



## Press Release

### Marwadi Shares & Finance Limited (MSFL)

**November 25, 2024**

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long term/Short term bank facility – Overdraft/Cash Credit/WCDL	180.00 (Increased from 130.00)	IVR A+/ Stable/ IVR A1+ (IVR A Plus with Stable outlook; IVR A One Plus)	IVR A/ RWDI/ IVR A1 (IVR A, Rating watch with developing implications; IVR A One, Rating watch with developing implications)	Upgraded, resolved the rating watch and stable outlook assigned	Simple
Short term bank facility – Bank Guarantee	2,394.00 (Reduced from Rs 2,594.00)	IVR A1+ (IVR A One Plus)	IVR A1/RWDI (IVR A One, Rating watch with developing implications)	Upgraded and resolved the rating watch	Simple
Short term bank facility – WCDL	80.00	IVR A1+ (IVR A One Plus)	IVR A1/RWDI (IVR A One, Rating watch with developing implications)	Upgraded and resolved the rating watch	Simple
Long term bank facility – Bank Guarantee	200.00	IVR A+/ Stable (IVR A Plus with Stable outlook)	IVR A/ RWDI (IVR A; Rating watch with developing implications)	Upgraded, resolved the rating watch and stable outlook assigned	Simple
Proposed Long Term/Short Term Bank facilities	346.00	IVR A+/ Stable/ IVR A1+ (IVR A Plus with Stable outlook; IVR A One Plus)	-	Assigned	Simple
Non-Convertible Debentures (NCDs)	498.00	IVR A+/ Stable (IVR A Plus with Stable outlook)	IVR A/ RWDI (IVR A; Rating watch with developing implications)	Upgraded, resolved the rating watch and stable outlook assigned	Simple
Proposed Non-Convertible Debentures (NCDs)	2.00	IVR A+/ Stable (IVR A Plus with Stable outlook)	IVR A/ RWDI (IVR A; Rating watch with developing implications)	Upgraded, resolved the rating watch and stable outlook assigned	Simple



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				outlook assigned	
Proposed Non-Convertible Debentures (NCDs)	200.00	IVR A+/ Stable (IVR A Plus with Stable outlook)	-	Assigned	Simple
TOTAL	<b>3,900.00</b> <b>INR Three Thousand and Nine Hundred Crore only</b>				

**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

### Detailed Rationale

The resolution of the "credit watch with developing implications" and the assignment of a "Stable" outlook reflects Infomerics' assessment that the financial and credit profile of MSFL will not be significantly impacted by the Show Cause Notice issued by SEBI regarding its association with "Tradetron." This is due to Infomerics' expectation that the penalty amount will likely be significantly lower than initially anticipated.

Infomerics ratings has upgraded/assigned its ratings to various debt facilities/instruments of MSFL considering the sustained improvement in scale of operations and profitability margins, comfortable capitalisation, established track record of group and experienced promoters. However, these rating strengths remain constrained by susceptibility to uncertainties inherent in the capital market business and Intense competition.

The stable outlook reflects consistent improvement in the trading volumes which has resulted in improved financial profile of MSFL and expected improvement in trading volumes further given the established track record of the group and comfortable capitalisation.

### Key Rating Sensitivities:

#### Upward Factors:

Substantial and sustained improvement in trading volumes resulting in improved income levels and profitability.

#### Downward Factors



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Sustained decline in revenue and profitability and/or any increase in debt levels leading to gearing above 2.00x on a sustained basis.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

##### Consistent growth in scale of operations and profitability margins

The total operating income of MSFL has increased by ~99% to Rs.705.60 crore in FY24 (refers to the period April 1st, 2023, to Mar 31, 2024) as against Rs.354.18 crore in FY23 on led by higher trading volume. MSFL has successfully managed to maintain healthy profitability with EBITDA margins and PAT margins improved to 75.46% & 46.09% respectively in FY24 as against 59.70% & 32.10% respectively in FY23 due to higher contribution from proprietary segment. For H1FY25, MSFL has reported a total operating income of Rs 517.28 crore with healthy EBITDA and PAT margins of 79.87% and 50.50% respectively.

