

INFORMATION MEMORANDUM OF SUBORDINATED DEBTS

OF RICHFIELD FINANCIAL SERVICES LTD. ("COMPANY") (A public company incorporated under the provisions of the Companies Act, 1956)

1. GENERAL INFORMATION

- i. Name, address, website and other contact details of the company indicating both registered office and corporate office;

Issuer/ Company:

Our Company was originally incorporated on April 16, 1992, as '**Richfield Portfolio Management Private Limited**' under the provisions of the Companies Act, 1956 with the Registrar of Companies, Calcutta, West Bengal. In the following calendar year of 1993, the name of the Company was changed from 'Richfield Portfolio Management Private Limited' to '**Richfield Financial Services Private Limited**', in pursuance of which a fresh certificate of incorporation was issued by the Registrar of Companies, Calcutta, West Bengal, on February 02, 1993, wherein the change of name of the Company was recorded. Later in the next following calendar year of 1994, the Company was converted from a private limited company to public limited company, resulting in deletion of the word private from the name of the Company, consequentially effecting of issuance of a fresh Certificate of Incorporation dated December 16, 1994, in the name of '**Richfield Financial Services Limited**'. The Corporate Identification Number of the Company is 'L65999WB1992PLC055224'.

Our Company had registered with Reserve Bank of India as a 'Non-Banking Finance Company' having Certificate bearing registration number '05.00093' dated February 18, 1998.

The entire Equity Share capital and Voting Share Capital of the Company is listed at BSE Limited and The Calcutta Stock Exchange Limited. The Company has already established connectivity with Central Depositories Services (India) Limited (hereinafter referred to as 'CDSL') and National Securities Depository Limited (hereinafter referred to as 'NSDL'); The Equity Shares of the Company bearing International Securities Identification Number 'INE201C01012' are placed under Group 'XT' bearing Scrip Code '539435' and Scrip ID 'RFSL' on the BSE. The Equity Shares bear scrip code of '028162' on The Calcutta Stock Exchange Limited.

The Company's shares were previously listed at The Calcutta Stock Exchange Limited and were listed and admitted to dealings on BSE Limited by being in receipt of an approval for listing at BSE Limited vide Notice number '20151102-9' dated November 02, 2015, under the list of XT Group. There has been no trading in the Equity Shares of the Company on The Calcutta Stock Exchange Limited.

A share purchase agreement was executed by the existing promoters Mr. Vadasseril Chacko Georgekutty, Mr. Midhun Ittoop, and Mr. Varghese Mathew with the erstwhile Promoters and the Members of the Promoter group of the Company on Wednesday, 16 June, 2021, in pursuance of which an open offer was triggered in accordance with the provisions of Regulation 3 (I) and 4 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, and subsequent amendments thereto. (Open Offer). The Company received approval from Reserve Bank

of India vide letter bearing reference number 'KOL.DOS.RSG.No.S205/02-02-300/2021-22' dated August 13, 2021 for the change in management and control. The erstwhile promoters of the company has sold their shares in the said open offer.

Registered Office:

2B, Grant Lane, 2nd Floor,
Kolkata West Bengal 700012
E-mail: rfl.nbfc@gmail.com
Website: www.rfl.co.in/

Corporate Office:

5th Floor, V M Plaza,
Palarivattom, Ernakulam, Kerala-682025
Ph: 0484 4033100

- ii. Date of incorporation of the company: April 16, 1992
- iii. Business carried on by the company and its subsidiaries with the details of branches or units, if any:

We are a "**NBFC-Base Layer**" Company (non-deposit taking non - systemically important non-banking finance company). We had originally obtained a Certificate of Registration in the name of **Richfield Financial Services Limited**' dated February 18, 1998 bearing registration no. 05.00093' issued by the RBI to commence the business of non-banking financial institution without accepting public deposits subject to the conditions mentioned in the Certificate of Registration under Section 45 IA of the RBI Act.

We operate primarily in three business verticals: (i) micro, small and medium enterprises loan, (ii) microfinance loan and (iii) vehicle loans.

As on the date of this Information Memorandum, our Company does not have a subsidiary.

As on December 31, 2023, we operate through the following branches in the state of Kerala managed through our corporate office located at Kochi.

- Amballur
- Balussery, Kozhikode
- Koduvally, Kozhikode
- Perambra, Kozhikode
- Ramanattukara, Kozhikode

- iv. Brief particulars of the management of the company:

Board of Directors of the Company currently consists of five (5) directors and all management powers are vested with the Board. The details of Board of Directors are explained in point no. (v)

v. Names, addresses, Director Identification Number (DIN) and occupations of the directors:

| Sl. No. | Name of the Director | Full Address | Designation | Date of Appointment | DIN | Occupation |
|---------|-------------------------------|---|----------------------|---------------------|----------|--------------|
| 1. | Vadasseril Chacko Georgekutty | Keeyalil Vadasseril, Vettickal P.O. Kanayanoor Village, Mulamthuruthy, Ernakulam - 682314 | Managing Director | 11/10/2021 | 09194854 | Business |
| 2. | Neethu Subramoniyan | TC-11/1905, NBRA-41, Nethaji Bose Road, Kowdiar, Thiruvananthapuram, Kerala- 695003, India | Independent Director | 11/10/2021 | 08788544 | Professional |
| 3. | Indu Kamala Ravindran | Rama Nilayam Eswaramangalam, Opposite Sangeethasilpam, Sreekrishnapuram, Sreekrishnapuram – I, Palakkad Kerala - 679513 | Independent Director | 11/10/2021 | 09252600 | Professional |
| 4. | Midhun Ittoop | Konuparamban House, Hospital Road Chalakudy P O, Mukundapuram, Thrissur Kerala- 680307 | Director | 17/03/2022 | 07006994 | Business |
| 5. | Varghese Mathew | Cherakkunnathu, mudavoor, Muvattupuzha, Velloorkunnam (Part), Ernakulam- 686669, Kerala | Director | 17/03/2022 | 08001027 | Business |

Brief Profile of Directors

Vadasseril Chacko Georgekutty: aged 51 years is the Managing Director of our Company. He completed his masters' in business administration from National Institute of Bank Management; and has more than 24 (twenty-four) years of rich experience working with various Non-Banking Financial Companies in the field of sales and marketing, regional manager, area manager and managing branches in sales, marketing, operation, administration, staffing, etc.; He is not holding directorship in any other company.

