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NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

INVESTING IN THE EQUITY SHARES INVOLVES RISKS AND YOU SHOULD CAREFULLY CONSIDER THE RISKS DESCRIBED UNDER THE SECTION “RISK FACTORS” AS WELL AS INFORMATION CONTAINED ELSEWHERE IN THE ATTACHED DOCUMENTS BEFORE MAKING AN INVESTMENT DECISION.

Confirmation of Your Representation: You have accessed the attached Documents on the basis that you have confirmed your representation, agreement and acknowledgement to the LM that (1) (i) you are not resident in the United States, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the “**US Securities Act**”) and, to the extent you purchase the securities described in the attached Documents, you will be doing so pursuant to Regulation S under the US Securities Act OR (ii) you are acting on behalf of, or you are, a qualified institutional buyer (as defined in Rule 144A under the US Securities Act) (“**US QIB**”) and also a qualified purchaser (as defined in the United States Investment Company Act of 1940, as amended and related rules (the “**Investment Company Act**”) (“**Qualified Purchaser**”) AND (2) you consent to delivery of the attached Document and any amendments or supplements thereto by electronic transmission.

The attached Documents have been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Company, the Lead Manager, or any of its directors, officers, employees, agents, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the Documents distributed to you in electronic format and the hard copy version. We will provide a hard copy version to you upon request.

Restrictions: The attached Documents are being furnished in connection with an offering exempt from registration under the US Securities Act solely for the purpose of enabling you, as a prospective investor to consider the purchase of the Equity Shares described in the Documents. An investment decision should only be made on the basis of the Documents. In making an investment decision, investors must rely on their own examination of the merits and risks involved.

You are reminded that no representation or warranty, express or implied is made or given by or on behalf of, the Lead Manager named herein, nor any person who controls it or any director, officer, employee, agent or representative of it or affiliate of such person as to the accuracy, completeness or fairness of the information or opinions contained in this document and such persons do not accept responsibility or liability for any such information or opinions.

THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT, OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE US SECURITIES ACT EXCEPT FOR THESE PURPOSES, U.S. PERSONS INCLUDE PERSONS WHO WOULD OTHERWISE HAVE BEEN EXCLUDED FROM SUCH TERM SOLELY BY VIRTUE OF RULE 902(K)(1)(VIII)(B) OR RULE 902(K)(2)(I)), EXCEPT PURSUANT TO AN EXEMPTION FORM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT. ACCORDINGLY, THE RIGHTS EQUITY SHARES REFERRED TO IN THE DOCUMENTS ARE BEING OFFERED AND SOLD (I) IN OFFSHORE TRANSACTIONS OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN COMPLIANCE WITH REGULATION S TO EXISTING SHAREHOLDERS LOCATED IN JURISDICTIONS WHERE SUCH OFFER AND SALE OF THE RIGHTS EQUITY SHARES IS PERMITTED

UNDER LAWS OF SUCH JURISDICTIONS AND (II) IN THE UNITED STATES TO U.S. PERSONS WHO ARE US QIBS AND ARE ALSO QUALIFIED PURCHASERS PURSUANT TO APPLICABLE EXEMPTIONS UNDER THE US SECURITIES ACT AND THE INVESTMENT COMPANY ACT. THE COMPANY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS OF THE INVESTMENT COMPANY ACT. PROSPECTIVE PURCHASERS IN THE UNITED STATES ARE HEREBY NOTIFIED THAT THE COMPANY IS RELYING ON THE EXEMPTION UNDER SECTION 4(A)(2) OF THE US SECURITIES ACT AND EXCEPTION UNDER SECTION 3(C)(7) OF THE INVESTMENT COMPANY ACT. THE OFFERING TO WHICH THESE DOCUMENTS RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES, EXCEPT IN EACH CASE TO PERSONS IN THE UNITED STATES WHO ARE US QIBS AND ARE ALSO QUALIFIED PURCHASERS. ACCORDINGLY, YOU SHOULD NOT FORWARD OR TRANSMIT THESE DOCUMENTS IN OR INTO THE UNITED STATES AT ANY TIME (OTHER THAN TO US QIBS WHO ARE ALSO QUALIFIED PURCHASERS).

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You are reminded that you have accessed the attached Documents on the basis that you are a person into whose possession the Documents may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver or forward this document, electronically or otherwise, to any other person. The materials relating to the offering of securities referred to in the Documents do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

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SATIN CREDITCARE NETWORK LIMITED

Our Company, Satin Creditcare Network Limited (the “Company” or the “Issuer”) was originally incorporated on October 16, 1990 in New Delhi under the Companies Act 1956, as a private limited company under the name ‘Satin Leasing and Finance Private Limited’ with the Registrar of Companies (“RoC”), New Delhi. During the year 1994, our Company was converted into a public limited company, following which our name was changed to ‘Satin Leasing and Finance Limited’ and a fresh certificate of incorporation was issued on July 1, 1994. Pursuant to a certificate of registration issued by RBI on December 4, 1998, our Company was registered as a Non-Banking Financial Company (“NBFC”). Later, the name of our Company was again changed to ‘Satin Creditcare Network Limited’ and a fresh certificate of incorporation was issued on April 10, 2000 by Registrar of Companies, Delhi and Haryana. Further RBI also issued a Certificate of Registration to the Company in the name of Satin Creditcare Network Limited on November 2, 2000 as a NBFC. Subsequently, in the year 2013, our Company was converted to an NBFC-Micro Finance Institution (“MFI”) and a fresh certificate of registration was issued by RBI on November 6, 2013. Our Company, currently registered as a NBFC-MFI, is classified as a Systemically Important Non-Deposit Accepting NBFC which is engaged in the business of providing financial services. For details of changes in our name and address of our registered office, see, “History and Corporate Structure” on page 94.

Corporate Identity Number: L65991DL1990PLC041796
Registered Office: 5th Floor, Kundan Bhawan, Azadpur Commercial Complex, Azadpur, Delhi- 110033, India
Corporate Office: Floor 1 & 3, 97, Sector 44, Gurugram, Haryana 122003 India (Tel: +91 124-4715400)
Contact Person: Mr. Adhish Swaroop (Company Secretary & Compliance Officer)
Telephone: +91 11-47545000; **Facsimile:** +91 11-23328951 **Website:** www.satincreditcare.com
E-mail: info@satincreditcare.com

PROMOTERS OF OUR COMPANY: MR. HARVINDER PAL SINGH AND MR. SATVINDER SINGH

**FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF SATIN CREDITCARE NETWORK LIMITED
(OUR “COMPANY” OR THE “ISSUER”) ONLY**

ISSUE OF UP TO 1,99,82,667 PARTLY PAID UP EQUITY SHARES OF THE FACE VALUE OF ₹ 10 EACH (“RIGHTS EQUITY SHARES”) OF OUR COMPANY FOR CASH AT A PRICE OF ₹ 60 PER RIGHTS EQUITY SHARE (INCLUDING A PREMIUM OF ₹ 50 PER RIGHTS EQUITY SHARE) AGGREGATING UP TO ₹ 1,19,89,60,020# ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 48 RIGHTS EQUITY SHARES FOR EVERY 125 FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY ON THE RECORD DATE, THAT IS, ON AUGUST 5, 2020 (THE “ISSUE”). FOR DETAILS, SEE “TERMS OF THE ISSUE” ON PAGE 195.

#Assuming full subscription

PAYMENT SCHEDULE FOR THE RIGHTS EQUITY SHARES

Amount Payable per Rights Equity Share*	Face Value (₹)	Premium (₹)	Total (₹)
On Application	2.50	12.50	15.00
One or more subsequent Call(s) as determined by our Board at its sole discretion, from time to time	7.50	37.50	45.00
Total (₹)	10.00	50.00	60.00

*For further details on Payment Schedule, see “Terms of the Issue” on page 195.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and this Issue including the risks involved. The Rights Equity Shares have neither been recommended nor approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. Specific attention of the investors is invited to the section “Risk Factors” on page 26.

ISSUER’S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to our Company and this Issue, which is material in the context of the Issue, that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares are listed on BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”, and together with BSE, “Stock Exchanges”). Our Company has received “in-principle” approvals from BSE and NSE for listing the Rights Equity Shares through their letters dated July 27, 2020 respectively. Our Company will also make applications to the Stock Exchanges to obtain their trading approvals for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020. For the purposes of this Issue, the Designated Stock Exchange is BSE.

Lead Manager to the Issue



Corporate Professionals Capital Private Limited
D-28, South Extension Part-1, New Delhi-110049, India
Tel: 011-40622230/ 40622200;
Email: satinrights@indiap.com
Website: www.corporateprofessionals.com
Investor grievance e-mail: mb@indiap.com
Contact person: Ms Anjali Aggarwal,
SEBI Registration No.: INM000011435
CIN: U74899DL2000PTC104508

Registrar to the Issue



Link Intime India Private Limited
C-101, 247 Park, L. B. S. Marg, Vikhroli (West)
Mumbai 400 083, Maharashtra, India
Tel: +91 22 4918 6200; Fax: +91 22 49186195
E-mail: satin.rights@linkintime.co.in
Website: www.linkintime.co.in
Investor grievance e-mail: satin.rights@linkintime.co.in
Contact Person: Sumeet Deshpande
SEBI Registration No.: INR000004058
CIN: U67190MH1999PTC118368

ISSUE SCHEDULE

ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATION*	ISSUE CLOSES ON#
Wednesday, August 12, 2020	Friday, August 21, 2020	Wednesday, August 26, 2020

*Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date.

#Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that this Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

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SECTION I – GENERAL
DEFINITIONS AND ABBREVIATIONS

This Letter of Offer uses the definitions and abbreviations set forth below, which, unless the context otherwise indicates or implies, or unless otherwise specified, shall have the meaning as provided below. References to any legislations, acts, regulations, rules, guidelines or policies shall be to such legislations, acts, regulations, rules, guidelines or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Letter of Offer, but not defined herein, shall have the same meaning (to the extent applicable) ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, 2013, the SCRA, the Depositories Act, and the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in “Statement of Special Tax Benefits” and “Financial Information” on pages 84 and 102, respectively, shall have the meaning given to such terms in such sections.

Company Related Terms

Terms	Descriptions
ADB	Asian Development Bank
Annual Audited Financial Statements	The audited consolidated financial statements of our Company and Subsidiary(ies), prepared under Ind AS for Fiscal 2020, prepared in line with Ind AS notified under the Companies Act, 2013, as amended read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
Articles of Association/ Articles / “AoA”	The Articles of Association of our Company, as amended
Board of Directors / Board	Board of Directors of our Company or a duly constituted committee thereof
CFL	Capital First Limited (now merged with IDFC and known as IDFC First Bank Limited)
CGT	Compulsory Group Training
Chairman and Managing Director or CMD	The Chairman and Managing Director of our Company
Company / our Company / the Company / the Issuer/ SCNL	Satin Creditcare Network Limited, on a standalone basis, a public limited company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office situated at 5 th Floor, Kundan Bhawan, Azadpur Commercial Complex, Azadpur, Delhi- 110033, India
Corporate Office	The Corporate Office of our Company situated at Floor 1 & 3, 97, Sector 44, Gurugram, Haryana 122003, India
CRISIL	Credit Rating Information Services of India Limited
CSO	Community Service Officers
Director(s)	Any or all the directors on our Board, as may be appointed from time to time
Equity Shareholder	A holder of Equity Shares
Equity Shares	The equity shares of our Company each having a face value of ₹ 10 each, unless otherwise specified
ESOP 2009	Employees Stock Option Plan 2009
ESOP 2010	Employees Stock Option Plan 2010

Terms	Descriptions
ESOP 2017	Employee Stock Option Plan 2017
ESOP II 2010	Employees Stock Option Plan-II 2010
Executive Directors	Executive Director(s) of our Company, unless otherwise specified
GRT	Group recognition tests
IGL	Income generating loan(s)
JLG	Joint liability group
LLP	Limited Liability Partnership
Memorandum of Association / Memorandum / MoA	The Memorandum of Association of our Company, as amended
Non-Executive and Independent Director	Non-Executive and Independent Directors of our Company, unless otherwise specified
Non-Executive Director	Non-Executive Directors of our Company, unless otherwise specified
Pre- GRT	Pre-Group Recognition Tests
Promoter and Promoter Group	Individuals and entities forming part of the promoter and promoter group in accordance with SEBI ICDR Regulations
Promoter Group	Unless the context requires otherwise, the entities forming part of our promoter group in accordance with Regulation 2(1) (pp) of the SEBI ICDR Regulations and which are disclosed by our Company to the Stock Exchanges from time to time
Promoter/ Promoters	Promoters of our Company as per the definition provided in Regulation 2(1) (oo) of the SEBI ICDR Regulations and as reported to the Stock Exchanges, namely Mr. Harvinder Pal Singh and Mr. Satvinder Singh
RBI Inspection Report	Inspection Report of RBI served to our Company for years 2017, 2018 and 2019
Registered Office	The registered office of our Company situated at 5 th Floor, Kundan Bhawan Azadpur Commercial Complex, Azadpur, New Delhi- 110033, India
Registrar of Companies / RoC	Registrar of Companies, Delhi and Haryana
Rights Issue Committee	The Committee of our Board constituted for purposes of the Issue and incidental matters thereof
SBI FMO	SBI FMO Emerging Asia Financial Sector Fund Pte Ltd
SBL	Small business loans
SFL	Satin Finserv Limited
Shareholders	Persons holding Equity Shares of our Company, unless otherwise specified in the context thereof.
SHFL	Satin Housing Finance Limited
SHG	Self-Help Group
ShoreCap	ShoreCap II Limited
SIDBI	Small Industries Development Bank of India
Statutory Auditors	The current statutory auditors of our Company, being Walker Chandiook & Co LLP, Chartered Accountants
Subsidiaries or our Subsidiaries	SHFL, TFSL & SFL. For details, see “Financial Statements” on page 102.
TFSL	Taraashna Financial Services Limited
We/Our/ Us	Satin Creditcare Network Limited, unless otherwise specified or unless the context otherwise requires

Issue Related Terms

Term	Description
Abridged Letter of Offer or ALOF	Abridged letter of offer to be sent to the Eligible Equity Shareholders with respect to this Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act, 2013.
Allot, Allotment or Allotted	Allotment of Rights Equity Shares pursuant to this Issue.
Allotment Accounts	The accounts opened with the Bankers to this Issue, into which the Application Money lying credit to the Escrow Account and amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act, 2013.
Allotment Account Banks	Bank(s) which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts will be opened, in this case being, IndusInd Bank Limited.
Allotment Date	Date on which the Allotment shall be made pursuant to this Issue.
Allottee(s)	Person(s) who shall be allotted Rights Equity Shares pursuant to the Allotment.
Applicant(s) or Investor(s)	Eligible Equity Shareholder(s) and/or Renouncee(s) who are entitled to apply or make an application for the Rights Equity Shares pursuant to this Issue in terms of this Letter of Offer.
Application	Application made through (i) submission of the Application Form or plain paper Application to the Designated Branch of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, or (ii) filling the online Application Form available on R-WAP, to subscribe to the Rights Equity Shares at the Issue Price.
Application Form	Unless the context otherwise requires, an application form (including online application form available for submission of application at R-WAP facility or through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Applicant to make an application for the Allotment of Rights Equity Shares in this Issue.
Application Money	Aggregate amount payable at the time of Application, i.e., ₹ 15 per Rights Equity Share in respect of the Rights Equity Shares applied for in this Issue.
Application Supported by Blocked Amount or ASBA	Application used by an investor to make an application authorizing the SCSB to block the Application Money in an ASBA account maintained with the SCSB.
ASBA Account	Account maintained with the SCSB and specified in the Application Form or the plain paper Application by the Applicant for blocking the amount mentioned in the Application Form or the plain paper Application.
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful Applicants in consultation with the Designated Stock Exchange under this Issue, as described in Terms of the Issue on page 195.
Bankers to the Issue Agreement	Agreement dated July 30, 2020, entered into by and among our Company, the Registrar to the Issue, and the Lead Manager and the Bankers to the Issue for receipt of the Application Money in the Escrow Account from Applicants making an Application through RWAP facility, including for the purposes of refunding the surplus funds remitted by such Applicants after Basis of Allotment, remitting funds to the Allotment Accounts from the Escrow Account and SCSBs in case of Allottees, release of funds from Allotment Accounts to our Company and other persons, as applicable and providing such other facilities and services as specified in the agreement.

Term	Description
Bankers to the Issue	Collectively, the Escrow Collection Bank, the Allotment Account Banks and the Refund Account Bank to the Issue.
Call(s)	The notice issued by our Company to the holders of the Rights Equity Shares as on the Call Record Date for making a payment of the Call Monies.
Call Money(ies)	The balance amount payable by the holders of the Rights Equity Shares pursuant to the Payment Schedule, being ₹ 45 per Rights Equity Share (75% of Issue Price) after payment of the Application Money.
Call Record Date	A record date fixed by our Company for the purpose of determining the names of the holders of Rights Equity Shares for the purpose of issuing of the Call.
Controlling Branches or Controlling Branches of the SCSBs	Such branches of the SCSBs which co-ordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by SEBI from time to time.
Designated Branches	Such branches of the SCSBs which shall collect the Application Form or the plain paper Application, as the case may be, used by the Investors and a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by the SEBI or the Stock Exchange(s), from time to time.
Designated Stock Exchange	BSE Limited
Eligible Equity Shareholders	Equity Shareholders of our Company on the Record Date.
Escrow Account	One or more no-lien and non-interest-bearing accounts with the Escrow Collection Bank for the purposes of collecting the Application Money from resident Investors making an Application through the RWAP facility.
Escrow Collection Bank	Bank(s) which are clearing members and registered with SEBI as banker to an issue and with whom the Escrow Account will be opened, in this case being, IndusInd Bank Limited
Issue	<p>Issue of 1,99,82,667[#], Rights Equity Shares[#] of face value of ₹ 10 each of our Company for cash at a price of ₹ 60 per Rights Equity Share (including a premium of ₹ 50 per Rights Equity Share) aggregating up to ₹ 119,89,60,020/-[#] on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of 48 (forty eight) Rights Equity Share for every 125 (one hundred twenty five) Equity Shares held by the Eligible Equity Shareholders of our Company on the Record Date.</p> <p>On Application, Investors will have to pay ₹ 15 per Rights Equity Share which constitutes 25% of the Issue Price and the balance ₹ 45 per Rights Equity Share which constitutes 75% of the Issue Price, will have to be paid, on one or more subsequent Call(s), as determined by our Board/ Committee at its sole discretion, from time to time.</p> <p><i>[#]Assuming full subscription</i></p>
Issue Agreement	Issue Agreement dated July 30, 2020 between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to this Issue.
Issue Closing Date	Wednesday, August 26, 2020
Issue Opening Date	Wednesday, August 12, 2020
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants can submit their Applications, in accordance with the SEBI ICDR Regulations.
Issue Price	₹ 60 per Rights Equity Share, including a Premium of ₹ 50 per Rights Equity Share.

