city named by such SCSB to accept such ASBA Applications from the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>). The relevant branch of the SCSB will perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application.

For ASBA Applications submitted directly to the SCSB, the relevant SCSB will block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application, before entering the ASBA Application into the electronic system. SCSB may provide the electronic mode of Application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account. For ASBA Applications, the SCSB, will block Application Amount only against/in a funded deposit account and ensure that clear demarcated funds are available for ASBA Applications and no lien shall be marked against credit limits/overdraft facility of account holders for ASBA Application, in accordance with SEBI circular CIR/CFD/DIL/12/2012 dated September 13, 2012.

ASBA Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the ASBA Application to the Members of the Syndicate or Trading Members of the Stock Exchange, as the case may be, at the Specified Cities or to the Designated Branches of SCSB. An ASBA Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.

The Application Amount will remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount to the Public Issue Account (i. e. [.]), or until withdrawal/failure of the Issue or until withdrawal/rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved, the Registrar to the Issue will send an appropriate request to the controlling branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount pertaining to Bonds in the

nature of debenture allocable to the successful ASBA Applicants to the Public Issue Account (i. e. [.]). In case of withdrawal/failure of the Issue/refund, the blocked amount will be unblocked on receipt of such information from the Registrar to the Issue.

Escrow Mechanism for Applicants other than ASBA Applicants

The Company will open Escrow Account with Escrow Collection Bank in whose favour the Applicants (other than ASBA Applicants) will make out the cheque or demand draft in respect of their Application. The Company will open Escrow Account with all Application monies received from resident investors, in whose favour the non-ASBA Applicants, applying through cheques shall make out the cheque or demand draft in respect of their Application.

Cheques or demand drafts received for the full Application Amount from Applicants/payments received through the online payment facility offered by Stock Exchange, as applicable, would be deposited in the Escrow Account. All cheques/bank drafts accompanying the Application should be crossed “A/c Payee only” and made payable to Public Issue Account “[.]”.

The RBI has issued standard operating procedure in terms of paragraph 2(a) of RBI Circular no DPSS.CO.CHD.No./133 / 04.07.05 / 2013-14 dated July 16, 2013, detailing the procedure for processing CTS 2010 and Non-CTS 2010 instruments in the three CTS grid locations. As per this circular, processing of non-CTS cheques shall be done only on three days of the week. SEBI Circular No. CIR/CFD/DIL/3/2010 dated April 22, 2010 fixes the time between issue closure and listing at 12 working days. In order to ensure compliance with the above timelines, investors are advised to use CTS cheques or use ASBA facility to make payment. Investors using non-CTS cheques are cautioned that applications accompanied by such cheques are liable to be rejected due to any clearing delays beyond six working days from the date of the closure of the Issue, in terms of this circular issued by SEBI. Neither the Company nor the Lead Manager or the Escrow Collection Banks shall be liable for any such rejection of cheques. Application Amounts paid through the online payment facility of the Stock Exchanges, as applicable, will also be deposited in the Escrow Account.

The Escrow Collection Bank will maintain the monies in the Escrow Account until documents for creation of Security for the Bonds in the nature of Debentures are executed. Such security shall in any event be created within 15 days of the Issue Closing Date. The Escrow Collection Bank will not exercise any lien whatsoever over the monies deposited therein and will hold the monies therein in trust for the Applicants. On the Designated Date, the Escrow Collection Bank will transfer the funds represented by Allotment of Bonds in the nature of Debentures (other than in respect of Allotment to successful ASBA Applicants) from the Escrow Account, according to the terms of the Escrow Agreement, the Draft Prospectus and the Prospectus, into the Public Issue Account i.e. the Escrow Account “[.]”, provided that the Company will have access to such funds only after receipt of final listing and trading approvals from the Stock Exchange, as applicable and execution of the Debenture Trust Deed and Security Documents. The balance amount after transfer to the relevant Public Issue Account will be transferred to the Refund Account. Payments of refund to the relevant Applicants will be made from the Refund Account according to the terms of the Escrow Agreement and the Prospectus.

Payment into Escrow Account

Each Applicant will draw a cheque or demand draft or remit the funds electronically through the mechanisms for the Application Amount according to the following terms:

- All Applicants would be required to pay the full Application Amount for the number of Bonds in the nature of Debentures applied for, at the time of the submission of the Application Form.
- The Applicants will, with the submission of the Application Form, draw a cheque/demand draft for the full Application Amount in favour of the Escrow Account and submit the same to Escrow Collection Bank. **If the payment is not made favouring the Escrow Account with the Application Form, the Application is liable to be rejected. Application Forms accompanied by cash, stock invest, money order or postal order will not be accepted.**
- The cheque/demand draft for payment into the Escrow Account should be drawn in favour of Escrow Account “[.]”
- Payments should be made by cheque or demand draft drawn on any bank (including a cooperative bank) which is situated at and is a member of or sub-member of the bankers’ clearing house located at the centre where the Application Form is submitted. **Outstation cheques, post-dated cheques and cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and Applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/stockinvest/money orders/postal orders will not be accepted. Cheques without the nine digit MICR code are liable to be rejected.**
- Applicants are advised to provide the number of the Application Form on the reverse of the cheque or bank draft to avoid misuse of instruments submitted with the Application Form.
- The monies deposited in the Escrow Account will be held for the benefit of the Applicants (other than ASBA Applicants) till the Designated Date.
- On the Designated Date, the Escrow Collection Bank shall transfer the funds from the Escrow Account according to the terms of the Escrow Agreement into the Public Issue Account with the Banker to the Issue and the refund amount shall be transferred to the Refund Account.

Payment by cash/ stockinvest /money order

Payment through cash/ stockinvest/money order will not be accepted in the Issue.

SUBMISSION OF DULY COMPLETED APPLICATION FORMS

Mode of Submission of Application Forms	To whom the Application Form has to be submitted
ASBA Applications	(i) If using physical Application Form, (a) to the Members of the Syndicate or Trading Members of the Stock Exchange only at the Specified Cities

Mode of Submission of Application Forms	To whom the Application Form has to be submitted
	(“Syndicate ASBA”), or (b) to the Designated Branches of SCSB where the ASBA Account is maintained; or (ii) If using electronic Application Form, to the SCSB, electronically through internet banking facility, if available.
Non-ASBA Applications	The Members of the Syndicate or Trading Members of the Stock Exchange.

No separate receipts will be issued for the Application Amount payable on submission of Application Form. However, the Lead Manager/Lead Brokers/ Trading Members of Stock Exchanges will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants an acknowledgement slip which will serve as a duplicate Application Form for the records of the Applicant.

Syndicate ASBA Applicants must ensure that their ASBA Applications are submitted to the Members of the Syndicate or Trading Members of the Stock Exchange only at the Specified Cities. ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchange at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Application, is maintained has not named at least one branch at that Specified City for the Members of the Syndicate or Trading Members of the Stock Exchange, as the case may be, to deposit ASBA Applications. A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>. For information on the Issue programme and timings for submission of Application Forms, see “*Terms of the Issue – Issue Period*” .

Applicants other than ASBA Applicants are advised not to submit Application Forms directly to Escrow Collection Bank; and the same are liable to be rejected and the Applicants will not be entitled to any compensation whatsoever.

Submission of ASBA Applications

Please refer “*Issue Procedure – Submission of ASBA Applications*” .

Submission of Non-ASBA Applications

Please refer “*Issue Procedure – Submission of Non-ASBA Applications*”.

REJECTION OF APPLICATIONS

The Company reserves full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof. Applications would be liable to be rejected on one or more technical grounds, including but not restricted to the following:

- Applications where a registered address in India is not provided by the Applicant.
- Applications by persons who are not eligible to acquire Bonds in the nature of Debentures of the Company in terms of applicable laws, rules, regulations, guidelines

and approvals, including Applications by persons not competent to contract under the Indian Contract Act, 1872 (including a minor without a guardian name).

- In case of Applications under power of attorney or by corporates, trusts, etc., relevant documents are not submitted.
- Applications accompanied by Stock invest/money order/postal order/cash.
- SCSB investing in the Issue through its own ASBA account.
- Applications for an amount below the minimum Application size.
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations and applicable law.
- Applications without payment of the entire Application Amount. However, the Company may Allot Bonds in the nature of Debentures up to the value of Application Amounts paid, if such Application Amounts exceed the minimum Application size prescribed hereunder.
- Application Amount paid not tallying with the number of Bonds in the nature of Debentures applied for. However, the Company may allot Bonds in the nature of Debentures up to the value of Application Amounts paid, if such Application Amounts exceed the minimum Application size prescribed hereunder.
- Applications for a number of Bonds in the nature of Debentures which is not in a multiple of one.
- Submission of more than five ASBA Applications per ASBA Account.
- PAN not mentioned in the Application Form, except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by Applicants residing in the State of Sikkim, provided such claims have been verified by the DPs.
- GIR number furnished instead of PAN.
- DP ID and Client ID not mentioned in the Application Form.
- ASBA Applications not having details of the ASBA Account to be blocked.
- Authorisation to the SCSB for blocking funds in the ASBA Account not provided.
- Signature of sole and/or joint Applicants missing. In case of joint Applicants, the Application Forms not being signed by each of the joint Applicants (in the same sequence as they appear in the records of the Depository).
- ASBA Application Forms not signed by the ASBA Account holder, if the ASBA Account holder is different from the Applicant.
- Application Forms submitted to the Members of the Syndicate or Trading Members of the Stock Exchange does not bear the stamp of the relevant Member of the Syndicate or Trading Member of the Stock Exchange, as the case may be. ASBA Applications

submitted directly to the Designated Branches of SCSB does not bear the stamp of the SCSB and/or the Designated Branch and/or Member of the Syndicate or Trading Members of the Stock Exchange, as the case may be.

- No corresponding record is available with the Depositories that matches three parameters, namely, DP ID, Client ID and PAN or if PAN is not available in the Depository database.
- With respect to ASBA Applications, inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the ASBA Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds.
- With respect to non-ASBA Applicants, Applications where clear funds are not available in Applicants Accounts according to final certificates from Escrow Collection Bank.
- Applications by persons debarred from accessing capital markets, by SEBI or any other regulatory authority.
- Applications not uploaded on the terminals of the Stock Exchange, as applicable.
- Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchange, as applicable.
- Applications by Applicants whose beneficiary accounts have been ‘suspended for credit’ pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010.
- Where PAN details in the Application Form and as entered into the electronic systems of the Stock Exchange, as applicable, are not as per the records of the Depositories.
- ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchange at locations other than the Specified Cities or at a Designated Branch of a SCSB where the ASBA Account is not maintained, and ASBA Applications submitted directly to an Escrow Collection Bank (assuming that such bank is not a SCSB), to the Company or the Registrar to the Issue.
- Application Forms not delivered by the Applicant within the time prescribed according to the Application Form, Prospectus and according to the instructions in the Application Form, and the Prospectus.
- Application Form accompanied with more than one cheque.

ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchange at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has not named at least one branch at that Specified City for the Members of the Syndicate or Trading Members of the Stock Exchange, as the case may be, to deposit ASBA Applications (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).

For information on certain procedures to be carried out by the Registrar to the Issue for finalisation of the Basis of Allotment, see “*Issue Procedure - Information for Applicants*”. For information on payment of refunds, see “*Terms of the Issue - Payment of Refunds*”.