Neethu Subramoniyan: aged 32 years is an Independent Director of our Company. She is a Practicing Company Secretary, from Thiruvananthapuram. She is a fellow member of the Institute of Company Secretaries of India (ICSI). She also holds a Master Degree in Commerce. She has been working with various corporates since past 10 years. Her major area of practice includes NBFC's and Nidhi Companies.

Indu Kamala Ravindran: aged 48 years is an Independent Director of our Company. She is an Advocate who provides Management support services to the agencies and organizations and working in social development and services sector. She strives to assist development partners to achieve their results efficiently and effectively. She offers legal consultancy services to Department of Forest and Environments, banks and Financial Institutions.

Midhun Ittoop: aged 32 years is a Non - Executive Director of the Company. He has completed his Masters in International Business, Masters in Commerce, and Bachelor of Technology (Mechanical) and has more than five years' rich experience in the field of business development. He is not holding directorship in any other company.

Varghese Mathew: aged 32 years is a Non - Executive Director of the Company. He has completed his master in business administration with specialization in finance. He has one year of working experience as a tax analyst in Deloitte. He has also experience in the field of Hotel Industry. He is acting in the capacity of director in Highland Star Hotels and Resorts Private Limited (Olive Downtown) and a Managing Director at Carbomix Polymers (India) Private Limited.

vi. Management's perception of risk factors:

An investment in Subordinated Debts involves a certain degree of risk.

The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the Subordinated Debts.

The following risk factors are determined on the basis of their materiality. In determining the materiality of risk factors, we have considered risks which may not be material individually but may be material when considered collectively, which may have a qualitative impact though not quantitative, which may not be material at present but may have a material impact in the future. Additional risks, which are currently unknown or now deemed immaterial, if materialise, may have a material adverse effect on our business, financial condition and results of operations in the future. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section.

Risks relating to our business and our Company include, but are not limited to the following:

- 1) We are subject to supervision by regulatory authorities and non-compliance with observations made by regulatory authorities during their periodic inspections could expose us to penalties and restrictions which in turn may affect our business and operations;
- 2) Our financial performance is particularly vulnerable to interest rate volatility. If we are unable to manage interest rate risk in the future it could have an adverse effect on our net interest margin, thereby adversely affecting business and financial condition of our company;

- 3) Our business requires substantial capital, and any disruption in funding sources would have a material adverse effect on our liquidity and financial condition;
- 4) High levels of customer defaults or delays in repayment of loans could adversely affect our business, financial condition and results of operations;
- 5) If we are unable to manage the level of NPAs in our Loan Assets, our financial position and results of operations may suffer;
- 6) Our indebtedness and the conditions and restrictions imposed by our financing agreements could restrict our ability to conduct our business and operations in the manner we desire;
- 7) We have limited operating history and evolving business make it difficult to evaluate our business and future operating results on the basis of our past performance, and our future results may not meet or exceed our past performance;
- 8) We may not be able to recover, on a timely basis or at all, the full value of collateral or amounts which are sufficient to cover the outstanding amounts due under defaulted loans;
- 9) Our Company, Directors and Promoter are subject to certain legal proceedings and any adverse decision in such proceedings may have a material adverse effect on our business, financial condition and results of operations;
- 10) We are subjected to supervision and regulation by the RBI as a Non - systemically important non - deposit accepting NBFC-Base Layer, and changes in RBI's regulations governing us could adversely affect our business;
- 11) We are subject to regulations in respect of provisioning for non-performing assets. If such provisions are not sufficient to provide adequate cover for loan losses that may occur, this could have an adverse effect on our financial condition, liquidity and results of operations;
- 12) We are subject to supervision by regulatory authorities and non-compliance with observations made by regulatory authorities during their periodic inspections could expose us to penalties and restrictions which in turn may affect our business and operations;
- 13) Our loan book comprises of unsecured loans forming a part of our Microfinance loan. Our inability to recover the amounts due from customers in connection with such loans in a timely manner or at all and/or to comply with applicable statutory/regulatory requirements in connection with such loans could adversely affect our operations and profitability;
- 14) Our business operations involve transactions with relatively high-risk borrowers. Any default from our customers could adversely affect our business, results of operations and financial condition.