##### Comfortable capitalization

MSFL's adjusted tangible net worth improved to Rs.965.58 crore as on March 31, 2024, as against Rs.539.73 crore as on March 31, 2023, with steady accretion of profits. The gearing stood low though slightly increased and at 1.x as on March 31, 2024, as against 0.51 x as on March 31, 2023, due to higher borrowings. Infomerics note that out of the total debt of Rs 966.33 crore, Rs.450 crore of borrowings is against fixed deposit. MSFL has its major borrowings through overdraft & bank guarantee for meeting the working capital requirement and as a security deposit in favor of various exchanges. MSFL's major bank facilities are non-fund based in nature and NCD's are zero coupon in nature and hence, the Interest coverage ratio stood healthy at 6.22x in FY24 (FY23:4.00x).

##### Established Track Record of Group and Experienced Promoters

MSFL is a financial service provider based in Rajkot, Gujarat and is a part of Marwadi Group. MSFL was established in 1992 as a private limited company and was converted to a public limited company in 2006. MSFL has an established operational track record in the equity broking business. MSFL has over 3.86 lakh active clients and spread across 246 locations covering 14 states across India and 111 branches of its own. MSFL is promoted by Mr. Ketan H Marwadi, Mr. Deven H Marwadi & Mr. Sandip H Marwadi and has more than 30 years of experience in stock broking business. This extensive experience of promoters and the long-



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established track record of the group has helped to build a healthy relationship with their clientele.

### **Key Rating Weaknesses**

#### **Susceptibility to uncertainties inherent in the capital market business**

MSFL engaged in the stock broking business and the stock market is volatile in nature, Market index like Sensex and Nifty goes up and down throughout the day and MSFL's operating performance is linked to the capital markets, which are inherently volatile as they are driven by economic and political factors as well as investor sentiments.

#### **Intense Competition**

Broking is a highly volatile and cyclical business with the presence of many established players who provide significant competition to the other fragmented and small players. The competition from large and established players and technology-focused new entrants is expected to continue to impact the revenue profile of players. This limits the profitability margins of the industry.

**Analytical Approach:** Standalone Approach

#### **Applicable Criteria:**

[Rating Methodology for Financial Institutions/NBFCs](#)

[Financial Ratios & Interpretation \(Financial Sector\)](#)

[Criteria on assigning rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments](#)

**Liquidity** – Adequate



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MSFL has adequate liquidity in the form of cash and cash equivalents of Rs 755.88 crore, free FDRs of Rs 135.62 crore, investments in mutual funds of Rs 78.34 crore and unutilised bank limits of Rs 15.00 crore as on 30 September 2024. The average fund-based utilisation levels stood low at ~36% for the past 12 months period ended August 2024 indicating sufficient liquidity cushion. Current ratio for FY24 was 1.38x and quick ratio was 1.36x indicating adequate liquidity. Although it has a higher utilisation of the bank guarantee, most of its working capital facility such as overdraft facilities utilisation remained low and same is secured against FDs and shares, which may provide a liquidity cushion for urgent requirements.

### **About MSFL**

Marwadi Shares and Finance Limited (MSFL), the flagship company of the Marwadi group, was established in 1992 by Mr. Ketan H Marwadi, Mr. Deven H Marwadi and Mr. Sandip H Marwadi. MSFL was promoted in 1992 as a private limited company and was converted to public limited company in 2006. Promoters of MSFL have more than 25 years of experience in the capital markets. It is a member of the National Stock Exchange of India and Bombay Stock Exchange.

Marwadi Shares and Finance Limited (MSFL) is a financial service provider with varied interests that include equity and commodity trading, retail broking depository participants, internet-based trading, institutional business, NPS, IPO and mutual fund distribution, Institutional and Corporate house trading and Merchant Banking Services etc.

### **Financials (Standalone):**

For the year ended* As on	Rs in Crore	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	354.18	705.60
EBITDA	211.46	532.46
PAT	113.78	325.33
Total Debt	276.05	966.33
Tangible Net worth	539.73	965.58
EBITDA Margin (%)	59.70	75.46
PAT Margin (%)	32.10	46.09
Overall Gearing Ratio (x)	0.51	1.00





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Interest Coverage Ratio (X)	4.00	6.22
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\* Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