ELECTRONIC REGISTRATION OF APPLICATIONS

- (a) The Members of the Syndicate, Trading Members of the Stock Exchange and Designated Branches of SCSB, as the case may be, will register Applications using the online facilities of the Stock Exchange, as applicable. There will be at least one online connection in each city where Applications are being accepted. **The Company, the Members of the Syndicate, Trading Members of the Stock Exchange, Escrow Collection Bank and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to: (i) Applications accepted by the SCSB, (ii) Applications uploaded by the SCSB, (iii) Applications accepted but not uploaded within the time permitted by the Stock Exchange, as applicable by the SCSB, (iv) Applications accepted and uploaded by the SCSB without blocking funds in the ASBA Accounts or (v) Applications accepted by the Trading Members of the Stock Exchange.**
- (b) In case of apparent data entry error by the Lead Manager, Members of the Syndicate, Trading Members of the Stock Exchange, Escrow Collection Bank or Designated Branches of SCSB, as the case may be, in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange.
- (c) The Stock Exchange, as applicable, will offer an electronic facility for registering Applications, which will be available during the Issue Period on the terminals of the Lead Broker and sub-broker, Trading Members of the Stock Exchange and the SCSB. The Members of the Syndicate and Trading Members of the Stock Exchange can also set up facilities for offline electronic registration of Applications subject to the condition that they will subsequently upload the offline data file into the online facilities for Applications on a regular basis, and before the expiry of the allocated time on the Issue Closing Date. On the Issue Closing Date, the Members of the Syndicate, Trading Members of the Stock Exchange and Designated Branches of SCSB will upload Applications until such time as may be permitted by the Stock Exchange, as applicable. This information will be available with the Members of the Syndicate, Trading Members of the Stock Exchange and Designated Branches of SCSB on a regular basis. **A high inflow of Applications on the Issue Closing Date may lead to some Applications received on such day not being uploaded; such Applications will not be considered for allocation. Applicants are therefore advised to submit their Applications well in advance of the closing time of acceptance of Applications on the Issue Closing Date.** For further information on the Issue programme, see “*Terms of the Issue – Issue Period*”.
- (d) At the time of registering each Application, other than ASBA Applications, the Members of the Syndicate or Trading Members of the Stock Exchange will enter the requisite details of the Applicants in the online system including:
- Application Form number
 - PAN of the sole/first Applicant
 - Investor category and sub-category

- DP ID
 - Client ID
 - Series of Bonds in the nature of Debentures applied for
 - Number of Bonds in the nature of Debentures Applied for in each Series of such Bonds
 - Price per Bond in the nature of Debentures
 - Application amount
 - Cheque number
- (e) With respect to ASBA Applications submitted directly to the SCSB at the time of registering each Application, the Designated Branches will enter the requisite details of the Applicants in the online system including:
- Application Form number
 - PAN of the sole/first Applicant
 - Investor category and sub-category
 - DP ID
 - Client ID
 - Series of Bonds in the nature of Debentures applied for
 - Number of Bonds Applied for in each Series of such Bonds
 - Price per Bond in the nature of Debentures
 - Bank code for the SCSB where the ASBA Account is maintained
 - Bank account number
 - Application amount
- (f) With respect to ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchange at the Specified Cities, at the time of registering each Application, the requisite details of the Applicants will be entered in the online system including:
- Application Form number
 - PAN of the sole/first Applicant
 - Investor category and sub-category
 - DP ID

- Client ID
 - Series of Bonds in the nature of Debentures applied for
 - Number of Bonds in the nature of Debentures Applied for in each Series of such Bond
 - Price per Bond in the nature of Debentures
 - Bank code for the SCSB where the ASBA Account is maintained
 - Location of Specified City
 - Bank account number
 - Application amount
- (g) A system generated acknowledgement slip will be issued to the Applicant as a proof of the registration of each Application. **It is the Applicant's responsibility to obtain the acknowledgement slip stamped with date and time from the Members of the Syndicate, Trading Members of the Stock Exchange and Designated Branches of the SCSB, as the case may be. Registration of the Application by the Members of the Syndicate, Trading Members of the Stock Exchange and Designated Branches of SCSB, as the case may be, does not guarantee that Bonds in the nature of Debentures will be allocated/Allotted by the Company. The acknowledgement slip will be non-negotiable and by itself will not create any obligation of any kind.**
- (h) Applications can be rejected on the technical grounds listed or if all required information is not provided or the Application Form is incomplete in any respect.
- (i) The permission granted by the Stock Exchange to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company and/or the Lead Manager are cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, the management or any scheme or project of the Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Prospectus; nor does it warrant that the Bonds in the nature of Debentures will be listed or will continue to be listed on the Stock Exchange.
- (j) Only Applications that are uploaded on the online system of the Stock Exchange, as applicable, will be considered for allocation/Allotment. The Members of the Syndicate, Trading Members of the Stock Exchange and Designated Branches of SCSB will capture all data relevant for the purposes of finalising the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchange, as applicable. In order that the data so captured does not match with the Depository details, the Members of the Syndicate, Trading Members of the Stock Exchange and Designated Branches of SCSB will have up to one Working Day after the Issue Closing Date to modify/verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the

Registrar to the Issue for reconciliation with the data available with the NSDL and CDSL.

PAYMENT OF REFUNDS

Refunds for Applicants other than ASBA Applicants

Within 12 Working Days of the Issue Closing Date, the Registrar to the Issue will dispatch refund orders/issue instructions for electronic refund, as applicable, of all amounts payable to unsuccessful Applicants (other than ASBA Applicants) and also any excess amount paid on Application, after adjusting for allocation/Allotment of Bonds in the nature of Debentures. In case of Applicants who have applied for Allotment of Bonds in the nature of Debentures in dematerialized form, the Registrar to the Issue will obtain from the Depositories the Applicant's bank account details, including the MICR code, on the basis of the DP ID and Client ID provided by the Applicant in their Application Forms, for making refunds. For Applicants who receive refunds through NECS, direct credit, RTGS or NEFT, the refund instructions will be issued to the clearing system within 12 Working Days of the Issue Closing Date. A suitable communication will be dispatched to the Applicants receiving refunds through these modes, giving details of the bank where refunds will be credited with the amount and expected date of electronic credit of refund. Such communication will be mailed to the addresses (in India) of Applicants, according to the Demographic Details received from the Depositories. The Demographic Details would be used for mailing of the physical refund orders, as applicable.

Investors, who have applied for Bonds in the nature of Debentures in electronic form, are advised to immediately update their bank account details as appearing on the records of their Depository Participant. Failure to do so could result in delays in credit of refund to the investors at their sole risk and neither the Lead Manager nor the Company shall have any responsibility and undertake any liability for such delays on part of the investors.

Mode of refunds for Applicants other than ASBA Applicants

Payment of refund, if any, for Applicants other than ASBA Applicants would be done through any of the following modes:

1. Direct Credit – Applicants having bank accounts with the Refund Bank, according to the Demographic Details received from the Depositories, will be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank for the same would be borne by the Company.
2. NECS – Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code from the Depositories.
3. RTGS – Applicants having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds ₹ 2 lakhs, have the option to receive refund through RTGS provided the Demographic Details downloaded from the Depositories contain the nine digit MICR code of the Applicant's bank which can be mapped with RBI data to obtain the corresponding Indian Financial System Code ("IFSC"). Charges, if any, levied by the applicant's bank receiving the credit would be borne by the Applicant.
4. NEFT – Payment of refund will be undertaken through NEFT wherever the

Applicant's bank has been assigned the IFSC which can be linked to an MICR code, if any, available to that particular bank branch. IFSC will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Applicants have registered their nine digit MICR number and their bank account number while opening and operating the beneficiary account, the same will be duly mapped with the IFSC of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage, hence use of NEFT is subject to operational feasibility, cost and process efficiency. If NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched through speed/registered post only to Applicants that have provided details of a registered address in India. Such refunds will be made by cheques, pay orders or demand drafts drawn on the relevant Refund Bank and payable at par at places where Applications are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

Mode of refunds for ASBA Applicants

In case of ASBA Applicants, the Registrar to the Issue will instruct the relevant SCSB to unblock funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within 12 Working Days of the Issue Closing Date.

Allotment of Bonds in the Nature Of Debentures And Issuance Of Allotment Advice

The Company reserves, in its absolute and unqualified discretion and without assigning any reason therefor, the right to reject any Application in whole or in part. The unutilised portion of the Application Amount(s) will be refunded to the Applicant by an account payee cheque/demand draft. In case the cheque payable at par facility is not available, the Company reserves the right to adopt any other suitable mode of payment.

The Company will use best efforts to ensure that all steps for completion of the necessary formalities for Allotment, listing and commencement of trading at the Designated Stock Exchange, where the Bonds in the nature of Debentures are proposed to be listed are taken within 12 Working Days of the Issue Closing Date.

The Company will ensure dispatch of Allotment Advice/refund orders within 12 Working Days of the Issue Closing Date and/or issue instructions for credit of Bonds in the nature of Debentures to the respective beneficiary accounts with DPs for successful Applicants within 12 Working Days of the Issue Closing Date.

Allotment Advice for successful Applicants will be mailed to their addresses (in India) according to the Demographic Details received from the Depositories. The Company shall credit the Allotted Bonds in the nature of Debentures to the respective beneficiary accounts' DPs for successful Applicants within 2 Working Days from the date of Allotment

The Company will credit the Allotted Bonds to the respective beneficiary accounts/dispatch the Allotment Advice/refund orders, as the case may be, by speed/registered/ordinary post at the Applicant's sole risk within 12 Working Days of the Issue Closing Date. The Company shall

credit the Allotted Bonds to the respective beneficiary accounts DPs for successful Applicants within 2 Working Days from the date of Allotment.

The Company will provide adequate funds required for dispatch of refund orders and Allotment Advice, as applicable, to the Registrar to the Issue.

KYC Documents to be submitted by Applicants who do not have a Demat account and are applying for NCDs in the Physical Form

(a) Self-attested copy of the proof of identification (for individuals);

Any of the following documents shall be considered as a verifiable proof of identification:

- Passport;
- Voter's ID;
- Driving Licences;
- Government ID Card;
- Defence ID Card;
- Photo PAN Card;
- Photo Ration Card.

(b) Self-attested copy of the PAN card (in case of a minor, the guardian shall also submit the self-attested copy of his/ her PAN card);

(c) Self-attested copy of the proof of residence;

Any of the following documents shall be considered as a verifiable proof of residence:

- ration card issued by the GoI;
- valid driving license issued by any transport authority of the Republic of India;
- electricity bill (not older than three months);
- landline telephone bill (not older than three months);
- valid passport issued by the GoI;
- AADHAAR Letter issued by Unique Identification Authority of India ("UIDAI");
- voter's Identity Card issued by the GoI;
- passbook or latest bank statement issued by a bank operating in India;
- leave and license agreement or agreement for sale or rent agreement or flat maintenance bill;
- Registered Office address in case of applicants under Category I or Category II; or
- life insurance policy.

(d) Copy of a cancelled cheque of the bank account to which the amounts pertaining to payment of refunds, interest and redemption, as applicable, should be credited.

Additional Kyc Documentation Requirements for Senior Citizens and Exservicemen

Ex-servicemen, Senior Citizen and Eligible Employees, shall be eligible for the extra coupon on the NCDs that is allotted to them under Options I, III and V. However, the additional coupon shall be available only to those Applicants who have submitted the following documents ("**Additional KYC Documents**"):

Type of Applicants	Additional KYC Documents
Retired Servicemen	Self-attested copy of Ex-Servicemen identity card issued by the Zilla

	Sainik Board
Senior Citizen	Self-attested copy of PAN Card

Other Information

Information for Applicants

In case of ASBA Applications submitted to the SCSB, in terms of SEBI circular dated April 22, 2010, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchange, as applicable, and SCSB, and match the same with the Depository database for correctness of DP ID, Client ID and PAN. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, the Company, in consultation with the Designated Stock Exchange, the Lead Manager and the Registrar to the Issue, reserves the right to proceed according to the Depository records for such ASBA Applications or treat such ASBA Applications as rejected.

In case of ASBA Applicants submitted to the Members of the Syndicate and Trading Members of the Stock Exchange at the Specified Cities, the Basis of Allotment will be based on the validation by the Registrar to the Issue of the electronic details with the Depository records, and the complete reconciliation of the final certificates received from the SCSB with the electronic details in terms of SEBI circular dated April 29, 2011. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, the Company, in consultation with the Designated Stock Exchange, the Lead Manager and the Registrar to the Issue, reserves the right to proceed according to the Depository records or treat such ASBA Application as rejected.

In case of non-ASBA Applications, the Basis of Allotment will be based on the validation by the Registrar to the Issue of the electronic details with the Depository records, and the complete reconciliation of the final certificates received from the Escrow Collection Bank with the electronic details in terms of SEBI circular dated April 22, 2010 and SEBI circular dated April 29, 2011. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, the Company, in consultation with the Designated Stock Exchange, the Lead Manager, the Registrar to the Issue, reserves the right to proceed according to the Depository records or treat such Applications as rejected.

Based on the information provided by the Depositories, the Company will have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship). In case of Applications for a higher number of Bonds in the nature of Debentures than specified for that category of Applicant, only the maximum amount permissible for such category of Applicant will be considered for Allotment.

Withdrawal of Applications during the Issue Period

Withdrawal of ASBA Applications

ASBA Applicants may withdraw their ASBA Applications during the Issue Period by submitting a request to a Member of the Syndicate, Trading Member of the Stock Exchanges or a Designated Branch of an SCSB, as the case may be, through whom the ASBA Application had been placed. In case of ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchange at the Specified Cities, on receipt of the request for withdrawal from the ASBA Applicant, the relevant Member of the Syndicate

or Trading Member of the Stock Exchange, as the case may be, will do the requisite, including deletion of details of the withdrawn ASBA Application Form from the electronic system of the Stock Exchange, as applicable. In case of ASBA Applications submitted directly to the Designated Branch of the SCSB, on receipt of the request for withdrawal from the ASBA Applicant, the relevant Designated Branch will do the requisite, including deletion of details of the withdrawn ASBA Application Form from the electronic system of the Stock Exchange, as applicable and unblocking funds in the ASBA Account directly.

Withdrawal of Non-ASBA Applications

Non-ASBA Applicants can withdraw their Applications during the Issue Period by submitting a request for the same to the Member of the Syndicate or Trading Member of the Stock Exchange, as the case may be, through whom the Application had been made. On receipt of the request for withdrawal from the Applicant, the relevant Member of the Syndicate or Trading Member of the Stock Exchange, as the case may be, will do the requisite, including deletion of details of the withdrawn ASBA Application Form from the electronic system of the Stock Exchange, as applicable.

Withdrawal of Applications after the Issue Period

In case an Applicant wishes to withdraw the Application after the Issue Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalisation of Allotment. The Registrar to the Issue will delete the withdrawn Application from the electronic file provided by the Stock Exchange, as applicable, and issue instruction to the SCSB for unblocking the ASBA Account (in case of ASBA Applications).

Revision of Applications

Applicants may revise/modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchange, as applicable, by submitting a written request to a Member of the Syndicate/Trading Member of the Stock Exchange/Designated Branch of an SCSB, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/modification.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on the Issue Closing Date.