- 15) Volatility in the market price of gold may adversely affect our financial condition, cash flows and results of operations.
- 16) We face increasing competition in our business which may result in declining margins if we are unable to compete effectively.
- 17) We are exposed to operational risks, including employee negligence, petty theft, burglary and embezzlement and fraud by employees, customers or third parties, which could harm our results of operations and financial position.
- 18) If we are unable to manage our growth effectively, our business and reputation could be adversely affected.
- 19) We may experience difficulties in expanding our business into new regions and markets in India and introducing our complete range of products in each of our branches.
- 20) Our business is based on the trust and confidence of our customers; any damage to that trust and confidence may materially and adversely affect our business, future financial performance and results of operations
- 21) System failures or inadequacy and security breaches in computer systems may adversely affect our business.
- 22) We have expanded into new lines of business and if we are unable to successfully run the new businesses profitably, our results of operations and financial condition may be affected.
- 23) Fluctuation in the interest rate may adversely affect our financial condition, cash flows and results of operations.
- 24) Any downgrade in our credit ratings could increase borrowing costs and adversely affect our access to capital and lending markets and could also affect our interest margins, business, results of operations and financial condition.
- 25) Our measures to prevent money laundering may not be completely effective and we may be subject to scrutiny and penalties by the RBI for failure to implement effective measures. Moreover, various state government laws regulating money lending transactions could adversely affect our business, prospects, results of operations and financial condition.
- 26) We depend on the accuracy and completeness of information about customers and counterparties for certain key elements of our credit assessment and risk management process. Any misrepresentation, errors in or incompleteness of such information could adversely affect our business and financial performance
- 27) Our ability to assess, monitor and manage risks inherent in our business differs from the standards of some of our counterparts in India and in some developed countries.

- 28) Our success depends in large part upon our management team and key personnel and our ability to attract, train and retain such persons.
- 29) We have had negative net cash flows from our operating, investing and financing activities in the recent fiscal years. Any negative cash flows in the future may adversely affect our results of operations and financial condition.
- 30) Our insurance coverage may not be sufficient or may not adequately protect us against any or all hazards, which may adversely affect our business, results of operations, financial condition and cash flows.
- 31) All of our offices and branches are located in leased premises and non-renewal of lease agreements or their renewal on terms unfavorable to us could adversely affect our operations
- 32) A decline in our capital adequacy ratio could restrict our future business.
- 33) We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders
- 34) The bankruptcy code in India may affect our rights to recover loans from borrowers
- 35) The fund requirement and deployment mentioned in the Objects of the Issue have not been appraised by any bank or financial institution
- 36) Our results of operations could be adversely affected as a result of any disputes with our employees
- 37) We cannot guarantee the accuracy or completeness of facts and other statistics with respect to India, the Indian economy and the NBFC and Loan industries contained in this Prospectus

Instrument related risk include, but are not limited to the following:

1. Subordinated Debts being issued are un- secured and subordinate obligations of the company in the nature of Promissory Notes and are subordinate to all other liabilities of the company.
2. Subordinated Debts are for a fixed term with a maturity period of 60 months and it cannot be redeemed before its due date at the option of the applicant(s).
3. Payment of interest/ principal shall be as per the option indicated in the Application Form and the changes, if any will be duly notified to the company well in advance. The company shall not be responsible for any loss or damages that may occur to the applicants in any manner due to the failure in notifying the company of such changes.
4. Our Company may raise further borrowings and charge its assets after receipt of necessary consents from its existing lenders. In such a scenario, it may reduce

the amounts recoverable by the Subordinate Debt Holders upon our Company's bankruptcy, winding up or liquidation

5. Payments to be made on the Subordinate Debt Holders are also subordinated to certain taxes and other liabilities preferred by law. In the event of bankruptcy, liquidation or winding up, there may not be sufficient assets of our Company remaining, to pay amounts due on the Subordinate Debt

External Risk Factors

1. Our business is affected by prevailing economic, political and other prevailing conditions in India and the markets we currently serve;
 2. Financial difficulties and other problems in certain financial institutions in India could cause our business to suffer and adversely affect our results of operations
 3. Natural disasters and other disruptions could adversely affect the economy and could adversely affect our business, results of operations and financial condition.
 4. We face risks related to public health epidemics in India and abroad
 5. Instability of economic policies and the political situation in India could adversely affect the fortunes of the industry.
- vii. Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of –
- i) statutory dues;
 - ii) debentures and interest thereon;
 - iii) deposits and interest thereon;
 - iv) Loan from any bank or financial institution and interest thereon.

No default exists as on date with respect to repayment of statutory dues, debentures and interest thereon, deposits and interest thereon and Loan from any bank or financial institution and interest thereon.

- viii. Names, designation, address and phone number, email ID of the nodal/ compliance officer of the company, if any, for the offer process:

Mr. Vadasseril Chacko Georgekutty
Managing Director
4th Floor, V M Plaza,
Palarivattom, Cochin, Kerala-682025

Ph: 0484 4033100 / 0484-4281128

Email ID: subdebt.richfield@gmail.com / rfs1.nbfc@gmail.com

- ix. Any default in annual filing of the Company under the Companies Act, 2013 for the rules made thereunder:

There are no defaults in annual filing of the Company under the Companies Act, 2013 or the rules made thereunder.

2. PARTICULARS OF OFFER

- i. Financial position of the Company for the last 3 financial years:

Copy of Audited standalone financial statements for last 3 years is annexed herewith as Annexure-1. The summary of the financial position of the Company for the last 3 financial years are as under:

(Rs.)

| Particulars | 2022-23 | 2021-22 | 2020-21 |
|---|---------------|------------------|------------------|
| Revenue from operation | 33,39,022 | 43,03,450 | 1,06,94,629 |
| Other income | 1,65,390 | 1,07,021 | 22,824 |
| Total income | 35,04,412 | 44,10,471 | 1,07,17,452 |
| Total expenditure | 34,30,584 | 28,26,200 | 55,73,342 |
| Profit or loss before tax and extraordinary items | 73,827 | 15,84,271 | 51,44,111 |
| Net tax expenses | 12,631 | 2,14,115 | 7,88,898 |
| Profit or loss for the period | 86,459 | 13,70,156 | 43,55,213 |

