



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

General Manager
Department of Debt and Hybrid Securities
RAC-PoD-1
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SEBI/DDHS/Div-1/PR/OW/2023/10537/1

March 14, 2023

Mr.Georgie Kurien
Managing Director
Muthoot Health Care Private Limited
Muthoot Chambers
Opp. Saritha Theatre Complex,
Banerji Road, Ernakulam – 682018

Sub: Request for Informal guidance by way of an interpretive letter under the provisions of SEBI (Informal Guidance) Scheme, 2003 ("Scheme") received from Muthoot Health Care Private Limited ("the Company")

1. This is with reference to your Informal Guidance application dated January 02, 2023, and further email dated February 07, 2023 and February 14, 2023 seeking guidance on eligibility of issuers in respect of issuance and listing of structured debt securities/ market linked debt securities.
2. You have stated the following in your application:
 - I. *Muthoot Health Care Private Limited ("the Company"), is a private limited company. It operates a 280 bed multispecialty hospital in Kozhencherry, Pathanamthitta District in Kerala.*
 - II. *The Company is proposing to raise working capital resources by private placement of structured debt securities/ market linked debt securities in compliance with the SEBI Issue and Listing of Non-Convertible Securities Regulations, 2021, (NCS Regulations) and Chapter X - Structured or market linked debt securities of SEBI Operational Circular dated August 10, 2021 (as updated from time to time) under NCS Regulations.*
 - III. *As on September 30, 2022, the shareholders fund of the Company were Rs. 106.07 Crores as per the financial statements prepared under Indian Generally Accepted Accounting Principles (IGAAP). The balance in the Reserves and Surplus account of the Company included a revaluation reserve to the tune of Rs. 152.52 Crores.*
 - IV. *The applicant is voluntarily opting for transition of its Financial Statements to Ind AS.*
 - V. *As submitted by applicant that this revaluation reserve was created pursuant to conversion of the partnership firm M/s Muthoot Health Care to M/s Muthoot*

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Health Care Private Limited on 31st May 2013. All the assets and liabilities of the firm have been taken over by the company on such conversion. The fixed assets of the firm were aggregating to Rs 220,290,293.00 were taken over fully by the company. On conversion of the firm to the company, the assets were revalued at Rs 1,745,477,455.00 and the resultant surplus of Rs 1,525,187,162.00 was credited to the revaluation reserve.

- VI. *The applicant has also submitted that it intends to continue with the carrying value of assets as recognised in the financial statements prepared under IGAAP.*
- VII. *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 Ind AS 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.*
- VIII. *In order to comply with the requirements of IND AS 101, the revaluation reserve 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.*
- IX. *The net worth then, as per the Ind AS Financial Statements, will be above the minimum threshold limit of Rs. 100 Crores required for issuance of market linked debentures. Therefore, the Company will be eligible to issue structured debt securities/ market linked debt securities."*
3. In view of the above, you have sought informal guidance for understanding the computation of minimum net worth as required under para 2.2 of of Chapter X of the SEBI Operational Circular dated August 10, 2021 issued under NCS Regulations, (as updated from time to time) and whether the minimum net worth requirement is met by the Company, for issuance of market linked debt securities, whose net worth has gone above the threshold of Rs. 100 crore due to transition of Financial Statements to Ind AS.
4. In this regard, we state as follows:
- a. The definition of the term 'networth' in the SEBI (Issue and listing of Non-convertible securities) Regulations, 2021 is linked to the one provided by the Companies Act, 2013. Section 2(57) of the Companies Act 2013, provides for calculation of networkth.
- b. Section 129 of the Companies Act, 2013 read with the Companies Accounts Rules, 2014 Companies (Indian Accounting Standards) Rules, 2015 (IAS) and the newly introduced Companies (Accounting Standards) Rules, 2021 provides for mandatory and voluntary transition to Ind AS.



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- c. Further, regulation 48 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 state that the listed entity shall comply with all applicable and notified Accounting Standards.
- d. Accordingly, the definition of *networth* as well as the Accounting Standards to be complied with are stated in the Companies Act, 2013 and rules made thereunder.
- e. The above position is based on the facts and circumstances described by you in your Application. Further, this letter does not express a decision of the Board on the questions referred.
- f. You may also note that the above position is expressed only with respect to the guidance sought in your letter under reference in respect of the regulation as referred above and does not affect the applicability of any other law or requirement of any other SEBI Regulation, Guidelines and Circulars administered by SEBI or the laws administered by any other authority.

Yours faithfully,


Pradeep Ramakrishnan