Depository Arrangements for Applicants

The Company has made depository arrangements with NSDL and CDSL for issue and holding of the Bonds in the nature of debenture in dematerialised form. Tripartite Agreements have been executed between the Company, the Registrar to the Issue and the Depositories. As per the Depositories Act, Bonds in the nature of Debentures issued by us can be held in a dematerialised form. In this context:

- a. The Company has entered into Tripartite Agreements dated [.] with the Registrar to the Issue and NSDL and dated [.] with the Registrar to the Issue and CDSL, respectively for offering depository option to the Applicants.
- b. An Applicant must have at least one beneficiary account with any of the DPs of NSDL or CDSL prior to making the Application.
- c. The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.

- d. Bonds in the nature of Debentures Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.
- e. Applications can be in single or joint names (not exceeding two names). If the Application Form is submitted in joint names, the Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the depository account held in joint names.
- f. Non-transferable Allotment Advice/refund orders will be directly sent to the Applicant by the Registrar to the Issue.
- g. It may be noted that Bonds in the nature of Debentures in electronic form can be traded only on Stock Exchange, as applicable, having electronic connectivity with NSDL or CDSL. BSE has connectivity with NSDL and CDSL.
- h. Interest or other benefits with respect to Bonds in the nature of Debentures will be paid to those Bondholders whose names appear on the list of beneficial owners provided by the Depositories to us as on Record Date. In case of those Bonds in the nature of Debentures for which the beneficial owner is not identified by the Depository as on the Record Date/book closure date, the Company would keep in abeyance the payment of interest or other benefits, until such time that the beneficial owner is identified by the Depository and conveyed to the Company, whereon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.
- i. Trading of the Bonds in the nature of Debentures on the floor of the Designated Stock Exchanges will be in dematerialised form only.

See "*Issue Procedure - Instructions for filling up the Application Form - Applicant's Beneficiary Account and Bank Account Details*".

The Bonds in the nature of Debentures will cease to trade from the Record Date prior to the Maturity Date.

Trading of Bonds in the nature of Debentures on the floor of the Designated Stock Exchange will be in dematerialised form only in multiples of one Bond.

Allottees will have the option to re-materialise the Bonds in the nature of Debentures Allotted in the Issue in accordance with the Act and the Depositories Act.

Interest in case of Delay

The Company undertakes to pay interest in connection with any delay in Allotment, dematerialised credit and refunds, beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under applicable statutory and/or regulatory requirements.

Impersonation

Please refer "*Terms of the Issue – Impersonation*".

Pre-closure/ Extension

The Company, in consultation with the Lead Manager, reserves the right to close the Issue at

any time prior to the Issue Closing Date. In the event of such early closure or extension of the Issue Period, the Company shall ensure that public notice of such early closure/extension is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in a leading national daily newspaper. The Company will Allot Bonds in the nature of Debentures with respect to the Applications received at/until the time of such pre-closure in accordance with the Basis of Allotment as described in “*Issue Procedure - Basis of Allotment*”.

Filing of the Prospectus with the ROC

A copy of the Prospectus will be filed with the ROC, in accordance with Section 26 of the Companies Act, 2013

Communications

Communications in connection with Applications made in the Issue should be addressed to the Registrar to the Issue, quoting all relevant details including the full name of the sole/first Applicant, Application Form number, Applicant’s DP ID, Client ID and PAN, number of Bonds in the nature of Debentures applied for, date of the Application Form, name and address of the Member of the Syndicate, Trading Member of the Stock Exchanges or Designated Branch of the SCSB, as the case may be, where the Application was submitted, and cheque/draft number and issuing bank thereof, or with respect to ASBA Applications, the ASBA Account number in which an amount equivalent to the Application Amount was blocked.

Applicants may contact the Compliance Officer and Company Secretary and/or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice, refunds, interest on Application Amount or credit of Bonds in the nature of Debentures in the respective beneficiary accounts, as the case may be.

Grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB. Grievances relating to Direct Online Applications may be addressed to the Registrar to the Issue, with a copy to the relevant Stock Exchange.

Material Agreements

We have received Letter of Intent for private equity financing from Small Industries Development Bank of India (SIDBI) according to which it is proposing to invest in our company, by way of equity shareholding of the value of Rs. One Crore and Optionally Convertible Preference Shares (OCPS) of the value of Rs. Two Crores

Our proposed shareholder agreement with this investor would contain customary investor’s rights, including (i) the appointment of a nominee director on the Board of the Company; (ii) non disposal and non-pledge undertaking/ lock-in of promoters’ shares; (iii) certain financial rights, such as tag-along rights, drag- along rights, a right of first refusal etc.

Other than the above-mentioned agreement and agreements in relation to this Issue, our Company has not entered into material agreements which are not in the ordinary course of business.

SECTION VII: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Except for the case given below:

There are no outstanding tax litigations and material regulatory proceedings involving the issuer company/ its promoters/ its directors whose outcome could have a materially adverse effect on the operation and finances of our Company.

Legal Proceedings Initiated against our Company

Tax Related Proceedings

No tax related proceedings have been initiated against our Company

RBI and SEBI Proceedings

No proceedings have been initiated by RBI and SEBI against our Company.

Consumer Disputes

No consumer disputes have been initiated against our Company.

Civil Suits (Industrial Dispute)

An application under Section 33-C(2) of Industrial Disputes Act, 1947 has been filed by Satnam Singh s/o Jeet Singh, r/o village Bangi Deepa, Tehsil Talwandi Sabo, District Bhatinda, against the Company and three officials of the company, viz. Hari Kishan Aggarwal, Dy. Manager, Baljinder Singh, Branch Manager and Rakesh Kumar General Manager. Under the said application filed on November 7, 2013, the applicant has alleged that the company had not paid his full salary for the period of May 2013 to October 2013 and has claimed a payment of Rs. 39,000 (Rupees Thirty Nine Thousand Only) along with interest @ 18% per annum. The said application is still pending with the Industrial Tribunal Bhatinda.

Criminal Proceedings

No criminal proceedings have been initiated against our Company.

Legal Proceedings Initiated by our Company

No legal proceedings have been initiated by our Company

Other Regulatory and Statutory Disclosures

Authority for the Issue

The Board of Directors, at its meeting held on March 28, 2014 constituted the Public Issue Management Committee, and the shareholders in their EGM held on March 17, 2014 approved the Issue of secured, redeemable, non-convertible debentures of face value of ₹10,000 each, aggregating to ₹250 Million and authorized the Compliance Officer to continue to exercise all powers vested in him in pursuance of the board resolution dated March 28, 2014 for

completing this Issue.

Eligibility to come out with the Issue

Our Company, and/or our Promoters have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. Further no member of our promoter group has been prohibited or debarred by SEBI from accessing the securities market or dealing in securities due to fraud.

Consents

Consents in writing of: (a) the directors, the compliance officer, Bankers to the Company, Bankers to the Issue; and (b) Lead Manager, Registrar to the Issue, Legal Advisor to the Issue, Credit Rating Agency, and the Debenture Trustee to act in their irrespective capacities, have been obtained and shall be filed along with a copy of this Prospectus with the RoC.

Centbank Financial Services Limited has given its consent for appointment as Debenture Trustee under regulation 4(4) of the SEBI Debt Regulations.

The consent of the Auditors of our Company, namely M/s. Ashwani Gupta & Associates, Chartered Accountants for (a) inclusion of their names as the Auditors, (b) examination report on Reformatted Statements, (c) the statements of tax benefits, have been obtained and the same will be filed along with a copy of the Prospectus with the Designated Stock Exchange.

As provided in “*Terms of the Issue-Security*”, The debentures together with interest, expenses and other moneys shall be secured from the date of allotment by Exclusive charge in favour of Debenture Trustee on all specific and identifiable current assets, book debts, receivables (both present and future) as fully described in the Debenture Trust deed, except those receivables specifically and exclusively charged, on a first ranking pari passu basis with all other lenders to our company holding pari passu charge over the security such that an asset cover of 110% of the outstanding amount of the Debentures is maintained until Maturity Date.

Expert Opinion

Except the following, our Company has not obtained any expert opinions in connection with this Prospectus:

Our Company has received consent from its Statutory Auditors namely, M/s. Ashwani Gupta & Associates, Chartered Accountants dated April 18, 2014 to include their name as an expert under Section 26 of the Companies Act, 2013 in this Prospectus, in the examination report dated [.] and in the Statement of Tax Benefits dated [.] included in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S Securities Act, 1933.

DRR

Pursuant to Regulation 16 of the SEBI Debt Regulations and Section 71 of the Companies Act, 2013, any company that intends to issue debentures is required to create a DRR to which adequate amounts will be credited out of the profits of the company until redemption of the debentures. Pursuant to the Companies (Share Capital and Debentures) Rules, 2014, issued by the Ministry of Corporate Affairs, Government of India, it has been specified that in furtherance of Section 71 of the Companies Act, 2013, an NBFC is required to maintain DRR upto 50% of the value of debentures issued through public issue. Further, the amount to be credited as DRR will be carved out of the profits of the company only and there is no obligation on the part of the company to create DRR if there is no profit for the particular year.

Further, pursuant to The Companies (Share Capital and Debentures) Rules, 2014 issued by the Ministry of Corporate Affairs, Government of India, every company is required to create or maintain DRR shall before the 30th day of April of each year, deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March next, following year anyone or more of the following methods, namely:

- (i) in deposits with any scheduled bank, free from any charge or lien;
- (ii) in unencumbered securities of the Central Government or of any State Government;
- (iii) in unencumbered securities mentioned in sub-clauses (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;
- (iv) in unencumbered bonds issued in the nature of debenture by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882;
- (v) the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred above: Provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below fifteen percent of the amount of the debentures maturing during the year ending on the 31st day of March of that year.

The amount deposited or invested, as the case may be, shall not be utilized for any purpose other than for the repayment of debentures maturing during the year referred to above, provided that the amount remaining deposited or invested, as the case may be, shall not at any time fall below 15% of the amount of debentures maturing during the 31st day of March of that year.

Common form of Transfer

Our Company under takes that there shall be a common form of transfer for the Debentures held in physical form and the provisions of the Act and all applicable laws shall be duly complied within respect of all transfer of the Debentures and registration thereof.

Minimum Subscription

Under the SEBI Debt Regulations, our Company may stipulate a minimum subscription amount which it seeks to raise. If our Company does not receive the minimum subscription of 50% of the Issue size being 250 million the entire Application Amounts shall be refunded to the Applicants within the time prescribed by applicable statutory/regulatory requirements. If there is a delay in the refund of Application Amounts beyond the permissible time period as prescribed by applicable statutory/regulatory requirements for our Company to refund the Application Amounts, our Company will pay interest for the delayed period at rates prescribed under such applicable statutory and/or regulatory requirements.

Previous Public Issues by Our Company during last five years

Our Company has not undertaken any public issue during the last five years.

Commission or Brokerage on Previous Public Issues

Our Company has not paid any commission or brokerage in its rights issue. As stated above, there have been no public issues by the Company.

Particulars in regard to the Company, under the same management within the meaning of Section 370(1B), which made any capital issue during the last three years

None of the companies under the same management with our Company, within the meaning of section 370(1B) of the Act, have made any capital issue during the last three years.

Change in auditors of Our Company during the last three years

Our Company has not changed its Auditors during the last three years.

Professional Association of the company and Ms Real Growth Securities Pvt Ltd

Midland Microfin Ltd (the issuer) And M/s Real Growth Securities Pvt Ltd (the lead manager) have been previously working together on a professional basis whereby the latter has engaged the former for private placement of Bonds on a fee sharing basis depending upon the terms of engagement.

Revaluation of assets

Our Company has not revalued its assets in the last five years.

Utilisation of Proceeds

Our Board of Directors certifies that:

- a. all monies received out of the Issue of the Bonds to the public shall be transferred to a separate scheduled bank account other than the bank account referred to in sub-section (3) of section 40 of the Companies Act, 2013;
- b. details of all monies utilized out of the Issue referred to in sub-item shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies were utilised;
- c. details of all unutilized monies out of the Issue referred to in sub-item (i), if any, shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilized monies have been invested;
- d. we shall utilize the Issue proceeds only upon creation of security as stated in this Prospectus in the section titled “*Terms of the Issue-Security*” and after permissions or consents for creation of *pari passu* charge have been obtained from the creditors who have *pari passu* charge over the assets sought to be provided as Security and on receipt of the minimum subscription of 50% of the Base Issue amount, being ₹ 250 million;
- e. the Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, interalia by way of a lease, of any property; and
- f. the Issue proceeds shall be utilized in compliance with various guidelines/regulations/clarifications issued by RBI, SEBI or any other statutory authority from time to time.

The funds raised by us from previous Debenture issues have been utilized for our business as stated in the respective offer documents.

Track record of past public issues handled by the Lead Manager

Nil

Disclaimer clause of BSE

To be included upon grant of in-principle approval.

Disclaimer clause of RBI

The Company Is Having A Valid Certificate Of Registration Dated November 12, 2013 Issued By The Reserve Bank Of India Under Section 45i-A Of The Reserve Bank Of India Act, 1934. However, The Reserve Bank Of India Does Not Accept Any Responsibility Or Guarantee About The Present Position As To Financial Soundness Of The Company Or Correctness Of Any Of The Statements Or Representations Made Or Opinions Expressed By The Company And For Repayment Of Deposits/Discharge Of Liabilities By The Company.