- ii. Date of passing of board resolution: Friday, January 19, 2023 authorizing the issue of Subordinated Debt
- iii. Date of passing of shareholder's resolution authorizing the borrowing powers of the Company upto Rs. 25 Cr. (Rs. Twenty-Five Crores): Friday, August 25, 2023. (Copy of shareholder resolution is attached as Annexure-3).
- iv. Kinds of securities offered (i.e. whether share or debenture) and class of security:
- Not applicable
- v. Price at which the security is being offered including the premium, if any, alongwith justification of the price:
- Unsecured non-convertible, redeemable, subordinated Debt of Rs. 1000/- each having a minimum maturity period of 60 months
- vi. Name and address of the valuer who performed valuation of the security offered and basis on which the price has been arrived at along with report of registered valuer:
- Not Applicable.
- vii. Relevant date with reference to which the price has been arrived at:
- Not applicable.
- viii. The class or classes of persons to whom the allotment is proposed to be made:
- Prospective applicants who satisfy the requirements as specified in the application form.

ix. Intention of promoters, directors or key managerial personnel to subscribe to the offer:

The promoters, directors or key managerial personnel do not intend to subscribe to the offer.

x. The proposed time within which the allotment shall be completed.

The allotment will be completed within 60 days from the receipt of the application money.

xi. The name of the proposed allottees:

Not applicable

xii. The change in control, if any, in the company that would occur consequent to the private placement:

No change in control of the company would occur consequent to the private placement of NCDs.

xiii. The number of persons to whom allotment on preferential basis/private placement/right issue has already been made during the year, in terms of number of securities as well as price:

Not applicable

xiv. The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer:

The consideration of the proposed issue is cash. Therefore, valuation report of the registered valuer is not applicable.

xv. Amount which the company intends to raise by way of proposed offer of securities:

Within the existing borrowing powers of the Company.

xvi. Terms of raising of securities: Duration, if applicable, rate of interest, mode of payment and repayment:

| SCHEMES | INTEREST OPTION | MATURITY | INTEREST RATE UP TO | | RATE OF INTEREST MAY CHANGE AS PER THE POLICY OF THE COMPANY |
|----------------|------------------------|-----------------|----------------------------|------------|---|
| SCHEME 1 | Monthly | 60 months | 60 months | 12.00% p.a | After 60 months |
| SCHEME 2 | Yearly | 60 months | 60 months | 12.25% p.a | After 60 months |
| SCHEME 3 | Doubling | 72 months | NA | NA | NA |

Ranking of Subordinated Debts:

Subordinated Debts being issued are un- secured and subordinate obligations of the company in the nature of Promissory Notes and are subordinate to all other liabilities of the company.

Nomination facility to Subordinated Debts Holder:

As Subordinated Debts are held in the physical form, nominations registered with the Company would prevail. If the investors require changing their nomination, they are requested to inform the respective Branches by filling up the respective form in connection with Subordinated Debts held in the physical form.

Renunciation:

This information memorandum **does not carry any right of renunciation** and no person other than the person addressed is allowed to apply through the application form and any application not conforming the same shall be treated as invalid.

Working Days:

All days excluding Sundays or a holiday of scheduled commercial banks in Kochi.

Working Days convention:

If the date of payment of interest does not fall on a working day, then the interest payment will be made on succeeding working day, however the calculation for payment of interest will be only till the originally stipulated interest payment date. The dates of the future interest payments would be as per the originally stipulated schedule.

Day Count Convention:

Interest shall be computed on actual/actual basis.

Maturity and Redemption:

Subordinated Debts are for a fixed term with a maturity period of 60 months and it cannot be redeemed before its due date at the option of the applicant(s).

Basis of payment of Interest / Manner of Payment of Interest / Redemption amounts

Payment of interest/ principal shall be as per the option indicated in the Application Form and the changes, if any will be duly notified to the company well in advance. The company shall not be responsible for any loss or damages that may occur to the applicants in any manner due to the failure in notifying the company of such changes.

Interest On Subordinated Debt

The Subordinated Debts shall carry interest from the date of clearing of cheque at the rate set on the certificate subject to deduction of tax at source at the rates prevailing from time to time under the provisions of income Tax Act 1961 or any statutory modifications or re-enactment thereof. The interest rate may also change subject to the policy of the company.

Lock in Period

Subordinated Debt will not be redeemed within 60 months from the date of allotment.

Future Fund Raising

The Company will be entitled to raise funds in whatsoever forms as also future debenture/other securities in any manner having such ranking priority paripassu or otherwise and change the capital structure including issue of shares of any class on such terms and conditions the company may deem appropriate without the consent or intimation to the Holder(s) in this connection.

Payment On Redemption

Payment on redemption of the Subordinated Debt will be made only on the surrender of the Certificate duly discharged by the Holder. The interest on the Subordinated Debt(s) will cease to accrue from the due date of redemption in all events.

Notice

Notice to the Debt Holders required by the company shall be deemed to have been given if sent by ordinary post or through electronic means to original holder or final allotted or registered holders of the Debts as the case may be. All notices to be given by the Holders shall be sent by registered post or by hand delivery to the company or to such persons at such addresses as may be notified by the Company from time to time.

Issue of Duplicate Debt Certificate(s)

If any Debt Certificate(s) is/are mutilated or defaced the same may be replaced by the company against surrender of such certificate(s) upon payment by the claimant of such costs as may be determined by the Company in the event of destroyed, stolen or lost, a duplicate certificate thereof will be issued after the Company is satisfied by the genuineness of the matter and may demand such evidence and indemnity as is deemed necessary.

Rights of Holders

The Holder(s) will not be entitled to any rights or privileges of shareholders other than those available to them under the relevant statutes. The Debts shall not confer upon the holders the right to receive notice or to attend or vote at the general meeting of the Company.

