

**DUE DILIGENCE CERTIFICATE****August 04, 2020****CPC/MB/39/2020-21**

**To,**  
**Securities and Exchange Board of India**  
**Corporation Finance Department**  
5th Floor, Bank of Baroda Building, 16, Sansad Marg,  
New Delhi, Delhi 110001  
E-mail: [cfdil@sebi.gov.in](mailto:cfdil@sebi.gov.in)

**Dear Sir/ Madam,**

**Re: Issue of 1,99,82,667 Partly Paid-Up Equity Shares of face value of ₹ 10/- each (“Rights Equity Shares”) of Satin Creditcare Network Limited (the “Company”) for cash at a price of ₹ 60 per Rights Equity Share (including a premium of ₹ 50 per Rights Equity Share) aggregating to ₹ 119,89,60,020/- on a rights basis to the eligible equity shareholders of the Company (“Eligible Equity Shareholders”) in the ratio of 48 ( forty eight ) Rights Equity Shares for every 125 ( one hundred and twenty five ) fully paid up Equity Shares held by the Eligible Equity Shareholders on August 05, 2020 (the “Record Date”) under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), 2018, as amended (“SEBI ICDR Regulations”) read with circulars dated January 22, 2020 (“Rights Issue ASBA Circular”), April 21, 2020 (the “SEBI Relaxation Circular 1”) May 6, 2020 read with SEBI circular dated July 24, 2020 (the “SEBI Relaxation Circular 2” and together with Rights Issue ASBA Circular and Relaxation Circular 1, the “SEBI Rights Issue Circulars”) issued by Securities and Exchange Board of India (“SEBI”) (such issuance defined as the “Issue”).**

We, Corporate Professionals Capital Private Limited as the lead manager to the Issue (the “**Lead Manager**”) confirm that:

1. We have examined various documents including those relating to litigation, including commercial disputes, patent disputes, disputes with collaborators, etc. and other material while finalizing the letter of offer dated August 04, 2020 (“**LOF**”) pertaining to the Issue;
2. On the basis of such examination and discussions with the Company, its directors and other officers, other agencies, and independent verification of the statements concerning the objects of the issue, price justification, contents of the documents and other papers furnished by the Company, we confirm that:
  - a) the LOF filed with the Securities and Exchange Board of India (“**SEBI**”) is in conformity with the documents, materials and papers which are material to the Issue;
  - b) all material legal requirements relating to the Issue as specified by the SEBI, the Central Government and any other competent authority in this behalf have been duly complied with; and
  - c) the material disclosures made in the LOF are true and adequate to enable the investors to make a well informed decision as to the investment in the proposed issue and such disclosures are in accordance with the requirements of the Companies Act, 2013, SEBI ICDR Regulations and other applicable legal requirements.

3. Besides ourselves, all intermediaries named in the LOF are registered with the SEBI and that till date, such registration is valid.– **Complied with**
4. We have satisfied ourselves about the capability of the underwriters to fulfill their underwriting commitments. – **Not Applicable**
5. Written consent from the promoters has been obtained for inclusion of their specified securities proposed to form part of the promoters’ contribution subject to lock-in and the Equity Shares proposed to form part of the promoters’ contribution subject to lock-in shall not be disposed or sold or transferred by the promoters during the period starting from the date of filing the LOF with the SEBI until the date of commencement of lock-in period as stated in the LOF. – **Not Applicable**
6. All applicable provisions of SEBI ICDR Regulations, which relate to specified securities ineligible for computation of promoters’ contribution, have been and shall be duly complied with and appropriate disclosures as to compliance with the said regulation(s) have been made in the LOF. – **Not Applicable**
7. All applicable provisions of these regulations which relate to receipt of promoters’ contribution prior to opening of the Issue, shall be complied with. Arrangements have been made to ensure that the promoters’ contribution shall be received at least one day before the opening of the Issue and that the auditors’ certificate to this effect shall be duly submitted to the SEBI. We further confirm that arrangements have been made to ensure that the promoters’ contribution shall be kept in an escrow account with a scheduled commercial bank and shall be released to the Company along with the proceeds of the Issue. – **Not Applicable**
8. Necessary arrangements have been made to ensure that the monies received pursuant to the Issue are credited or transferred to in a separate bank account as per the provisions of sub-section (3) of section 40 of the Companies Act, 2013 and that such monies shall be released by the said bank only after permission is obtained from all the stock exchanges mentioned in the LOF. We further confirm that the agreement entered into between the bankers to the Issue and the Company specifically contains this condition. – **Noted for compliance to the extent applicable**
9. The existing business as well as any new business of the Company for which the funds are being raised fall within the ‘main objects’ in the object clause of the Memorandum of Association (“MoA”) of the Company and that the activities which have been carried in the last ten years are valid in terms of the object clause of the MoA.– **Complied with to the extent applicable**
10. Following disclosures have been made in the Letter of Offer:
  - a) An undertaking from the Company that at any given time, there shall be only one denomination for the Equity Shares of the Company, excluding superior equity shares, where an issuer has outstanding superior equity shares – **Complied with (The Company has not issued any superior rights equity shares); and**
  - b) An undertaking from the Company that it shall comply with all disclosure and accounting norms specified by the SEBI. – **Complied with**
11. We shall comply with the regulations pertaining to advertisements in terms of the SEBI ICDR Regulations. – **Noted for compliance including with the SEBI Relaxation Circular 2**
12. If applicable, the entity is eligible to list on the innovators growth platform in terms of the provisions of Chapter X of SEBI ICDR Regulations. – **Not Applicable**