Listing

The Bond in the nature of Debenture will be listed on BSE.

If for any reason the Company is unable to allot the Bonds in the nature of debentures, the Company will repay, without interest, all such moneys received from the Applicants pursuant to the Prospectus within such time as may be prescribed by SEBI. If there is a default in the repayment of the subscription amount, after the Company becomes liable to pay the same, the Company and officers in default shall be liable in accordance with Section 40(5) of the Companies Act, 2013.

The Company will use best efforts to ensure that all steps for the completion of the necessary formalities for listing at the Designated Stock Exchanges are taken within 12 Working Days of the Issue Closing Date.

For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to the 50 % of the Issue, the Bond in the nature of debenture shall not be listed.

Dividend

Our Company has not declared dividend for any FY till date.

Mechanism for redressal of Investor Grievances

Skyline Financial Services Private Limited has been appointed as the Registrar to the Issue to ensure that investor grievances are handled expeditiously and satisfactorily and to effectively deal with investor complaints.

Communications in connection with Applications made in the Issue should be addressed to the Registrar to the Issue, quoting all relevant details including the full name of the sole/first Applicant, Application Form number, Applicant's Depository Participant ("DP") ID, Client ID and PAN, number of Bonds applied for, date of the Application Form, name and address of the Member of the Syndicate or Trading Member of the Stock Exchange or Designated Branch of the SCSB, as the case may be, where the Application was submitted, and cheque /draft number and issuing bank thereof, or with respect to ASBA Applications, the ASBA Account number in which an amount equivalent to the Application Amount was blocked. Applicants may contact the Compliance Officer and Company Secretary and/or the Registrar to the Issue in case of any pre-issue or post-issue related problems such as non-receipt of Allotment Advice, refunds, interest on Application Amounts or refund or credit of Bonds in the respective beneficiary accounts, as the case may be. Grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB.

REGULATIONS AND POLICIES

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to the Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations summarized below are not exhaustive and are only intended to provide general information to investors and is neither designed nor intended to be a substitute for any professional legal advice.

Taxation statutes such as the Income Tax Act 1971, Central Sales Tax Act, 1956 and applicable local sales tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Act, 1952, and other miscellaneous regulations such as the Trade and Merchandise Marks Act, 1958 and applicable Shops and Establishments statutes apply to the Company as they do to any other Indian company and therefore have not been detailed below. The following information is based on the current provisions of applicable Indian law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

The Company is registered with the RBI as a non-deposit taking non-banking finance company and has applied for its re-classification as an NBFC-MFI. Set out below are the significant regulations which affect our operations.

NBFC Regulations

The RBI Act

The RBI is entrusted with the responsibility of regulating and supervising the activities of NBFCs by virtue of powers vested on it pursuant to Chapter III B of the RBI Act. An NBFC under the RBI Act is defined as a financial institution which is a company or a non-banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner or such other non-banking institution or class of such institutions as the RBI may, with the previous approval of the Central Government and by notification in the Official Gazette, specify. According to the RBI Act, a financial institution has been defined as a non-banking institution carrying on as its business or part of its business, amongst other activities, the financing, whether by way of making loans or advances or otherwise, of any activity, other than its own.

Any company which carries on the business of a non-banking financial institution as its principal business is to be treated as an NBFC. The RBI has clarified that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide its principal business. The company will be treated as an NBFC if (a) its financial assets are more than 50% of its total assets (netted off by intangible assets); and (b) income from financial assets shall be more than 50% of the gross income. Both these tests are required to be satisfied as the determinant factor for principal business of a company.

The RBI Act mandates that no NBFC shall commence or carry on the business of a non-banking financial institution without obtaining a certificate of registration. Such an NBFC must also have a net owned fund of ₹25 lakhs or such other amount not exceeding ₹ 200 lakhs.

NBFCs are primarily governed by the RBI Act, the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998, the Prudential Norms, the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms

(Reserve Bank) Directions, 2007 and the provisions of the Non- Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998. In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

Under Section 45 – IC of the RBI Act, every NBFC must create a reserve fund and transfer thereto a sum not less than 20% of its net profit every year, as disclosed in the profit and loss account and before any dividend is declared. Such a fund is to be created by every NBFC irrespective of whether it is a NBFC-ND or not. Further, no appropriation can be made from the fund for any purpose by the NBFC except for the purposes specified by the RBI from time to time and every such appropriation shall be reported to the RBI within 21 days from the date of such appropriation.

Types of activities that NBFCs are permitted to carry out

Although by definition, NBFCs are permitted to operate in similar sphere of activities as banks, there are a few important differences which are:

- (a) NBFCs cannot accept deposits repayable on demand – in other words, NBFCs can only accept fixed term deposits;
- (b) NBFCs are not permitted to issue negotiable instruments, such as cheques drawn on itself; and
- (c) deposit insurance facility of deposit insurance and Credit Guarantee Corporation is not available to depositors of NBFCs, unlike in case of banks.

Types of NBFCs

NBFCs are categorized

- (a) in terms of types of liabilities into deposit NBFCs and NBFCs-ND,
- (b) NBFCs-ND by their size into systemically important and other non-deposit holding companies and
- (c) by the kind of activity they conduct. Within this broad categorization the different types of NBFCs are (i) asset finance companies, (ii) investment companies, (iii) loan companies, (iv) infrastructure finance companies, (v) systemically important core investment companies, (vi) infrastructure debt fund, (vii) NBFC - micro finance institutions, and (viii) NBFC – factors.

In terms of RBI Circular No.DNBS.CC.PD.No. 250/03.10.01/2011-12, dated December 2,2011 the Company has applied for re-classification as NBFC-MFI and the letter from RBI allowing the same is yet to be received.

NBFC-MFI

Non Banking Financial Company-Micro Finance Institution (NBFC-MFI).

An NBFC-MFI is defined as a non-deposit taking NBFC (other than a company licensed under Section 25 of the Indian Companies Act, 1956) that fulfils the following conditions:

- i. Minimum Net Owned Funds of Rs.5 crore. (For NBFC-MFIs registered in the North Eastern Region of the country, the minimum NOF requirement shall stand at Rs. 2 crore).*
- ii. Not less than 85% of its net assets are in the nature of “qualifying assets.”*

Prudential Norms

The Prudential Norms, amongst other requirements prescribe guidelines on NBFCs-ND regarding income recognition, asset classification, provisioning requirements, constitution of audit committee, capital adequacy requirements, concentration of credit or investments and norms relating to infrastructure loans.

Asset Classification

- i. Standard asset means the asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business.
- ii. Non performing asset means an asset for which, interest/principal payment has remained overdue for a period of 90 days or more.

Capital Adequacy Norms

All new NBFC-MFIs shall maintain a capital adequacy ratio consisting of Tier I and Tier II Capital which shall not be less than 15 percent of its aggregate risk weighted assets. The total of Tier II Capital at any point of time, shall not exceed 100 percent of Tier I Capital. Among the existing NBFCs to be classified as NBFC-MFIs, those with asset size less than Rs. 100 crore will be required to comply with this norm w.e.f April 01, 2012. Those with asset size of Rs. 100 crore and above are already required to maintain minimum CRAR of 15%.

Provisioning Norms:

The aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of :

- a) 1% of the outstanding loan portfolio or
- b) 50% of the aggregate loan installments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan installments which are overdue for 180 days or more.
- c. All other provisions of the Non-Banking Financial (Non-Deposit accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 will be applicable to NBFC-MFIs except as indicated therein.

Pricing of Credit:

All NBFC-MFIs shall maintain an aggregate margin cap of not more than 12%. The interest cost will be calculated on average fortnightly balances of outstanding borrowings and interest income is to be calculated on average fortnightly balances of outstanding loan portfolio of qualifying assets.

The margin cap for all NBFC-MFIs irrespective of their size would be 12 % per cent till March 31, 2014. However, with effect from 1st April, 2014 margin caps as defined by Malegam Committee may not exceed 10 per cent for large MFIs (loans portfolios exceeding Rs.100 crore) and 12 per cent for the others.

Fair Practices in Lending

To ensure compliance, the Fair Practice Code in vernacular language shall be displayed by NBFC-MFI at all the branches. Based on the guidelines outlined in the RBI Circular No. RBI/2012-13/416 DNBS.CC.PD.No.320/03.10.01/2012-13 dated February 18, 2013 the fair

practice code were to be put in place by all NBFCs with the approval of their Boards within one month from the date of issue of this circular. NBFCs have the freedom of drafting the Fair Practices Code, enhancing the scope of the guidelines but in no way sacrificing the spirit underlying the above guidelines. The same should be put up on their web-site, if any, for the information of various stakeholders.

Transparency in Interest Rates:

- a. There shall be only three components in the pricing of the loan viz., the interest charge, the processing charge and the insurance premium (which includes the administrative charges in respect thereof).
- b. There will be no penalty charged on delayed payment.
- c. NBFC-MFIs shall not collect any Security Deposit/ Margin from the borrower.
- d. There should be a standard form of loan agreement.
- e. Every NBFC-MFI should provide to the borrower a loan card reflecting
 - (i) the effective rate of interest charged
 - (ii) all other terms and conditions attached to the loan
 - (iii) information which adequately identifies the borrower and
 - (iv) acknowledgements by the NBFC-MFI of all repayments including installments received and the final discharge.
 - (v) All entries in the Loan Card should be in the vernacular language.
- f. The effective rate of interest charged by the NBFC-MFI should be prominently displayed in all its offices and in the literature issued by it and on its website.
- h. The KYC Guidelines of RBI shall be complied with. Due diligence shall be carried out to ensure the repayment capacity of the borrowers,
- i. All NBFC-MFIs shall have a Board approved, standard form of loan agreement. The loan agreement shall preferably be in vernacular language.

Disclosure in Loan Agreement/ Loan Card:

The loan card should reflect the following details as specified in the Non-Banking Financial Company - Micro Finance Institutions (Reserve Bank) Directions, 2011.

- (i) the effective rate of interest charged
- (ii) all other terms and conditions attached to the loan
- (iii) information which adequately identifies the borrower and
- (iv) acknowledgements by the NBFC-MFI of all repayments including installments received and the final discharge.
- (v) The loan card should prominently mention the grievance redressal system set up by the MFI and also the name and contact number of the nodal officer
- (vi) Non-credit products issued shall be with full consent of the borrowers and fee structure shall be communicated in the loan card itself.
- (vii) All entries in the Loan Card should be in the vernacular language.

Non-Coercive Methods of Recovery

As specified in the NBFC-MFIs (Reserve Bank) Directions, 2011, recovery should normally be made only at a central designated place. Field staff shall be allowed to make recovery at the place of residence or work of the borrower only if borrower fails to appear at central designated place on 2 or more successive occasions.

NBFC-MFIs shall ensure that a Board approved policy is in place with regard to Code of Conduct by field staff and systems for their recruitment, training and supervision. The Code should lay down minimum qualifications necessary for the field staff and shall have necessary training tools identified for them to deal with the customers. Training to field staff shall include programs to inculcate appropriate behavior towards borrowers without adopting any abusive or coercive debt collection / recovery practices. Compensation methods for staff should have more emphasis on areas of service and borrower satisfaction than merely the number of loans

mobilized and the rate of recovery. Penalties may also be imposed on cases of non-compliance of field staff with the Code of conduct. Generally only employees and not out sourced recovery agents be used for recovery in sensitive areas.

Internal control system:

As the primary responsibility for compliance with the Directions rest with the NBFC-MFIs, they shall make necessary organizational arrangements to assign responsibility for compliance to designated individuals within the company and establish systems of internal control including

audit and periodic inspection to ensure the same.

In addition, all NBFCs are required to display prominently, for the benefit of their customers, at their branches or places where business is transacted, the details of the grievance redressal officer and regional office of the RBI and the grievance redressal mechanism followed by the NBFC.

KYC Guidelines

The RBI has issued a Master Circular dated July 1, 2013 pertaining to KYC guidelines (“**KYC Guidelines**”) and advised all NBFC-MFI to adopt such guidelines with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework on KYC and anti-money laundering measures is put in place. The KYC Guidelines are required to have certain key elements such as customer acceptance policy, customer identification procedures, monitoring of transactions and risk management, adherence to KYC Guidelines by the persons authorized by the NBFC-MFI and including brokers/ agents, due diligence of persons authorized by the NBFC-MFI and customer service in terms of identifiable contact with persons authorized by NBFC-MFI.

Anti Money Laundering

The Prevention of Money Laundering Act, 2002 (“**PMLA**”) was enacted to prevent money-laundering and to provide for confiscation of property derived from or involved in, money-laundering and for matters connected therewith or incidental thereto. The Government of India under PMLA has issued the Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005, as amended (“**PML Rules**”). PMLA and PML Rules extend to all banking companies, financial institutions, including NBFCs and intermediaries.

The RBI has issued a Master Circular dated July 1, 2013 to ensure that a proper policy framework for the PMLA and PML Rules is put into place. All NBFC-MFI are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record (i) for all cash transactions of value of more than ₹ 10 lakhs; (ii) all series of cash transactions integrally connected to each other which have been valued below ₹ 10 lakhs where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds ₹ 10 lakhs.

