

January 02, 2023

The Securities and Exchange Board of India
G Block, Plot No. C 4-A, G Block Rd,
Bandra Kurla Complex, Bandra East,
Mumbai, Maharashtra 400051

Kind Attn: Shri. Pradeep Ramakrishnan, GM - Department of Debt and Hybrid Securities

Dear Sir,

Re: Request for an Interpretive Letter under the SEBI (Informal Guidance) Scheme, 2003 regarding eligibility criteria for issue and listing of structured debt securities/ market linked debt securities

We submit this letter for seeking an informal guidance in the form of an interpretative letter under the provisions of the SEBI (Informal Guidance) Scheme, 2003 ("Scheme"), in connection with the compliance of the provisions of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and the Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper.

About the Applicant:

Muthoot Health Care Private Limited ("Company"), the applicant, is a private limited company incorporated under the provisions of Companies Act, 1956 and having its registered office at College Road, Kozhencherry, Pathanamthitta, Kerala - 689641. Main objects pursued by the Company as per the Memorandum of Association are as under:

To carry on the business of medical treatment and other connected activities including building, equipping, establishing, maintaining and running medical institutions, nursing homes, diagnostic centres, laboratories, scanning centres, dispensaries, hospitals and other similar establishments for providing treatment & medical relief by all available means to public and to establish and maintain institutions for imparting and for training personnel for employment and in running of hospital.

Muthoot Health Care Private Limited operates a 280 bedded multispecialty hospital in Kozhencherry, Pathanamthitta District in Kerala. MGM Muthoot Hospital is an advanced health care facility established under the The Muthoot Group to provide high quality specialized healthcare services to the community at large in the southern state of Kerala. The cornerstone of our Muthoot Health Care's legacy are its unstinting focus on clinical excellence, affordable costs and modern technology. Today, with over 15 specialties and 9 super specialty medical services, and a team of renowned specialists with decades of experience, Muthoot Health Care strives to improve the medical outcomes of all entrusted with our care.

With high-quality health care being the top priority, Muthoot Health Care Private Limited, Kozhencherry is the 1st NABH Accredited hospital in Central Travancore and one of the handfuls of NABH Nursing Excellence certified hospitals in the region.

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Back Ground of the Query:

Muthoot Health Care Private Limited is proposing to raise working capital resources by private placement of structured debt securities/ market linked debt securities in compliance with the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and Chapter X - Structured or market linked debt securities of SEBI Operational Circular on SEBI NCS Regulations.

As of September 30, 2022, the net worth of Muthoot Health Care Private Limited was Rs. 106.07 Crores as per the financial statements prepared under IGAAP. The balance in the Reserves and Surplus account of the Company included a revaluation reserve to the tune of Rs. 152.52 Crores.

Muthoot Health Care Private Limited has been preparing the financial statements under IGAAP and is currently in the process of preparing and adopting the financial statements under IndAs. Financial Information proposed to be included in the placement memorandum will be prepared in accordance with the IndAs.

As per IND AS 101 – 'First time adoption', all the adjustments / impacts arising on transition to IND AS, including the revaluation of assets will be accounted as an adjustment to retained earnings. And thus, post IndAS adoption, the net worth of the Company will be more than the minimum eligible net worth of Rs. 100 Crores required for issuance of Structured or market linked debt securities under Chapter X - Structured or market linked debt securities of SEBI Operational Circular .

In order to comply with the requirements of IND AS 101, the revaluation impact will be reclassified and merged with the retained earnings of the Company, resulting in the aggregated retained earnings and net worth of the Company increasing to more than Rs. 100 Crores.

Our Understanding:

Even though the increase in net-worth will be on account of change in the accounting practice, the same is immaterial in the context of the applicability of eligibility criteria under the Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper

As the net-worth of the Company, as per the IndAs financial statements, will be above the minimum threshold limit of Rs. 100 Crores required for issuance of market linked debentures, the Company will be eligible to issue structured debt securities/ market linked debt securities, ignoring that the financial statements prepared under IGAAP had an amount of Rs 152.52 crores included in the reserves and surplus account.

Reliance for Our Understanding:

Our understanding given above is based on the Informal Guidance issued by your good office vide Letter No. SEBI/HO/CFD/PoD2/OW/P/2022/62027/1 dated December 13, 2022 on a similar query raised by TCM Limited in the matter of treatment of net worth for the purpose of determining the applicability of regulations.

Request:

We request for an interpretive letter on our understanding that the minimum Network required for issuance of market-linked debentures will be met by Muthoot Health Care Private Limited if the Company transitions itself to IndAs financials and the net-worth of the Company, as per the IndAs financial statements, stays above the minimum threshold limit of Rs. 100 Crores,



the IndAs financial statements, stays above the minimum threshold limit of Rs. 100 Crores, ignoring that the fact that the financial statements prepared under IGAAP included an amount of Rs 152.52 crores included in the reserves and surplus account.

Fees for the Information Guidance:

Demand Draft of Rs. 25,000/- in favour of Securities and Exchange Board of India payable at Mumbai is enclosed towards fees for informal guidance and request your opinion.

Contact Information:

Director
Muthoot Health Care Private Limited
Muthoot Chambers,
Opposite Saritha Theatre Complex,
Banerji Road, Ernakulam - 682 018
Tel: (+91 8075 953 502)
Email: cs@muthootgroup.com

We would appreciate an early response in the above matter.

Thanking you,

For Muthoot Health Care Private Limited



Dr. Georgie Kurien
Managing Director