13. None of the intermediaries named under the LOF have been debarred from functioning by any regulatory authority. – **Complied with**
14. The Company is eligible to make a fast track issue in terms of Regulation 99 of the SEBI ICDR Regulations, read with SEBI Relaxation Circular 1 read with SEBI relaxation e-mail dated July 08, 2020 and July 22, 2020. The fulfillment of the eligibility criteria as specified in that regulation, by the Company has also been disclosed in the LOF. – **Complied with**
15. The abridged letter of offer contains all disclosures as specified in the SEBI ICDR Regulations – **Complied with**
16. All material disclosures in respect of the Company have been made in the LOF and we certify that any material development in the Company or relating to the Company up to the commencement of listing and trading of the Rights Equity Shares shall be informed through public notices/advertisements in all those newspapers in which pre- issue advertisement and advertisement for opening or closure of the Issue have been given. – **Complied with and noted for compliance (including with the SEBI Relaxation Circular 2)**
17. Agreements have been entered into with the depositories for dematerialisation of the Equity Shares of the Company. – **Complied with**

We enclose a note under Schedule A explaining the process of due diligence that has been exercised by us including in relation to the business of the Company, the risks in relation to the business, experience of the Promoter and that the related party transactions entered into for the period for which accounts are disclosed in the LOF have been entered into by the Company in accordance with applicable laws.

We enclose a checklist under Schedule B confirming regulation-wise compliance with the applicable provisions of SEBI ICDR Regulations, SEBI Relaxation Circular 1 and SEBI Relaxation Circular 2, containing details such as the regulation number, its text, the status of compliance, page number of the LOF where the regulation has been complied with and our comments, if any.

All capitalized terms used herein and not specifically defined shall have the same meanings ascribed to such terms in the LOF.

Sincerely,

For Corporate Professionals Capital Private Limited



**Authorized Signatory**

**Name: Ms Anjali Aggarwal**

**Designation: Partner & Head- Capital Market**

**Contact no.: 011-40622230/ 40622200**

**E-mail: [Anjali@indiacp.com](mailto:Anjali@indiacp.com)/[mb@indiacp.com](mailto:mb@indiacp.com)**

**Encl.: Schedules as above**

Corporate Professionals Capital Private Limited

CIN - U74899DL2000PTC104508

D-28, South Extn. Part - I, New Delhi -110049 | T: +91 11 40622200 | F: +91 11 40622201 | E: info@indiacp.com

[www.corporateprofessionals.com](http://www.corporateprofessionals.com)

## SCHEDULE A

### Note explaining how the process of due diligence has been exercised

We, Corporate Professionals Capital Private Limited as the lead manager to the Issue (the “**Lead Manager**”), have carried out a due diligence exercise in relation to the current business of Satin Creditcare Network Limited (“**Company**”/ “**Issuer**”) which is customary in a transaction of this nature and size of the Company alongwith other professionals and experts engaged in connection with the Issue which is being undertaken in compliance with the requirements of Part B of Schedule VI of the SEBI ICDR Regulations.

The due diligence process carried out by us commenced with interactions with senior management of the Company for gaining an understanding of the business of the Company, key risks involved and financial overview, among other matters for the purpose of the Issue.