### Rating History for last three years:

Name of Instrument /Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years			
	Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
Overdraft/C C/WCDL	Long Term/ Short Term	180.00	IVR A+/Stable/ IVR A1+	IVR A/ Stable/ IVR A1 (Date: Apr 25, 2024)  IVR A/ Stable/ IVR A1 (Date: Apr 03, 2024)  IVR A/ Stable/ IVR A1 (June 17, 2024)  IVR A/RWDI/IVR A1/RWDI (October 15, 2024)	IVR A/ Stable/ IVR A1 (Date: Jan 29, 2024)  IVR A/ Stable/ IVR A1 (Date: Sept 13, 2023)  IVR A/ Stable/ IVR A1 (Date: July 04, 2023)  IVR A/ Stable/ IVR A1 (Date: Apr 06, 2023)	IVR A/ Stable/ IVR A1 (Date: Jan 30, 2023)  IVR A/ Stable/ IVR A1 (Date: Aug 02, 2022)	IVR A-/Stable/ IVR A2 (Dated: Aug 04, 2021)  IVR A-/Stable/ IVR A2+ (Date: Apr 01, 2021)
Bank Guarantee	Short Term	2,394.00	IVR A1+	IVR A1 (Date: Apr 25, 2024)  IVR A1 (Date: Apr 03, 2024)  IVR A1 (June 17, 2024)  IVR A1/RWDI (October 15, 2024)	IVR A1 (Date: Jan 29, 2024)  IVR A1 (Date: Sept 13, 2023)  IVR A1 (Date: Apr 06, 2023)	IVR A1 (Date: Jan 30, 2023)  IVR A1 (Date: Aug 02, 2022)	IVR A2+ (Date: Aug 04, 2021)  IVR A2+ (Date: Apr 01, 2021)



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Name of Instrument /Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years			
	Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
NCD	Long Term	498.00	IVR A+/Stable	IVR A/ Stable (Date: Apr 25, 2024) IVR A/ Stable (Date: Apr 03, 2024) IVR A/ Stable (June 17, 2024) IVR A/RWDI (October 15, 2024)	IVR A/ Stable/ (Date: Jan 29, 2024) IVR A/ Stable (Date: Sept 13, 2023) IVR A/ Stable (Date: July 04, 2023)	-	-
Proposed NCD	Long term	2.00	IVR A+/Stable	IVR A/ Stable (Date: Apr 25, 2024) IVR A/ Stable (Date: Apr 03, 2024) IVR A/ Stable (June 17, 2024) IVR A/RWDI (October 15, 2024)	IVR A/ Stable (Date: Jan 29, 2024) IVR A/ Stable (Date: Sept 13, 2023)	IVR A/ Stable/ IVR A1 (Date: Aug 02, 2022)	IVR A-/Stable/IVR A2+ (Date: Aug 09, 2021)
Proposed NCD	Long term	200.00	IVR A+/Stable	-	-	-	-
WCDL	Short Term	80.00	IVR A1+	IVR A1 (June 17, 2024) IVR A1/RWDI (October 15, 2024)	-	-	-
Proposed loans	Short Term/ Long Term	346.00	IVR A+/Stable/ IVR A1+	-	-	-	-

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are 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 us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Facilities/Instruments





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Sr. No.	Name of the instrument	ISIN	Listing Status	Date of issuance	Coupon Rate	Maturity Date	Size of the issue (Rs. crore)
1.	NCD	INE138I08042	Listed	July 14, 2023	Not Applicable**	January 13, 2025	150.00
2.	NCD	INE138I08067	Listed	Sept 27, 2023	Not Applicable**	October 5, 2025	130.00
3.	NCD	INE138I08059	Listed	Sept 15, 2023	Not Applicable**	September 25, 2025	8.00
4.	Proposed NCD	-	Proposed to be listed	TBD*	TBD	24 months from the Deemed Date of Allotment	202.00
5.	NCD	INE138I08075	Listed	March 01, 2024	Not Applicable**	March 02, 2026	110.00
6.	NCD	INE138I08083	Listed	May 29, 2024	Not Applicable**	August 29, 2026	100.00
7.	Overdraft/ CC/WCDL	-	-	-	-	Revolving	180.00
8.	Bank Guarantee – Short Term	-	-	-	-	Revolving	2,394.00
9.	Bank Guarantee – Long Term	-	-	-	-	Revolving	200.00
9.	WCDL	-	-	-	-	Revolving	80.00
8.	Proposed loans – Long Term/Short Term	-	-	-	-	Revolving	346.00

\*TBD – To be decided

\*\*being a Zero Coupon Non-Convertible Debentures



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**Annexure 2: Facility wise lender details:**