Term	Description
	On Application, Investors will have to pay ₹ 15 per Rights Equity Share which constitutes 25% of the Issue Price and the balance ₹ 45 per Rights Equity Share which constitutes 75% of the Issue Price, will have to be paid, on one or more subsequent Call(s), as determined by our Board/ Committee at its sole discretion, from time to time.
Issue Proceeds / Gross Proceeds	Gross proceeds of this Issue.
Issue Size	Amount aggregating to ₹ 119,89,60,020/- [#] ^{#Assuming full subscription}
Lead Manager	Corporate Professionals Capital Private Limited
Letter of Offer	This letter of offer dated August 4, 2020, filed with the Designated Stock Exchange (BSE), with SEBI and NSE for purposes of record keeping.
Materiality Policy	'Policy on Determination and Disclosure of Materiality of Events and Information' adopted by our Board in accordance with the requirements under Regulation 30 of the SEBI Listing Regulations, read with the 'Policy on Determination of Materiality of Litigation' adopted by the Rights Issue Committee through its resolution dated July 23, 2020, for the purpose of disclosure of material litigations in this Letter of Offer.
MCA	Ministry of Corporate Affairs, Government of India
MCA Circular	General Circular No. 21/2020 dated May 11, 2020 issued by the Ministry of Corporate Affairs, Government of India.
Net Proceeds	Issue Proceeds less Issue related expenses. For details, see <i>Objects of the Issue</i> on page 80.
On Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investors by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchanges, from time to time, and other applicable laws, on or before August 21, 2020.
Off Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investors by transferring them through off market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Depositories, from time to time, and other applicable laws.
Payment Schedule	Payment schedule under which 25% of the Issue Price is payable on Application, i.e., ₹ 15 per Rights Equity Share, and the balance unpaid capital constituting not more than 75% of the Issue Price i.e., ₹ 45 will have to be paid, on one or more subsequent Call(s), as determined by our Board/ Committee at its sole discretion, from time to time.
Record Date	Designated date for the purpose of determining the Equity Shareholders eligible to apply for Rights Equity Shares, being Wednesday, August 5, 2020.
Refund Account Bank	The Bankers to the Issue with whom the refund account will be opened, in this case being IndusInd Bank Limited.
Registrar to the Issue or Registrar	Link Intime India Private Limited
Registrar Agreement	Agreement dated July 30, 2020 entered into between our Company and the Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue, including in relation to the RWAP facility.
Renouncee(s)	Any person(s) who, not being the original recipient has/have acquired the Rights Entitlement, in accordance with the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars.
Renunciation Period	The period during which the Investors can renounce or transfer their Rights

Term	Description
	Entitlements which shall commence from the Issue Opening Date. Such period shall close on Friday, August 21, 2020 in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date.
Rights Entitlements /REs	The right to apply for the Rights Equity Shares, being offered by way of this Issue, by an Investor, in accordance with the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, in this case being 48 (Forty Eight) Rights Equity Share for every 125 Equity Shares held by an Eligible Equity Shareholder, on the Record Date, excluding any fractional entitlements.
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible through the RWAP Facility and on the website of our Company.
Rights Equity Shareholders	A holder of the Rights Equity Shares, from time to time.
Rights Equity Shares	Equity shares of our Company to be allotted pursuant to this Issue on partly paid-up basis on Allotment
R-WAP	Registrar's web-based application platform accessible at www.linkintime.co.in , instituted as an optional mechanism in accordance with SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, for accessing/ submitting online Application Forms by resident Investors.
SCSB(s)	Self-certified syndicate banks registered with SEBI, which offers the facility of ASBA. A list of all SCSBs is available at website of SEBI and/or such other website(s) as may be prescribed by SEBI from time to time.
Stock Exchanges	Stock Exchanges where our Equity Shares are presently listed, being BSE and NSE.
Transfer Date	The date on which Application Money held in the Escrow Account and the Application Money blocked in the ASBA Account will be transferred to the Allotment Accounts in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange.
Wilful Defaulter	Company or person, as the case may be, categorised as a wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by RBI and includes any company whose director or promoter is categorised as such.
Working Day(s)	Working day means all days on which commercial banks in Delhi & Haryana are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Delhi & Haryana are open for business. Furthermore, the time period between the Issue Closing Date and the listing of the Rights Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI.

Conventional terms or Abbreviations

Terms	Descriptions
₹, Rs., Rupees or INR	Indian Rupee.
ACB/ Anti-Corruption Bureau	Anti- Corruption Bureau.
AIF(s)	Alternative Investment Funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
Arbitration Act	Arbitration and Conciliation Act, 1996.
ASBA Circulars	Collectively, SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011 and the SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020.
BSE	BSE Limited.
CAA	The Citizenship (Amendment) Act, 2019
CBLO	Collateralized Borrowing and Lending Obligation.
CDSL	Central Depository Services (India) Limited.
Central Government / Government of India / GoI	Central Government of India.
CIN	Corporate Identity Number
COVID-19	The novel coronavirus outbreak named as COVID–19 by the World Health Organization on February 11, 2020
Companies Act, 1956	Erstwhile Companies Act, 1956 along with the rules made thereunder.
Companies Act, 2013 / Companies Act	Companies Act, 2013 along with the rules made thereunder.
CSE	Calcutta Stock Exchange Limited
DSE	Delhi Stock Exchange Limited
Delhi Government	Government of National Capital Territory of Delhi.
Depositories Act	Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
DIN	Director Identification Number.
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India.
DP / Depository Participant	Depository Participant as defined under the Depositories Act.
DP ID	Depository Participant Identification.
DPIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, earlier known as Department of Industrial Policy and Promotion.
EBITDA	Profit for the year before finance costs, tax, depreciation, amortisation and depletion expenses, exceptional items and other income as presented in the statement of profit and loss in the Financial Statements.
EPS	Earnings per share.
FATCA	The Foreign Account Tax Compliance Act
FCMITDA	Foreign Currency Monetary Item Translation Difference Account
FCNR Account	Foreign Currency Non-Resident Account.

Terms	Descriptions
FDI	Foreign Direct Investment.
FDI Policy	The consolidated foreign direct investment policy notified by the DIPP (now DPIT) vide circular no. D/o IPP F. No. 5(1)/2017- FC-1 dated August 28, 2017 effective from August 28, 2017.
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder.
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019.
Financial Year / FY /Fiscal	Period of 12 months ended March 31 of that particular year.
FIR	First Information Report.
FMR	Fraud Monitoring Return
Foreign Portfolio Investors /FPIs	Foreign portfolio investors as defined under the SEBI FPI Regulations, registered with SEBI under applicable laws in India.
IBC	Insolvency and Bankruptcy Code, 2016
IPO	Initial Public Offer
JSE	Jaipur Stock Exchange Limited
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.
FUTP Regulations	Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations, 2003.
FVCIs	Foreign Venture Capital Investors as defined in and registered with the SEBI, under the SEBI FVCI Regulations.
GDP	Gross Domestic Product.
Government	Central Government and/or the State Government, as applicable.
GST	Goods and Services Tax.
IEPF	Investor Education and Protection Fund.
IFRS	International Financial Reporting Standards.
Income-tax Act	Income-tax Act, 1961.
Ind AS	Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
India	Republic of India.
Indian GAAP/ IGAAP	Generally Accepted Accounting Principles followed in India.
Investment Company Act	The United States Investment Company Act of 1940, and the related rules and regulations
IPC	Indian Penal Code, 1860.
ISIN	International Securities Identification Number.
LSE	Ludhiana Stock Exchange Limited
Listing Agreement	Equity listing agreements entered into between our Company and the Stock Exchanges in terms of the SEBI Listing Regulations read along with SEBI Circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015.
MCA	The Ministry of Corporate Affairs, Government of India.
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
N.A. / N/A	Not applicable.
NACH	National Automated Clearing House.
NEFT	National Electronic Fund Transfer.
Net-Worth	The aggregate value of the paid-up share capital (including instruments

Terms	Descriptions
	classified as equity) and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
NR / NRs	Non-resident(s) or person(s) resident outside India, as defined under the FEMA.
NRE Account	Non-resident external account.
NRI	A person resident outside India, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016.
NRO Account	Non-resident ordinary account.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
OCB / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA.
p.a.	Per annum.
PAN	Permanent Account Number.
PFIC	Passive Foreign Investment Company
Qualified Purchaser	Qualified purchasers as defined under the Investment Company Act
RBI	Reserve Bank of India.
REPO	Repurchase Agreement.
Regulation S	Regulation S under the US Securities Act
Rule 144A	Rule 144A under the US Securities Act
RTGS	Real Time Gross Settlement.
SAT	Securities Appellate Tribunal.
SCN	Show Cause Notice.
SCRA	Securities Contracts (Regulation) Act, 1956.
SCRR	Securities Contracts (Regulation) Rules, 1957.
SEBI	Securities and Exchange Board of India.
SEBI Act	Securities and Exchange Board of India Act, 1992.
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019.
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000.
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
SEBI Rights Issue Circulars	Collectively, SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, bearing reference

Terms	Descriptions
	number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020.
SEBI SBEB Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996.
SMS	Short Message Service.
State Government	Government of a state of India.
Trade Marks Act	Trade Marks Act, 1999
UPI	Unified Payments Interface
U. K.	United Kingdom
U.S. / USA / United States	United States of America, including the territories or possessions thereof.
USD	United States Dollar
U.S. QIB	'Qualified Institutional Buyer', as defined in Rule 144 of the US Securities Act
U.S. SEC	U.S. Securities and Exchange Commission
US Securities Act	U.S. Securities Act of 1933, as amended
VCFs	Venture Capital Funds, as defined in and registered with the SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be.

Industry Related Terms

Terms	Descriptions
APBS	Aadhaar Payments Bridge System
AePS	Aadhaar Enabled Payment System
AUM	Asset Under Management
BC(s)	Business Correspondent(s)
CARE	Care Ratings Limited
CAGR	Compounded Annual Growth Rate
COCA	Code of Conduct Assessment
Collection Efficiency	Percentage of current demand against the current collection for the period
CRAR	Capital to Risk-weighted Assets Ratio
CSO	Community Service Officer
CSS	Centralized Shared Service Centres
DPD	Days Past Due
EAD	Exposure at Default
ECL	Expected Credit Loss
Gross AUM	Aggregate of on-book AUM and off-book AUM
Gross NPA	Gross NPA is the amount of non-performing assets as defined in the NBFC Master Directions
HFCs	Housing Finance Companies
HQLA	High Quality Liquid Assets
IVRS	Interactive Voice Response System
ICAI	Institute of Chartered Accountants of India

Terms	Descriptions
ICRA	ICRA Limited
JLG	Joint Liability Group
KYC	Know Your Customer
LAP	Loan against property
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
LMS	Loan Management System
LTECL	Lifetime Expected Credit Loss
MFI	Micro Finance institutions
MFI Lending	Includes loans under JLG model, water and sanitation loans and loans to Individuals
MFI Segment	Includes MFI lending and Product Financing
MIX	Microfinance Information Exchange
MSME	Micro, Small and Medium Enterprises
NABARD	National Bank for Agriculture and Rural Development
NBFC	Non-Banking Financial Company
NBFC-MFI	Non-Banking Financial Company- Micro Finance Institutions
NBFC-ND-SI	Systemically Important Non-Deposit Taking Non-Banking Financial Company
NCT	National Capital Territory
Net NPA	Gross NPA reduced by amount of provision for standard and non-standard Assets
NIM	Net Interest Margin
NOF	Net Owned Funds
Non-performing assets/ NPAs	Assets for which the interest /principal payment has remained overdue for a period of 90 days or more
Off-book AUM	Aggregate amount of loan assets securitized or assigned as of the end of the relevant period
On-book AUM	Receivables under financing activities as of the end of the relevant period
PD	Probability of Default
PAR	Portfolio at risk
SME	Small and medium sized enterprises
STT	Securities Transaction Tax
TAT	Turn Around Time
TVR	Tele Verification
Total Debt	The aggregate of all borrowings (non-convertible debentures, short term borrowings, term loans from banks and other parties) as of the last day of the relevant period

NOTICE TO INVESTORS

The distribution of this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter, any other Issue material and the issue of Rights Entitlements and the Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter may come, are required to inform themselves about and observe such restrictions. For details, see “*Restrictions on Purchases and Resales*” on page 243.

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Abridged Letter of Offer, the Application Form and other applicable Issue materials only to email addresses of Eligible Equity Shareholders, who have provided an Indian address to our Company. Further, this Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company and the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. Investors can also access this Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company, the Lead Manager, and the Stock Exchanges, and on RWAP.

Our Company, the Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer was filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and the Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlement Letter and any other offering materials or advertisements in connection with this Issue may not be distributed, in whole or in part, in or into any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction.

This Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter may not be used for the purpose of, and do not constitute, an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter in or into any jurisdiction where to do so would or might contravene local securities laws or regulations or would subject the Company or its affiliates or the Lead Manager or its affiliates to any filing or registration requirement (other than in India). If this Letter of Offer, the Abridged Letter of Offer, the Application Form or Rights Entitlement Letter is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter.

Neither the Company nor the Lead Manager is making any representation to any person regarding the legality of an investment in the Rights Entitlements or the Rights Equity Shares by such person under any investment or any other laws or regulations. No information in this Letter of Offer should be considered to be business, financial, legal, tax or investment advice.

Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in accordance with the legal requirements applicable in such person's jurisdiction and India, without requirement for our Company or our affiliates or the Lead Manager or its affiliates to make any filing or registration (other than in India). In addition, each purchaser of Rights Entitlements and the Rights Equity Shares will be deemed to make the representations, warranties, acknowledgments and agreements set forth in “Restrictions on Purchases and Resales” on page 243.

Our Company reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws or (b) a U.S. QIB in the United States who is also a Qualified Purchaser, and in each case such person is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii) where a registered Indian address is not provided; or where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

Neither the delivery of this Letter of Offer nor any sale of Rights Equity Shares hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer or the date of such information. Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of buying or selling of Rights Equity Shares or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of the Rights Equity Shares or Rights Entitlements. In addition, neither our Company nor the Lead Manager nor any of their respective affiliates is making any representation to any offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in the Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations.

In terms of the RBI Circular no. RBI/2015-16/122, DNBR (PD) CC.No. 065/03.10.001/2015-16 dated July 9, 2015, prior permission of RBI is required: (i) any takeover or acquisition of control of an NBFC, which may or may not result in change of management; (ii) any change in the shareholding of an NBFC, including progressive increases over time, which would result in acquisition/ transfer of shareholding of 26 per cent or more of the paid-up equity capital of the NBFC, therefore since the Company is a NBFC, in the event that any Application would result in the aggregate shareholding or voting rights of such Applicant to reach or exceed 26%, (or such other percentage as may be prescribed by the RBI, from time to time) of the post-Issue paid-up equity share capital of our Company, such Applicant would be required to submit a copy of the approval obtained from RBI with the Application and send a copy of such approval to the Registrar at satin_rights@linkintime.co.in. Such approval from RBI should clearly mention the name(s) of the persons who propose to apply in this Issue and the aggregate shareholding of the Applicant in the pre-Issue paid-up equity share capital of our Company, if any. In case of any failure by such Applicant to submit such RBI approval, our Company may, at its sole discretion, decide to allot such number of Rights Equity Shares, that will limit such resultant aggregate shareholding of the Applicant (whether direct or indirect, beneficial or

otherwise, such Applicant and persons acting in concert with such Applicant) to less than 26% of the post-Issue paid-up equity share capital of our Company.

THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR COMPANY OR FROM THE REGISTRAR. THIS DOCUMENT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON.

NOTICE TO INVESTORS IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “US SECURITIES ACT”), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE US SECURITIES ACT (“REGULATIONS S”) EXCEPT FOR THESE PURPOSES, U.S. PERSONS INCLUDE PERSONS WHO WOULD OTHERWISE HAVE BEEN EXCLUDED FROM SUCH TERM SOLELY BY VIRTUE OF RULE 902(K)(1)(VIII)(B) OR RULE 902(K)(2)(I)), EXCEPT PURSUANT TO AN EXEMPTION FORM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT. ACCORDINGLY, THE RIGHTS EQUITY SHARES REFERRED TO IN THIS LETTER OF OFFER ARE BEING OFFERED AND SOLD (I) IN OFFSHORE TRANSACTIONS OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN COMPLIANCE WITH REGULATION S TO EXISTING SHAREHOLDERS LOCATED IN JURISDICTIONS WHERE SUCH OFFER AND SALE OF THE RIGHTS EQUITY SHARES IS PERMITTED UNDER LAWS OF SUCH JURISDICTIONS AND (II) IN THE UNITED STATES TO U.S. PERSONS WHO ARE “QUALIFIED INSTITUTIONAL BUYERS” (AS DEFINED IN RULE 144A UNDER THE US SECURITIES ACT) (“U.S. QIB”) AND ARE ALSO “QUALIFIED PURCHASERS” (AS DEFINED IN THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED AND THE RELATED RULES (THE “INVESTMENT COMPANY ACT”) (“QUALIFIED PURCHASERS”) PURSUANT TO APPLICABLE EXEMPTIONS UNDER THE US SECURITIES ACT AND THE INVESTMENT COMPANY ACT. OUR COMPANY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS OF THE INVESTMENT COMPANY ACT. PROSPECTIVE PURCHASERS IN THE UNITED STATES ARE HEREBY NOTIFIED THAT OUR COMPANY IS RELYING ON THE EXEMPTION UNDER SECTION 4(A)(2) OF THE U.S. SECURITIES ACT AND EXCEPTION UNDER SECTION 3(C)(7) OF THE INVESTMENT COMPANY ACT. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES, EXCEPT IN EACH CASE TO PERSONS IN THE UNITED STATES WHO ARE U.S. QIBS AND ARE ALSO QUALIFIED PURCHASERS. ACCORDINGLY, YOU SHOULD NOT FORWARD OR TRANSMIT THIS LETTER OF OFFER IN OR INTO THE UNITED STATES AT ANY TIME (OTHER THAN TO U.S. QIBS WHO ARE ALSO QUALIFIED PURCHASERS).

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made (other than persons in the United States who are U.S. QIBs and are also Qualified Purchasers). No Application Form should be postmarked in the United States, electronically transmitted from the United States or otherwise dispatched from the United States (in each case, other than from persons in the United States who are U.S. QIBs and are also Qualified Purchasers) or from any other jurisdiction where it would be illegal to make an offer of securities under this Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch this Letter of Offer or the Abridged Letter of Offer and the Application Form only to Eligible Equity Shareholders who have provided an Indian address to our Company.

Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, that (i) it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States; or (ii) it is a U.S. QIB and also a Qualified Purchaser in the United States, and in each case is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (unless the Application Form is submitted by a U.S. QIB who is also a Qualified Purchaser in the United States) or other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws or (b) a U.S. QIB who is also a Qualified Purchaser in the United States, and in each case such person is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii) where a registered Indian address is not provided; or where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

All offers and sales in the United States of the Rights Entitlements and the Rights Equity Shares have been, or will be, made solely by our Company. The Lead Manager is not making, and will not make, and will not participate or otherwise be involved in any offers or sales of the Rights Entitlements, the Rights Equity Shares or any other security with respect to this Issue in the United States.

The Rights Entitlements and the Rights Equity Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission (the “US SEC”), any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Rights Equity Shares or the accuracy or adequacy of this Letter of Offer. Any representation to the contrary is a criminal offence in the United States.

THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR COMPANY OR FROM THE REGISTRAR. THIS DOCUMENT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a public limited company under the laws of India and the majority of the Directors and all executive officers are residents of India. It may not be possible or may be difficult for investors to effect service of process upon the Company or these other persons outside India or to enforce against them in courts in India, judgments obtained in courts outside India.

India is not a party to any international treaty in relation to the automatic recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments is provided for under Sections 13, 14 and 44A of the Code of Civil Procedure, 1908, as amended (the “Civil Procedure Code”). Section 44A of the Civil Procedure Code provides that where a certified copy of a decree of any superior court (within the meaning of that section) in any country or territory outside India which the Government of India has by notification declared to be a reciprocating territory, is filed before a district court in India, such

decree may be executed in India as if the decree has been rendered by a district court in India. Section 44A of the Civil Procedure Code is applicable only to monetary decrees or judgments not being in the nature of amounts payable in respect of taxes or other charges of a similar nature or in respect of fines or other penalties. Section 44A of the Civil Procedure Code does not apply to arbitration awards even if such awards are enforceable as a decree or judgment. Among others, the United Kingdom, Singapore, Hong Kong and the United Arab Emirates have been declared by the Government of India to be reciprocating territories within the meaning of Section 44A of the Civil Procedure Code. The United States has not been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code.

Under Section 14 of the Civil Procedure Code, an Indian court shall, on production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction unless the contrary appears on the record; but such presumption may be displaced by proving want of jurisdiction.

A judgment of a court in any non-reciprocating territory, such as the United States, may be enforced in India only by a suit upon the judgment subject to Section 13 of the Civil Procedure Code, and not by proceedings in execution. Section 13 of the Civil Procedure Code, which is the statutory basis for the recognition of foreign judgments (other than arbitration awards), states that a foreign judgment shall be conclusive as to any matter directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title except where:

- the judgment has not been pronounced by a court of competent jurisdiction;
- the judgment has not been given on the merits of the case;
- the judgment appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases where such law is applicable;
- the proceedings in which the judgment was obtained are opposed to natural justice;
- the judgment has been obtained by fraud; and/or
- the judgment sustains a claim founded on a breach of any law in force in India.

A suit to enforce a foreign judgment must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. In addition, it is unlikely that an Indian court would enforce foreign judgments if it considered the amount of damages awarded as excessive or inconsistent with public policy or if the judgments are in breach of or contrary to Indian law. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the Reserve Bank of India to repatriate any amount recovered pursuant to execution of such judgment. Any judgment in a foreign currency would be converted into Rupees on the date of such judgment and not on the date of payment and any such amount may be subject to income tax in accordance with applicable laws. The Company cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER INFORMATION

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references in this Letter of Offer to (i) the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions; (ii) 'India' are to the Republic of India and its territories and possessions; and the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable.

In this Letter of Offer, references to the singular also refer to the plural and one gender also refers to any other gender, where applicable.

Financial Data

Unless stated otherwise or unless the context requires otherwise, the financial data in this Letter of Offer is derived from the Audited Financial Statements. For details, see "Financial Statements" on page 102.