In this regard, the Company was provided with a due diligence requisition list prepared in consultation with the Legal Counsel and Practicing Company Secretary firm (defined here-in- after). In response to the due diligence requisition list, the Company provided us with supporting documents for review.

In the due diligence process, following agencies were appointed to conduct the due diligence and assisted in drafting the LOF in compliance with the SEBI ICDR Regulations and other applicable laws, and advised us and the Company on other legal matters as appropriate:

- M V Kini, Law Firm, appointed as the Legal Advisor to the Company and the Lead Manager as to Indian law (“**Legal Counsel**”);
- PI Associates, Practicing Company Secretaries (“**PCS**”) conducted the compliance due diligence with respect to securities laws and corporate laws;
- Squire Patton Boggs Singapore LLP appointed as International Legal Counsel to the issuer (“**ILC**”).
- Statement of Special Tax Benefits has been obtained from the current statutory auditor of the Company, Walker Chandio& Co LLP., Chartered Accountants (the “**Auditor**”).
- M/s. Rajeev Bhatia & Associates, Chartered Accountants, (“**Independent CA**”) has verified details and provided certifications with respect to certain other financial information included in the LOF.

In addition to the above agencies, which conducted the Due Diligence process, the Letter of Offer (**LOF**) was finalized in assistance with M/s. Centrum Capital Limited, the Advisor to the Company.

All capitalized terms used herein and not specifically defined shall have the same meanings ascribed to such terms in the LOF.

#### ***1. Corporate and commercial diligence:***

The due diligence process in relation to general business and commercial matters included:

- (a) Organising and attending the kick-off discussions to develop an understanding of the business and other matters of the Company. The discussion was attended by the Lead Manager, the senior management of the Company and the Legal Counsel.

- (b) Providing the Company with information requisition list prepared in consultation with the Legal Counsel and the PCS. The Company provided the relevant documents, as appropriate, for review in the virtual data room set-up for this purpose and provided explanations and supporting documents for review.
- (c) Interacting with the management of the Company for the purpose of gaining an understanding about, amongst others, the business of the Company, the risks involved and a general overview and history of the Company. These interactions included (i) conference calls to discuss the drafts of the disclosures proposed to be included in the LOF, (ii) due diligence calls with the Legal Counsel/ PCS; and (iii) due diligence calls to receive updated information from the Company before filing the LOF. These interactions were conducted with an objective to assist the Company to prepare disclosures as required under the SEBI ICDR Regulations with regard to the Issue. We expect these interactions and due diligence calls to continue until closure of the Issue;
- (d) Requesting the Company, with the assistance of the Legal Counsel/ PCS, to provide documents in a virtual data room, based on the requisition lists, and reviewing these documents, which are required to be disclosed under the SEBI ICDR Regulations and documentation pertaining to material litigations of the Company and its Subsidiaries as required under the SEBI ICDR Regulations. Reviewing such documents, including certain business agreements, documents in relation to insurance policies and intellectual property, along with the Legal Counsels, to comply with the diligence requirements as stipulated under the SEBI ICDR Regulations, as is customary in transactions undertaken as per Part B of Schedule VI of the SEBI ICDR Regulations;
- (e) Reviewing relevant resolutions, corporate registers and regulatory filings of the Company in relation to the capital structure. We have reviewed the BENPOS as of June 30, 2020.
- (f) Obtaining and relying on certificates, confirmations, representations and undertakings from the Company on behalf of itself, the Promoter (on behalf of himself and members of the Promoter Group), each of the directors of the Company (the “Directors”), the Group Companies and other documents, including extracts of reports by independent industry sources, in support of certain disclosures made in the LOF;
- (g) Certification/ confirmation/ DD Reports from the above mentioned agencies have been relied upon for preparing the information included in the LOF.

## **2. *Financial information of the Company:***

We relied on the audited standalone and the consolidated financial statements for the Fiscal 2020 as issued by the Statutory Auditors of the Company. Further, the Auditor has provided a statement of possible special tax benefits available to the Company and its shareholders under the applicable laws in India, which has been disclosed in the LOF.

Further, we have also obtained and relied on tick and tie (Circle up) comfort letter issued by the Independent CA with regard to financial information/ numbers/ ratios etc. as appearing in the LOF and Audited Financial Statements and audit reports thereon for the financial years 2017-18, 2018-19, 2019-20

Corporate Professionals Capital Private Limited

CIN - U74899DL2000PTC104508

D-28, South Extn. Part - I, New Delhi -110049 | T: +91 11 40622200 | F: +91 11 40622201 | E: info@indiacp.com

[www.corporateprofessionals.com](http://www.corporateprofessionals.com)

as included in the LOF, confirming the accuracy of certain financial information contained in the LOF, on a consolidated basis.