Denomination of Debt Certificate

One consolidated Debt Certificate will be issued per applicant for the entire number of Debts allotted unless otherwise requested by the applicant in the application form.

Mode of Transfer of Debts

The subordinated debts being negotiable instruments transferable by endorsement and delivery by the transferor. This shall be made on the separate transfer deed available with the Company. Such endorsement, in the case of joint holding by more than one party shall be made by all holders. The transferee shall also affix the signature on the transfer deed. The transfer deed together with Certificate should be lodged with the Company for registration of transfer at least one month prior to the interest due dates. At present no stamp duty is payable on transfer of the Subordinated Debts. The Company on being satisfied will register the transfer of such subordinated Debts on the Register of Debt Holders. In the event of delay in the lodgement for transferee, interest payment due shall be made to the holder whose name appears on the register of Debt Holders. In such cases claims for the interest by the transferees would need to be settled with the transferor only and not with the Company.

Form and Nature

Subordinated Debts are unsecured in nature and are negotiable instruments transferable by endorsement and delivery. The Debts will constitute direct unsecured and subordinated obligations of the Company, subordinate to the claims of all other creditors of the company present and future as regards repayment of principal and payment of interest by the company from out of its own fund. The subordinated Debts issued by the company are not marketable.

Modification of Rights

The rights, privileges, terms and conditions attached to the Debt may be varied, modified or abrogated with the consent in writing of those holders of debts who hold at least three fourth of the outstanding amount of the Debts or with the sanction accorded pursuant to a special resolution passed at the meeting of the Holders. Provided that no such consent or resolution modifies or varies the terms and condition of the subordinated debts, if the same are not acceptable to the Company.

Application Under Power of Attorney

A certified copy of the power of attorney or the relevant authority as the case may be along with names and specimen signature of all the authorized signatories and the tax exemption certificate / document if any must be lodged separately at the registered / Corporate office of the Company simultaneously with submission of the completed application form. Similarly, any modifications, additions in the power of attorney or authority shall also be notified to the registered / Corporate office of the Company.

Issue of Debt Certificates

The Subordinated Debt Certificate(s) will be dispatched to the applicants within 30 days from the date of allotment.

PREMATURE CLOSURE AND LOANS WILL NOT BE ALLOWED AGAINST SECURITY OF THE SUBORDINATED DEBT.

xvii. Proposed time schedule for which the information memorandum is valid:

The Information memorandum is valid for the financial year 2023-24 and 2024-25 shall be subject to the changes as may be deemed necessary and fit.

xviii. Purpose and objects of the offer:

The proceeds from the issue of Subordinated Debts shall be utilized by the Company for the purpose of onward lending, financing and repayment/prepayment of principal and interest on existing borrowings and general corporate purposes.

xix. Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects:

Not Applicable.

xx. Principle terms of assets charged as security, if applicable:

Not applicable

xxi. The details of significant and material orders passed by the Regulators, Courts and Tribunals impacting the going concern status of the Company and its future operations:

No significant and material orders were passed by the Regulators, Courts and Tribunals impacting the going concern status of the Company and its future operations.

xxii. The pre issue and post issue shareholding pattern of the Company.

| Sl. No | Category | Pre Issue | | Post Issue | |
|----------|-----------------------------|--------------------|--------------------|--------------------|--------------------|
| | | No. of Shares held | % of share holding | No. of Shares held | % of share holding |
| A | Promoters' holding : | | | | |
| 1 | Indian : | | | | |
| | Individual | 17,82,018* | 47.51% | 17,82,018* | 47.51% |
| | Bodies Corporate | - | - | - | - |
| | Sub Total | 17,82,018* | 47.51% | 17,82,018* | 47.51% |
| 2 | Foreign Promoters | - | - | - | - |
| | Sub Total (A) | 17,82,018* | 47.51% | 17,82,018* | 47.51% |

| B | Non-Promoters' holding : | | | | |
|----------|---------------------------------|------------------|-------------|------------------|-------------|
| 1 | Institutional Investors | - | - | - | - |
| 2 | Non-Institution : | | | | |
| | Private Corporate Bodies | 4,40,849 | 11.75% | 4,40,849 | 11.756% |
| | Directors and Relatives | 1,86,875 | 4.98% | 1,86,875 | 4.98% |
| | Indian Public | 13,40,358 | 35.74% | 13,40,358 | 35.74% |
| | Sub Total (B) | 19,68,082 | 52.48% | 19,68,082 | 52.48% |
| | GRAND TOTAL (A+B) | 37,50,100 | 100% | 37,50,100 | 100% |

*The 3 promoters namely Mr. V C Georgekutty, Mr. Varghese Mathew and Mr. Mithun Ittoop are also directors in the Company.

The detailed shareholding pattern is available on the Company's website at www.rfsl.co.in.

3. MODE OF PAYMENT FOR SUBSCRIPTION

All monies payable towards subscription of Subordinated Debts shall be paid through "Account Payee" cheques in favour of "KLM AXIVA FINVEST LIMITED" or other banking channels but not by cash.

Bank account details are as under:

| | |
|----------------|----------------------------------|
| Account Name | RICHFIELD FINANCIAL SERVICES LTD |
| Bank | Federal Bank |
| Branch | Kaloor |
| Account Number | 14210200018652 |
| IFSC | FDRL0001421 |

4. DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC.

- i. Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons.

There are no financial or other material interest of the directors, promoters or key managerial personnel in the offer.