<https://www.infomerics.com/admin/prfiles/len-MarwadiShares-nov24.pdf>

**Annexure 3: Detailed explanation of covenants of the rated instrument/facilities:**

### **ZCB NCD Rs.150 crore-**

<b>ISIN</b>	INE138I08042
<b>Type of Instrument</b>	Rated Listed Senior Unsecured Transferable Redeemable Taxable Zero Coupon Non-Convertible Debenture
<b>Debenture Trustee</b>	Mitcon Trusteeship Services Limited
<b>Security</b>	Unsecured
<b>Nature of Instrument</b>	Zero Coupon Non-Convertible Debentures
<b>Seniority</b>	Senior
<b>Issue Size</b>	Rs. 150 Crores (Comprising of Base Issue size of Rs. 50 Crores and Green Shoe Option of Rs. 100 Crores) The cumulative amount raised through product/s would not exceed the above issue size.
<b>Mode of Issue</b>	Private Placement
<b>Face Value/ Principal</b>	Rs. 1,00,000/- Per Debenture
<b>Coupon Rate</b>	Not Applicable as being a Zero Coupon Non-Convertible Debentures
<b>IRR to investor</b>	11%
<b>Tenor</b>	18 months from the Deemed Date of Allotment
<b>Issue date</b>	July 14, 2023
<b>Redemption Date</b>	January 13, 2025
<b>Redemption Amount</b>	Rs. 1,16,996 per Debenture to be paid on the Redemption Date
<b>Redemption Premium /Discount</b>	Rs. 16,996 per Debenture to be paid on the Redemption Date
<b>Issue Price</b>	Rs. 1,00,000 Per Debenture
<b>Details of the Utilisation of the proceeds</b>	The proceeds of this Issue shall be utilized as follows: 100% (One Hundred Percent) to finance the algo-based arbitrage/jobbing business activities of MSFL. No part of the proceeds shall be utilized directly/indirectly towards capital markets (debt and equity), land acquisition or usages that are restricted for bank financing.

### **Zero Coupon NCD Of Rs.130 Crore\*\*-**

<b>ISIN</b>	INE138I08067
<b>Type of Instrument</b>	Zero Coupon Non-Convertible Debentures("ZCB" or "NCDs")
<b>Debenture Trustee</b>	Mitcon Trusteeship Services Limited
<b>Security</b>	Unsecured



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<b>Nature of Instrument</b>	Rated Listed Senior Unsecured Transferable Redeemable Taxable Zero Coupon Non-Convertible Debentures
<b>Seniority</b>	Senior
<b>Issue Size</b>	Rs 130 Crores (out of which Rs. 65 Crores is Base Issue size & balance Rs. 65 Crores is Green Shoe option)
<b>Mode of Issue</b>	Private Placement
<b>Face Value/ Principal</b>	Rs. 1,00,000/- Per Debenture
<b>Coupon Rate</b>	Not Applicable as being a Zero Coupon Non-Convertible Debentures
<b>IRR to investor</b>	11%
<b>Tenor</b>	18 months from the Deemed Date of Allotment
<b>Issue date</b>	September 27, 2023
<b>Redemption Date</b>	October 05, 2025
<b>Redemption Amount</b>	Rs. 1,23,245 per Debenture to be paid on the Redemption Date
<b>Redemption Premium /Discount</b>	Rs. 23,245 per Debenture to be paid on the Redemption Date
<b>Issue Price</b>	Rs. 1,00,000 Per Debenture
<b>Details of the Utilisation of the proceeds</b>	To fund the algo based arbitrage/jobbing business activities of MSFL

\*\*These NCDs were issued in two tranches of Rs.130.00 crore and Rs. 8.00 crore each.

### Zero Coupon NCD Of Rs.8.00 crores\*\*-

<b>ISIN</b>	INE138I08059
<b>Type of Instrument</b>	Zero Coupon Non-Convertible Debentures ("ZCB" or "NCDs")
<b>Debenture Trustee</b>	Mitcon Trusteeship Services Limited
<b>Security</b>	Unsecured
<b>Nature of Instrument</b>	Rated Listed Senior Unsecured Transferable Redeemable Taxable Zero Coupon Non-Convertible Debentures
<b>Seniority</b>	Senior
<b>Issue Size</b>	Rs. 8.00 Crores
<b>Mode of Issue</b>	Private Placement
<b>Face Value/ Principal</b>	Rs. 1,00,000/- Per Debenture
<b>Coupon Rate</b>	Not Applicable as being a Zero Coupon Non-Convertible Debentures
<b>IRR to investor</b>	11%
<b>Tenor</b>	18 months from the Deemed Date of Allotment
<b>Issue date</b>	September 15, 2023
<b>Redemption Date</b>	September 25, 2025
<b>Redemption Amount</b>	Rs. 1,23,245 per Debenture to be paid on the Redemption Date



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<b>Redemption /Discount</b>	<b>Premium</b>	Rs. 23,245 per Debenture to be paid on the Redemption Date
<b>Issue Price</b>		Rs. 1,00,000 Per Debenture
<b>Details of the Utilisation of the proceeds</b>		To fund the algo based arbitrage/jobbing business activities of MSFL

\*\*These NCDs were issued in two tranches of Rs.130.00 crore and Rs. 8.00 crore each.