We have prepared our Financial Statements in accordance with Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended. Our Company presents its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

Our Fiscal commences on April 1 of each year and ends on March 31 of the succeeding year, so all references to a particular "Fiscal Year", "Fiscal", "Financial Year" or "FY" are to the 12 months period ended on March 31 of that year.

In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. Unless stated otherwise, throughout this Letter of Offer, all figures have been expressed in lakhs.

Market and Industry Data

Unless stated otherwise, market and industry data used in this Letter of Offer has been obtained or derived from publicly available information, industry publications and sources. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy, adequacy, completeness, reliability or underlying assumption are not guaranteed. Similarly, industry forecasts and market research and industry and market data used in this Letter of Offer, while believed to be reliable, have not been independently verified by our Company or the Lead Manager or their respective affiliates and neither our Company, the Lead Manager nor their respective affiliates make any representation as to the accuracy of that information. Accordingly, Investors should not place undue reliance on this information.

Non-GAAP measures

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like net worth, return on net worth, net asset value per equity share, ratio of non-current borrowings (including current maturities) / total equity, ratio of total borrowings/ total equity and Earnings before interest, tax, depreciation and amortization ("EBITDA") have been included in this Letter of

Offer. These may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Indian GAAP.

Currency of Presentation

Unless otherwise specified or the context otherwise requires, all references to:

- 'INR', '₹', 'Indian Rupees' and 'Rupees' are to the legal currency of India; and
- 'US\$', 'USD', '\$' and 'U.S. Dollars' are to the legal currency of the United States of America.

This Letter of Offer contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the dates indicated, information with respect to the exchange rate between the Rupee and the respective foreign currencies:

Sl. No.	Name of the Currency	Exchange rates as on	
		March 31, 2020 (in ₹)	March 31, 2019 (in ₹)
1.	1 United States Dollar ("USD")	75.39	69.17

Source: www.fbil.org.in for March 31, 2020 and March 31, 2019.

Note:

- In the event that any of the abovementioned dates of any of the respective financial years is a public holiday, the previous calendar day not being a public holiday has been considered.
- Please note that our Company has considered an exchange rate of 1 USD = ₹75.39 for the purposes of Financial Statements.

Such conversion should not be considered as a representation that such currency amounts have been, could have been or can be converted into Rupees (₹) at any particular rate, the rates stated above or at all.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Letter of Offer that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology including 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', 'future', 'forecast', 'target' or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements may include planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts) and other matters discussed in this Letter of Offer that are not historical facts.

These forward-looking statements contained in this Letter of Offer (whether made by our Company or any third party) are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause our actual results, performances and achievements to differ materially from any of the forward-looking statements include, among others:

- Impact of the COVID-19 pandemic on our business, financials and results of operations;
- Adverse developments in the global or local macroeconomic environment;
- Failure to comply with certain financial and other covenants under certain loan agreements;
- Exposure to interest rate risk and inability to manage our interest rate expenses;
- Inability to control the levels of our NPAs in the future;
- Operational risks including, misappropriation or fraud by our employees since operations involve handling cash in high volumes;
- Our transactions with relatively high-risk borrowers may result in increased levels of non-performing loans and related provisions and write-offs that may negatively impact our results of operations;
- Inability to obtain or maintain statutory and regulatory approvals and licenses;
- Stringent and onerous changes in certain regulatory policies of the government;
- Disruption in the access to continuous capital requirement;
- Inability to generate sufficient amount of cash from operations;
- Greater dependence on our operations in certain states of India;
- Inability to manage our growth or our proposed expansion activities; and
- De-classification of our loan portfolio as a priority sector advance by the RBI in future.
- Interest rate fluctuations;
- Ability to obtain, renew or maintain the statutory and regulatory permits and approvals;
- Ability to maintain insurance coverage adequately to protect us against all material hazards.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the section "*Risk Factors*" on page 26.

By their nature, market risk disclosures are only estimate and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated, expressed or implied by such forward

looking statements or other projections. The forward-looking statements contained in this Letter of Offer are based on the beliefs of management, as well as the assumptions made by, and information currently available to, the management of our Company. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Letter of Offer or the respective dates indicated in this Letter of Offer and neither our Company nor the Lead Manager undertake any obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

SUMMARY OF LETTER OF OFFER

The following is a general summary of certain disclosures included in this Letter of Offer and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Letter of Offer or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Letter of Offer, including the sections, “Objects of the Issue”, “Outstanding Litigation and Defaults” and “Risk Factors” on pages 80, 178 and 26 respectively

Summary of Primary Business

Being Systemically Important, NBFC MFI, registered with the Reserve Bank of India, our business is primarily based on the Joint Liability Group model, which allows us to provide collateral-free, microcredit facilities to economically active women in both rural and semi-urban areas, who otherwise have limited access to mainstream financial service providers. For more details please refer section “Our Business” on Page 90.

Objects of the Issue

The Net Proceeds are proposed to be utilised by our Company in accordance with the details set forth below:

Particulars	Amount# (In ₹ Lakhs)
Augment our capital base to meet our future capital requirements; and funding requirements for growth of the Company’s business and operations.	8928.60
General corporate purposes*	2976.20
Total Net Proceeds**	11904.80

**Subject to finalisation of the Basis of Allotment and the Allotment of the Rights Equity Shares. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.*

*** Assuming full subscription and Allotment and receipt of all Call monies with respect to the Rights Equity Shares.*

#Rounded off to two decimal places

For detail object allocation, see “Objects of the Issue” on page 80.

Intention and Extent of Participation by Our Promoter and Promoter Group in the Issue:

Our Promoter and Promoter Group, (the “**Promoter and Promoter Group Letters**”), have confirmed to (i) subscribe to the full extent of their Rights Entitlements and have also confirmed that they shall not renounce their Rights Entitlements (except to the extent of Rights Entitlements renounced by any of them in favour of any other member(s) of the Promoter and Promoter Group); (ii) also subscribe to Rights Equity Shares for the Rights Entitlements, if any, which are renounced in their favour by any other member(s) of the Promoter and Promoter group; and (iii) In the event of any under-subscription of the Issue, to subscribe to additional Rights Equity Shares to the extent of at least minimum subscription of the Issue Size, subject to compliance with the minimum public shareholding as prescribed under the Securities Contracts (Regulation) Rules, 1957.

Any acquisition of Rights Equity Shares by Promoter & Promoter Group of the Company, over and above their Rights Entitlements, as applicable, or subscription to any unsubscribed portion of this Issue including that of Late Mr. Harbans Singh*, will not result in a change or control of the management of the Company and will not result in non-compliance or violation of any applicable laws.

*In addition to the above mentioned Undertaking, Mr. Harvinder Pal Singh (S/o. Late Mr. Harbans Singh), our Company's Promoter, has, on his own behalf and on behalf of the other Promoter and Promoter Group, also confirmed that they shall apply to the full extent of their Rights Entitlement, including that of Late Mr. Harbans Singh. Since, Late Mr. Harbans Singh (whose name is still appearing as a member of the Promoter Group in the Company's Shareholding Patterns) cannot himself apply/ subscribe to his Entitlement, Mr. Harvinder Pal Singh has confirmed that any of the Promoter/ Promoter Group shall apply for additional shares at least equal to Late Mr. Harbans Singh's entitlement, which would remain unsubscribed. In this respect, SEBI, vide its email dated July 8, 2020, has directed our Promoter/Promoter Group to ensure that any of them apply for additional shares at least equal to Late Mr. Harbans Singh's entitlement, which would remain unsubscribed.

Summary of Financial Information

A summary of the consolidated financial information of our Company as at and for Fiscals 2020, 2019 and 2018, derived from audited consolidated financial statements of each of the respective years, is set out below:

(₹ In Lakhs, unless otherwise specified)

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Share Capital	5,171.27	4,853.07	4,726.91
Net Worth	1,37,933.86	1,11,057.44	79,064.09
Total Income	1,50,343.19	1,44,514.33	1,03,124.23
Profit for the year (After Tax)	15,497.26	20,149.64	7,480.43
Basic earnings per Equity Share (in ₹) – before exceptional items	30.43	41.67	17.88
Basic earnings per Equity Share (in ₹) – after exceptional items	30.43	41.67	17.88
Diluted earnings per Equity Share (in ₹) – before exceptional items	30.27	41.37	17.53
Diluted earnings per Equity Share (in ₹) – after exceptional items	30.27	41.37	17.53
Net asset value per Equity Share (in ₹)	264.03	227.09	165.84
Total borrowings (sum of current borrowings, noncurrent borrowings and current maturities of noncurrent borrowings)	5,57,963.36	5,25,558.47	5,20,235.39

Calculation of Net worth (on a consolidated basis)

(₹ In Lakhs, unless otherwise specified)

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Equity share capital (A)	5,171.27	4,853.07	4,726.91
Capital reserve (B)	-	-	-
Capital Redemption Reserve (C)	277.00	277.00	277.00
Debenture Redemption Reserve (D)	-	-	-
Share options outstanding account (E)	540.99	476.63	153.52
Statutory Reserve Fund (45IC of RBI Act) (F)	9,966.39	6,841.05	2,942.19
Securities Premium (G)	94,548.74	83,342.21	79,843.48
General Reserve (H)	29.94	29.94	29.94
Retained Earnings (I)	27,400.52	15,044.45	(1,278.41)

Equity component of compound financial instruments (J)	-	34.96	283.61
Money received against share warrants (K)	-	1,500.00	1,500.00
Other comprehensive income:			
Equity instruments through other comprehensive income (L)	(5.00)	(5.00)	(1.68)
Changes in fair value of loan assets (M)	6,869.19	2,550.33	-
Cash flow hedge reserve (N)	69.87	-	-
Total Equity (A+B+C+D+E+F+G+H+I+J+K+L+M+N)	1,44,868.91	1,14,944.64	88,476.56
Less: Other Comprehensive Income (P)	(6934.06)	(2545.33)	1.68
Less: Deferred Tax Assets (Q)	-	(865.24)	(9260.63)
Less: Share options outstanding account (R)	(540.99)	(476.63)	(153.52)
Net Worth S= (O+P+Q+R)	1,37,933.86	1,11,057.44	79,064.09

Calculation of Net Asset Value per Equity Share (on a consolidated basis)

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Net worth (As above) (A) (in ₹ Lakhs)	1,37,933.86	1,11,057.44	79,064.09
Number of Paid-up equity shares (B) (in Lakhs) *	520.38	489.04	476.74
Net asset value per Equity Share (in ₹) **	264.03	227.09	165.84

* 46,500 shares forfeited are excluded from the total no. of shares issued and paid up.

** Net Asset Value = A/B

Qualifications of the Auditors

The Auditors of the Company have issued unmodified opinions on the Company's financial statements. The Auditor's Report does not contain any qualification or an adverse opinion or disclaimer of opinion.

Summary of Outstanding Litigation and Defaults

A summary of Outstanding Litigations involving our Company and our Subsidiaries, as on the date of this Letter of Offer, including the aggregate approximate amount involved to the extent ascertainable, is set out below:

Sr. No.	Type of Proceedings	Number of Cases	Amount to extent quantifiable (in ₹ Lakhs)
LITIGATION INVOLVING OUR COMPANY			
I. Litigation matters filed against our Company			
A.	Proceedings involving moral turpitude or criminal liability on part of our Company	Nil	Nil
B.	Proceedings involving material violations of statutory regulations by our Company	Nil	Nil
C.	Matters involving economic offences where proceedings have been initiated against our Company	Nil	Nil

D.	Other proceedings involving our Company which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company		
	Civil	1	Not Ascertainable
	Taxation	1	168.53
E	Pending matters which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position of our Company (Criminal Matter against Mr. Harvinder Pal Singh)	1	Not Ascertainable
	TOTAL	3	168.53
II. Litigation matters filed by our Company			
A.	Criminal Cases Indian Penal Code, 1860	1	Not Ascertainable
	u/s 138 of Negotiable Instruments Act, 1881	115	729.15
B.	Other proceedings (fraud cases)	313	583.58*
	Total	429	1,312.73
LITIGATION INVOLVING OUR SUBSIDIARIES			
I. Litigation matters against our Subsidiaries			
A.	Proceedings involving moral turpitude or criminal liability on part of our Subsidiaries	Nil	Nil
B.	Proceedings involving material violations of statutory regulations by our Subsidiaries	Nil	Nil
C.	Matters involving economic offences where proceedings have been initiated against our Subsidiaries	Nil	Nil
D.	Other proceedings involving our Company which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Subsidiaries	Nil	Nil
	TOTAL	Nil	Nil
II. Litigation matters filed by our Subsidiaries			
A.	Criminal Cases u/s 138 of Negotiable Instruments Act, 1881 Satin Finserv Limited	12	71.98
B.	Other Proceedings: Taraashna Financial Services Limited		
	Arbitration Matter	1	Not Ascertainable [#]
	Fraud cases	10	106.50**
	Total	23	178.48

* As per FMR 2 returns filed with RBI for quarter ending June 30, 2020 and includes an amount of ₹ 150.44 Lakhs as recovered.

** As per FMR 2 returns filed with RBI for quarter ending June 30, 2020 and includes an amount of ₹ 7.16 Lakhs as recovered.

Matter is pending to be filed and amount is not crystallised by the Company on the date of this Letter of Offer.

For details, see “Outstanding Litigation and Defaults” on page 178.

Risk Factors

For details, see “Risk Factors” on page 26.

Contingent Liabilities and Commitments of our Company:

Contingent liabilities and commitments of our Company, on a consolidated basis, as of March 31, 2020, as per Ind AS 37 is set out below.

(In ₹ Lakhs)

Particulars	As at March 31, 2020
a. The Holding Company has received income tax notice under section 143(1) of the “Income Tax Act 1961” dated November 02, 2019 for tax demand amounting to ₹ 168.53 Lakhs on account of disallowance of expenses under section 43B and 36(1)(va) for assessment year 2018-19. In response to such notice, the Company has filed a rectification application online on E-filing portal.	168.53
b. The Group has undrawn exposure towards borrowers of ₹1,518.45 Lakhs (March 31, 2019: ₹ 1,323.96 Lakhs).	1,518.45
c. Estimated amount of contract remaining to be executed on capital account and not provided for is ₹ 765.13 Lakhs (March 31, 2019: ₹ 266.01 Lakhs).	765.13
Total	2,452.11

For details of contingent liabilities and commitments as per Ind AS 37, see “Financial Statements” on page 102.

Related Party Transactions

For details of our related party transactions as per Ind AS-24 during Fiscal 2020, as disclosed in the Financial Statements, see “Financial Statements” on page 102.

Financing Arrangements

There have been no financing arrangements whereby our Promoter, members of our Promoter Group, Directors or their relatives have financed the purchase by any other person of securities of our Company, during the period of six months immediately preceding the date of this Letter of Offer.

Issue of Equity Shares for consideration other than cash in the last one year

Our Company has not issued Equity Shares for consideration other than cash during the period of one year preceding the date of this Letter of Offer.

SECTION II: RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider each of the following risk factors together with all other information set forth in this Letter of Offer before making an investment in the Equity Shares. The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business, prospects, results of operations, cash flows and financial condition, the trading price of and the value of your investment in, Equity Shares could decline and you may lose all or part of your investment. In making an investment decision you must rely on your own examination of us and the terms of this Issue, including the merits and risks involved.

This Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors including the considerations described below and elsewhere in this Letter of Offer. See “Forward-Looking Statements” on page 19.

Unless otherwise stated, references to “we”, “us”, “our” and similar terms are to Satin Creditcare Network Limited on a consolidated basis and references to “the Company” are to Satin Creditcare Network Limited on a standalone basis.

Internal Risks

1. *The impact of the COVID-19 pandemic on our business and operations is uncertain and cannot be predicted.*

In late 2019, the COVID-19 disease, commonly known as “novel coronavirus”, was first reported in Wuhan, China. On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a “Public Health Emergency of International Concern” and on March 11, 2020 it was declared a pandemic. Between January 30, 2020 and the date of this Letter of Offer, the COVID-19 disease has spread to many other countries, with the number of reported cases and related deaths increasing daily and, in many countries, exponentially.

Several countries’ governments and numerous companies have imposed increasingly stringent restrictions to help avoid or slow down, the spreading of COVID-19, including, for example, restrictions on international and local travel, public gatherings and participation in meetings, as well as closures of non-essential services, universities, schools, stores, restaurants and other key service providers, with some countries imposing strict curfews. In India, the Government of India initially announced a 21-day country-wide lockdown starting on March 25, 2020, which was further extended, with certain modifications, till May 17, 2020 and then again to May 31, 2020. As on now, w.e.f. June 1, 2020, the lockdown has been lifted slowly with some restrictions, and unlock plan is in place and being implemented in a phased manner throughout the Country. However, due to rapid increase in no. of cases, some states like Uttar Pradesh, Karnataka and Maharashtra have re-imposed certain restrictions again in the month of July 2020 and impact of the same cannot be ascertained at this moment. These unprecedented measures have led to a significant decline in lending business which has disrupted the whole chain of credit in the country.

Impact of Covid 19 on our Company

We are continuously monitoring the situation as evolving out of the COVID-19 pandemic develops. The impact of the COVID-19 pandemic on our business will depend on a range of factors which we are not able to predict accurately, including the duration, severity and scope of the pandemic, the geographies impacted,

the impact of the pandemic on economic activity in India and globally, and the nature and severity of measures adopted by governments. These factors include, but are not limited to:

- The unexpected announcement of moratorium period by RBI, due to disruptions caused by COVID-19 pandemic, have impacted our financials for quarter 1 of fiscal 2021 and may further affect our future capacity and business for an uncertain period.
- Considering the unique and widespread impact of COVID-19 pandemic, the Company has estimated expected credit loss allowance in its provision as on March 31 2020, based on information available at this point in time to reflect, among other things, the deterioration in the macro-economic factors. Given the dynamic nature of the pandemic situation, these estimates are based on early indicators, subject to uncertainty and may be affected by the severity and duration of the pandemic and the actual impact of the pandemic, including governmental and regulatory measures, on the business and financial metrics of the Company, could be different from that estimated by the Company.
- The deterioration of socio-economic conditions and disruptions to our operations, such as our ability to reach out to customers in our area of operations, Credit supply, distribution capabilities, collection capabilities, payment cycle, extended moratorium which may result in increased costs due to maintenance of resources capacity and liquidity, increased collections efforts, the need for more complex technical support and online systematic infrastructure, to expand existing facilities or to maintain inefficient facilities or a reduction of growth of current portfolio.
- Reduction or volatility in borrower demand for the loans due to quarantine or other travel restrictions, economic hardships, illnesses or retail closures may impact our collections and portfolio.
- Significant volatility in financial markets (including exchange rate volatility) and measures adopted by governments and central banks that further restrict liquidity, which may limit our access to funds, lead to shortages of cash or increase the cost of raising such funds.
- An adverse impact on our ability to engage in new strategic transactions or consummate the pending ones, on the agreed terms and time schedules at all.
- Our ability to ensure the safety of our workforce and continuity of operations while conforming with measures implemented by the Central Government and the State Governments in relation to health and safety of our employees, which may result in increased costs.
- It is difficult to assess when the borrowers will get back to normalcy and thus, there may be delays in repayment of loans and the tenure of loans may get extended. Thus, impacting the financial position of our Company.

As of the date of this Letter of Offer, there is significant uncertainty relating to the severity of the short term and long term adverse impact of the COVID-19 pandemic on the global economy, global financial markets and the Indian economy, and we are unable to accurately predict the near-term or long-term impact of the COVID-19 pandemic on our business. To the extent that the COVID-19 pandemic adversely affects our business and operations, it may also have the effect of heightening many of the other risks described in this “*Risk Factors*” section.

2. *The Moratorium announced by the Reserve Bank of India and Government of India in March 2020 impacted collections from our clients, as a result of which our business, financials and result of operations may be obstructed.*

We primarily offer credit facilities to economically active women in both rural and semi-urban areas, along with credit facilities for individual businesses and MSMEs. We have a strong presence in the states of Uttar Pradesh, Bihar, Madhya Pradesh, Punjab and Uttarakhand. Given the background of our clients and geographies of our operations, we, along with other companies in the micro finance sector, have been affected by the Covid-19 pandemic and the lockdowns imposed in the first quarter of 2020-21. As a result of reduced liquidity, approx. 3 months of whole country shutdown and reduction in disposable income, significant number of our clients in our key geographies may default in repayment of their loan instalments,

which may witness adverse impact on our monthly collections efficiency and thus may have an adverse impact on our financial condition.

The company has offered moratorium to its borrowers till August 31, 2020, in line with RBI circulars dated March 27, 2020 and May 23, 2020. However, our borrowers have gradually been able to repay as the countrywide lockdown eased. The company's collection efficiency was approx. 98% in March 2020 prior to the lockdown. Post lockdown we have been able to collect ₹ 1,620 Lakhs, ₹ 1,425.84 Lakhs, ₹ 9603.28 Lakhs and ₹ 35,203 Lakhs in the months of March 2020, April 2020, May 2020 and June 2020 respectively.