- ii. Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed

No such litigation exists.

iii. Remuneration of directors during the current year and last three financial years:

| Name of Directors | Designation | As on January 31, 2024 | As on March 31, 2023 | As on March 31, 2022 | As on March 31, 2021 |
|-------------------------------|-------------------|------------------------|----------------------|----------------------|----------------------|
| ¹ Rishabh Kankaria | Managing Director | Nil | Nil | 4,76,613 | 9,00,000 |

1. Resigned w.e.f October 11, 2021.

iv. Related party transactions entered during the last three financial years immediately preceding the year of circulation of the information memorandum including with regard to loans made or, guarantees given or securities provided:

List of Related Parties and Relationship:

(A) Key Management Personnel & Other Director

| Key Management Personnel | Designation |
|-------------------------------|-------------------------|
| Vadasseril Chacko Georgekutty | Managing Director |
| Varghese Mathew | Non-Executive Director |
| Midhun Ittoop | Non-Executive Director |
| Neethu Subramoniyam | Independent Director |
| Indu Kamala Ravindran | Independent Director |
| Vishnu Sivan | Chief Financial Officer |
| Priyanka Kalra | Company Secretary |

Details of Related party transactions during the last 3 financial years:

| Particulars | 31.03.2023 | 31.03.2022 | 31.03.2021 |
|-----------------------|------------|------------|------------|
| Director Remuneration | 0 | 7,46,613 | 9,00,000 |
| Salary & Bonus | 2,00,000 | 5,25,000 | 9,00,000 |
| Director Advances | 30,83,726 | 0 | 0 |
| Leave & License Fees | 0 | 0 | 67,500 |

The Company has not given any guarantee or provided any security during the last three financial years immediately preceding the year of circulation of offer letter.

Details of Loans disbursed by the Company during the three financial years immediately preceding the year of circulation of offer letter are under:

(Rs.)

| Particulars | Financial Years | | |
|-------------|-----------------|---------|-------------|
| | 2022-23 | 2021-22 | 2020-21 |
| Loans | 1,46,15,900 | - | 2,66,73,715 |

- v. Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of information memorandum and of their impact on the financial statements and financial position of the company and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remark:

Summary of reservations or qualifications or adverse remarks in the auditor's report of Financial year 2018-19, 2019-20 and 2020-21:

- 2018-19

A demand of Rs. 10,36,940 /- has been raised against the Company by the Income Tax Authorities for Assessment Year 2011-12 vide order u/s 144/147 dated 24.12.2018.

- 2019-20 and 2020-21

A demand of Rs. 12,19,917 /- has been raised against the Company by the Income Tax Authorities for Assessment Year 2012-13 vide order u/s 143(3)/147 dated 30.12.2019.

The corrective steps taken by the company:

- 2018-19

The Company has disputed the same by preferring an appeal against the same before the Commissioner of Income Tax (Appeals) – 2, Kolkata. The appeal is still pending. Meanwhile, the Company has deposited Rs. 2,10,000/- with Income Tax Authorities under protest.

- 2019-20

The Company has disputed the same by preferring an appeal against the same before the Commissioner of Income Tax (Appeals) – 2, Kolkata. The appeal is still pending. Meanwhile, the Company has deposited Rs. 2,47,600/- with Income Tax Authorities under protest.

- 2020-21

The Company has disputed the same by preferring an appeal against the same before the Commissioner of Income Tax (Appeals) – 2, Kolkata on 24.01.2020. However, during the current financial year i.e., FY 2020-21, the Company has preferred to settle the matter under the Direct Tax Vivad Se Vishwas Scheme, 2020 by filing Form 1 and 2 under the said scheme on 15.12.2020. The amount payable has been determined by the Income Tax Authorities vide Form 3 dated 08.01.2021 and the Company has made the final payment on 29.04.2021 and filed Form 4 on 30.04.2021. Thus, the dispute is effectively settled and only Form 5 is awaited from the Tax Authorities which is a mere formality.

- vi. Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of information memorandum in the case of company

and all of its subsidiaries. Also if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the information memorandum and if so, section-wise details thereof for the company and all of its subsidiaries:

No such inquiry, inspections or investigations were initiated or conducted under the Companies Act, 2013, or any previous company law in the last three years immediately preceding the year of circulation of offer letter against the Company or its subsidiaries.

The Company has not compounded any offences under the Companies Act, 2013 in the last three years immediately preceding the year of the information memorandum. No fines were paid by the Company in the last three years immediately preceding the year of the offer letter under SEBI (LODR) Regulations, 2015 (Listing Regulations).

- vii. Details of acts of material frauds committed against the company in the last three years, if any, and if so, the action taken by the company:

No such material frauds committed against the Company in the last three financial years which may affect the going concern status of the Company.

5. FINANCIAL POSITION OF THE COMPANY

- a) The capital structure of the company:

- i. (A) the authorised, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value):

| Description | Number of Equity Shares | Nominal value per security (Rs.) | Total Amount (Rs.) |
|--------------------------|-------------------------|----------------------------------|--------------------|
| Authorised Share Capital | 40,00,000 | 10/- | 4,00,00,000/- |
| Issued Share Capital | 37,50,100 | 10/- | 3,75,01,000/- |
| Subscribed Share Capital | 37,50,100 | 10/- | 3,75,01,000/- |
| Paid up Share Capital | 37,50,100 | 10/- | 3,75,01,000/- |

(B) size of the present offer: Within the borrowing powers of the Company.

(C) paid up capital:

i. after the offer: Rs. 3,75,01,000/- (Rupees Three Crore Seventy-Five Lakhs One Thousand only)

ii. after conversion of convertible instruments (if applicable) – Not applicable.