All NBFC-MFI are required to develop a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, NBFC-MFI are also required to maintain for at least ten years from the date of transaction between the NBFC-MFI and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in

criminal activity. Further, NBFC-MFI shall exercise ongoing due diligence with respect to the business relationship with every client and closely examine the transactions in order to ensure that they are consistent with their knowledge of the client, his business and risk profile and where necessary, the source of funds.

Additionally, NBFC-MFIs shall ensure that records pertaining to the identification of their customers and their address are obtained while opening the account and during the course of business relationship, and that the same are properly preserved for at least ten years after the business relationship is ended. The identification records and transaction data is to be made available to the competent authorities upon request.

Corporate Governance Guidelines

The Master Circular issued for NBFCs on Corporate Governance vide CC No. 187 dated July 01, 2011 shall be applicable to NBFC-MFIs also. In addition to this in order to enable NBFCs to adopt best practices and greater transparency in their operations, the RBI has prescribed corporate governance guidelines in the Master Circular on Corporate Governance dated July 1, 2013. All NBFC-MFIs are required to adhere to certain corporate governance norms, including constitution of an audit committee, a nomination committee, an asset liability management committee and a risk management committee and certain other norms in connection with disclosure, transparency and connected lending.

Master Circular on Corporate Governance DNBS.(PD)CC. No. 342/03.10.001/2013-14 shall be applicable on all non- deposit taking NBFCs with asset size of Rs. 100 crores and above and on deposit taking NBFCs with deposit size of Rs. 20 crores and above.

Ratings of NBFCs

Pursuant to the RBI circular dated February 4, 2009, all NBFCs with an assets size of ₹ 10,000 lakhs and above are required to provide, at the relevant regional office of the RBI within whose jurisdiction the registered office of the NBFC is functioning, information relating to the downgrading or upgrading of any financial products issued by it within 15 days of such change.

Conversion of NBFC to NBFC-MFI

RBI in the Master Circular **RBI/2011-12/290** dated December 2, 2011, introducing the category of NBFC-MFI's directed that the existing NBFCs that satisfy the prescribed conditions may approach the Regional Office in the jurisdiction of which their Registered Office is located, along with the original Certificate of Registration (CoR) issued by the Bank for change in their classification as NBFC-MFIs. Their request must be supported by their Statutory Auditor's certificate indicating the asset (loan) pattern as on March 31, 2011. The onus of including only eligible assets for the purpose of classification as NBFC-MFI shall be that of the company concerned. The change in classification would be incorporated in the Certificate of Registration issued by the Bank as NBFC-MFI

Raising Money through Private Placement by NBFCs

Pursuant to the circular dated June 27, 2013, the RBI has issued guidelines on "Private Placement by NBFCs". Some of the key points are as follows:-

- a. An NBFC shall only issue debentures for deployment of funds on its own balance sheet and not to facilitate resource requests of group entities/ parent company / associates.

- b. Private placement by all NBFCs shall be restricted to not more than 49 investors, identified upfront by the NBFC.
- c. The minimum subscription amount for a single investor shall be ₹ 25 lakhs and in multiples of ₹ 10 lakhs thereafter.
- d. There should be a minimum time gap of at least six months between two private placements.
- e. An NBFC shall not extend loans against the security of its own debentures (issued either by way of private placement or public issue).
- f. NBFCs shall ensure that at all points of time the debentures issued (by private placement or public issue), including short term non convertible debentures, are fully secured. Therefore in case, at the stage of issue, the security cover is insufficient /not created, the issue proceeds shall be placed under escrow until creation of security, which in any case should be within 15 days from the date of issue.

In furtherance to the above circular, the RBI has clarified, by way of circular dated July 2, 2013, that the instruction with regard to minimum gap of six months between two successive issuances of privately placed debentures may not be operationalized immediately and a decision in this regard will be taken by the RBI in due course.

Intellectual property regulations

The Trade Marks Act, 1999 and the Indian Copyright Act, 1957, *inter alia*, govern the law in relation to intellectual property, including brand names, trade names and service marks and research works. The Trade Marks (Amendment) Act, 2010 and the Trade Marks (Amendment) Rules, 2013 have been notified and have come into force from July 8, 2013. The amendment allows accession to the protocol relating to the Madrid agreement concerning the international registration of marks adopted at Madrid on June 27, 1989, as amended from time to time, which provides for a system for international registration of trade marks. It also empowers the registrar of trade marks to deal with international applications and maintain a record of international registrations.

Employment related laws

Shops and Establishments legislations in various states

The provisions of various shops and establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

Labour Other Laws

The Company is required to comply with various labour laws, including the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Payment of Wages Act, 1936, the Payment of Gratuity Act, 1972 and the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

Government Approvals / Licenses

Except as stated below, our Company is in compliance with all applicable regulations governing our business activities and has received the necessary consents, licenses, permissions and approvals from government and various regulatory agencies, required for us to undertake our current business activities and there are no pending approvals and renewals required for carrying on our present business:

S.NO.	LICENCES	DETAILS
1.	PAN	AAGCS6186A
2.	TDS A/C No.	JLDM04797C
3.	Employees P.F And Miscellaneous Provisions Act, 1952	Code No. 35657 Date:15-01-2011
4.	E.S.I Registration	Registration No.(State of Punjab) 29000551600001017 Date: 06-04-2011
5.	Central Service Tax – (for the premises 21-22, 5 th Floor, Jalandhar.)	Central Excise Department AAGCS6186ASD003 (central registration for multi premises)

Our Promoters

The following individuals are the current promoters of our Company:

Amardeep Singh Samra



PAN: ABNPS2281D
Passport No: Z1994580

Navneet Kaur Samra



PAN: AERPK7574E
Passport No: Z1981447

Dinesh Gupta



PAN: AENPG0414P
Passport No: J3807790

Santosh Singh Chhokar



PAN: ADLPC3923C
Passport No: 17368452

Surinder Kaur Samra



PAN: AERPK7450D
Passport No: Z1981449

Our Promoters collectively hold 36.08% stake in our Company as on March 31, 2014.

Details of Equity Shares held by the Promoters as on March 31, 2014 is set forth below:

S. No.	Name of shareholder	No. of Equity Shares held	No. of Equity Shares held in dematerialized form	Percentage of issued Equity Share	No. of Equity Shares pledged	Percentage of Equity Shares pledged
1.	Amardeep Singh	5,38,800	00	7.60	00	00
2	Dinesh Gupta	53,700	00	0.76	00	00
3	Santosh Singh	10,00,000	00	14.11	00	00
4	Surinder Kaur	8,85,000	00	12.49	00	00
5	Navneet Kaur	78,880	00	1.11	00	00

Amardeep Singh Samra is also the Managing Director and Chief Executive Officer of our Company. The remuneration that is paid to him in that capacity has been disclosed in this Prospectus. Neither of our Promoters have any interest in our Company except as disclosed in this Prospectus.

Other understandings and confirmations

Our Promoters and relatives of the Promoters (according to the Companies Act, 2013) have confirmed that they have not been identified as wilful defaulters by the RBI or any other governmental authority.

No violations of securities laws have been committed by our Promoters in the past or are currently pending against them.

None of our Promoters are debarred or prohibited from accessing the capital markets or restrained from buying, selling, or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority or refused listing of any of the securities issued by any such entity by any stock exchange in India or abroad.

OUR SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

There are no subsidiaries or joint venture companies of our company.

List of our Associate Companies where some of our Directors are Common.

- Northern Biotech (India) Private Limited
- Hamco Ispat Limited
- S R Impex Limited
- B & B Truss India Private Limited

Stock Market Data for Equity Shares and Debentures of Our Company

No securities issued by our Company have been listed on the stock exchanges prior to the present issue.

SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

1. Power To Modify Rights

As per Article 59 whenever the capital (by reason of the issue of preference shares or otherwise) is divided into different class of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 106 and 107 of the Act, be modified, commuted, affected, abrogated, varied or dealt with by agreement between the Company and any persons purporting to contract on behalf of that class provided such agreement is (a) consented to in writing by the holders of at least three-fourths of the issued shares of that class or (b) sanctioned by a resolution passed at a separate General Meeting of the holders of shares of that class in accordance with Section 106(1)(b) of the Act and all the provisions hereinafter contained as to General Meeting shall mutatis mutandis, apply to every such meeting, except that the quorum there shall be members holding or representing by proxy one-fifth of the nominal amount of the issued shares of the class. This article is not by implication to curtail the power of modification which the company would have if this Article were omitted. The Company shall comply with the provisions of Section 192 of the Act as to

2. Share Certificates and Member's Right to Certificate

- (i) As per Article 16 (i), the certificate of title to shares and duplicate thereof when necessary shall be issued under the seal of the company which shall be affixed in the presence of (a) Two Directors if a Director and a person acting on behalf of another Director under a duly registered power of attorney or two persons acting as attorneys for two Directors as aforesaid; and (b) The Secretary or some other person appointed by the Board for the purpose, all of whom shall sign such share certificate, provided that if composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or whole time Director or a Director to whom Section 261 of the Act applies.
- (ii) As per Article 16 (ii), Every member shall be entitled free of charge to certificates in marketable lots for all the shares of each class registered in his name or, if the Board so approves, to several certificate each for one or more of such shares but, in respect of each additional certificate other than in marketable lots, the Company shall be entitled to charge a fee as agreed upon with the exchange or such less sum as the Board may determine. Unless the conditions of issue of any shares otherwise provide, the Company shall within two months after that of either allotment and or surrender to the Company of its letter making the allotment or its fractional coupons of requisite value (save in the case of issue Bonus Shares) or within one month of receipt of the application for registration of the transfer of any of its shares. In respect of any share held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate to one of several joint-holders shall be sufficient delivery to all such holders.
- (iii) As per Article 16 (iii), no fee shall be charged for (a) registration of transfer or transmission of any class of denomination of shares. (b) sub-division and consolidation of shares and debentures certificates and for sub-division of letters of allotment and split, consolidation, renewal and pucca transfer receipts into

denominations corresponding to the market units of trading. (c) sub-division of renounceable Letter of Right. (d) Issue of new certificates in replacement of those which are old, descript or worn out or where the cages on the reverse recording transfers have been fully utilized. (e) Registration of any Power of Attorney, Probate, Letter of Administration or similar other documents.

- (iv) As per Article 16 (iv), the fee that may be agreed upon with the exchange will be charged for (a) Issue of new certificates in replacement of those that are torn, defaced, lost or destroyed. (b) Sub-division and consolidation of share and debenture certificates and for sub-division of Letters of allotment and split, consolidation, renewal and pucca transfer receipts into denominations other than those fixed for the market units of trading. (c) Except as otherwise required by a statutory provision or under an order of a competent court of law, the Directors of the Company may in their absolute discretion refuse sub-division of share certificates or Debentures certificates or debenture allotment letters etc. into denominations of less than the marketable lots.
- (v) As per Article 16 (iv), The company shall within two months alter the allotment of its shares or debentures and within one month after the application for the registration of the transfer of any such shares or debentures, complete and have ready for delivery the certificates of all shares and debentures allotted or transferred, unless the conditions of issue of the shares or debentures otherwise provide and the Company shall otherwise comply with requirements of Section-113 and other applicable provisions (if any) of the Act.

3. Forfeiture And Lien

- (i) As per Article 24, if any member fails to pay any call or installment or call on or before the day appointed for the payment of the same the Board may, at any time, thereafter during such time as the call or installment remains unpaid, serve notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the company by reason of such non-payment.
- (ii) As per Article 24, the notice shall name a day (not being less than one month from the date of notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time, and at the place appointed, the shares in respect of which such call was made or installment is payable will be liable to be forfeited.
- (iii) As per Article 26, if the requisition of any such notice as aforesaid be not complied with any shares in respect of which such notice has been given may, at any time thereafter, before payment of all calls or installment interest and expenses, due in respect thereof, be forfeited by a resolution of the Board to that effect.
- (iv) As per Article 27, when any share shall have been so forfeited notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and in any manner invalidated by an omission or neglect to give such notice or make such entry as aforesaid.

- (v) As per Article 28, any share so forfeited shall be deemed to be the property of the Company, and the Board may sell, re-allot or otherwise dispose of the same in such manner as it thinks fit. The forfeited shares shall be disposed of in accordance with the provisions of listing Agreement.
- (vi) As per Article 29, the Board may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.
- (vii) As per Article 30, a person whose share has been forfeited shall cease to be a member in respect of the share, but shall notwithstanding remain liable to pay, and shall forthwith pay to the Company, all calls or installments, interest and expenses, owing upon or in respect of such share at the time of the forfeiture, together with interest thereon from the time of forfeiture, until payment, at 12 per cent per annum and the Board may enforce the payment thereof, or any part thereof without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under an obligation to do so.
- (viii) As per Article 31, a duly verified declaration in writing that, the declarant is a Director, Manager or Secretary of the Company and has been authorized by a Board Resolution to act as declarant and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any given for the shares on the sale or disposition thereof shall constitute a good title to such shares and the person to whom any such share sold shall be registered as the holder of such share and shall not be bound to see the application of purchase money, nor shall his title to such share be affected by any irregularity or invalidity in the proceedings, in reference to such forfeiture sale or disposition.
- (ix) As per Article 32, the provisions of Articles 24 to 31 hereof shall apply in the case of non-payment of any sum which by the terms of issue of a share, becomes payable at a fixed time whether on account of the nominal value of a share or by way of premium as if the same had been payable by virtue of call duly made and notified.
- (x) As per Article 33, the company shall have a first and paramount lien upon every share not being fully paid up registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for moneys called or payable at a fixed time in respect of such share whether the time for the payment thereof shall have actually arrived or not and no equitable interest in any share shall be created except upon the footing and condition that Article 14 hereof is to have full effect. Such lien shall extend to all dividends from time to time declared in respect of such share. Unless otherwise agreed, the registration of transfer of share shall operate as a waiver of the Company's lien, if any, on such share.
- (xi) As per Article 34, for the purpose of enforcing such lien, the Board may sell the share subject thereto in such manner as it thinks fit, but no sale shall be made until such time for payment as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member, his

executor or administrator or his committee, curator bonis or other legal representative as the case may be and default shall have been made by him or them in the payment of the money called or payable at a fixed time in respect of such shares for thirty days after the date of such notice.