As one of the measures to minimize the impact of COVID-19, RBI, vide notification dated on March 27, 2020 read with Notification dated April 17, 2020 announced a 90 days dispensation for NPA classification for loan accounts with repayments during the period from March 1 to May 31 and such dispensation was further relaxed by an additional 90 days period pursuant to a notification dated May 23, 2020 issued by RBI. As of March 31, 2020, our ECL on gross AUM (after accounting for the benefit of dispensation) was ₹ 16,407.74 Lakhs and gross NPA on gross AUM (after accounting for the benefit of dispensation) was ₹ 21,180.77 Lakhs. Our ECL as a percentage of our gross AUM was 2.27%, and our gross NPA as a percentage of our gross AUM was 2.93%.

If we are unable to improve our collections in the forthcoming quarters, the overall quality of our loan portfolio may deteriorate and our results of operations may be adversely affected.

3. Our Promoters, Company and Subsidiaries are involved in certain legal and other proceedings and there can be no assurance that our Company and/or Subsidiaries will be successful in any of these legal actions. In the event our Company and/or Subsidiaries are unsuccessful in any of the disputes, our business and results of operations may be adversely affected.

Our Company has been, from time to time, involved in various legal proceedings incidental to our business and operations. Our Promoter, Mr. Harvinder Pal Singh, who is also our Managing Director, has been implicated in a criminal proceeding. Our Company, Subsidiaries, Promoters and Directors may in the future be involved in legal proceedings. We cannot assure the investors that the existing or any future legal proceedings will be decided in favour of our Company, Subsidiaries, Promoters or Directors. Such litigations could divert management's time and attention, and consume financial resources, as the case may be, in their defence or prosecution. In addition, should any new developments arise, such as changes in Indian law or rulings against us by the regulators, appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and current liabilities. If our Company, Subsidiaries, Promoters and Directors fail to successfully defend the claims or if our provisions prove to be inadequate, our business, financial condition, reputation and results of operations could be adversely affected.

For details, see "Outstanding Litigation and Defaults" on page 178.

A summary of material outstanding legal proceedings involving our Company and our Subsidiaries, as on the date of this Letter of Offer, including the aggregate approximate amount involved to the extent ascertainable, is set out below:

Sr. No.	Type of Proceedings	Number of Cases	Amount to extent quantifiable (in ₹ Lakhs)
LITIGATION INVOLVING OUR COMPANY			
I. Litigation matters filed against our Company			
A.	Proceedings involving moral turpitude or criminal liability on part of our Company	Nil	Nil
B.	Proceedings involving material violations of statutory regulations by our Company	Nil	Nil
C.	Matters involving economic offences where proceedings have	Nil	Nil

	been initiated against our Company		
D.	Other proceedings involving our Company which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company		
	Civil	1	Not Ascertainable
	Taxation	1	168.53
E	Pending matters which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position of our Company (Criminal Matter against Mr. Harvinder Pal Singh)	1	Not Ascertainable
	TOTAL	3	168.53
II. Litigation matters filed by our Company			
A.	Criminal Cases Indian Penal Code, 1860	1	Not Ascertainable
	u/s 138 of Negotiable Instruments Act, 1881	115	729.15
B.	Other proceedings (fraud cases)	313	583.58*
	Total	429	1,312.73
LITIGATION INVOLVING OUR SUBSIDIARIES			
I. Litigation matters against our Subsidiaries			
A.	Proceedings involving moral turpitude or criminal liability on part of our Subsidiaries	Nil	Nil
B.	Proceedings involving material violations of statutory regulations by our Subsidiaries	Nil	Nil
C.	Matters involving economic offences where proceedings have been initiated against our Subsidiaries	Nil	Nil
D.	Other proceedings involving our Company which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Subsidiaries	Nil	Nil
	TOTAL	Nil	Nil
II. Litigation matters filed by our Subsidiaries			
A.	Criminal Cases u/s 138 of Negotiable Instruments Act, 1881 Satin Finserv Limited	12	71.98
B.	Other Proceedings: Taraashna Financial Services Limited		
	Arbitration Matter	1	Not Ascertainable [#]
	Fraud cases	10	106.50**
	Total	23	178.48

* As per FMR 2 returns filed with RBI for quarter ending June 30, 2020 and includes an amount of ₹ 150.44 Lakhs as recovered.

** As per FMR 2 returns filed with RBI for quarter ending June 30, 2020 and includes an amount of ₹ 7.16 Lakhs as recovered.

[#] Matter is pending to be filed and amount is not crystallised by the Company on the date of this Letter of Offer

Adverse decisions in any of the aforesaid material outstanding legal proceedings or any other proceedings involving us or our Subsidiaries or Promoter, Mr. Harvinder Pal Singh may have a material adverse impact on our business, financial condition, cash flows and results of operations. If the courts or tribunals rule against our Company or Subsidiaries, we may face monetary and/or reputational losses and may have to make provisions in our financial statements, which could increase our expenses and our liabilities. For details, see “Outstanding Litigation and Defaults” on page 178.

4. *We have incurred indebtedness and are required to service this debt and comply with various covenants based on agreements entered into with the lenders. Certain of our borrowings availed by us may be recalled by the lenders at any time. Our failure to comply with financial and other covenants under our loan agreements may materially and adversely affect our financial condition, results of operations, cash flows and business prospects.*

As on March 31, 2020, we have over 64 lenders, with an aggregate borrowing to the tune of ₹5,57,963.36 Lakhs. Our financing arrangements contain various financial and non-financial covenants that require us to maintain certain financial ratios and also restrictive covenants, including covenants that require us to obtain consent from our lenders to undertake the Issue, undertake new projects or expansion activities except in the manner provided under the financing agreements, make investments or take assets on lease etc.

Compliance with the various terms of our borrowings is subject to interpretation and we cannot assure you that we have requested, received or will receive all consents from our lenders that would be advisable under our financing documents. As a result, it is possible that a lender could assert that we have not complied with certain terms under our financing documents which may have effect of breach of any material covenants.

Our failure to comply with such financial covenants or to obtain our lenders' consents to take restricted actions in a timely manner, or at all, may result in the declaration of an event of default by one or more of our lenders, which may accelerate repayment of the relevant loans, increase the interest paid on our borrowings or trigger cross defaults under other financing agreements, or any other agreements or instruments of the Company containing a cross-default provision and which may individually or in aggregate, have a material adverse effect on the Company's operations, financial position and credit rating. Such defaults may also result in a decline in the trading price of the Equity Shares and you may lose all or part of your investment. If the lenders of a material amount of the outstanding loans declare an event of default simultaneously, the Company may be unable to pay its debts as they fall due. Failure to meet our obligations under the debt financing agreements could have an adverse effect on our cash flows, business and results of operations. Furthermore, a breach of those financial and other covenants or a failure to meet certain financial ratios under these financing agreements may also restrict our ability to pay dividends.

Further, considering the nature of our business, we will continue to incur additional indebtedness in the future including indebtedness incurred to fund capital contributions to our Subsidiaries, subject to limitations imposed by our financing arrangements and applicable law, as a result of which we will continue to have large outstanding borrowings. Our indebtedness could have several important consequences, including but not limited to the following:

- require us to dedicate a substantial portion of our cash flow from operations to make payments on our debt, thereby reducing availability of our cash flow for our expansion activities and other general corporate requirements;
- triggering provisions of cross-default across multiple financing arrangements;
- restrictions in the ability to obtain additional financing in the future at reasonable terms;
- fluctuations in market interest rates may affect the cost of our borrowings, as some of our indebtedness are at variable interest rates;
- limit our flexibility in planning for, or reacting to changes in our business and our industry, either through the imposition of restrictive financial or operational covenants or otherwise; and
- increased vulnerability to general adverse economic and industry conditions.

Further, if we are unable to service our existing debt, our ability to raise debt in the future will be adversely affected, which will have a significant adverse effect on our results of operations, financial condition and our business.

5. *Our contingent liabilities and commitments could adversely affect our financial condition if they materialize.*

As at March 31, 2020, we had contingent liabilities and commitments amounting to ₹ 2,452.11 Lakhs. For details in relation to our contingent liabilities and commitments as per Ind AS 37, see “*Summary of Letter of Offer – Contingent Liabilities and Commitments of our Company*” on page 21 and “*Financial Information*” on page 102. If, for any reason, these contingent liabilities materialize, it would adversely affect our financial condition and results of operations.

6. *We are subject to RBI inspection and any adverse findings or non-compliance with observations made by RBI may affect our business, reputation, financial condition and results of operations.*

Inspection by the RBI is a regular exercise and is carried out periodically by RBI for all banks and financial institutions. Our Company is subjected to RBI’s inspection under Section 45N of the RBI Act, 1934 for the financial position as on March 31, 2020. The last RBI inspection was held in the month of September 2019 and RBI inspection for financial year 2019-20 is due.

There can be no assurance that the RBI would not make adverse observations, including any deficiencies/divergences, in the future. If we are unable to resolve such deficiencies and other matters to RBI’s satisfaction, we could be exposed to penalties and restrictions, and our ability to conduct our business may be adversely affected.

Further, we are required to comply with certain periodic filing requirements under the Master Directions. These include, inter alia, obtaining prior approval of RBI in the event of any takeover, acquisition, change in shareholding by 26% or more (including any progressive increase over time), change in management resulting in change in 30% of the directors, maintaining a policy on fit and proper criteria for directors, furnishing quarterly statements in case of change in directors and a certificate from the Managing Director on compliance of fit and proper criteria within 15 days from the close of the respective quarter. In order to ensure compliance with the Master Directions, we may need to allocate additional resources, specifically to monitor these periodic filing requirements. Any inability or failure by us to comply with these directions, could subject us to penalties and restrictions which may be imposed by the RBI and may negatively impact our business, results of operations, financial condition and reputation.

While we attempt to be in compliance with all regulatory provisions applicable to us, in the event of any negative observations due to any lapse or if we are not able to comply with certain observations made by RBI, we may be subject to penalties by RBI which may have a material adverse effect on our business, our reputation, financial condition or results of operations.

7. *We may not be able to appropriately assess the credit worthiness of our customers before extending credit facilities to them. Unavailability of adequate information or inaccurate and/or incomplete information provided by our customers may adversely affect our operations and profitability.*

Our Company provides loans to unorganised and low-income earning section of the society. In deciding whether to extend credit or enter into other transactions with customers, we rely on the information furnished to us by or on behalf of our customers. We may not, in certain instances, receive information regarding any change in the financial condition of our customers or in certain cases our customers may provide inaccurate or incomplete information to us, for whatever reason on their part. The lack of availability of information or incomplete or inaccurate information, in connection with our customers may make it difficult for us to take an informed decision with regard to providing financial facilities to such persons. This may increase the likelihood of an increase in the level of NPAs, which would adversely affect our operations and profitability.

8. Any non-compliance with corporate/ securities laws and other regulatory requirements may result in imposition of fines/ penalties and/or any other appropriate action in accordance with the law.

The Company being a listed company is subject to various corporate and securities laws. Any non-compliance with any of these, may not just lead to imposition of penalties/ fines but also other regulatory actions being inflicted upon us, thus impacting the profitability, reputation and even the listed status of the Company.

Further, apart from the Equity Shares, our Company's privately placed Non-Convertible Debentures (NCDs) are also listed at BSE. These NCDs are issued on private placement basis from time to time and then listed on BSE, under separate Scrip Codes. Though, there have never been any defaults in repayment of interest/principal on the said NCDs, however, during last 3 years, there were some instances, wherein the Company was unable to comply with some provisions of Listing Regulations w.r.t. these listed NCDs viz., Regulation 7(3), 50 (1)/ 60 and 57 pertaining to filing of certificate of RTA w.r.t NCDs, pre-intimation of Interest payment/ record date and post intimation of Payment/ Redemption of NCDs. Necessary details about the lapses are as follows—

- Out of 35 occasions of compliance arisen under Regulation 50(1)/ 60 during last three years, the company has made pre-intimation of interest payability/ fixation of record date for payment of interest on 34 occasions. However, the said pre-intimation was missed on 1(one) occasion, although, the lapse was procedural and non-material, as it did not hamper interests of any NCD holder, since, payment of due interest on the NCD was made on time.
- Out of 89 occasions of compliance arisen under Regulation 57 during last three years, the company has made post intimation of payment/ redemption of NCDs on 80 occasions. However, the said post intimation was missed on 9 occasions. It may please be noted that these lapses were procedural in nature and non-material, as they did not hamper the interests of any NCD holders since, out of these 9 instances, in 5 instances, the NCDs which were fully redeemed on the same date of payment thereof and thus delisted. In balance 4 instances as well, the payments were duly made on the due dates.
- Company has appointed Link-Intime India Private Limited as RTA for equity shares and KFin Technologies Private Limited for the privately placed NCDs and records w.r.t both equity and NCDs are duly maintained. The Company has also regularly filed certificate under Regulation 7(3) of LODR. However, could not file certificate in respect of NCDs, for reasons beyond control.

In respect of the said lapses no penalty has been levied so far, nevertheless, a fine/penalty may be imposed or any other appropriate action may be taken against the Company in accordance with the law.

9. Any non-compliance of corporate/ securities laws and other regulatory requirements may result in imposition of fines/ penalties.

Our Company being a listed company is subject to various corporate and securities laws. Any non-compliance with any of these, may not just lead to imposition of penalties/ fines but also other regulatory actions being inflicted upon us, thus impacting the profitability and even the listed status of the Company.

Further, apart from the Equity Shares, our Company's privately placed Non-Convertible Debentures (NCDs) are also listed at BSE. These NCDs are issued on private placement basis from time to time and then listed on BSE, under separate Scrip Codes. During last 3 years, there were some instances, wherein the Company was unable to comply with some provisions of Listing Regulations w.r.t. these listed NCDs viz Regulation 50 (1), 60 and 57 pertaining to pre-intimation of Interest payment, record date and post intimation of Payment/ Redemption of NCDs. Though, there have never been any defaults in interest/ principal repayments. Although these non-compliances are procedural and non-material to the company, and no penalty has been prescribed by the regulations for these non-compliances, nevertheless any negative view taken by the regulator may impact the reputation of the company.

10. *All our branches are located on leased premises. The termination of any of these leases or our inability to exercise our rights under the lease agreements may cause disruption in our operations.*

All our branches are located on leased premises. Such leases are typically for 11 months subject to renewal. Although we have renewed majority of our leases in the past, our business, financial condition, and operating results could be adversely affected if we are unable to negotiate favourable lease renewal terms for our existing branches. In case of non-renewal of our leases for our existing branches, we will be forced to procure alternative space for our existing branches. Although we procure space that satisfies the safety, operational and financial criteria for our branches, we cannot assure you that we will be able to identify such space at commercially reasonable terms or at all. Failure to identify such space can adversely affect our financial condition and results of operation. Further, any breach of the terms and conditions of these lease agreements could result in the termination of the lease agreements and force us to establish operations at another location, which may disrupt our operations temporarily. Additionally, we cannot assure you that all the lease agreements for our branches are adequately stamped as per the requirements of applicable laws. Any such irregularity may result in our inability to enforce our rights under such lease agreements, which may disrupt our operations and adversely affect our business, financial condition and result of operations.

11. *Our Company has entered into related party transactions. Any transaction with related parties may involve conflict of interest.*

Our Company has entered into certain transactions with promoters, promoter group companies / entities and directors. While we believe that all our related party transactions are on arm's length basis only, we cannot assure that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. Furthermore, it is likely that our Company may enter into related party transactions in future as well. Any future transactions with our related parties could potentially involve conflict of interest. For details regarding the related party transactions, refer to chapter titled "Financial Information's" on page 102 of this Offer letter.

12. *The Insolvency and Bankruptcy Code, 2016 (Bankruptcy Code) in India may affect our right to recover loans from borrowers.*

The Insolvency and Bankruptcy Code, 2016 ("**Bankruptcy Code**") was notified on August 5, 2016. The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, partnership firms (including LLPs) and individuals (other than financial firms).

In case insolvency proceedings are initiated against a debtor to our Company, we may not have complete control over the recovery of amounts due to us. Any resolution plan approved by committee of creditors is binding upon all creditors, even if they vote against it.

In case a liquidation process is opted for, the Bankruptcy Code provides for a fixed order of priority in which proceeds from the sale of the debtor's assets are to be distributed in the manner provided in the Bankruptcy Code.

Accordingly, if the provisions of the Bankruptcy Code are invoked against any of the borrowers of our Company, it may affect our Company's ability to recover our loans from the borrowers and enforcement of our Company's rights will be subject to the Bankruptcy Code.

As per the latest amendments to the IBC, the creditors to NBFCs can refer, any NBFC under the code, to initiate insolvency proceedings. In case provisions of the Bankruptcy Code are invoked against us by our creditors, it may affect our Company's operations and functions.

13. *We are subject to risks arising from interest rate fluctuations, which could adversely affect our business, results of operations and financial condition.*

We borrow funds in the domestic and international markets from various banks and financial institutions to meet the long-term and short-term funding requirements for our operations and funding our growth initiatives. The financing products we currently offer to our clients majorly include loans provided at a fixed rate of interest, however our funding arrangements include both fixed and floating rate borrowings. As a result, when the interest rates rise, we must pay higher interest on our borrowings while the interest earned on our assets does not rise as quickly because of the fixed interest rates terms in our loans. Further, interest rates that we are subject to are highly sensitive and fluctuations thereof are dependent upon many factors which are beyond our control, including the monetary policies of RBI, domestic as well as international economic and political conditions, economic dislocations inflation and other factors. The interest rates charged by a NBFC-MFIs are monitored by RBI which prescribes that the interest rate charged by a NBFC-MFI are required to be the lower of (i) the cost of funds plus margin of 10% for MFIs with a loan portfolio exceeding ₹ 10,000 Lakhs and 12% for the others; or (ii) the average base rate of the five largest commercial banks by assets (as advised by the RBI) multiplied by 2.75. Additionally, the RBI has prescribed that NBFC-MFIs are required to ensure that the average interest rate on loans sanctioned during a quarter does not exceed the average borrowing cost during the preceding quarter, including margin, within the prescribed cap. In the event the interest rate on our borrowings increase and we are unable to increase the interest rate charged by us on our future loan disbursements, simultaneously and in the same proportion, or, in a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, our net interest income and net interest margin would be adversely impacted.

Increasing interest rates may also result in additional risks, including increases in the rates of interest charged by us resulting in higher monthly instalments due from borrowers which could, in turn, result in higher rates of default and delayed payments and limited access to low cost funds or deposits as compared to some of our competitors.

Our inability to manage our interest rate effectively may have an adverse effect on our net interest margin, thereby adversely affecting our business and future financial performance.

14. *Micro finance poses unique risks not generally associated with other forms of lending since it involves transactions with relatively high-risk borrowers. Our micro finance loans are unsecured and therefore exposed to operational and credit risks. If we are unable to control the levels of our NPAs in future, our financial condition and result of operations may be adversely affected.*

Our clients mainly consist of low-income generating women who are economically active and who have limited sources of income, savings and have limited access to formal banking channels, and therefore may not have any credit histories. As a result, our borrowers pose a higher risk of default than borrowers with greater financial resources and more established credit histories and better access to employment opportunities and social services. While we have developed an operations methodology pursuant to which we follow specific client selection criteria and ensure strict adherence to our internally developed risk policy framework, our clients may, at times, not be able to provide us with accurate or complete information, which may impact our clients sourcing and KYC procedures. Further, although our client selection criterion require the clients household to have an income generating activity, there may be instances where our clients do not generate adequate income or suffer losses in their economic activities which may result in clients consuming the loans for purposes other than those sanctioned by us.

Further, events like protests against the CAA, measures such as the lockdown announced in March 24, 2020 and natural disasters like Fani, Amphan which are not in the control of our clients, may result in inability of

our clients to repay their loans. Any such cash flow constraints or diversion of loan proceeds will impact the ability of our clients to repay their loans, and in turn, our ability to recover the loans. Our loan portfolio consists of micro finance loans which are unsecured. Approximately 94 % of our consolidated loan portfolio as on March 31, 2020 comprising of micro finance loans was based on the JLG Model which works on social collaterals where no security is taken from the clients. Though members of a JLG are inter-dependent, there can be no assurance that such joint liability arrangements will ensure repayment by the other members of the JLG in the event of default by any one of them. In addition, our ability to resort to legal recourse against our clients is limited and not commercially viable due to small ticket size of our loans.