### ZCNCD Of Rs.110.00 Crore-

DESCRIPTION	PARTICULARS
ISIN	INE138I08075
Type of Instrument	Senior, unsecured, rated, listed, transferable, redeemable, taxable, zero coupon non-convertible debentures
Debenture Trustee	Mitcon Trusteeship Services Limited
Security	Unsecured
Nature of Instrument	Zero Coupon Non-Convertible Debentures (ZCNCD)
Seniority	Senior
Issue Size	Rs. 110 Crores (Comprising of Base Issue size of Rs. 55 Crores and Green Shoe Option of Rs. 55 Crores)
Mode of Issue	Private Placement
Face Value/ Principal	Rs. 1,00,000/- Per Debenture
Minimum subscription size	1 Debentures bearing face value of Rs. 1,00,000/- each and in multiples of 1 Debenture(s) thereafter.
Coupon Rate	Not Applicable
IRR to Client	11%
Tenor	24 months from the Deemed Date of Allotment
Issue date	March 01, 2024
Redemption Date	March 02, 2026
Redemption Amount *	Rs. 1,23,245 per Debenture to be paid on the Redemption Date.
Redemption Premium /Discount*	Rs. 23,245 per Debenture to be paid on the Redemption Date
Issue Price	Rs. 1,00,000 Per Debenture
Objects of the Issue / Purpose for which there is requirement of funds	The proceeds of this Issue shall be utilized as follows: 100% (One Hundred Percent) to finance the algo-based arbitrage/jobbing business activities of MSFL.

### ZCNCD Of Rs.100.00 Crore-

DESCRIPTION	PARTICULARS
<b>ISIN</b>	INE138I08083
<b>Type of Instrument</b>	Senior, unsecured, rated, listed, transferable, redeemable, taxable, zero coupon non-convertible debentures
<b>Debenture Trustee</b>	Mitcon Trusteeship Services Limited



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<b>Security</b>	Unsecured
<b>Nature of Instrument</b>	Zero Coupon Non-Convertible Debentures (ZCNCD)
<b>Seniority</b>	Senior
<b>Issue Size</b>	Rs. 100 Crores (Comprising of Base Issue size of Rs. 50 Crores and Green Shoe Option of Rs. 50 Crores)
<b>Mode of Issue</b>	Private Placement
<b>Face Value/ Principal</b>	Rs. 1,00,000/- Per Debenture
<b>Minimum subscription size</b>	1 Debentures bearing face value of Rs. 1,00,000/- each and in multiples of 1 Debenture(s) thereafter.
<b>Coupon Rate</b>	Not Applicable
<b>IRR to Client</b>	11%
<b>Tenor</b>	27 months from the Deemed Date of Allotment
<b>Issue date</b>	May 29, 2024
<b>Redemption Date</b>	August 29, 2026
<b>Redemption Amount</b>	Rs. 1,26,494 per Debenture to be paid on the Redemption Date.
<b>Redemption Premium /Discount*</b>	Rs. 26,494 per Debenture to be paid on the Redemption Date
<b>Issue Price</b>	Rs. 1,00,000 Per Debenture
<b>Objects of the Issue / Purpose for which there is requirement of funds</b>	The proceeds of this Issue shall be utilized as follows: 100% (One Hundred Percent) to meet the working capital requirements of MSFL

### Draft terms for the proposed NCD of Rs 2.00 crore:

DESCRIPTION	PARTICULARS
<b>Type of Instrument</b>	Senior, unsecured, rated, listed, transferable, redeemable, taxable, non-convertible debentures
<b>Debenture Trustee</b>	Mitcon Trusteeship Services Limited
<b>Security</b>	Unsecured
<b>Nature of Instrument</b>	Non-Convertible Debentures (ZCNCD)
<b>Seniority</b>	Senior
<b>Issue Size</b>	Rs. 2.00 Crores
<b>Face Value/ Principal</b>	Rs. 1,00,000/- Per Debenture
<b>Coupon Rate</b>	TBD
<b>Tenor</b>	Up to 5 years
<b>Objects of the Issue / Purpose for which there is requirement of funds</b>	The proceeds of this Issue shall be utilized as follows: 100% (One Hundred Percent) to meet the working capital requirements of MSFL