(D) share premium account (before the offer): Rs. 1,41,00,400 /- (Rupees One Crore Forty One Lakhs Four hundred only).

share premium account (after the offer): Rs. 1,41,00,400 /- (Rupees One Crore Forty One Lakhs Four hundred only).

ii. the details of the existing share capital of the issuer company:

| Date of allotment | No. of shares allotted | Face value of the shares (in Rs.) | Issue Price (in Rs.) | Consideration in Rs. (in cash) | Cumulative paid up share capital (in Rs.) |
|-------------------|------------------------|-----------------------------------|----------------------|--------------------------------|---|
| 16/04/1992 | 2000 | 10/- | 10/- | 20,000 | 20,000 |
| 31/03/1993 | 223000 | 10/- | 10/- | 22,30,000 | 22,50,000 |
| 31/12/1994 | 575000 | 10/- | 14/- | 80,50,000 | 80,00,000 |
| 22/09/1995 | 1000000 | 10/- | 14/- | 1,40,00,000 | 1,80,00,000 |
| 08/03/1996 | 1950100 | 10/- | 14/- | 2,73,01,400 | 3,75,01,000 |

Details of allotments made for consideration other than cash during the last one year:

No allotments made for consideration other than cash during the last one year.

b) Profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of circulation of the information memorandum:

(Rs)

| Sl. No. | Particulars | 2022-23 | 2021-22 | 2020-21 |
|---------|---|---------|-----------|-----------|
| 1 | Profits before making provision for tax | 73,827 | 15,84,271 | 51,44,111 |
| 2 | Profits after making provision for tax | 86,459 | 13,70,156 | 43,55,213 |

c) Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid/interest paid):

No dividend was declared by the Company during the last three financial years.

d) A summary of the financial position of the company as in the three audited balance sheets and provisional balance sheet immediately preceding the date of circulation of the information memorandum:

Statement of Assets and Liabilities

(Rs.)

| Sl. No. | Particulars | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2021 |
|----------|-------------------------------------|----------------------|----------------------|----------------------|
| | ASSETS | | | |
| 1 | Financial Assets | | | |
| (a) | Cash and Cash Equivalents | 6,18,12,813 | 7,96,53,017 | 3,28,328 |
| (b) | Bank Balance Other than (a) above | - | - | |
| (c) | Trade Receivables | - | - | 883 |
| (d) | Loans | 1,46,15,900 | - | 2,66,73,715 |
| (e) | Investments | - | - | 5,14,28,492 |
| 2 | Non-Financial Assets | | | |
| (a) | Current Tax Assets (Net) | 6,90,417 | 3,84,993 | 1,81,401 |
| (b) | Property, Plant and Equipment | 10,19,605 | - | 44,355 |
| (c) | Capital work- in- progress | - | - | - |
| (d) | Other Intangible Assets | - | - | - |
| (e) | Other Non-Financial Assets | 34,07,287 | 2,78,905 | 8,43,401 |
| | TOTAL ASSETS | 8,15,46,021 | 8,03,16,916 | 7,95,00,576 |
| | LIABILITIES AND EQUITY | | | |
| | LIABILITIES | | | |
| 1 | Financial Liabilities | - | - | - |
| 2 | Non-Financial Liabilities | | | |
| (a) | Provisions | 36,540 | - | 66,684 |
| (b) | Deferred tax liabilities (Net) | 7,20,404 | 7,33,035 | 7,33,035 |
| (c) | Other Non-Financial Liabilities | 13,38,853 | 2,20,115 | 25,000 |
| 3 | EQUITY | | | |
| (a) | Equity Share Capital | 3,75,01,000 | 3,75,01,000 | 3,75,01,000 |
| (b) | Other Equity | 4,19,49,224 | 4,18,62,766 | 4,11,74,857 |
| | TOTAL LIABILITIES AND EQUITY | 8,15,46,021 | 8,03,16,916 | 7,95,00,576 |

Statement of Profit and Loss

(Rs.)

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---------------|---|---------------------------------|---------------------------------|
| | Revenue From Operations | | |
| (i) | 1,84,020 | 11,37,803 | 23,46,671 |
| (ii) | - | 21,710 | 5,28,395 |
| (iii) | - | 16,80,344 | 74,99,856 |
| (iv) | 31,55,002 | 14,63,594 | 3,19,707 |
| I | 33,39,022 | 43,03,451 | 1,06,94,629 |
| II | Other Income | | |
| | 1,65,390 | 1,07,021 | 22,824 |
| III | 35,04,412 | 44,10,471 | 1,07,17,452 |
| | Expenses | | |
| (i) | 10,60,216 | 17,22,684 | 31,06,987 |
| (ii) | 19,35,552 | 11,03,516 | 24,66,355 |
| (iii) | 4,34,817 | - | - |
| IV | 34,30,584 | 28,26,200 | 55,73,342 |
| V | Profit / (loss) before exceptional items and tax (III - IV) | | |
| | 73,827 | 15,84,271 | 51,44,111 |
| VI | Exceptional items | | |
| | - | - | - |
| VII | 73,827 | 15,84,271 | 51,44,111 |
| | Tax Expense: | | |
| VIII | 1. Current Tax | | |
| | - | 2,14,115 | 2,63,545 |
| | 2. Deferred Tax | | |
| | 12,631 | - | 5,25,353 |
| (IX) | Profit / (loss) for the period from continuing operations(VII-VIII) | | |
| | 86,459 | 13,70,156 | 43,55,213 |
| (X) | Profit/(loss) from discontinued operations | | |
| | - | - | - |
| (XI) | Tax Expense of discontinued operations | | |
| | - | - | - |
| (XII) | Profit/(loss) from discontinued operations(After tax) (X-XI) | | |
| | - | - | - |
| (XIII) | 86,459 | 13,70,156 | 43,55,213 |
| | Other Comprehensive Income | | |
| | (i) Items that will not be reclassified to profit or loss | | |
| | - | - | 4,14,031 |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | | |
| | - | - | (77,517) |
| (XIV) | Other Comprehensive Income | | |
| | | | 3,36,514 |
| (XV) | Total Comprehensive Income for the period (XIII+XIV) | | |
| | 86,459 | 13,70,156 | 46,91,726 |
| (XVI) | Earnings per Equity Share (for continuing and discontinued operations) | | |
| | Basic & Diluted (Rs.) | | |
| | 0.02 | 0.37 | 1.16 |