Ever since April 2016, we have introduced MSME financing for which we do not have past data on the borrower's behaviour. While we believe we have adequate risk management controls and have standardized operations methodologies to confirm the creditworthiness of clients, some of our clients may be able to furnish very limited information for us to be able to make accurate assessments. In addition, we may not receive updated information regarding any change in the financial condition of our clients or may receive inaccurate or incomplete information as a result of any fraudulent misrepresentation on the part of our clients. Also, since we rely on non-traditional guarantee mechanisms in connection with our loan products, rather than tangible assets, we are exposed to defaults in repayment, which we may not be able to recover in full.

As our loan portfolio has increased over the years, our net NPA and gross NPA have also seen an increasing trend. If we are unable to control or reduce our level of NPAs or improve our collections, the overall quality of our loan portfolio may deteriorate and our results of operations may be adversely affected.

The Company is recording the allowance/ provision for Expected Credit Losses (ECL) for all loans as per the requirements of Ind AS 109. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12m ECL).

In Accordance with the IND AS, the Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- Stage 1 (1-30 days DPD)
- Stage 2 (31-90 days DPD)
- Stage 3 (more than 90 days DPD)

ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

Probability of Default (PD) - The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12 months PD), or over the remaining lifetime (Lifetime PD) of the obligation.

Loss Given Default (LGD) – LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and preference of claim and availability of collateral or other credit support.

Exposure at Default (EAD) – EAD is based on the amounts the Company expects to be owed at the time of default.

Forward-looking economic information (including management overlay) is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.

In Case the ECL amount is less than the provisions as per the RBI prudential guidelines then an impairment reserve is required to be created for the amount by which the ECL is lesser than the provisions as per RBI prudential norms. RBI prudential norms for provisioning are as follows.

The NBFC Master Directions that require assets for which, interest/principal payment has remained overdue for a period of 90 days or more to be classified as non-performing assets. NBFC-MFIs are also required to maintain loan provision of not less than the higher of (i) 1% of the outstanding loan portfolio; or (ii) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more. Non-compliance with any regulations may result in penalties being imposed on us and our business and operations could be adversely affected. Further, any adverse regulatory developments relating to the assessment and recognition of NPAs and provisioning thereof may have an adverse effect on our financial performance.

15. Our operations involve handling cash in high volumes through a dispersed network of branches which makes us susceptible to operational risks including, misappropriation or fraud by our employees, which may adversely affect our business, operations and ability to recruit and retain employees.

Our business operations, including lending and collection, involve handling significant amounts of cash, thereby exposing us to the risks of loss, fraud, misappropriation or unauthorized transactions by our employees responsible for dealing with such cash collections. Although we are actively engaged in migrating to a cashless environment to mitigate the risk of cash handling, most of our current operations are still carried out in cash. As on March 31, 2020 out of 1383 branches (consolidated basis) of our Company, we have implemented cashless collections at 250+ branches. Having piloted cashless disbursements since February 2017, we have implemented cashless disbursements in 100% branches as on March 31, 2020. Additionally, we have, through our standard operations methodologies and information technology systems, attempted to manage operational risks in relation to cash handling.

While we have and intend to continue to invest in our technology-enabled operating procedures to improve our operational and risk management efficiencies, given the high volume of transactions involving cash handling by us currently, there may be future instances of fraud and misconduct by our representatives or employees, some of which may go unnoticed before actions are taken by us. We prefer hiring our field staff locally and any regulatory or other proceedings initiated against us in connection with any such unauthorized transaction, fraud or misappropriation by our employees, could adversely affect our local goodwill, business prospects, future financial performance and our ability to recruit or retain employees in the particular locality.

Further, although we have obtained insurance coverage, customary for our operations including fidelity coverage and coverage for cash in transit, there can be no assurance that we will be able to recover any or full amounts lost through any fraud or other misconduct by our employees.

16. We may not be able to detect money-laundering and other illegal or improper activities fully or on a timely basis, which could expose us to additional liability.

We are required to comply with applicable anti-money-laundering (“AML”) and anti-terrorism laws and other regulations in India. In the ordinary course of our operations, we run the risk of failing to comply with the prescribed KYC procedures and the consequent risk of fraud and money laundering by dishonest customers and assessment of penalties or imposition of sanctions against us for such compliance failures despite having implemented systems and controls designed to prevent the occurrence of these risks. Although we believe that we have adequate internal policies, processes and controls in place to prevent and detect any AML activity and ensure KYC compliance, there can be no assurance that we will be able to fully

control instances of any potential or attempted violation by other parties and may accordingly be subject to regulatory actions including imposition of fines and other penalties by the RBI and other relevant governmental authorities to whom we report. If any party uses or attempts to use us for money-laundering or any other illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in compliance with applicable legal requirements, our reputation could suffer and could result in a material adverse effect on our business, financial condition and results of operations.

17. Our inability to obtain, renew or maintain the statutory and regulatory permits and approvals required to operate our business may have an adverse effect on our business, results of operations and financial condition.

NBFCs, particularly micro finance institutions, and housing finance companies (“HFCs”) in India are subject to strict regulation and supervision by the RBI. We require various approvals, licenses, registrations and permissions for operating our business, including registration with the RBI as a NBFC-MFI and in relation to SHFL, our wholly owned Subsidiary, registration with NHB as an HFC. Our registration to operate as a NBFC-MFI is subject to our compliance with the conditions and directions issued by RBI, including the requirement to maintain a minimum net owned funds of ₹ 500 Lakhs and hold not less than 85% of the net assets, that is assets other than cash and bank balances and money market instruments, in the nature of ‘qualifying assets’ (qualifying assets are defined by RBI to include certain loans which are of specified amounts and tenure and which are extended without collaterals). HFCs are regulated by the National Housing Bank and are required to maintain prudential norms for income recognition, accounting standards, asset classification, provision for bad and doubtful assets, capital adequacy and concentration of credit/investment to be observed. Failure by us to comply with such norms and/or maintain or obtain the required permits or approvals may result in an interruption of our business operations and may have a material adverse effect on our business operations, future financial performance and market value of our Equity Shares. Non-compliance with any such regulatory requirements may also trigger defaults under some of our current financing agreements which in turn will adversely impact our operations, future financial performance and credit rating.

In future, we may be required to obtain new registrations, permits and approvals for any of our or our Subsidiaries’ existing business, as a result of change in current regulations or for any proposed expansion strategy or diversification into additional business lines or new financial products. There can be no assurance that the relevant authorities will issue any permits or approvals required by us in a timely manner, or at all, and/or on favourable terms and conditions. If we fail to obtain any applicable approvals, licenses, registrations or consents in a timely manner, we may not be able to undertake certain operations of our business which may affect our business or results of operations.

Also, our branches are required to obtain certain approvals and licenses including registration under the relevant professions, trades, callings and employment act; shops and establishments act and other laws of the states in which they are located. Some of our branches have not yet applied for registration under shops and establishments act while applications for certain other branches are either pending or have expired. Any failure to renew the approvals that have expired, or to apply for and obtain the required approvals, licenses, registrations or consents, or any suspension or revocation of any of the approvals, licenses, registrations or consents that have been or may be issued to us, may materially and adversely affect our business or results of operations.

18. The sector in which we operate is highly regulated. Regulations governing us may in future become more stringent and onerous and the changes introduced may adversely affect our business prospects and financial performance.

The non-banking financial sector is primarily regulated by RBI, and is also subject to corporate, taxation, labour and other laws applicable to companies operating in India. Further, we have wholly owned Subsidiary, SHFL, for providing loans to the affordable housing segment and SFL for serving the needs of small business owners (MSMEs). SFL (being Non-Deposit Non-Systemically Important NBFC) and SHFL (being HFC) in India are primarily regulated by the RBI and NHB respectively.

The RBI lays down capital adequacy norms, asset classification and provisioning norms, guidelines for non-coercive methods of recovery, etc. for NBFC-MFIs and NBFC. Under the capital adequacy norms of RBI, our Company is required to maintain a minimum CRAR consisting of 'Tier I' and 'Tier II Capital' of 15% of the risk weighted assets.

In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and more transparency in India's asset finance sector. We may in future face stricter regulations including those in relation to NPA recognition and capital adequacy requirements. While we believe we and our wholly owned subsidiaries (SHFL) and SFL is materially in compliance with applicable regulations as an NBFC or HFC, there can be no assurance that we will continue to be in compliance with these requirements in a timely manner or at all.

Further, the operations of our subsidiary, SHFL, are subject to various regulations framed by NHB and these regulations apart from regulating the manner in which it carries out its business and internal operations, prescribe, various periodical and regular compliances including but not limited to filing of forms and declarations with NHB.

SHFL will also be subject to periodic reporting and inspection by the NHB. Any onerous changes in the regulatory regime applicable to the micro finance sector, housing finance sector or companies in general in India, or an adverse interpretation of law by the regulatory authorities, may have a material adverse impact on our business prospects and financial performance. There can be no assurance that changes in these regulations and the enforcement of existing and future rules by governmental and regulatory authorities will not adversely affect our business and future financial performance.

19. Our business has substantial and continuous capital requirement and any disruption in the access to funds would adversely impact our business, financial condition and results of operations.

Our business requires significant capital and our liquidity and profitability is significantly dependent upon our timely access to, and the costs associated with, raising capital. We have historically relied on term loans from banks and financial institutions, issuance of non-convertible debentures as well as through equity contribution for our capital requirements.

While we have, in the past been able to attract equity funding from various investor groups including Lok Advisory Services Pvt. Limited, Danish Microfinance Partners K/S, ShoreCap II Limited, M V Mauritius Limited, NMI Fund III KS, SBI FMO Emerging Asia Financial Sector Fund Pte. Ltd, Asian Development Bank, Kora Investment I LLC, IndusInd Bank Limited, IDFC First Bank Limited etc., we, cannot assure you that we will continue to be able to raise funds from lenders or investors in future as well. Our ability to raise funds on acceptable terms and at competitive rates continues to depend on various factors including our credit ratings, the regulatory environment and policy initiatives in India, developments in the international markets affecting the Indian economy, investors' and/or lenders' perception of demand for debt and equity securities of NBFCs, and our current and future results of operations and financial condition.

While we believe we have maintained good relationships with our lenders and our borrowing costs have been competitive in the past due to our ability to structure debt products, our credit ratings and the quality of

our asset portfolio, there is no assurance that we may be able to access such funds at competitive rates in the future as well. This may adversely affect our business operations, cash flows and our financial results. Further, lending market is subject to various macro factors and subject to volatility in the socio-economic conditions and any adverse changes in economic and financial conditions or continuing lack of liquidity in the market could make it difficult for us to access funds at competitive rates. If we are unable to obtain adequate financing or financing on terms satisfactory to us, as and when we require it, our ability to grow or support our business and to respond to business challenges could be limited and our business prospects, financial condition and results of operations could be materially and adversely affected.

20. Our business is heavily dependent on our operations in certain states of India and any adverse changes in the conditions affecting these markets can adversely impact our business, financial condition and results of operations.

Our Company has a Policy on geographical concentration of credit, dated June 1, 2018. RBI in its Inspection report dated September 30, 2019 had observed that the Company is not in compliance with its own policy, as credit concentration in state of UP stood at 30.15% which is more than 30% stipulated under the policy. We have replied to the RBI vide our letter dated November 11, 2019, that the Credit Concentration in UP has been reduced from 30% in March 2018 to 24% as on March 2019. We have been continuously expanding our operations to other states such as Assam, Orissa, Chhattisgarh, Jharkhand, Himachal Pradesh, West Bengal and Gujarat, However, our branches and product portfolio continue to be concentrated in the State of Uttar Pradesh, Bihar, Madhya Pradesh and Punjab. Our business, financial condition and results of operations have been and will continue to be largely dependent on the performance of and the prevailing conditions affecting, the economy in these regions.

Further, the market for our products in these states may perform differently from, and be subject to, market and regulatory developments that are different from the requirements in other states of the country. As a result of any frauds or scams committed by NBFCs in certain states of India, the respective State Governments of these states may impose additional stringent or onerous scrutiny and regulatory requirements, and there can be no assurance that any such actions taken by the State Governments in any part of the country will not impact our financial condition and results of operations. We cannot assure you that the demand for our products will grow, or will not decrease, in the future, in the states of our operation and such factors may have an adverse effect on our results of operations and financial condition.

21. An inability to manage our growth or our proposed expansion activities, including new financial products or businesses, could disrupt our business and reduce our profitability.

We may have relatively limited or no experience in certain of the additional products or any new business verticals which are or may be targeted at a different client segment. The new business lines undertaken or which may be proposed to be undertaken by us will also require commitments of time from our management. There can be no assurance that we will be able to successfully implement our growth strategy to further expand or diversify our product portfolio. If we fail to make proper assessments of credit risks associated with new borrowers, a higher percentage of our loans may become non-performing, which would have an adverse effect on the quality of our assets and our financial condition.

We would need to obtain and develop the expertise required to operate and successfully compete in these new business verticals. Doing so may be costly, and we cannot assure you that we will not incur any losses that could adversely affect our business and financial condition. The new business lines and products may also be subject to certain laws and regulations. Any failure to comply with these regulations could expose us to client complaints and investigations or regulatory fines, penalties and possible litigation. Further, as we introduce new products and business lines, there is no assurance that the percentage of NPAs that we will be

able to recover in future will be similar to our past experience of recoveries of NPAs. Any such factors may divert management attention and have a material adverse effect on our reputation, business and prospects.

Additionally, while undertaking business expansion activities, we have to continue to focus on improving our productivity, profitability and efficiency parameters. Our ability to successfully execute these expansion plans, will depend on various factors, including, among others:

- making accurate assessments of the resources we would require;
- our ability to identify suitable locations;
- our ability to select and retain skilled personnel and to train and manage our staff;
- upgrading our technology platform to be effective;
- successfully introducing and implementing new and improved technology initiatives and client-friendly innovative products;
- ensuring a high standard of clients' service;
- our ability to negotiate commercially viable lease terms without delays; and
- successfully integrating and managing any acquired businesses.

Any inability to manage the above factors may have a material adverse effect on our business, financial condition, results of operations and cash flows.

22. Our loan portfolio may in future be no longer classified as a priority sector advance by the RBI and this may have an adverse effect on our results of operations and financial condition.

The RBI requires domestic commercial banks operating in India to maintain a minimum of 40% of their adjusted net bank credit, or a credit equivalent amount of off-balance sheet exposure, whichever is higher, as lending to specific sectors (known as priority sectors) such as agriculture, micro, small and medium enterprises, export credit, education, housing, social infrastructure and renewable energy. Priority sector lending funds received as a result of these commercial bank requirements are a significant source of funding for the MFI industry in India but certain eligibility conditions are required to be satisfied by MFIs to avail such funds. To the extent that changes in regulations impose any further conditions or requirements for priority sector lending or in the event that loans to MFIs or any part of our loan portfolio are no longer classified as priority sector, our access to, and the cost of, debt financing may be adversely affected. In such an event, our ability to raise funds at current cost levels from banks will be affected which in turn will also affect our cost of capital and our business, future financial performance and results of operations would be materially and adversely affected.

23. Our inability to generate sufficient amount of cash from operations may adversely affect our liquidity, our ability to service our indebtedness and fund our operations.

There can be no assurance that our business will generate sufficient cash flow from operations such that our anticipated revenue growth will be realized or that future borrowings will be available to us under credit facilities in amounts sufficient to enable us to repay our existing indebtedness, fund our expansion efforts or fund our other liquidity needs. If we are unable to service our existing debt our ability to raise debt in the future will be adversely affected which will have a significant adverse effect on our results of operations and financial condition.

Our inability to obtain and/or maintain additional credit facilities or renew our existing credit facilities, in a timely and cost-effective manner or at all, may lead to mismatches between our assets and liabilities, which in turn may adversely affect our operations and financial performance. Further, mismatches between our assets and liabilities may be compounded in case of pre-payments of the financing facilities which we grant

to our clients. Such factors may have an adverse effect on our business, financial condition and results of operations.

Liquidity Coverage Ratio (LCR) requirements for NBFC may further put pressure on liquidity:

As per RBI guidelines dated November 04, 2019 on liquidity risk management framework for NBFC, all non-deposit taking NBFCs with asset size of ₹ 5,00,000 Lakhs and above but less than ₹ 10,00,000 Lakhs shall also maintain the required level of LCR starting December 1, 2020, as per the time-line given below:

From	December 1, 2020	December 1, 2021	December 1, 2022	December 1, 2023	December 1, 2024
Minimum LCR	30%	50%	60%	85%	100%

NBFCs shall maintain an adequate level of unencumbered High Quality Liquid Assets (HQLA) that can be converted into cash to meet their liquidity needs for a 30 calendar-day time horizon under a significantly severe liquidity stress scenario, as specified in these guidelines. To meet this requirement, the company has to invest in HQLA, which will impact liquidity and restrain the funds available for lending

24. *We operate in a highly competitive market and face competition from the organized and unorganized sector across as well as from state-sponsored social programs, which could adversely affect our business prospects and financial performance.*

We face significant competition from other MFIs, non-MFI NBFCs, banks and other financial institutions. Our clients are also prone to borrowing from unregulated local money lenders and non-institutional lenders which may lend at higher rates of interest. In addition, the NBFC Master Directions while permitting NBFC-MFIs to lend to individual borrowers or borrowers who are members of JLG, has restricted more than two NBFC-MFIs to lend to the same borrower. This, we believe, has acted as a high expansion barrier since large portions of the easy-to-reach borrowers are already tapped by other NBFCs and any incremental acquisitions would require significant investments. MFIs operating in certain areas, due to their continued operations, may have better recognition and larger member base than ours. As a result, we anticipate that, as we continue to expand our operations in India, in line with our strategies, we may encounter greater competition, which may result in an adverse effect on our business, results of operations and financial condition. Further, since the RBI also prescribes thresholds for interest margins for NBFC-MFIs, we have to manage our operating expenses to make reasonable returns thereby restricting our ability to acquire new clients.

As a result of this competition, while products in the MFI industry have gradually standardized, but the interest rate, payment terms and processing fee vary from lender to lender. Our ability to compete effectively will depend, to an extent, on our ability to raise low-cost funding in the future as well as our ability to maintain or decrease our operating expenses by increasing operational efficiencies and managing credit costs. There can be no assurance that we will be able to effectively address these industry trends or compete effectively with new and existing NBFCs and other financial intermediaries that operate in similar segments. An inability to effectively address such competition may adversely affect our market share, goodwill, business prospects, results of operations and financial condition.

25. *Any downgrade of our credit ratings may increase our borrowing costs and constrain our access to capital and loan markets and, as a result, may adversely affect our net interest margin and our results of operations.*

The cost and availability of capital is dependent, among other factors, on our short-term and long-term credit ratings. Ratings reflect a rating agency’s opinion of our financial strength, operating performance, strategic

position, and ability to meet our obligations. Our long-term debt has been currently rated with A- (Stable) rating by CARE Ratings and ICRA. Any future performance issues for our Company or the industry may result in a downgrade of our credit ratings, which may in turn lead to an increase in our borrowing costs and constrain our access to funds and debt markets and, as a result, may adversely affect our business growth. In addition, any downgrade of our credit ratings could result in default under our financing arrangements or lenders imposing additional terms and conditions in any future financing or refinancing arrangements in the future. Any such adverse development may adversely affect our business operations, future financial performance and the price of our Equity Shares.

26. We may face risks associated with our large number of branches and widespread network of operations which may adversely affect our business, financial condition and results of operations.

As on March 31, 2020, we had a network of 1383 branches (consolidated basis) spread across 23 states and union territories in India. As a consequence of a large branch network, we may also be exposed to certain risks, including, amongst others:

- difficulties arising from operating a larger and more complex organization;
- difficulties arising from coordinating and consolidating corporate and administrative functions;
- delay in transfer of data from various location to the management;
- higher technology support services cost to achieve last mile connectivity;
- operational risks including integration of internal controls and procedures;
- failure to efficiently and optimally allocate management, technology and other resources across our branch network;
- failure to manage third-party service providers in relation to any outsourced services;
- difficulties in the integration of new branches with our existing branch network;
- difficulties in supervising local operations from our centralized locations;
- difficulties in hiring skilled personnel in sufficient numbers to operate the new branches locally and management to supervise such operations from centralized locations;
- failure to maintain the level of client service at all branches; and
- unforeseen legal, regulatory, property, labour or other issues.

Any of the above reasons may result in our failure to manage a geographically-diverse branch presence which may adversely affect our brand, reputation, financial condition and result of operations. Further since our operations are widespread, we are subject to various local and municipal laws applicable in regions in which we operate. A failure to comply with any such laws may result in investigations or regulatory fines, penalties and possible litigation which in turn may have an adverse impact on our business, financial condition and result of operations.

27. We rely on information technology platform for the proper operation of our business. Any security breaches or disruption to our systems and our inability to successfully develop or upgrade our technology systems could materially and adversely affect our business.