- (xii) As per Article 35, the net proceeds of the sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any shall (subject to a like lien for sums not presently payable as existed upon the share before the sale) be paid to the persons entitled to the share at the date of this sale.
- (xiii) As per Article 36, upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Board may appoint some persons to execute an instrument of transfer of the share sold and cause the purchaser's name to be entered in the Register in respect of the share sold, and the purchaser shall not be bound to see the regularity of the proceedings, not to the application of the purchase money and alter his name has been entered in the Register in respect of such share the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall in damages only and against the Company exclusively.
- (xiv) As per Article 37, where any share under the power in that behalf herein contained is sold by the Board and the certificate in respect thereof has not been delivered to the Company by the former holder of such share, the Board may issue new certificate for such share distinguish it in such manner as it may think fit from the certificate not so delivered up.

4. Transfer and Transmission

- (i) As per Article 38, the instrument of transfer shall be in writing and all the provisions of Sec. 108 of the Companies Act and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and the registration thereof.
- (ii) As per Article 39, an application for the registration of the transfer of a share may be made either by the transferor or the transferee, provided that, where such application is made by the transferor no registration shall, in the case of a partly paid share, be effected unless the Company gives notice of the application to the transferee in the manner prescribed by Section 110 of the Act, and subject to provisions of these Articles, the Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee.
- (iii) As per Article 40, the instrument of transfer shall be in the form prescribed by the Act or the Rules made there under or where no such form is prescribed in the usual common form or any other form approved by the stock exchanges in India or as near thereto as circumstances will admit.

- (iv) As per Article 41, subject to the provisions of Section 22-A of the SCR Act, 1956 and section 111 of the Act the Directors may decline to register any proposed transfer of shares or transmission of shares giving reasons for such refusal whether or not the proposed transferee is a member of the Company. If the Company refuses to register the transfer of any shares, the Company shall within one month from the date on which the instrument of transfer was delivered to the Company, send notice of the refusal to transferor or to the persons giving information of the transmission, as the case may be, provided that registration of transfer of shares shall not be refused on the ground of the transferors being either alone or jointly with any other person or persons indebted to the company on any account whatsoever except a lien on the shares.
- (v) As per Article 42, the Directors may refuse to accept an application for transfer of less than 50 (Fifty) equity shares of the Company, provided, however, this condition shall not apply to: (a) a transfer of equity shares made in pursuance of any statutory provision or an order of a court of law; (b) the transfer of the entire equity shares by an existing equity shareholder holding less than 50 equity shares by a single or joint names; (c) the transfer of the entire equity shares of an existing equity shareholder holding less than 50 equity shares to one or more transferees whose holding in the Company will not be less than 50 equity shares, after the said transfer; (d) the transfer of not less than 50 equity shares in the aggregate in favour of the same transferee in two or more transfer deeds, submitted together within which one or more relate to the transfer of less than 50 equity shares.
- (vi) As per Article 43, no transfer shall be made to person of unsound mind.
- (vii) As per Article 44, every instrument of transfer shall be left at the office for registration accompanied by the certificate of the share to be transferred or if no such certificate is in existence by the Letter of Allotment of the share and such other evidence as the Board may require to prove the title of the transferor of his right to transfer the share. Every instrument of transfer which shall be registered shall be retained by the Company, but any instrument of transfer which the Board may refuse to register, shall be returned to the person depositing the same.
- (viii) As per Article 45. if the Board refuses whether in pursuance of Article 41 or otherwise to register the transfer of, or the transmission by operation of law of the right to, any share, the Company shall, within one month from the date on which the instrument of transfer or the intimation of such transmission as the case may be, give notice of the refusal, giving reasons for such refusal.
- (ix) As per Article 46, no fee shall be payable to the Company in respect of transfer or transmission of any shares in the Company.
- (x) As per Article 47, the executor or administrator of a deceased member (not being one of several joint holders shall be the only person recognized by the Company as having any title to the share registered in the name of such member, and in case of the death of any one or more of the joint-holders of any registered share, the survivor shall be the only person recognized by the Company as having any title or interest in such share, but nothing herein contained shall be taken to release the estate of deceased joint-holder from any liability on the share held by him jointly with any other person. Before recognizing any executor or

administrator the Board may require him to obtain a Grant or probate or Letters of Administration or other legal representation, as the case may be, from a competent Court in India, provided nevertheless that in any case where the Board in its absolute discretion thinks fit it shall be lawful for the Board to dispense Letter of Administration or such other legal representation upon such terms as to indemnity, as it considers proper.

- (xi) As per Article 48, any committee or guardian of lunatic or minor member of any person becoming entitled to or transfer a share in consequence of the death or bankruptcy or insolvency of any member upon producing such evidence that he sustains the character in respect of which he purposes to act under this Article or of his title as the Board thinks sufficient, may, with the consent of the Board (which the Board shall not be bound to give) be registered as a subject to the regulation as to transfer herein before contained, transfer such share.
- (xii) As per Article 49 (a) If the person so becoming entitled under the Transmission Article shall elect to be registered as holder of the shares himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. (b) If the person aforesaid shall elect to have the share transferred to some other person, shall testify his election by executing an instrument of transfer of the shares. (c) All the limitations, restrictions and provisions of this Articles relating to the right to transfer and the registration of instruments of transfer of a share shall be applicable to any such notice of transfer as aforesaid as if the death, lunacy, bankruptcy or insolvency of the member had not occurred and the notice of transfer were a transfer signed by that member.
- (xiii) As per Article 50, (a) a person so becoming entitled under the transmission article to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall, subject to the provisions of Article 82 and of Section 206 of the Act, be entitled to the same dividends and other advantages as he would be entitled to, if he were the registered holder of the share. Provided that the Board may at any time give a notice requiring any such persons to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days the Board may thereafter without payment of all dividends, bonuses or other moneys payable in respect of the share, until the requirements of the notice have been complied with. (b) Every holder of shares in, or Debenture/Bonds of the Company may at any time nominate a person to whom his shares in or debenture/ Bond of the Company shall vest in event of his death, in accordance with the provisions of Companies Act, 1956 in force time to time.
- (xiv) Where the shares in, or Debenture/Bonds of the Company are held by more than one person jointly, the joint holders may together nominate a person to whom all the rights in the shares or debentures/ bonds of the Company shall vest in event of death of all the joint holders. Notwithstanding anything contained in other law for the time being in force or in any disposition whether testamentary or otherwise, in respect of such shares in or debentures/ bonds of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures/ bond of the Company, the nominee shall, on the death of the joint holders become entitled to all the rights in the shares or debentures/ bonds of the company or as the case may all the joint holders in relation to such shares in or debentures/ bonds of

the Company to the exclusion of all other persons, unless the nomination is varied or cancelled.

5. Votes Of Members

- (i) As per article 78, (a) save as hereinafter provided on a show of hands every member present in person and being a holder shall have one vote and every person present either as General Proxy (as defined in article 84) on behalf of a holder of Equity shares, if he is not entitled to vote in his own right or as a duly authorized representative or body corporate, being a holder of equity shares, shall have one vote. (b) Save as hereinafter provided on a poll the voting right of a holder of equity shares shall be as specified in section 87 of the Act. (c) The holder of preference shares shall have a right to vote on a resolution placed before the Company which directly affects the rights attached to their preference shares and subject as aforesaid the holder of preference shares shall in respect of such capital be entitled to vote on every resolution placed before the Company at a meeting if the dividend due on such capital or any part of such dividend remains unpaid in respect of an aggregate period of not less than two years preceding the date of commencement of the meeting and where the holders of any preference shares have a right to vote as aforesaid on any resolution every such member personally present shall have one vote and on a poll his voting right in respect of such preference shares to the total of the capital paid up on the equity shares. Provided that nobody corporate shall vote by proxy so long as resolution of its board of directors under the provision of section 187 of the act is in force and the representative named in such resolution is present at the General Meeting at which the vote by proxy is tendered.
- (ii) As per Article 79, (a) where a body corporate (hereinafter called "member Company") is a member of the Company, a person duly appointed by resolution in accordance with the provisions of Section 187 of the Act to present such member Company at a meeting of the Company shall not by reason of such appointment, be deemed to be proxy and the lodging with the Company at the office or production at the meeting of copy of such resolution duly signed by one Director of such member Company and certified by him as being a true copy of the resolution shall on production at the meeting, be accepted by the Company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same rights and powers including the right to vote by proxy on behalf of the member Company which he represents as that member Company could exercise if it were an individual member. (b) Where the President of India or the Government of a State is a member of the Company then his representative at meeting shall be in accordance with Section 187-A of the Act.
- (iii) As per Article 80, any person entitled under the Transmission Articles of any shares, may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be at which he proposes to vote he shall satisfy the Board of his right to transfer such shares, unless the Board shall have previously admitted his right to vote at such meeting in respect thereof. If any member be lunatic, idiot or non compos mentis he may vote whether on a show of hand or at a poll by his

committee, curator bonis or other legal curator and such last-mentioned persons may give their votes by proxy.

- (iv) As per Article 81, where there are joint registered holders of any shares, any one of such persons may vote at any meeting either personally or by proxy in respect of such shares as if they were solely thereto, and if more than one of such joint-holders be present at any meeting either personally or proxy, that one of the said persons so present whose name stand first on Register in respect of such shares alone shall be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share is registered shall for the purposes of this Article be deemed joint holders thereof.
- (v) As per Article 82, votes may be given either personally, or in the case of a body corporate, by a representative duly authorized as aforesaid, or by proxy.

6. Debentures/ Borrowing Powers

- (i) As per Article 60, subject to the provisions of the Companies Act, 1956 the Directors for the time being of the company may, from time to time at their direction guarantee or borrow any sum or sums of money or make any arrangement for finance for the purpose of the company and secure the payment of such sum or sums of the financial arrangement in such manner and upon such terms and condition in all respects as they think fit and in particular by making, drawing or accepting on behalf of the company promissory notes or bills or exchange or giving or issuing any other receipts of the company or of the issue of debenture or debentures stock of the company charged upon all or any part of the property of the company both presents and future including as uncalled for the time being.
- (ii) As per Article 61, the Board may raise or secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and, in particular, by the issue of bonds, perpetual or redeemable, debentures or debenture-stock or any mortgage, or other tangible security on the under-taking of the whole or any part of the property of the Company (both present and future), but shall not create a charge on its uncalled capital for the time being without the sanction of the Company in the General Meeting.
- (iii) As per Article 62, any debentures, debenture-stock, bonds or other securities may be issued at a discount, premium otherwise and with any special privileges, as the redemption, surrender, drawings, allotment of shares appointment of Directors and otherwise, debentures, debenture-stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued. Provided that debentures, debenture-stock, bonds or other securities with a right to allotment or conversion into shares both be issued except with the sanction of the Company in General Meeting.
- (iv) As per Article 63, save as provided in Section 108 of the Act, no transfer of Debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificates of the debenture.

- (v) As per article 64, if the Board refuses to register the transfer of any debentures, the Company shall, within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and to the transferor notice of the refusal, giving reasons for such refusal.

7. Dividends

- (i) As per Article 137, the Company in Annual General Meeting may declare a dividend to be paid to the members according to their rights and interest in the profit and may, subject to the provisions of Section 207 of the Act, fix the time for payment. No larger dividend shall be declared than is recommended by the Board. But the Company in General Meeting may decide a smaller dividend.
- (ii) As per Article 138, no dividend shall be paid otherwise than out of the profits of the year or any other undistributed profits except as provided by Section 205 of the Act. No dividend shall carry interest against the Company.
- (iii) As per Article 139, subject to the special rights of holders of preference of shares, if any, of the time being, the profit of the company distributed as dividends or bonus shall be distributed among the member in proportion to the amounts paid or credited as paid on the shares held by them respectively, but no amount paid on a share in advance of calls shall while carrying interest be treated for the purpose of this Article as paid on the shares. All dividend shall be apportioned and paid prorata according to the amounts paid or credited for the purpose, but if any share is issued on terms providing that it shall rank for dividend accordingly.
- (iv) As per Article 140, the declaration of the amount of the net profits of the Company shall be conclusive.
- (v) As per Article 141, the Board may from time to time to pay the members such dividends as in its judgement the position of the Company justifies.
- (vi) As per Article 142, the Board may retain any dividends on which the Company has lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exist.
- (vii) As per Article 143, subject to the provisions of Article 17 any General Meeting declaring a dividend may make a call on the members of such amount of such as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him, so that the call be made payable at the same time as the dividend may be set off against the call.
- (viii) As per Article 144, no dividend shall be payable except in cash, provided that nothing in the forgoing shall be deemed to prohibit the capitalisation of profits or reserves of the Company for the purpose of issuing fully paid-up bonus shares or paying up any amount for the time unpaid on shares held by the members of the Company.