### ***3. Promoter, Promoter Group and Directors of the Company***

For the purpose of making certain disclosures and taking confirmations with respect to the Promoter and members of the Promoter Group in the LOF, we have obtained certifications from the Promoter (on behalf of himself and the members of the Promoter Group). We have also obtained certifications from the Company and the Directors.

We have received certifications from all the Directors of the Company undertaking and confirming inter-alia that they (i) have not been prohibited by SEBI from accessing the capital market and no penalty has been imposed by SEBI or any other regulatory authority in India or abroad against them or any other company/entities with whom they are associated as a promoter/partner/director/trustees (ii) their name does not appear on the List of Wilful Defaulters issued by RBI (iii) have not been declared as Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018; and (iv) any changes, additions or deletions in respect of the matters covered above till the date when the Rights Equity Shares of the Company start trading on the stock exchanges will be intimated to us immediately. .

### ***4. Litigation and statutory and/or regulatory related diligence***

In connection with diligence of matters relating to outstanding litigation and statutory and/or regulatory matters, we have, with the assistance of the Legal Counsel, reviewed the relevant statutory and/ or regulatory records of the Company, as have been provided to us by the Company for the litigations which are required to be disclosed in accordance with the SEBI ICDR Regulations.

Further we have with the assistance of the Legal Counsel, made independent searches for litigation and defaults involving the Company, its Directors (with domestic address) and Subsidiaries from the independent industry websites like Hon'ble Supreme Court of India, High Courts, Watchout Investors and TransUnion CIBIL and relied on CIBIL reports for any credit defaults.

With regard to the Directors with foreign addresses and due to which certain searches could not be done on aforesaid websites, an Affidavit cum Undertaking has been obtained in accordance with SEBI ICDR Regulations and for any credit default or criminal litigation matters or any pending or threatened litigation outside India which may materially impact the financials and operations of the Issuer.

Also, we have relied on certifications and confirmations provided by the Company on behalf of itself and its Subsidiaries; and (ii) Directors, in connection with such matters disclosed in the Letter of Offer.

We have disclosed outstanding litigations in accordance with the legal requirements under Part-B of Schedule VI of SEBI ICDR Regulations i.e. matters involving (i) issues of moral turpitude or criminal liability on the part of the Company and/or the Subsidiaries; (ii) material violations of statutory regulations by the Company and/or the Subsidiaries; (iii) economic offences where proceedings have been initiated against the Company and/or the Subsidiaries; (iv) any pending matters, which if they result in an adverse outcome, would materially and adversely affect the operations or financial position of the Company; and (v) other litigation, including civil or tax litigation proceedings, which involves an amount in excess of the Materiality Threshold (as defined below) or is otherwise material in terms of the 'Policy

for determination of materiality of information or event' framed in accordance with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The materiality threshold ("Materiality Threshold") adopted for civil and tax litigation, solely for the purposes of the Issue, was, all the pending material civil and tax litigation proceedings involving (i.e., filed by or against) the Company and all its Subsidiaries (i) where the amount involved is in excess of 1% of profit for FY20 i.e. 1% of Rs. 156 crores of the Company, which is Rs. 1.56 crores, as per the consolidated financial statements for fiscal 2020, of the Company, and (ii) any other litigation involving the Company and/or Subsidiaries which may be considered material by the Company for the purposes of disclosure in the Letter of Offer.

With respect to the present business activities undertaken by the Company, we have reviewed material licenses, approvals and registrations received and/or applied by the Company.

Given the extent of the branches operated and managed by the Company (more than 1000 locations), we have restricted the extent of our diligence to the approvals required for the Company to conduct the present business by the Company and for the locations, we have relied upon the data and information provided by the Company with respect to approvals obtained on Central and State level basis and status of any material pending government and regulatory approvals at a branch level and which may materially impact the present line of business and operations of the Company.

#### ***5. Objects of the Issue***

The 'Objects of the Issue' is for existing line of business and as per SEBI ICDR Regulations, we have obtained confirmation and certification from the Company to the effect that there is no material pending government and regulatory approvals required by it to conduct its existing business operations and business.