We rely on our information technology platform for operational aspects of our business as well as for the scalability and growth of our business. Our operations are dependent on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security. We are also moving towards cashless transactions (both collections and disbursement). For cashless collections we have entered into agreements with ItzCash and Mimo, which are payment solutions companies, and for cashless disbursements we are using Aadhaar Payments Bridge System (APBS). While cashless collections may prevent fraud and misappropriation of funds by our employees at the time of collection, such transactions are

subject to security vulnerability. Since we have a widespread network, the cost of setting up and maintaining these infrastructure systems may be higher than the costs currently incurred by us.

Our ability to operate and remain competitive will depend on our ability to maintain and upgrade our information technology systems with the changing needs in the market, on a timely and cost-effective basis.

We are substantially dependent on third parties for our information technology infrastructure and may experience difficulties in upgrading, developing and expanding our systems quickly enough to accommodate our growing client base, range of products, regulatory compliance and client expectation on service levels.

Our inability to ensure regular upgradation of our infrastructure, and our technology infrastructure's inability to handle disruptions or failures, and consequent measures that we may have to undertake to restore data and functionality, may have a material adverse impact on our business prospects, financial condition and results of operations. Any failure to effectively maintain or improve or upgrade our management information systems in a timely manner could materially and adversely affect our competitiveness, financial position and results of operations.

28. Acquisitions and mergers could result in operating difficulties, dilution and other adverse consequences.

We may continue to evaluate opportunities for alliances, collaborations, partnerships, investments and acquisitions that meet our strategic and financial return criteria, and to strengthen our portfolio of product in the micro finance sector. We may face several risks in relation to entering into strategic partnerships, acquisitions or undertaking mergers in the future, including, but not limited to, the following:

- we may be unable to identify suitable acquisition or investment targets;
- we may be unable to arrange for adequate financing on commercially reasonable terms or to negotiate commercially reasonable terms for such acquisitions, investments or mergers, or we may incur higher than anticipated costs in relation to proposed strategic transactions;
- our due diligence processes may fail to identify all the risks, liabilities and challenges in relation to proposed strategic transactions;
- we may not be able to achieve the strategic purpose of any of our proposed acquisitions, investments, merger, alliances, collaborations or partnerships;
- we may face difficulties in integrating acquired entities' accounting, management information, human resources and other administrative systems with our own;
- our management may be distracted or strained by the challenges posed by strategic transactions, or related transition and integration activities;
- we may be unable to recruit, train and retain sufficient skilled faculty and other personnel, to successfully operate our growing business, including new and recent business ventures conducted pursuant to our strategic acquisitions, investments, mergers, alliances, collaborations or partnerships;
- we may fail to maintain the quality and consistency or sustain compliance and due performance of contractual obligations by our business partners or acquisition targets;
- our relationships with our current and new employees, clients and business partners may be strained or impaired, as a result of our inability to successfully integrate an acquisition target;
- we may inherit claims or liabilities, as a result of a strategic acquisition, including claims from erstwhile employees, distributors, dealers, customers, business partners or other third parties; and we may face litigation, arbitral or other claims in connection with strategic acquisitions.

Accordingly, we cannot assure you that our current or future alliances, collaborations, partnerships, investments or acquisitions will prove value accretive to us, and to our shareholders. In the event that any of

the risks discussed above, or any other incidental risks should materialize, our growth strategy, business, results of operations and prospects may be adversely affected.

29. Our business is subject to seasonal volatility, which may contribute to fluctuations in our results of operations and financial condition.

Our business operations and the MFI industry may be affected by seasonal trends in the economy. We typically experience high volumes of business in the second half of the year, particularly in the fourth quarter. This seasonal activity may be a result of availability of adequate capital to our Company during this period as a result of banks attempting to achieve applicable priority sector lending thresholds prescribed by the RBI or other reasons such as increased economic activity during this period due to improved weather conditions. Any significant event such as unforeseen floods, earthquakes, political instabilities, epidemics/pandemics or economic slowdowns during this peak season would materially and adversely affect our results of operations and growth. During these periods, we may continue to incur operating expenses, but our income from operations may be delayed or reduced.

30. We are dependent on certain third parties for our operations. Any deficiency or interruption in their services could adversely impact our business and results of operations.

We have engaged a third-party service provider for providing technical system and transactional services to our Company for cash management at our various centres. We also rely on third party service providers for some of our technology infrastructure upgradation and maintenance services. Our ability to control the manner in which services are provided by third party service providers is limited, and any deficiency of services on the part of such service providers may adversely impact our business and results of operations. There can be no assurance that we will be successful in continuing to receive uninterrupted and quality services from our third-party service providers. Any disruption or inefficiency in the services provided by our third-party service providers due to their internal factors, or reasons beyond their control, could affect our business and results of operations.

31. Our branches and our employees operating in remote areas are exposed to antisocial elements which may adversely affect our business, operations and ability to recruit and retain employees.

Since our operations are spread to remote areas, our employees involved in cash collection and transportation may be susceptible to criminal elements in such areas. In the event of any such adverse incident our ability to continue our operations in such areas will be adversely affected and our employee recruitment and retention efforts may be affected, thereby affecting our expansion plans. In addition, if we determine that certain areas pose a significantly higher risk of crime or political strife and instability, our ability to operate in such areas may be adversely affected.

We have in the past, consciously avoided setting up operations in certain remote areas as a result of high crime rate in these areas.

32. Our results of operations could be adversely affected as a result of any disputes with our employees.

As of March 31, 2020, we employed 13,005 employees, on a consolidated basis. Our operations are personnel-driven and failure to train and motivate our employees may lead to an increase in our employee attrition rates, erode the quality of client service, divert management resources and impose significant costs on us which may have an adverse impact on our business and future financial performance. We have in the past faced high attrition rates, even at a management level.

Although our employees are not members of any labour union, and we believe that we maintain good relationships with our employees, there can be no assurance that we will not experience future disruptions to our operations due to any disputes or other problems with our staff, which may adversely affect our business and results of operations. Further, we depend on our branch-level employees for sourcing, disbursements and collections, and significant attrition at any of our branches could adversely impact our operations.

33. Our audited financial statements have not yet been placed before our shareholders in a general meeting.

Pursuant to a resolution dated June 15, 2020, our Board has approved the Financial Statements for the quarter / year ended March 31, 2020, as recommended by the Audit Committee of our Company. In terms of Section 134(3) of the Companies Act, 2013, as amended, read with Rule 8 of Companies (Accounts) Rules, 2014, as amended, a board report shall be prepared based on the reporting period which shall be placed before our Shareholders in a Annual General Meeting (AGM). The said AGM for the financials for the year ended March 31, 2020 has not been conducted yet and is scheduled to be held on August 5, 2020 and our audited financial statements shall be placed before our Shareholders in the said AGM. Such audited financial statements, which include the Financial Statements included in this Letter of Offer, shall remain subject to adoption, remarks and observations of our Shareholders, if any.

34. Our Statutory Auditors have provided a matter of emphasis relating to the Financial Statements of our Company. We cannot assure you whether such matter of emphasis will not arise in the future.

For the year ended March 31, 2020, our Statutory Auditors have included a matter of emphasis in their report to the Financial Statements. The Statutory Auditors have drawn attention to note 53 (fifty three) Standalone and Consolidated Financials of the Company which describes the significant uncertainties due to the outbreak of SARS-CoV-2 (COVID-19) Virus. For details, see “*Financial Information’s*” on page 102. Investors should consider these matters in evaluating our financial position, cash flows and results of operations. There is no assurance that our auditors’ reports for any future Fiscal periods will not contain such matters of emphasis.

35. Our insurance coverage may not be sufficient or may not adequately protect us against all material hazards, which may adversely affect our business, results of operations, financial condition and cash flows.

We maintain insurance coverage in accordance with industry standards that we believe is adequate for our operations including standard fire and special peril policy, cash in transit policy, fidelity guarantee policy and standard burglary insurance policy. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limit on coverage. There can however be no assurance that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. A successful enforcement of one or more claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, financial condition, cash flows and results of operations.

36. We are dependent on our senior management, including our Promoter and a number of key personnel and the loss of, or our inability to attract or retain such persons could adversely affect our business, results of operations and financial condition.

Our performance depends significantly on our senior management, including our Promoter, who have several years of experience in the industries in which we operate and his contribution have been crucial to the growth of our business. We believe that the inputs and experience of our senior management and key managerial personnel are valuable for the development of business and operations and the strategic directions taken by our Company. We cannot assure you that we will be able to retain such persons or find adequate replacements in a timely manner, or at all. A limited number of persons exist with the requisite experience and skills to serve in our senior management positions. In addition, we may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting employees that our business requires. Competition for qualified personnel with relevant industry expertise in India is intense and the loss of the services of our key personnel may adversely affect our business, results of operations and financial condition.

37. Negative public opinion could damage our reputation and adversely affect our earnings.

Reputation risk, or the risks to our business, earnings and capital from negative public opinion, is inherent in our business. Negative public opinion can result from our actual or alleged conduct in any number of activities, including lending and instalment collection practices, corporate governance, and actions taken by government regulators and community organisations in response to those activities. Negative public opinion can also result from media coverage, whether accurate or not. Negative public opinion can adversely affect our ability to attract and retain customers, trading counterparties and employees and can expose us to litigation and regulatory action. Although we take steps to minimise reputation risk in dealing with our customers and communities, this risk will always be present in our organisation.

38. A failure of our internal financial controls over financial reporting may have an adverse effect on our business and results of operations.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting for external purposes, including with respect to record keeping and transaction authorization. Because of our inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected. Any failure to maintain an effective system of internal control over financial reporting could limit our ability to report its financial results accurately and in a timely manner, or to detect and prevent fraud.

39. Our ability to pay dividends in the future will depend on our future earnings, cash flows, working capital requirements, capital expenditures and financial condition. Investors of Rights Equity Shares are only entitled to dividend in proportion to the amount paid up and the voting rights (exercisable on a poll by investors) shall also be proportional to such investor's share of the paid-up equity capital of our Company.

The amount of our future dividend payments, if any, will depend on various factors such as our future earnings, cash flows, financial condition, working capital requirements, capital expenditures and in accordance with applicable laws. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on the Equity Shares. Additionally, in the future, we may be restricted by the terms of our financing agreements in making dividend payments unless otherwise agreed with our lenders. The amounts paid as dividends in the past are not necessarily indicative of our Company's dividend policy or the dividend amounts, if any, in the future. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in the future. Further, with respect to the present Issue, investors are only entitled to dividend in proportion to the

amount paid up and the voting rights (exercisable on a poll by investors) shall also be proportional to such investor's share of the paid-up equity capital of our Company.

40. *We have not entered into any definitive agreement to utilise a substantial portion of the net proceeds of the Issue. Further the fund requirement and deployment mentioned in the Objects of the Issue have not been appraised by any bank or financial institution.*

We intend to use the net proceeds for the purposes described in “*Objects of the Issue*” on page 80 of offer letter. Our funding requirements are based on current conditions and are subject to change in the light of changes in external circumstances or in our financial condition, business or strategy. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time. Any such change in our plans may require rescheduling of our current plans or discontinuing existing plans and an increase or decrease in the fund requirements for the objects, at the discretion of the management. Pending utilisation for the purposes described above, we intend to temporarily invest the funds in interest-earning liquid instruments including deposits with banks and investments in liquid (not equity) mutual funds. Such investments would be in accordance with the investment policies approved by our Board from time to time.

Further, the fund requirement and deployment are based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue.

External Risks

Risks Relating to India

1. *Political instability or significant changes in the economic liberalization and deregulation policies of the Government, or in the government of the States where we operate, could disrupt our business.*

We are incorporated in India and we conduct our corporate affairs and our business in India. Our equity shares are listed on Indian Stock Exchanges, being the BSE and NSE. Consequently, our business, operations, financial performance and the market price of our equity shares will be affected by the following external risks, should any of them materialize:

- changes in exchange rates and controls;
- macroeconomic factors and central bank regulation, including in relation to interest rates movements which
- may in turn adversely impact our access to capital and increase our borrowing costs;
- decline in India’s foreign exchange reserves which may affect liquidity in the Indian economy;
- any downgrading of India’s debt rating by an international agency;
- political instability, resulting from a change in government or in economic and fiscal policies;
- civil unrest, acts of violence, terrorist attacks, regional conflicts or situations or war may adversely affect the financial markets;
- changes in government policies, including taxation policies, social and civil unrest and other political, social and economic developments in or affecting India; or
- natural calamities and force majeure events.

The Government of India has exercised and continues to exercise significant influence over many aspects of the Indian economy. Indian governments have generally pursued policies of economic liberalization and financial sector reforms, including by relaxing restrictions on the private sector. Nevertheless, the role of the Indian central and state governments in the Indian economy as producers, consumers and regulators has remained significant and we cannot assure you that such liberalization policies will continue. A significant change in India’s policy of economic liberalization and deregulation or any social or political uncertainties

could adversely affect business and economic conditions in India generally and our business and prospects. India has in the past experienced community disturbances, strikes, terrorist attacks, riots, epidemics and natural disasters. Recently, our operations have been adversely affected as a result of certain political instabilities following lockdown. We have also experienced certain operational difficulties in Delhi, UP and Maharashtra during the financial year 2019-20 due to economic slowdown. India has also experienced natural calamities such as earthquakes, tsunamis, floods and drought in the past few years.

There can be no assurance that we will not be affected by natural or man-made disasters in India or elsewhere in the future. Terrorist attacks, armed conflict or war or any heightened risk of such events may also occur. These acts and occurrences could have an adverse effect on the financial markets and the economy of India and of other countries, thereby resulting in a loss of business confidence and a suspension of our operations, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

2. Changing tax laws, rules and regulations and legal uncertainties in India, including adverse application of tax laws, may adversely affect our business and financial performance.

New or revised accounting policies or policies related to tax, duties or other such levies promulgated from time to time by relevant tax authorities may adversely affect our results of operations. We cannot assure you as to what action current or future Governments will implement regarding tax incentives or excise duty benefits. We may not be able to comply with the obligations and stipulations that would allow us to avail ourselves of such benefits or concessions, and consequently, we may lose such benefits and concessions.

3. Investors may have difficulty in enforcing judgments against us or our management.

We are incorporated under the laws of India and majority of our directors and key managerial personnel reside in India. Majority of our assets, and the assets of our Directors and officers, are also located in India. As a result, you may be unable to: (i) effect service of process outside of India upon us and such other persons or entities; or (ii) enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from RBI to repatriate any amount recovered pursuant to the execution of such foreign judgment, and any such amount may be subject to income tax in accordance with applicable laws. See “*Enforcement of Civil Liabilities*” on page 15.

4. Increased volatility or inflation of commodity prices in India could adversely affect our business.

Any increased volatility or rate of inflation of global commodity prices, particularly oil and steel prices, could adversely affect our borrowers and contractual counterparties. Although RBI has enacted certain policy measures designed to curb inflation, these policies may not be successful. Any slowdown in the growth of the manufacturing services or agricultural sectors could adversely impact our business, financial condition and results of operations.

5. Acts of terrorism and other similar threats to security could adversely affect our business, cash flows, results of operations and financial condition.

Increased political instability, evidenced by the threat or occurrence of terrorist attacks, enhanced national security measures, conflicts in several regions in which we operate, strained relations arising from these conflicts and the related decline in customer confidence may hinder our ability to do business. Any such

event may disrupt our operations or those of our customers. Present relations between India and Pakistan continue to be fragile on the issues of terrorism, armament and Kashmir. Another risk now is that of the critical relations between India and China. India has also experienced terrorist attacks in some parts of the country. These hostilities, attacks and tensions could lead to political or economic instability in India and a possible adverse effect on our business and future financial performance. For example, the attack on the Central Reserve Police Force personnel in Pulwama in Kashmir has led to retaliation by India and escalated hostilities between India and Pakistan. The two countries' continuing escalations could exacerbate these regional hostilities and tensions. Further, India has also experienced social unrest in some parts of the country. These events have had, and may continue to have, an adverse impact on the global economy and customer confidence, which could, in turn, adversely affect our revenue, operating results and financial condition. The impact of these events on the volatility of global financial markets could increase the volatility of the market price of our securities and may limit the capital resources available to us and to our customers.

6. Natural or manmade disasters and health epidemics could have a negative impact on the Indian economy, damage our facilities and also destroy the outlook of our Company, being an asset heavy company.

Natural disasters such as floods, earthquakes, famines and pandemics have in the past had a negative impact on the Indian economy, with the most recent example being the global outbreak of COVID-19 pandemic. If any such event were to occur, our business could be affected due to the event itself or due to the inability to effectively manage the effects of the particular event. Potential effects include the damage to infrastructure, damage to our telecom and refinery assets and the loss of business continuity or business information. In the event that our facilities are affected by any of these factors, our operations may be significantly interrupted, which may materially and adversely affect our business, financial condition and results of operations.

7. Any downgrading of India's debt rating by a domestic or international rating agency could negatively impact our business and the price of our Equity Shares.

Any adverse revisions to India's credit ratings or of the countries where Subsidiaries are present or ratings of financing partners/lenders or geographies of their operations, by domestic or international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our financial results and business prospects, ability to obtain financing for capital expenditures and the price of our Equity Shares.

Risks Relating to Our Equity Shares and Rights Equity Shares and this Issue

8. Our Company's Equity Shares got listed on BSE and NSE in fiscal 2016. Accordingly, there may be limited information publicly available in relation to our Company and our Equity Shares.

Our Company completed its initial public offering of Equity Shares in India on March 8, 1996 pursuant to which we got listed on the Delhi Stock Exchange Limited ("DSE"), Jaipur Stock Exchange Limited ("JSE") and Ludhiana Stock Exchange Limited ("LSE") on August 22, 1996, August 27, 1996 and August 30, 1996 respectively. Post the de-recognition of the DSE, LSE and JSE by SEBI, and pursuant to its orders dated November 19, 2014, December 30, 2014 and March 23, 2015, respectively, we listed our Equity Shares on the CSE, NSE & BSE on May 19, 2015 August 26, 2015 and October 20, 2015 respectively. Thereafter, with effect from January 19, 2018, the Company got itself voluntarily delisted from CSE.

Listed Companies in India are subject to reporting obligations including various periodic filings and corporate announcements required to be made to the stock exchanges pursuant to regulations issued by the

SEBI including the SEBI Listing Regulations and the Takeover Regulations. While this information is made accessible to the public by the BSE and NSE through their respective websites, such information was generally not available on websites of the erstwhile regional stock exchanges where our Equity Shares were listed. As a result, publicly available information pertaining to our Company (prior to the listing of our Equity Shares on BSE and NSE) is limited as compared to similar information typically available publicly in respect of other companies listed on BSE and/or NSE.

In addition, there was no trading of Equity Shares of our Company on the DSE, JSE and LSE since late 90's upto the date of de-recognition of these stock exchanges by SEBI. Further, even at CSE, there had been no trading of Equity Shares of our Company. As a result, historically there have been periods, where there has been no active trading market for our Equity Shares and therefore there is only limited information that may be available to the investors in relation to the market price of our Equity Shares.

9. Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.

The Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renounees may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renounees prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation (the last day for which is Friday August 21, 2020), such Renounee will not be able to apply in this Issue with respect to such Rights Entitlements.

10. Our Promoter and Promoter Group may not have the ability to control or influence the outcome of matters submitted to shareholders for approval.

As at June 30, 2020, our Promoter and the Promoter Group collectively hold 30.19% of the total share capital of our Company. As long as our Promoter and the Promoter Group do not hold the majority stake in the Company, they may not have the ability to control or influence the outcome of matters submitted to shareholders for approval, including (i) matters relating to sale of all or part of our business; (ii) mergers, acquisitions or disposals of assets; (iii) the distribution of dividends; (iv) appointment or removal of our directors or officers; and (v) our capital structure or financing. This could materially and adversely affect our results of operations, financial condition, and cash flows.

11. We will not distribute this Letter of Offer, the Abridged Letter of Offer, the Application Form and other applicable issue materials to certain categories of overseas shareholders.

In accordance with the SEBI ICDR Regulations, SEBI Rights Issue Circulars and the MCA Circular, our Company will send, only through email, the Abridged Letter of Offer, Application Form and other applicable Issue material to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company. Further, this Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. Other than as indicated above, the Issue materials will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in overseas jurisdictions. However, the Companies Act, 2013 requires companies to serve documents at any address, which may be provided by the members as well

as through e-mail. Presently, there is lack of clarity under the Companies Act, 2013 and the rules made thereunder with respect to distribution of the Issue materials in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdictions. We have requested all the overseas Eligible Equity Shareholders to provide an address in India and their e-mail addresses for the purposes of distribution of the Issue materials. However, we cannot assure you that the regulator or authorities would not adopt a different view with respect to compliance with the Companies Act, 2013 and may subject us to fines or penalties.

12. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised and may be subject to change based on various factors, some of which are beyond our control.