- (ix) As per Article 145, a transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer.
- (x) As per Article 146, the Director may retain the dividends payable upon shares in respect of the person is under transmission Article (Article 47) entitled to become a member or which any person under that Article is entitled to transfer, until such person become a member in respect of such shares or shall duly transfer the same.
- (xi) As per Article 146 A, the dividend on shares, in respect of which instrument of transfer of shares has been delivered to the Company for registration and transfer of shares has not been registered by the Company, shall be transferred to Special Account referred to in Section 205 A of the Act pending transfer.
- (xii) As per Article 147, the Directors may pay interest on capital raised for the construction of works or building when and so far as they be authorised to do so by section 208 of the Act.
- (xiii) As per Article 148, no dividend shall be paid in respect of any share except to the registered holder of such share or to his order to his bankers, but nothing contained in the Article shall be deemed to require the bankers of a registered shareholder to make a separate application to the Company for the payment of the dividend.
- (xiv) As per Article 149, any one of several persons who are registered as the joint-share holders of any share may give effectual receipts for all dividends, bonus and other payments in respect of such shares.
- (xv) As per Article 150, notice of any dividend whether interim or otherwise, shall be given to persons entitled to share therein the manner hereinafter provided.
- (xvi) As per Article 151, all dividend and other dues to members shall be deemed to be payable at the Registered Office of the Company, unless otherwise directed any dividend, interest or other moneys payable in each respect of a shares may be paid by cheque or warrant sent through the post to the registered address of the holder or in the case of joint holders, to the registered address of that one of the joint-holders who is the first named in the Register in respect of the joint-holdings or to such person and at such address as holder or joint-holder, as the case may be direct and every cheque or warrant so sent be made payable to the order of the person to whom it is sent.
- (xvii) As per Article 152, no unpaid and unclaimed dividend shall be forfeited and the Company shall comply with the provisions of Section 205 A of the Act.
- (xviii) As per Article 153, where any instrument of transfer of shares has been delivered to the Company for registration and the transfer of such shares has not been registered the company shall: (a) transfer the dividend in relation to such shares to the special account referred to in Section 205 A of the Act unless the Company is authorised by the holder of such shares in writing to pay such dividend to the transferring specified in such instrument of transfer. (b) keep in abeyance in relation to such shares any offer of rights shares under clause (a) of sub-section (i) of Section 81 of the Act and any issue of fully paid of bonus shares in pursuance of sub-section (3) of Section 205 of the Act.

Material Contracts And Documentation For Inspection

The following Contracts and documents (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Prospectus) which are or may be deemed material have been entered or/ are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company from 10.00 am to 1.00 pm on Working Days from the date of the filing of the Draft Prospectus with the Stock Exchange until the Issue Closing Date.

Material Contracts

1. Memorandum of Understanding between the Company and the Lead Manager.
2. Memorandum of Understanding between the Company and the Registrar to the Issue.
3. Debenture Trusteeship Agreement between the Company and CENTBANK Financial Services Limited, the Debenture Trustee.
4. Escrow Agreement dated [•] executed by our Company, the Registrar, the Escrow Collection Bank(s) and Lead Manager.
5. Tripartite Agreement dated [•] between CDSL, the Company and the Registrar to the Issue.
6. Tripartite Agreement dated [•] between NSDL, the Company and the Registrar to the Issue.

Material Documents

1. Certificate of Incorporation of Company, issued by Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh,
2. Fresh Certificate of Incorporation of the Company, issued by Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh, pursuant to change of name.
3. Fresh Certificate of Incorporation of the Company, issued by Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh, pursuant to the conversion of our Company from private limited company to a public limited company.
4. Memorandum and Articles of Association of the Company, as amended to date.
5. The Certificate of Registration issued by Reserve Bank of India under section 45IA of the Reserve Bank of India Act, 1934.
6. Credit rating letter dated April 22, 2014 from CARE, granting credit ratings to the NCDs
7. Copy of the Board Resolution dated March 28, 2014 approving the Issue.
8. Resolution passed by the shareholders of the Company at the Extraordinary General Meeting held on March 17, 2014 approving the overall borrowing limit of Company.

9. Copy of the Debenture Committee Resolution approving this Draft Prospectus.
10. Consents of the Directors, Lead Manager, Debenture Trustee, Credit Rating Agency for the Issue, Company Secretary and Compliance Officer, Legal Advisor to the Issue, Registrar to the Issue, to include their names in this Draft Prospectus and the Prospectus.
11. The consent of the Statutory Auditors of our Company, namely M/s Ashwani Gupta & Associates, Chartered Accountants for inclusion of their names as the Statutory Auditors.
12. The examination report of the Statutory Auditors M/s Ashwani Gupta & Associates, Chartered Accountants dated March 20, 2014, in relation to the Reformatted Summary Financial Statements included herein.
13. Annual Reports of the Company for the last five Financial Years ending March 31, 2010 to March 31, 2014.
14. A statement of tax benefits dated April 22, 2014 received from M/s Ashwani Gupta & Associates, Chartered Accountants regarding tax benefits available to us and our debenture holders;
15. Due Diligence certificate dated [•], filed by the Lead Manager.
16. Due Diligence certificate dated [•], filed by the Debenture Trustee.
17. In-principle listing approval letter dated [•] issued by BSE, for the Issue.

Any of the contracts or documents mentioned in this Draft Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the applicants subject to compliance of the provisions contained in the Companies Act, 1956, applicable and notified provisions of the Companies Act, 2013 and other relevant statutes.

DECLARATION

We, the Directors of the Company, certify that all the relevant provisions of the Companies Act 1956, the Companies Act, 2013 as applicable on the date of this Draft Prospectus, the SEBI Debt Regulations, and the guidelines issued by the Government or the guidelines issued by the Securities and Exchange Board of India and all applicable legal requirements in connection with the Initial Public Issue, as the case may be, have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act 1956, the Companies Act, 2013 as applicable on the date of this Draft Prospectus or the Securities and Exchange Board of India Act, 1992 or rules made or guidelines issued thereunder or the SEBI Debt Regulations or any other applicable legal requirements in connection with the Initial Public Issue. We further certify that the Draft Prospectus does not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that all statements in the Prospectus are true and correct.

Yours faithfully

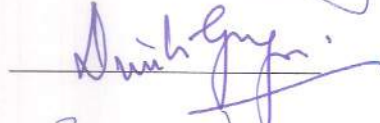
Amardeep Singh Samra

Managing Director



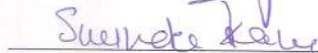
Dinesh Gupta

Director



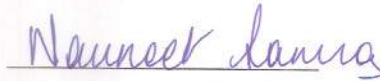
Surinder Kaur Samra

Director



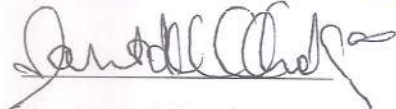
Navneet Kaur

Director



Santokh Singh Chhokkar

Director



Jagdeep Singh

Director



Shant Kumar

Director



Vijay Kumar Bhandari

Director



Place:

Date:

Exhibit A: Trustee Consent Letter



CIN: U67110MH1929GOI001484

e-mail: info@cfsi.in

website: www.cfsi.in

CENTFIN:2014:C-85:279
18 April 2014

Midland Microfin Limited
Gobind Niwas, 2nd Floor
36 G.T. Road
JALANDHAR-114001 (Punjab)

SUB.: PUBLIC ISSUE BY MIDLAND MICROFIN LIMITED ("**Issuer**" or the "**company**")
OF SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS OF/UPTO ₹ 25 Crore
OF THE FACE VALUE OF ₹ 10,000 EACH IN THE NATURE OF DEBENTURES

Sirs,

We, Centbank Financial Services Ltd, do hereby in-principle consent to act as the Debenture Trustee to the above Issue and to our name and details being inserted in the Draft Prospectus which is to be filed with the stock exchanges where the Bonds are proposed to be listed ("**Stock Exchanges**") for public comments and Securities and Exchange Board of India ("**SEBI**"), and the Final Prospectus to be filed with the Registrar of Companies ("**RoC**"), SEBI and Stock Exchanges, as well as in any Abridged Prospectus, and also all related advertisements and the subsequent communications sent to the holders of debt securities pursuant to the Issue.

We hereby authorise you to deliver this letter of consent to the Stock Exchanges, RoC and SEBI or any other statutory/regulatory authority, as may be required.

The following details with respect to us may be disclosed:

Name:	Centbank Financial Services Ltd
Address	15-16 Bajaj Bhawan, 1 st Floor, Opp Inox Multiplex, Nariman Point, Mumbai 400021 (Maharashtra)
Telephone	(022) 2202 2788
Fax	(022) 2202 5043
E-mail	ramakrishna@cfsi.in
Investor Grievance e-mail	dts@cfsi.in
Website	www.cfsi.in
Contact Person	Mr S Rama Krishna, Senior Vice President
SEBI Registration No.	IND000000502

We certify that we have not been prohibited from SEBI to act as an intermediary in capital market issues. We confirm that we are registered with the SEBI and that such registration is valid as on date of this letter. We further confirm that no enquiry/ investigation is being conducted by SEBI on us. Copy of our SEBI Registration Certificate and Declaration regarding our registration with SEBI in the required format is attached as Annexure A.



... 2 →

CENTBANK FINANCIAL SERVICES LTD.
(Formerly Centbank Financial & Custodial Services Ltd; *erstwhile* : The Central Bank Executor & Trustee Co. Ltd.)
Regd. Office : 15-16, Bajaj Bhawan, 1st Floor, Opp. Inox Multiplex, Nariman Point,
Mumbai - 400 021. ☎ 022 - 2202 2788 📠 022 - 2202 5043



CIN: U67110MH1929GOI001484

e-mail: info@cfsi.in

website: www.cfsi.in

:: 2 ::

We shall immediately intimate the Lead Managers of any changes, additions or deletions in respect of the aforesaid details till the date when the Bonds of the Issuer offered, issued and allotted pursuant to the Issue, are traded on the Stock Exchanges. In absence of any such communication from us, the above information should be taken as updated information until the listing and trading of the Bonds on the Stock Exchanges.

Yours faithfully,
for Centbank Financial Services Ltd

HV Kamdar
COMPANY SECRETARY & ASST. VICE PRESIDENT

Encl.: (1) Annexure 'A'
(2) Copy of SEBI Registration Certificate

CENTBANK FINANCIAL SERVICES LTD.

(Formerly : Centbank Financial & Custodial Services Ltd; *erstwhile* : The Central Bank Executor & Trustee Co. Ltd.)

Regd. Office : 15-16, Bajaj Bhawan, 1st Floor, Opp. Inox Multiplex, Nariman Point,
Mumbai - 400 021. ☎ 022 - 2202 2788 📠 022 - 2202 5043



CIN: U67110MH1929GOI001484

e-mail: info@cfsi.in

website: www.cfsi.in

ANNEXURE 'A'

CENTFIN:2014:C-85:280
18 April 2014

Midland Microfin Limited
Gobind Niwas, 2nd Floor,
36 G.T. Road
JALANDHAR-114001 (Punjab)

Re.: Your proposed Public Issue of Secured, Redeemable, Non-Convertible Bonds of Face Value of ₹ 10,000/- each aggregating to/upto of ₹ 25 Crore in the nature of Debentures

Details of Debenture Trustee to the Issue:

Name	CENTBANK FINANCIAL SERVICES LIMITED
SEBI Registration Number	IND000000502
Date of Registration	11 December 2009
Date of Expiry of Registration	10 December 2014
If applied for renewal, date of application	- Not Applicable -
Any communication from SEBI prohibiting us from acting as registrar	No
Any enquiry/investigation being committed by SEBI	No
Period up to which renewal fee has been paid	10 December 2014

We shall immediately intimate the Lead Managers and Issuer of any changes, additions or deletions in respect of the matters covered in this certificate till the date when the securities of the Issuer, offered, issued and allotted pursuant to the Issue, are traded on the Stock Exchanges. In absence of any such communication from us, the above information should be taken as updated information until the listing and trading of the Bonds on the Stock Exchanges.

Yours faithfully,

for Centbank Financial Services Ltd

HV Kamdar
COMPANY SECRETARY & ASST VICE PRESIDENT



CENTBANK FINANCIAL SERVICES LTD.

(Formerly : Centbank Financial & Custodial Services Ltd; erstwhile : The Central Bank Executor & Trustee Co. Ltd.)
Regd. Office : 15-16, Bajaj Bhawan, 1st Floor, Opp. Inox Multiplex, Nariman Point,
Mumbai - 400 021. ☎ 022 - 2202 2788 📠 022 - 2202 5043

Exhibit B:

(a) Credit Rating Letter



CREDIT ANALYSIS & RESEARCH LTD.