Audited Financial Statements for the three years immediately preceding the date of circulation of information memorandum are attached as **Annexure -1**.

e) Audited Cash Flow Statement for the three years immediately preceding the date of circulation of offer letter:

(Rs.)

| | PARTICULARS | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|-----------|---|--|--|--|
| A. | CASH FLOW FROM OPERATING ACTIVITIES: | | | |
| | Total Comprehensive Income for the period | 86,459 | 13,70,156 | 46,91,726 |
| | <i>Adjustments for:</i> | | | |
| | Tax Expenses | (12,631) | 2,14,115 | 7,88,898 |
| | Excess amount paid W/Off | - | 42,937 | (389) |
| | Depreciation | 4,34,817 | - | - |
| | Profit / (Loss) on Sale of Investments | - | (11,65,220) | (7,71,849) |
| | Profit / (Loss) on Buyback of Securities | - | - | (24,085) |
| | Net Loss / (Gain) in Fair Value Changes through PorL | - | - | (67,28,007) |
| | Interest on Fixed Deposit | (31,55,002) | (2,79,461) | (7,882) |
| | Interest on Bonds | (2,46,588) | (2,46,588) | (2,46,588) |
| | Lending Fee on shares | - | - | (1,152) |
| | Net Loss / (Gain) in Fair Value Changes through OCI after Tax | - | - | (3,36,514) |
| | Dividend Paid | - | (21,710) | (5,28,395) |
| | Change in Current Tax Assets | (3,05,424) | - | |
| | Interest Income on Investments | - | - | (40,000) |
| | Operating Profit before Working Capital Changes | (31,98,370) | (85,772) | (32,04,236) |
| | <i>Adjustment for :-</i> | | | |
| | Change in provision | 36,540 | - | - |
| | Change in Other Financial Liabilities | 11,18,738 | 1,95,115 | (78,777) |
| | Change in Trade Receivables/Other Receivable | - | 883 | (582) |
| | Change in Other Financial Assets | (31,28,382) | 5,64,496 | (5,95,801) |
| | Loan Provided | (1,46,15,900) | 2,66,73,715 | 3,53,407 |
| | Cash from operations | (1,97,87,373) | 2,73,48,438 | (35,25,989) |
| | Direct Taxes Paid | - | - | (6,84,026) |
| | <i>Net Cash From Operating Activities</i> | (1,97,87,373) | 2,73,48,438 | (28,41,963) |
| B. | CASH FLOW FROM INVESTING ACTIVITIES : | | | |
| | Lending Fee on shares | - | - | 1,152 |
| | Dividend Income | - | 21,710 | 5,28,395 |
| | Interest on Bonds | 2,46,588 | 2,46,588 | 2,46,588 |
| | Interest Income on Investments | - | - | 40,000 |
| | Interest on Fixed Deposit | 31,55,002 | 2,79,461 | 7,882 |
| | Deposit received | - | - | 12,500 |
| | Purchase of Fixed Asset | (14,54,421) | - | - |
| | Sale/ (Purchase) of Investments | - | 5,14,28,492 | 8,70,932 |
| | <i>Net Cash From Investing Activities</i> | 19,47,169 | 5,19,76,252 | 17,07,449 |
| C. | CASH FLOW FROM FINANCING | | | |

Information Memorandum of Subordinated Debts

| | | | |
|---|----------------------|--------------------|--------------------|
| ACTIVITIES: | | | |
| Loan Taken | - | - | - |
| <i>Net Cash From Financing Activities</i> | - | - | - |
| NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C) | (1,78,40,205) | 7,93,24,689 | (11,34,514) |
| OPENING CASH AND CASH EQUIVALENTS | 7,96,53,017 | 3,28,328 | 14,62,843 |
| CLOSING CASH AND CASH EQUIVALENTS | 6,18,12,813 | 7,96,53,017 | 3,28,329 |

Audited Financial Statements for the three years immediately preceding the date of circulation of offer letter are attached as **Annexure -1**.

- f) Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company:

There were no changes in the in accounting policies during the last three years.

6. Declaration from Director

- the company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;
- the compliance with the said Act and the rules made there under does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government;
- the monies received under the offer shall be used only for the purposes and objects indicated in the Offer letter.

I am authorized by the Board of Directors of the Company vide resolution number 10 dated January 19, 2024 to sign this form. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Inconsistency/ Repugnancy

In the event of any inconsistency or repugnancy between the contents of this information Memorandum and any provision of the Transaction Documents, the relevant provisions of the Transaction Documents shall prevail.

For KLM Axiva Finvest Limited
Sd/-
Vadasseril Chacko Georgekutty
Managing Director
DIN: 09194854

Date: January 19, 2024

Place: Ernakulum

Attachments:

- Copy of Audited financial statements for last 3 years – Annexure 1;
- Copy of board resolution dated January 19, 2024 – Annexure 2;
- Copy of shareholder resolution dated August 25, 2023 - Annexure 3.