Our funding requirements and deployment of the Net Proceeds are based on internal management estimates based on current market conditions, and have not been appraised by any bank or financial institution or other independent agency. Further, in the absence of such independent appraisal, our funding requirements may be subject to change based on various factors which are beyond our control. For details, see “Objects of the Issue” on page 80.

13. We may, at any time in the future, make further issuances or sales of our Equity Shares, and this may significantly dilute your future shareholding and affect the trading price of our Equity Shares.

Any future equity issuances by us, may lead to the dilution of investors’ shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of our Equity Shares, which may lead to other adverse consequences for us including difficulty in raising capital through offering of our Equity Shares or incurring additional debt. In addition, any perception that such issuance or sales of shares may occur, may lead to dilution of your shareholding, significantly affect the trading price of our Equity Shares and our ability to raise capital through an issue of our securities. There can be no assurance that such future issuance by us will be at a price equal to or more than the Issue Price. Further, there can be no assurance that we will not issue further shares or that the major shareholders will not dispose of, pledge or otherwise encumber their shares.

14. Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares and Rights Entitlements.

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. Previously, any gain realised on the sale of listed equity shares on or before March 31, 2018 on a stock exchange held for more than 12 months was not subject to long-term capital gains tax in India if securities transaction tax (“STT”) was paid on the sale transaction. However, the Finance Act, 2018, now seeks to tax on such long-term capital gains exceeding ₹ 1 Lakh arising from sale of equity shares on or after April 1, 2018, while continuing to exempt the unrealised capital gains earned up to January 31, 2018 on such Equity Shares. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which our Equity Shares are sold. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of our Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India’s ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of our Equity Shares Rights Entitlements.

15. Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.

Our Articles of Association and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, Directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a corporate entity in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as one of our shareholders than as a shareholder of a bank or corporate entity in another jurisdiction. In accordance with the provisions of the Companies Act, the voting rights of an equity shareholder in a company shall be in proportion to the share of a person in the paid-up equity share capital of that company.

16. Applicants to this Issue are not allowed to withdraw their Applications after the Issue Closing Date.

In terms of the SEBI ICDR Regulations, Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such Equity Shares to the Applicant's demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the Applicant's decision to invest in the Rights Equity Shares, would not arise between the Issue Closing Date and the date of Allotment in this Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Equity Shares. The Applicants shall not have the right to withdraw their applications in the event of any such occurrence. We cannot assure you that the market price of the Equity Shares will not decline below the Issue Price. To the extent the market price for the Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase Rights Equity Shares at a price that will be higher than the actual market price for the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants' ability to sell our Equity Shares after this Issue or cause the trading price of our Equity Shares to decline.

17. You may not receive the Rights Equity Shares that you subscribe in this Issue until 15 days after the date on which this Issue closes, which will subject you to market risk.

The Rights Equity Shares that you may be Allotted in this Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date. You can start trading such Rights Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Rights Equity Shares allocated to you will be credited to your demat account, or that trading in such Rights Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

18. The R-WAP payment mechanism facility proposed to be used for this Issue may be exposed to risks, including risks associated with payment gateways.

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, a separate web-based application platform, i.e., the R-WAP facility (accessible at <https://linkintime.co.in>), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process. On R-WAP, the resident Investors can access and fill the Application Form in electronic mode and make online payment using the internet banking or UPI facility from their own

bank account thereat. For details, see “*Terms of the Issue – Procedure for Application through the R-WAP*” on page 212. Such payment gateways and mechanisms are faced with risks such as:

- keeping information technology systems aligned and up to date with the rapidly evolving technology in the payment services industries;
- scaling up technology infrastructure to meet requirements of growing volumes;
- applying risk management policy effectively to such payment mechanisms;
- keeping users’ data safe and free from security breaches; and
- effectively managing payment solutions logistics and technology infrastructure.

Further, R-WAP is a new facility which has been instituted due to challenges arising out of COVID-19 pandemic. We cannot assure you that R-WAP facility will not suffer from any unanticipated system failure or breakdown or delay, including failure on part of the payment gateway, and therefore, your Application may not be completed or rejected. These risks are indicative and any failure to manage them effectively can impair the efficacy and functioning of the payment mechanism for this Issue. Since Application process through R-WAP is different from the ASBA process, there can be no assurance that investors will not find difficulties in accessing and using the R-WAP facility.

19. SEBI has recently, by way of circulars dated January 22, 2020 and May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, streamlined the process of rights issues. You should follow the instructions carefully, as stated in such SEBI circulars, and in this Letter of Offer.

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI circulars dated January 22, 2020 and May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. For details, see “Terms of the Issue” on page 195.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) demat suspense escrow account (namely, “SATIN RIGHTS ENTITLEMENT SUSPENSE ESCROW DEMAT ACCOUNT”) opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings.

20. The Eligible Equity Shareholders holding Equity Shares in physical form will have no voting rights in respect of Rights Equity Shares until they provide details of their demat account and Rights Equity Shares are transferred to such demat account from the demat suspense account thereafter.

The Rights Equity Shares will be credited to a demat suspense account to be opened by our Company, in case of Allotment in respect of resident Eligible Equity Shareholders holding Equity Shares in physical form and who have not provided the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date. Such Eligible Equity Shareholders are required to send, among others, details of their demat accounts to our Company or the Registrar within 6 (six) months from the Allotment Date. For details, see “Terms of the Issue” on page 195.

Our Company (with the assistance of the Registrar) shall, after verification of the details of such demat account by the Registrar, transfer the Rights Equity Shares from the demat suspense account to the demat accounts of such Eligible Equity Shareholders. In case of non-receipt of such details of demat account, our Company shall conduct a sale of such Rights Equity Shares lying in the demat suspense account on the floor of the Stock Exchanges at the prevailing market price and remit the proceeds of such sale (net of brokerage, applicable taxes and administrative and incidental charges) to the bank account mentioned by the resident Eligible Equity Shareholders in their respective Application Forms and from which the payment for Application Money was made. Proceeds of such sale (net of brokerage, applicable taxes and administrative and incidental charges) may be higher or lower than the Application Money paid by such Eligible Equity Shareholders. We cannot assure you that such proceeds by way of sale of such Rights Equity Shares will be higher than the Application Money paid by you, and that you shall not suffer a loss in this regard.

Further, in case, bank accounts of the aforesaid Eligible Equity Shareholders cannot be identified due to any reason or bounce back from such bank accounts, our Company may use payment mechanisms such as cheques, demand drafts etc. to remit the proceeds of sale of the Rights Equity Shares to such Eligible Equity Shareholders. If such bank account from which Application Money was received is closed or non-operational, the sale proceeds will be transferred to IEPF in accordance with practice on Equity Shares and as per applicable law.

21. Investors will be subject to market risks until our Equity Shares credited to the investor’s demat account are listed and permitted to trade.

Investors can start trading our Equity Shares Allotted to them only after they have been credited to an investor’s demat account, are listed and permitted to trade. Since our Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for our Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that our Equity Shares allocated to an investor will be credited to the investor’s demat account or that trading in such Equity Shares will commence in a timely manner.

22. We and our customers may engage in certain transactions in or with countries or persons that are subject to international economic sanctions.

Various international jurisdictions, including the U.S. and U.K., restrict investments or otherwise doing business in or with certain countries or territories and with certain persons or businesses that have been specially designated by such government agencies. Other governments and international or regional organizations also administer similar economic sanctions. Through our business operations, we may undertake various services to customers doing business with, or located in, countries to which certain economic sanctions apply. Although we believe we have compliance systems in place that are sufficient to block prohibited transactions, and we have not been notified that any penalties or other measures will be imposed on us, however, we may not be able to fully monitor all of our transactions for any potential violation.

Our future business may not be free of risk under sanctions implemented by these jurisdictions or that we will be able to conform our business operations to the expectations and requirements of such international regulatory agencies that do not have jurisdiction over our business but nevertheless assert the right to impose sanctions on an extraterritorial basis. Further, investors in the Rights Equity Shares could incur reputational

or other risks as a result of our or our customers' dealings in or with sanctioned countries or with persons that are the subject of such sanctions.

23.Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of our Equity Shares.

Foreign investment in Indian securities is subject to regulation by Indian regulatory authorities. Under the FDI Policy, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, foreign investment up to 100% is permitted in our sector, subject to satisfaction of certain conditions.

Also, under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are permitted (subject to certain exceptions) if they comply with, among other things, the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares does not comply with such pricing guidelines or reporting requirements, or falls under any of the exceptions referred to above, then prior approval of the RBI will be required.

Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate any such foreign currency from India will require a no objection or a tax clearance certificate from the income tax authority. We cannot assure you that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

24.The Rights Entitlements and Rights Equity Shares are subject to transfer restrictions and cannot be freely resold in the United States.

The offering and delivery of the Rights Equity Shares to, and the offering and acquisition of the Rights Entitlements and Rights Equity Shares in the United States to and by certain persons who are U.S. QIBs and are also Qualified Purchasers, is being made pursuant to Section 4(a)(2) of the US Securities Act and exception under Section 3(c)(7) of the Investment Company Act. None of the Rights Entitlements or Rights Equity Shares has been, or will be, registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, investors who are U.S. QIBs and are also Qualified Purchasers, and who are acquiring the Rights Entitlements and/or Rights Equity Shares in the Issue pursuant to an exemption from the registration requirements of the US Securities Act, should note that the Rights Entitlements and Rights Equity Shares may not be freely resold or transferred in the United States. The Rights Entitlements and Rights Equity Shares may not be resold, renounced, pledged, or otherwise transferred or delivered except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

25.Overseas shareholders may not be able to participate in the Company's future rights offerings or certain other equity issues

If the Company offers or causes to be offered to holders of its Equity Shares rights to subscribe for additional Equity Shares or any right of any other nature, the Company will have discretion as to the procedure to be followed in making such rights available to holders of the Equity Shares or in disposing of such rights for the benefit of such holders and making the net proceeds available to such holders. For instance, the Company may not offer such rights to the holders of Equity Shares who have a registered address in the United States unless:

- a registration statement is in effect, if a registration statement under the US Securities Act is required in order for the Company to offer such rights to holders and sell the securities represented by such rights; or

- the offering and sale of such rights or the underlying securities to such holders are exempt from registration under the provisions of the US Securities Act.

The Company has no obligation to prepare or file any registration statement. Accordingly, shareholders who have a registered address in the United States may be unable to participate in future rights offerings and may experience a dilution in their holdings as a result.

26. There is no public market for the Rights Equity Shares outside India.

After this Issue, there will continue to be no public market for our Rights Equity Shares in the United States or any country other than India. In addition, the holders of the partly paid-up Rights Equity Shares will not be able to trade in these shares till they are credited to the holders' account as fully paid-up, and thereafter there will also be no public market for the Rights Equity Shares outside of India. We cannot assure you that the face value of the Rights Equity Shares will correspond to the price at which the Rights Equity Shares will trade subsequent to this Issue. This may also affect the liquidity of our Rights Equity Shares and restrict your ability to sell them.

27. Given that we expect the Rights Equity Shares will be treated as stock of a passive foreign investment company (a "PFIC") for U.S. federal income tax purposes, U.S. holders may suffer various adverse U.S. tax consequences and interest charges.

A non-U.S. corporation will be a PFIC if either (i) 75.0% or more of its gross income is passive income or (ii) 50.0% or more of the total value of its assets is attributable to assets, including cash that produce or are held for the production of passive income. Our Company will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of the stock. Based on the current and expected composition of our Company's and the Subsidiaries income and assets, our Company expects that 75.0% or more of its gross income will constitute "passive income" and 50.0% or more of its gross assets will constitute "passive assets" for purposes of the PFIC rules. Since our Company does not believe that it can benefit from the exemption from the PFIC rules that is available for foreign banks, our Company expects that it will be treated as a PFIC in this and in subsequent years. As a consequence, U.S. holders will be subject to the complex PFIC rules, which could result in additional U.S. taxes and interest charges upon a sale or disposition of their Rights Equity Shares or upon certain distributions by our Company.

28. Withholding may be imposed on payments on the Rights Equity Shares under the U.S. Foreign Account Tax Compliance Act.

Certain U.S. tax provisions commonly referred to as FATCA may impose 30% withholding on "foreign passthru payments" made by a "foreign financial institution" (an "FFI"). Under current guidance, the term "foreign passthru payment" is not defined and it is therefore not clear whether or to what extent payments on the Rights Equity Shares would be considered foreign passthru payments. Withholding on foreign passthru payments would not be required with respect to payments made before the date that is two years after the date of publication in the Federal Register of final regulations defining the term "foreign passthru payment." The United States has entered into an Intergovernmental Agreement with India (the "IGA"), which potentially modifies the FATCA withholding regime described above. Our Company believes that it may be subject to diligence, reporting and withholding obligations under the FATCA rules and the IGA. It is not yet clear how the IGA will address foreign passthru payments. Prospective investors in the Rights Equity Shares should consult their tax advisors regarding the potential impact of FATCA, the IGA and any non-U.S. legislation implementing FATCA on their investment in the Rights Equity Shares.

29. Holders of our Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.

Under the Companies Act, a company incorporated in India must offer holders of its equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares who have voted on such resolution. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of our Equity Shares, you may suffer future dilution of your ownership position and your proportional interests in us would be reduced.

SECTION III: INTRODUCTION
THE ISSUE

This Issue has been authorised by way of a resolution dated June 22, 2020, passed by our Board, pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013. The following is a summary of the Issue and should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section “Terms of the Issue” on page 195.

Rights Equity Shares being offered by our Company	Up to 1,99,82,667 Equity Shares
Rights Entitlements*	48 (Forty-Eight) Rights Equity Share for every 125 Equity Shares held on the Record Date
Record Date	Wednesday, August 5, 2020
Issue Price per Rights Equity Share	₹ 60 (including a premium of ₹ 50 per Rights Equity Share) On Application, Investors will have to pay ₹ 15 per Rights Equity Share, which constitutes 25% of the Issue Price and the balance ₹ 45 per Rights Equity Share which constitutes 75% of the Issue Price, will have to be paid, on one or more subsequent Call(s), as determined by our Board/ Committee at its sole discretion, from time to time.
Face Value per Rights Equity Share	₹10
Dividend	Such dividend, in proportion to the amount paid-up on the Rights Equity Shares, as may be recommended by our Board and declared by our Shareholders, as per applicable law.
Issue Size	Up to ₹ 1,19,89,60,020/-
Equity Shares subscribed#@	5,20,84,694 equity Shares
Equity shares paid-up and outstanding prior to the Issue@	5,20,38,194 Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Equity Shares) and having made fully paid-up	7,20,20,861 Equity Shares
Security Codes for our Equity Shares, Rights Equity Shares and Rights Entitlements#	ISIN: INE836B01017 BSE:539404 NSE: SATIN ISIN for Rights Entitlement: INE836B20017
Terms of the Issue	See “Terms of the Issue” on page 195
Use of Issue Proceeds	See “Objects of the Issue” on page 195
Terms of payment	See the table below

**For Rights Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 125 Equity Shares or is not in multiples of 125, the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlements. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Rights Equity Share each, if such Eligible Equity Shareholders have applied for additional Rights Equity Shares over and above their Rights Entitlements.*

#Our Company would obtain a separate ISIN for the Rights Equity Shares for each Call, as may be required under applicable law.

@ 46,500 equity shares were forfeited and cancelled due to calls in arrears

Terms of payment

For issue of up to 1,99,82,667 Rights Equity Shares

Amount Payable per Rights Equity Share*	Face Value (₹)	Premium (₹)	Total (₹)
On Application	2.50	12.50	15.00
On one or more subsequent Call(s) as determined by our Board at its sole discretion, from time to time	7.50	37.50	45.00
Total (₹)	10.00	50.00	60.00
<i>*For further details on Payment Schedule, see “Terms of the Issue” on page 195.</i>			

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from our Financial Statements. Our summary financial information presented below, is in Rupees/ Rupees Lakhs and should be read in conjunction with the financial statements and the notes thereto included in the section, “Financial Information” on page 102.

Summary of Consolidated Statement of Profit & Loss

Particulars	Year Ended March 31, 2020 (₹ in Lakhs)
Revenue	1,50,343.19
Total Expenses	1,27,426.83
Profit before Depreciation and tax	22,916.36
Depreciation and amortization expenses	1,753.72
Profit Before Tax	21,162.64
Tax Expense	5,665.38
Profit after Tax	15,497.26
Other comprehensive income	4,482.47
Total comprehensive income for the year	19,979.73

Summary of Consolidated Balance Sheet

Particulars	As at March 31, 2020 (₹ In Lakhs)
ASSETS	
Financial Assets	
Cash and Bank balance	1,88,116.11
Loans	4,94,111.17
Investments	24,573.21
Other financial assets	4,428.49
	7,11,228.98
Non-financial Assets	
Current tax assets (net)	3,778.61
Deferred tax assets (net)	0
Fixed Assets	9,032.46
Goodwill	3,370.66
Other intangible assets	405.61
Other non-financial assets	2,145.45
	18,732.79
TOTAL ASSETS	7,29,961.77

LIABILITIES AND EQUITY	
LIABILITIES	
Financial Liabilities	
Borrowing	5,54,151.29
Other financial liabilities	28,024.73
	5,82,176.02
Non-financial Liabilities	
Deferred tax liabilities (net)	727.9
Provisions	1,285.71
Other non-financial liabilities	903.23
	2,916.84
EQUITY	
Equity share capital	5,171.27
Other equity	1,39,697.64
Non-controlling interest	-
	1,44,868.91
TOTAL LIABILITIES AND EQUITY	7,29,961.77

Summary of Consolidated Cash Flow Statement

A	Cash flow from operating activities	For the year ended March 31, 2020 (₹ In Lakhs)
	Profit before tax	21,162.64
	Adjustments for:	
	Depreciation and amortisation	1,147.51
	Depreciation of right-of-use assets	606.21
	Net (gain)/loss on derecognition of property, plant and equipment	(2.83)
	Gain on sale of liquid funds	(1,568.59)
	Unrealised (gain)/loss on fair value changes of derivatives and investments	130.76
	Property, plant and equipment written off	-
	Impairment on financial instruments	19,180.66
	Dividend income	(2.21)
	Gain on sale of loan portfolio through assignment	(23,608.14)
	First loss default guarantee expenses	3,089.11
	Share based payment to employees	196.20
	Effective interest rate adjustment for financial instruments	2,104.43
	Interest expense for leasing arrangements	188.19
	Net gain on termination of leases	(42.44)
	Unrealised exchange fluctuation loss (net)	188.49
	Operating profit before working capital changes	22,769.99
	Movement in working capital	
	Decrease/(increase) in trade receivables	4.66
	(Increase)/decrease in loans	(28,570.57)
	Decrease/(increase) in deposits	2,927.55
	(Increase)/decrease in other financial assets	(994.43)
	(Increase)/decrease in other non-financial assets	(6,733.93)
	Increase/(decrease) in trade and other payables	1,149.46
	(Decrease)/increase in other financial liabilities	(5,822.98)
	(Decrease)/increase in provisions	(103.12)
	Increase in other non-financial liabilities	2.95
	Cash flows from/ (used in) operating activities post working capital changes	(15,370.42)
	Income tax paid (net)	(7,159.41)

	Net cash flows from/(used in) operating activities (A)	(22,529.83)
B	Cash flows from investing activities	
	Payments for property, plant and equipment and capital work-in-progress and intangible assets	2,116.53
	Proceeds from sale of property, plant and equipment and intangible assets	16.47
	Payment for acquisition of subsidiary, net of cash acquired	-
	Purchase of other investments (net)	3,435.38
	Net cash used in investing activities (B)	5,568.38
C	Cash flows from financing activities	
	Proceeds from issue of share capital and share warrants (including premium and net of share issue expenses)	4,437.67
	Proceeds from debt securities	21,413.18
	Repayment of debt securities	(32,852.45)
	Proceeds from borrowings other than debt securities	3,12,518.42
	Repayment of borrowings other than debt securities	(2,87,956.35)
	Lease payments	(693.40)
	Proceeds from subordinated liabilities	9,887.77
	Repayment of subordinated liabilities	(2,469.76)
	Net cash flows from financing activities (C)	24,285.08
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	7,323.63
	Cash and cash equivalents at the beginning of the year	96,581.67
	Cash and cash equivalents at the end of the year	1,03,905.30

GENERAL INFORMATION

Our Company, Satin Creditcare Network Limited (the “Company” or the “Issuer”) was originally incorporated on October 16, 1990 in New Delhi under the Companies Act 1956, as a private limited company under the name ‘Satin Leasing and Finance Private Limited’ with the Registrar of Companies (“RoC”), New Delhi. During the year 1994, our Company was converted into a public limited company, following which our name was changed to ‘Satin Leasing and Finance Limited’ and a fresh certificate of incorporation was issued on July 1, 1994. Pursuant to a certificate of registration issued by RBI on December 4, 1998, our Company was registered as a Non-Banking Financial Company (“NBFC”). Later, the name of our Company was changed to ‘Satin Creditcare Network Limited’, and a fresh certificate of incorporation was issued on April 10, 2000 by Registrar of Companies, Delhi and Haryana. Further RBI also issued a Certificate of Registration to the Company in the name of Satin Creditcare Network Limited on November 2, 2000 as a NBFC. Subsequently, in year 2013, our Company was converted to an NBFC-Micro Finance Institution (“MFI”) and a fresh certificate of registration was issued by the RBI on November 6, 2013. Our Company, currently registered as an NBFC-MFI, is classified as a Systemically Important Non-Deposit Accepting NBFC which is engaged in the business of providing financial services. For further details, see “History and Corporate Structure” on page 94.