### Draft terms for the proposed NCD of Rs 200.00 crore:

DESCRIPTION	PARTICULARS
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<b>Issuer</b>	<b>Marwadi Shares and Finance Limited</b>
<b>Type of Instrument</b>	Rated, Listed, Senior, Unsecured, Transferable, Redeemable, Taxable, Zero Coupon Non-Convertible Debentures.
<b>Debenture Trustee</b>	MITCON Credentia Trusteeship Services Limited
<b>Depository</b>	NSDL and CDSL
<b>Security</b>	Unsecured
<b>Nature of Instrument</b>	<b>Zero Coupon Non-Convertible Debentures (ZCNCD)</b>
<b>Seniority</b>	Senior
<b>Issue Size</b>	Rs. 200 Crores (Comprising of Base Issue size of Rs. 100 Crores and Green Shoe Option of Rs. 100 Crores)
<b>Mode of Issue</b>	Private Placement
<b>Face Value/ Principal</b>	Rs. 1,00,000/- Per Debenture
<b>Minimum subscription size</b>	1 Debentures bearing face value of Rs. 1,00,000 /- each and in multiples of 1 Debenture(s) thereafter.
<b>Coupon Rate</b>	Not Applicable
<b>IRR to Client</b>	10.50 % to 11.50%
<b>Tenor</b>	20 months from the Deemed Date of Allotment
<b>Redemption Date</b>	TBD
<b>Redemption Amount</b>	TBD
<b>Redemption Premium /Discount</b>	TBD
<b>Issue Price</b>	Rs. 1,00,000 Per Debenture
<b>Default Interest rate</b>	In case of default in payment of principal and/or Redemption Premium amount on the Redemption date, additional interest @ 2% p.a. over the Coupon will be payable by MSFL for the defaulting period.
<b>Objects of the Issue / Purpose for which there is requirement of funds</b>	The proceeds of this Issue shall be utilized as follows: 100% (One Hundred Percent) to finance the working capital requirement of MSFL.

**Covenants:** The below mentioned covenants are uniform across all the above NCD issues rated by Infomerics.

<b>Affirmative Covenants</b>	<ol style="list-style-type: none"><li>1. To comply with corporate governance, fair practices code prescribed by SEBI</li><li>2. Notification of any potential Event of Default or Event of Default Obtain, comply with and maintain all licenses / authorizations</li><li>3. Provide details of any litigation, arbitration or administrative proceedings that may have a material adverse effect</li><li>4. Maintain internal control for the purpose of (i) preventing fraud on monies lent by MSFL; and (ii) preventing money being used for money laundering or illegal purposes</li></ol>
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	5. Comply with any monitoring and/or servicing requests from Debenture Holders and the Debenture Trustee.
<b>Negative Covenants</b>	<p>The Issuer shall not take any action in relation to the items set out hereunder without the prior written consent of the Debenture Trustee (acting on the instructions of the Majority Debenture Holders).</p> <p><b>(a) Change of business</b> (i) change the general nature of its business from that which is subsisting as of the Effective Date; and/or (ii) any changes/amendments/modifications to its Constitutional Documents where such change/ amendment/ modification has a Material Adverse Effect.</p> <p><b>(b) Dividend</b> declare or pay any dividend to its shareholders during any Financial Year unless it has paid or made arrangements to pay (to the satisfaction of the Debenture Trustee) all the dues to the Debenture Holders/ Debenture Trustee up to the date on which the dividend is proposed to be declared or paid or has made satisfactory provisions thereof.</p> <p><b>(c) Merger, consolidation, etc.</b> enter into any merger, demerger, acquisition, de-merger, re-structuring, consolidation, re-organisation, scheme of arrangement, amalgamation, reconstitution or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction where any of the above has a Material Adverse Effect.</p> <p><b>(d) Change of Control</b> permit the occurrence of any Change of Control, or any Change of Control Event.</p> <p><b>(e) Change in Capital Structure</b> (i) permit or undertake any change in capital structure that would lead to a reduction in the paid-up capital or authorised capital of the Issuer; and (ii) purchase, redeem, buyback, defease, retire, return, or pay any of its issued shares or reduce its share capital or resolve to do any of the foregoing; and</p> <p><b>(f) Change in Financial Year</b> change its Financial Year end from March 31 of each year to any other date, unless such change is required pursuant to Applicable Law.</p>

**Annexure 4: List of companies considered for consolidated analysis:** Not Applicable.

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).