13th Floor, E-1 Block, Videocon Tower
Jhandewalan Extension, New Delhi-110055
Tel. : + 91 11 45333200
Fax : + 91 11 45333238
Website : www.careratings.com

Mr. Amardeep Samra
Managing Director
Midland Microfin Ltd
2nd Floor, Gobind Niwas,
36, G.T. Road, Jalandhar – 144001.

April 22, 2014

Confidential

Dear Sir,

Credit rating for proposed Non-Convertible Debenture issue

Please refer to your request for rating of proposed long-term non-convertible debenture (NCD) issue aggregating to Rs.25.00 crore of your company. The proposed NCDs would have tenure of 3 to 9 years.

2. Our Rating Committee has assigned a 'CARE BBB-' [Triple B minus] rating to the aforesaid NCD issue. Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk. Our rating symbols for various medium and long term instruments (including NCDs) are annexed. The rationale for the rating will be communicated to you separately.
3. Please arrange to get the rating revalidated, in case the proposed issue is not made within a period of **six months** from the date of our initial communication of rating to you (that is April 21, 2014).
4. In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.
5. Please inform us the details of issue [date of issue, name of investor, amount issued, interest-rate, date of payment of interest, date and amount of repayment etc.] as soon as the NCDs have been placed.
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.

Ankita

1 of 3

[Signature]

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

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

Thanking you,

Yours faithfully,


Ankita Sehgal
Manager


Rohit Agarwal
Deputy Manager

Encl: As above

Disclaimer

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

Annexure

A. Rating Symbols and Definitions for Long /Medium Term Debt Instruments –

Symbols	Rating Definition
CARE AAA	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
CARE AA	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
CARE A	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.
CARE BBB	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.
CARE BB	Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations.
CARE B	Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations.
CARE C	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations.
CARE D	Instruments with this rating are in default or are expected to be in default soon.

Modifiers "+" (plus) / "-" (minus) can be used with the rating symbols for the categories CARE AA to CARE C. The modifiers reflect the comparative standing within the category.

(b) Credit Rating – Rationale



CREDIT ANALYSIS & RESEARCH LTD.

13th Floor, E-1 Block, Videocon Tower
Jhandewalan Extension, New Delhi-110055
Tel. : + 91 11 45333200
Fax : + 91 11 45333238
Website : www.careratings.com

Mr. Amardeep Samra
Managing Director
Midland Microfin Ltd
2nd Floor, Gobind Niwas,
36, G.T. Road, Jalandhar – 144001

April 22, 2014

Dear Sir,

Credit rating of Non-Convertible Debentures (NCDs) of Rs.25 crore

Please refer to our letter(s) dated April 22, 2014 on the above subject.

2. The rationale for the rating(s) is attached as an **Annexure - I**. Kindly note that the rationale would be published in the forthcoming issue of our monthly journal, 'CAREVIEW'.
3. A write-up (brief rationale) on the above rating(s) is proposed to be issued to the press shortly. A draft of this is enclosed for your perusal as **Annexure - II**.
4. We request you to peruse the annexed documents 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 April 23, 2014, we will proceed on the basis that you have no comments to offer.

If you have any further clarifications, you are welcome to approach us.

Thanking you,

Yours faithfully,

**Ankita Sehgal
Manager**

Encl: As above

**Rohit Agarwal
Deputy Manager**

Annexure I

Rating Rationale

Midland Microfin Limited (MML)

Rating

Instrument	Amount (Rs. crore)	Ratings ¹	Remarks
Non-convertible debentures (NCDs)	25	CARE BBB- (Triple B Minus)	Assigned
Total	25		

Rating rationale

The rating of Midland Microfin Limited (MML) derives strength from the experience of the promoter and management team, strong promoter group, good loan appraisal and portfolio management systems in place, comfortable capitalization levels and strong asset quality. However, the rating is constrained by the modest earning profile of MML, geographical concentration of operations and inherent socio-political, regulatory and operational risks. The ability of MML to grow its portfolio and improve profitability, while maintaining good asset quality and comfortable capitalization would be the key rating sensitivities.

Background

Midland Microfin Ltd (MML) was originally incorporated as 'Sajan Hire Purchase Pvt. Ltd (SHPPL)' on May 28, 1988. SHPPL was engaged in hire purchase business. In June 2010, the Midland Group of Punjab acquired SHPPL with the aim of venturing into the Microfinance business and the name of the company was changed to MML in January 2011. The hire purchase business was also discontinued at the same time. MML is registered with RBI as a non-deposit taking NBFC.

MML follows a five-member group lending methodology under Joint Liability Group (JLG) model. MML is currently operating in 3 states (i.e. Punjab, Rajasthan and Haryana). The operations are managed through a network of 21 branches with total of 46,550 active borrowers and loan portfolio of Rs.33.21 crore as on March 31, 2014.

¹ Complete definition of the ratings assigned are available at www.careratings.com and in other CARE publications

Credit Risk Assessment

Experienced promoters and management team

The promoters of MML belong to the Midland group of Punjab engaged into asset finance business. The promoters also have experience in the banking through 'Capital Local Area Bank', based in Punjab. The bank has been operating in the three districts of Jalandhar, Kapurthala and Hoshiarpur in Punjab for 14 years. The bank recently started operations of Amritsar and Ludhiana districts, thus taking the total number of branches to 34 (16 rural, 13 semi urban, 3 urban and 2 metropolitan). The management of MML is headed by Mr. Amardeep Samra, Managing Director who has an experience of over 18 years of experience in the fields of finance, hire-purchase and leasing. He is assisted by Mr. Vijay Kumar Bhandari who has over 31 years of experience in the banking industry and Mr. Dinesh Gupta who has over two decades of experience as corporate advisor and investment consultant. MML has created separate departments with clearly demarcated roles and responsibilities for handling different functions. MML has formed different board committees for technically review and formulation of policies and procedure for the working of the MFI including Audit Committee, Risk Management Committee, Board Management Committee, and Head Office Executive Committee.

Good loan appraisal & portfolio management systems in place

MML has in place a proper appraisal system. The loan appraisal is done by credit department at the head office to check the member eligibility and the joint liability group's repayment capacity which ensures proper checks on all disbursements. The management information and accounting system is adequate and can manage large volumes of data in the medium term. The MIS system provides information for the loan portfolio management both at the operational level and managerial level. It also helps in maintaining security of data and faster access to reports for day-to-day monitoring. The company has well established structure to monitor the operations and increase transparency at different levels. The company has a separate internal audit team conducting audit of the centre meetings, branches and head office at regular intervals. Furthermore, MML also has a separate helpline and grievance redressal department at head office to address the borrowers' grievances.

Comfortable capital adequacy and strong asset quality

MML's capital adequacy was comfortable at 31.58% as on March 31, 2014 (the minimum requirement being 15%). However, the capital adequacy ratio declined from 50.02% as on March 31, 2013 to 31.58% as on March 31, 2014 mainly due to increase in the company's loan portfolio which has been funded out of borrowings. MML's has been able to maintain good asset quality though the company is in a growth phase and has a short track record of operations. This has been possible with rigorous supervision by operations team and regular checks and controls of finance and internal audit department. The portfolio at risk greater than 0 days (PAR>0 days) stood low at 0.0013% as on March 31, 2014.

Modest earnings profile albeit increase in scale of operation

MML started its microfinance business in January 2011 and therefore has a short track record of operations. Disbursements during FY14 (refers to period from April 1 to March 31) was at Rs.55.78 crore against Rs.24.41 crore in FY13 registering a growth of 129%. The portfolio size increased by over 125% in FY14 to Rs.33.21 crore as on March 31, 2014 from Rs.14.63 crore as on March 31, 2013. Growth in business led to improvement in total income by 101% during FY14 and PAT margin from 3.17% in FY13 to 6.58% in FY14. The return on total assets improved from 0.91% in FY13 to 1.95% in FY14.

However, the earnings profile of MML is modest marked by total income of Rs. 8.11 crore in FY14 and profitability of Rs.0.53 crore in FY14. The total income for FY14 also includes advisory income of Rs.0.89 crore. The operating expenses ratio remains high at 14.70% for FY14.

Geographical concentration of portfolio base

MML is operating in 18 districts across 3 states (viz. Punjab, Rajasthan and Haryana) as on March 31, 2014. As on March 31, 2014, approximately 82% of loan portfolio is concentrated in Punjab, 8% in Rajasthan and 10% in Haryana. Operations in Haryana were commenced in FY14 which has led to decline in regional concentration of Punjab from 98% as on March 31, 2013 to 82% as on March 31, 2014.

Regulatory uncertainty and socio-political intervention risks in the microfinance industry

On the regulatory front, the key development was implementation of the Malegam Committee recommendations by RBI for creating separate category for NBFC-MFIs and retaining the priority sector status for NBFC-MFIs. The regulations are for both operational and financial aspects of an MFI and provide comprehensive framework across the country and bring more clarity on the regulatory framework for the sector.

The central government has also released draft (to be tabled in the parliament) MFI bill (The Microfinance Institutions Development and Regulation Bill 2011) intending to provide formal statutory framework for the microfinance sector.

However, until a clear and unambiguous set of guidelines are implemented for the sector, the risk of intervention similar to AP ordinance in other regions is a key rating sensitivity. Socio-political intervention risk would continue to be a key rating sensitivity.

Prospects

Going forward, as the company focuses on increasing its scale of operations, the ability of the company to improve its profitability and maintain comfortable capitalization and asset quality would remain crucial. Furthermore, the enactment of the MFI bill shall also be crucial for reducing the regulatory uncertainty in the MFI sector.

Financial Performance
(Rs. Cr)

As on / Year ended March 31,	2012	2013	2014
	A	A	A
Working Results (Rs. Crore)			
Interest on Loans	0.58	2.45	6.11
Total Income	1.10	4.03	8.11
Interest Expense & Finance Charges	0.42	1.23	3.06
Net interest income	0.17	1.22	3.05
Operating Expenses	1.14	2.31	3.88
Depreciation	0.06	0.09	0.15
Total Provision / Write offs	0.04	0.11	0.19
PBT	-0.63	0.28	0.82
PAT	-0.36	0.13	0.53
Financial Position (Rs.Crore)			
Tangible Net worth	5.36	5.50	7.21
Total Borrowings	3.69	12.06	25.25
Total Loan Portfolio (own)	3.81	14.63	33.21
Total Assets	9.27	18.82	36.05
Assets Under Management (AUM)	3.81	14.63	33.21
Key Ratios			
Solvency			
Overall Gearing (times)	0.69	2.19	3.50
Interest coverage (times)	-0.18	1.31	1.32
Capital Adequacy Ratio (CAR) (%)	173.04	50.02	31.58
Tier I CAR (%)	115.36	32.75	20.43
Profitability (%)			
Net Interest Margin	2.15	8.67	11.12
Operating Expenses/ Average Total Assets	15.58	17.11	14.70
ROTA (PAT / Average Total Assets)	-4.64	0.91	1.95
PAT / Total Income (PAT Margin)	-32.56	3.17	6.58
Asset Quality Ratios (%)			
Gross NPA Ratio	Nil	Nil	Nil
Net NPA Ratio	Nil	Nil	Nil
Net NPA to Net-worth	Nil	Nil	Nil

*Note: Ratios have been computed based on average of annual opening and closing balances;
NIM has been calculated as net interest income/ average annual total assets*

Disclaimer

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

Annexure II

Brief Rationale

CARE assigns 'CARE BBB-' rating to the proposed Non-Convertible Debentures (NCDs) of Midland Microfin Limited

Rating

Instrument	Amount (Rs. Crore)	Ratings¹	Remarks
Non-convertible debentures (NCDs)	25	CARE BBB- (Triple B Minus)	Assigned
Total	25		

Rating rationale

The rating of Midland Microfin Limited (MML) derives strength from the experience of the promoter and management team, strong promoter group, good loan appraisal and portfolio management systems in place, comfortable capitalization levels and strong asset quality. However, the rating is constrained by the modest earning profile of MML, geographical concentration of operations and inherent socio-political, regulatory and operational risks. The ability of MML to grow its portfolio and improve profitability, while maintaining good asset quality and comfortable capitalization would be the key rating sensitivities.

Background

Midland Microfin Ltd (MML) was originally incorporated as 'Sajan Hire Purchase Pvt. Ltd (SHPPL)' on May 28, 1988. SHPPL was engaged in hire purchase business. In June 2010, the Midland Group of Punjab acquired SHPPL with the aim of venturing into the Microfinance business and the name of the company was changed to *MML* in January 2011. The hire purchase business was also discontinued at the same time. MML is registered with RBI as a non-deposit taking NBFC.

MML follows a five-member group lending methodology under Joint Liability Group (JLG) model. MML is currently operating in 3 states (i.e. Punjab, Rajasthan and Haryana). The

¹ Complete definition of the ratings assigned are available at www.careratings.com and in other CARE publications



operations are managed through a network of 21 branches with total of 46,550 active borrowers and loan portfolio of Rs.33.21 crore as on March 31, 2014.

During FY14 (refers to the period April 1 to March 31), MML reported a PAT of Rs.0.53 crore on a total income of Rs.8.11 crore as compared with a PAT of Rs.0.13 crore on a total income of Rs.4.03 crore in FY12. As on March 31, 2014, the assets under management (AUM) stood at Rs.33.21 crore and the capital adequacy ratio (CAR) was 31.58%.

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

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