Registered Office

Satin Creditcare Network Limited

5th Floor, Kundan Bhawan,
Azadpur Commercial Complex,
Azadpur Delhi – 110033, India
CIN: L65991DL1990PLC041796
Telephone No.: +91 11 47545000;
Facsimile No.: +91 11 23328951
Website: www.satincreditcare.com
E-mail: info@satincreditcare.com
Registration No.: 041796

Changes in Registered Office

For details pertaining to Registered Office address of our Company, see “*History and Corporate Structure*” on page 94.

Corporate Office

Satin Creditcare Network Limited

Floor 1 & 3, 97, Sector 44,
Gurugram, Haryana 122003, India
Telephone no.: +91 124 4715400/450/499

Registrar of Companies:

Our Company is registered with the RoC, Delhi and Haryana, which is situated at the following address:
Registrar of Companies, New Delhi
4th Floor, IFCI Tower,
61, Nehru Place,
New Delhi – 110019

Board of Directors

The following table sets out the details of our Board as of the date of this Letter of Offer:

Name	Designation	DIN	Address
Mr. Harvinder Pal Singh	Chairman cum Managing Director	00333754	14 A, Tower 1, The Hibiscus Near Bani Square, Sector 50, Gurgaon 122001, Haryana, India
Mr. Satvinder Singh	Non-Executive Director	00332521	Building 1, Apartment 5B, The Hibiscus, Sector 50, South city- II Gurgaon 122018, Haryana, India
Mr. Rakesh Sachdeva	Independent Director	00333715	Flat no. 4111, Tower 4, ATS one Hamlet Sector 104, Gautam Buddha Nagar, Noida 201304, Uttar Pradesh, India
Mr. Sundeep Kumar Mehta	Independent Director	00840544	1629, Sector-29 Gautam Buddha Nagar Noida 201301 Uttar Pradesh, India
Mrs. Sangeeta Khorana	Independent Director	06674198	59 Pottle Walk, Wimborne BH21 2Fd Dorset, United Kingdom 263601
Mr. Goh Colin	Independent Director	06963178	173 Ceylon Road Singapore Ceylon 429739 Singapore
Mr. Sanjay Kumar Bhatia	Independent Director	07033027	1414, Mukerjee Nagar North West Delhi, Delhi 110009, India
Mr. Anil Kumar Kalra	Independent Director	07361739	C-2 Flat No.-117B, Lawrence Road, Keshav Puram, Onkar Nagar, Saraswati Vihar, North Delhi, Delhi 110035, India
Mr. Christian Bernhard Ramm	Non-Executive Director (Nominee)	08096655	Nobels Gate 20A 0268 Oslo Norway

Company Secretary and Compliance Officer

Mr. Adhish Swaroop
Floor 1 & 3, Plot No -97,
Sector-44, Gurugram,
Haryana-122003, India
Telephone no.: +91 124 4715 400
Email: adhish.swaroop@satincreditcare.com

Lead Manager(s) to the Issue

Corporate Professionals Capital Private Limited

D-28, South Extension Part-1,
New Delhi-110049, India
Telephone no.: +91 11-40622230/ 40622200;
Email: satinrights@indiacp.com
Website: www.corporateprofessionals.com
Investor grievance e-mail: mb@indiacp.com
Contact person: Anjali Aggarwal
SEBI Registration No.: INM000011435

Domestic Legal Counsel to our Company and Lead Manager

M V Kini, Law Firm

6/39, Kini House,
Jangpura-B, New Delhi,
Delhi-110014

Telephone no.: +91 11 2437 1038/39/40

Fax: +91 11 2437 9484

Contact person: Raj Rani Bhalla

Email: projectsilk@mvkini.com

Website: www.mvkini.com

International Legal Counsel to our Company

Squire Patton Boggs Singapore LLP

1 Marina Boulevard

#21-01 One Marina Boulevard

Singapore 018989

Republic of Singapore

Telephone no.: +65 6922 8668

Statutory Auditors of our Company

Walker Chandiok & Co LLP

7th Floor, Plot No. 19A,

Sector 16A, Noida 201301

Telephone no.: +91 120 485 5999

E-mail: Lalit.Kumar@walkerchandiok.in

Peer Review: 011707 (Valid up to: 20-05-2022)

Firm Registration No.: 001076N/N500013

Changes in Statutory Auditors

There has been no change in Statutory Auditors of our Company during last 3 years.

Registrar to the Issue

Link Intime India Private Limited

C-101, 247 Park, L. B. S. Marg, Vikhroli (West)

Mumbai 400 083

Maharashtra, India

Telephone no.: +91 22 4918 6200

E-mail: satin.rights@linkintime.co.in

Website: www.linkintime.co.in

Investor grievance e-mail: satin.rights@linkintime.co.in

Contact Person: Sumeet Deshpande

SEBI Registration No.: INR000004058

CIN: U67190MH1999PTC118368

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matter. All grievances relating to the ASBA process or R-WAP process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name,

address of the Applicant, contact number(s), E-mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of R-WAP process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process), and copy of the e-acknowledgement (in case of normal process). For details on the ASBA process and R-WAP process, see “Terms of the Issue” on page 195.

Bankers to the Issue

IndusInd Bank Limited

IndusInd Bank, PNA House, 4th Floor,
Plot No. 57 & 57/1, Road No. 17,
Near SRL, MIDC, Andheri East,
Mumbai 400093

Telephone no.: +91 22 61069248/ 34

E-mail: sunil.fadtare@indusind.com

Website: www.indusind.com

Contact Person: Sunil Fadtare

SEBI Registration No.: INB100000002

CIN: L65191PN1994PLC076333

Self-Certified Syndicate Banks (SCSB)

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at below mentioned link as updated from time to time or at such other website as may be prescribed from time to time. Further, for a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA applications from the Designated Intermediaries and updated from time to time, please refer to the below mentioned link or any such other website as may be prescribed by SEBI from time to time. <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>

Issue Schedule

Last Date for credit of Rights Entitlements:	Tuesday, August 11, 2020
Issue Opening Date:	Wednesday, August 12, 2020
Last Date for On Market Renunciation#:	Friday, August 21, 2020
Issue Closing Date*:	Wednesday, August 26, 2020
Finalisation of Basis of Allotment (on or about):	Friday, September 4, 2020
Date of Allotment (on or about):	Monday, September 7, 2020
Date of credit (on or about):	Tuesday, September 8, 2020
Date of listing (on or about):	Friday, September 11, 2020

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

**Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that this Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date. Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., Friday August 21, 2020 to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, i.e., Tuesday, August 25, 2020. Further, in accordance with the SEBI Rights

Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period. For details, see “Terms of the Issue” on page 195.

Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date. Our Company, the Lead Manager(s) or the Registrar will not be liable for any loss on account of non-submission of Applications on or before the Issue Closing Date. Further, it is also encouraged that the applications are submitted well in advance before Issue Closing Date, due to prevailing COVID-19 related conditions. For details on submitting Application, see “Terms of the Issue” on page 195.

The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar at www.linkintime.co.in after entering their respective details along with other security control measures implemented thereat. For details, see “Terms of the Issue” on page 195.

Monitoring Agency

Our Company has appointed IndusInd Bank Limited as the Monitoring Agency, in accordance with Regulation 82 of the SEBI ICDR Regulations, to monitor the utilisation of Net Proceeds. The details of the Monitoring Agency are as follows:

IndusInd Bank Limited

IndusInd Bank, PNA House, 4th Floor,
Plot No. 57 & 57/1, Road No. 17,
Near SRL, MIDC, Andheri East,
Mumbai 400093

Telephone no.: +91 22 61069248/ 34

E-mail: sunil.fadtare@indusind.com

Website: www.indusind.com

Contact Person: Mr. Sunil Fadtare

SEBI Registration No.: INB100000002

CIN: L65191PN1994PLC076333

Inter-se allocation of responsibilities

Corporate Professionals Capital Private Limited has been appointed as a sole Lead Manager to the Issue, therefore no inter-se allocation of responsibilities is required.

Credit Rating

As this Issue is of Equity Shares, there is no requirement of credit rating for this Issue.

Debenture Trustee

As this Issue is of Equity Shares, the appointment of a debenture trustee is not required.

Advisor to the Company

Centrum Capital Limited

Centrum House,

C.S.T. Road Vidyanagari Marg,
Kalina, Santacruz (East)
Mumbai -400098
Telephone no.: +91 22 42159000
Email: satin.rights@centrum.co.in

Appraising Entity

None of the purposes for which the Net Proceeds are proposed to be utilised have been financially appraised by any banks or financial institution or any other independent agency.

Minimum Subscription

Pursuant to the SEBI Circular dated April 21, 2020, bearing reference no. SEBI/HO/CFD/CIR/CFD/DIL/67/2020 granting relaxations from certain provisions of the SEBI ICDR Regulations, if our Company does not receive the minimum subscription of 75% of the Issue Size, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. However, if our Company receives subscription between 75% to 90% of the Issue Size, at least 75% of the Issue Size shall be utilized for the objects of this Issue other than general corporate purpose.

If there is a delay in the refund of subscription money beyond the period provided under applicable laws including SEBI ICDR Regulations, then our Company and Directors who are “officers in default” shall pay interest for the delayed period, at rates prescribed under the Companies Act, 2013.

Our Promoter and Promoter Group, (the “**Promoter and Promoter Group Letters**”), have confirmed to (i) subscribe to the full extent of their Rights Entitlements and have also confirmed that they shall not renounce their Rights Entitlements (except to the extent of Rights Entitlements renounced by any of them in favour of any other member(s) of the Promoter and Promoter Group); (ii) also subscribe to Rights Equity Shares for the Rights Entitlements, if any, which are renounced in their favour by any other member(s) of the Promoter and Promoter group; and (iii) In the event of any under- subscription of the Issue, to subscribe to additional Rights Equity Shares to the extent of at least minimum subscription of the Issue Size, subject to compliance with the minimum public shareholding as prescribed under the Securities Contracts (Regulation) Rules, 1957.

Any acquisition of Rights Equity Shares by Promoter & Promoter Group of the Company, over and above our Rights Entitlements, as applicable, or subscription to any unsubscribed portion of this Issue including that of Late Mr. Harbans Singh*, will not result in a change of control of the management of the Company and will not result in non-compliance or violation of any applicable laws.

*In addition to the above mentioned Undertaking, Mr. Harvinder Pal Singh (S/o. Late Mr. Harbans Singh), our Company’s Promoter, has, on his own behalf and on behalf of the other Promoter and Promoter Group, also confirmed that they shall apply to the full extent of their Rights Entitlement, including that of Late Mr. Harbans Singh. Since, Late Mr. Harbans Singh (whose name is still appearing as a member of the Promoter Group in the Company’s Shareholding Patterns) cannot himself apply/ subscribe to his Entitlement, Mr. Harvinder Pal Singh has confirmed that any of the Promoter/ Promoter Group shall apply for additional shares at least equal to Late Mr. Harbans Singh’s entitlement, which would remain unsubscribed. In this respect, SEBI, vide its email dated July 8, 2020, has directed our Promoter/Promoter Group to ensure that any of them apply for additional shares at least equal to Late Mr. Harbans Singh’s entitlement, which would remain unsubscribed.

Underwriting

This Issue is not underwritten.

Filing

This Letter of Offer is being filed with the Designated Stock Exchange, SEBI, and NSE, as per the provisions of the SEBI ICDR Regulations. Further, in terms of the SEBI ICDR Regulations, our Company will simultaneously while filing this Letter of Offer with the Designated Stock Exchange, submit a copy of this Letter of Offer to SEBI, through an online filing through the SEBI intermediary portal at <https://siportal.sebi.gov.in> in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Letter of Offer to the email address: cfddil@sebi.gov.in.

CAPITAL STRUCTURE

The share capital of our Company as at the date of this Letter of Offer, and the details of the Rights Equity Shares proposed to be issued in the Issue, Issued and Subscribed Share Capital after the Issue, are set forth below:

(Amount in ₹ unless or otherwise mentioned)

		Aggregate value at face value	Aggregate value at Issue Price
1.	AUTHORISED SHARE CAPITAL		
	9,50,00,000 Equity Shares of ₹ 10 each	95,00,00,000	N.A.
	7,50,00,000 Preference Shares of ₹ 10 each	75,00,00,000	N.A.
2.	ISSUED & SUBSCRIBED BEFORE THIS ISSUE		
	5,20,84,694 Equity Shares of ₹ 10 each	52,08,46,940	N.A.
	2,50,00,000 12.10% Rated, Cumulative, Non-Convertible and Compulsorily Redeemable Preference Shares	25,00,00,000	N.A.
3.	PAID-UP CAPITAL BEFORE THIS ISSUE		
	5,20,38,194 Equity Shares of ₹ 10 each	52,03,81,940	N.A.
	Add: Forfeited shares (amount originally paid on 46,500 equity shares)	2,35,000	N.A.
	2,50,00,000 12.10% Rated, Cumulative, Non-Convertible and Compulsorily Redeemable Preference Shares	25,00,00,000	
4.	PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER¹		
	Up to 1,99,82,667 Rights Equity Shares, each at a premium of ₹ 50 per Rights Equity Share, i.e., at a price of ₹ 60 per Rights Equity Share ⁽³⁾	19,98,26,670	1,19,89,60,020**
5.	ISSUED, SUBSCRIBED CAPITAL AFTER THE ISSUE²		
	5,20,84,694 fully paid up Equity Shares of ₹ 10 each	52,08,46,940.00	N.A.
	1,99,82,667 partly paid up Rights Equity Shares of ₹ 10 each (paid up value ₹ 2.5 per share)	4,99,56,667.50	29,97,40,005.00
	2,50,00,000 12.10% Rated, Cumulative, Non-Convertible and Compulsorily Redeemable Preference Shares	25,00,00,000.00	N.A.
	PAID-UP CAPITAL AFTER THIS ISSUE²		
	5,20,38,194 Equity Shares of ₹ 10 each	52,03,81,940.00	N.A.
	1,99,82,667 partly paid up Rights Equity Shares of ₹ 10 each (paid up value ₹ 2.5 per share)	4,99,56,667.50 ⁽⁵⁾	29,97,40,005.00
	SECURITIES PREMIUM ACCOUNT		
	Before this Issue (₹ In lakhs)	94548.74	
	After all the Calls are made in respect of Rights Equity Shares ⁽⁴⁾ (₹ In lakhs)	104540.07*	

Notes:

1. This Issue has been authorised by a resolution passed by our Board at its meeting held on June 22, 2020, pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013.

2. *Assuming full subscription for and Allotment of the Rights Equity Shares. Please note that the Payment Schedule and the right to call up the remaining paid-up capital in one or more calls will be as determined by our Board/ Committee at its sole discretion.*
 3. *On Application, Investors will have to pay ₹ 15 per Rights Equity Share which constitutes 25% of the Issue Price and the balance ₹ 45 per Rights Equity Share which constitutes 75% of the Issue Price, will have to be paid, on one or more subsequent Call(s), as determined by our Board/ Committee at its sole discretion.*
 4. *Assuming full payment of all Calls by holders of Rights Equity Shares.*
 5. *To the extent of Application Money*
- * Subject to finalisation of Basis of Allotment, Allotment and deduction of Issue expenses.*
- **Rounded off to two decimal places.*

Notes to the Capital Structure

1. **Shareholding pattern of our Company as per the last quarterly filing with the Stock Exchanges (i.e. for the Quarter ended June 30, 2020) in compliance with the provisions of the SEBI Listing Regulations:**

Table I - Summary Statement holding of specified securities

Category	Category of shareholder	Number of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	No of Voting Rights	Total as a % of Total Voting right	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
(A)	Promoter & Promoter Group	6	1,57,08,744	1,57,08,744	30.19	1,57,08,744	30.19	24,49,734	15.59	18,52,761	11.79	1,57,08,744
(B)	Public	13,750	3,59,80,500	3,59,80,500	69.14	3,59,80,500	69.14	13,300	0.04	NA	NA	3,58,16,254
(C)	Non-Promoter – Non-Public								0.00	NA	NA	
(C1)	Shares Underlying DRs	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(C2)	Shares held by Employee Trust	1	3,48,950	3,48,950	0.67	3,48,950	0.00	0	0.00	NA	NA	3,48,950
	Total	13,757	5,20,38,194	5,20,38,194	100.00	5,20,38,194	100.00	24,63,034	4.73	18,52,761	3.56	5,18,73,948

Table II - Statement showing shareholding pattern of the Promoter and Promoter Group

	Category & Name of the shareholders	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
						No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
A1	Indian									
	Individuals / Hindu Undivided Family	4	12,85,480	12,85,480	2.47	0	0.00	0	0.00	12,85,480
	Anureet Hp Singh	1	4,84,356	4,84,356	0.93	0	0.00	0	0.00	4,84,356
	Harbans Singh (Deceased)	1	4,06,402	4,06,402	0.78	0	0.00	0	0.00	4,06,402
	Satvinder Singh	1	2,57,011	2,57,011	0.49	0	0.00	0	0.00	2,57,011
	Neeti Singh	1	1,37,711	1,37,711	0.26	0	0.00	0	0.00	1,37,711
	Harvider Pal Singh		0	0	0	0	0.00	0	0.00	0
	Any Other (Specify)	2	1,44,23,264	1,44,23,264	27.72	24,49,734	16.98	18,52,761	12.85	1,44,23,264
	Bodies Corporate	2	1,44,23,264	1,44,23,264	27.72	24,49,734	16.98	18,52,761	12.85	1,44,23,264
	Trishashna Holdings & Investments Private Limited	1	1,43,23,264	1,43,23,264	27.52	24,49,734	17.10	18,52,761	12.94	1,43,23,264
	Wisteria Holdings & Investments Private Limited	1	1,00,000	1,00,000	0.19	0	0.00	0	0.00	1,00,000
	Sub Total (A)(1)	6	1,57,08,744	1,57,08,744	30.19	24,49,734	15.59	18,52,761	11.79	1,57,08,744
A2	Foreign	0	0	0	0.00	0	0.00	0	0.00	0
	(A)= (A)(1)+(A)(2)	6	1,57,08,744	1,57,08,744	30.19	24,49,734	15.59	18,52,761	11.79	1,57,08,744

Statement showing shareholding pattern of the Public shareholder									
Category & Name of the shareholders	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	Number of Locked in shares		Number of equity shares held in dematerialised form
							No. (a)	As a % of total Shares held(b)	
B1) Institutions									
Mutual Fund	3	73,28,946	73,28,946	14.08	73,28,946	14.08	0	0.00	73,28,946
DSP Equity & Bond Fund	1	46,26,691	46,26,691	8.89	46,26,691	8.89	0	0.00	46,26,691
Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Small Cap Fund	1	21,01,896	21,01,896	4.04	21,01,896	4.04	0	0.00	21,01,896
UTI - Banking And Financial Services Fund	1	6,00,359	6,00,359	1.15	6,00,359	1.15	0	0.00	6,00,359
Alternate Investment Funds	1	39,651	39,651	0.08	39,651	0.08	0	0.00	39,651
Foreign Portfolio Investor	13	39,43,183	39,43,183	7.58	39,43,183	7.58	0	0.00	39,43,183
Massachusetts Institute of Technology	1	16,06,726	16,06,726	3.09	16,06,726	3.09	0	0.00	16,06,726
Morgan Stanley Asia (Singapore) Pte. - Odi	1	10,03,601	10,03,601	1.93	10,03,601	1.93	0	0.00	10,03,601
Financial Institutions / Banks	2	21,72,959	21,72,959	4.18	21,72,959	4.18	0	0.00	21,72,959
Indusind Bank Limited Treasury Dept	1	13,43,283	13,43,283	2.58	13,43,283	2.58	0	0.00	13,43,283
IDFC First Bank Limited	1	8,29,676	8,29,676	1.59	8,29,676	1.59	0	0.00	8,29,676
Any Other (Specify)	1	15,43,187	15,43,187	2.97	15,43,187	2.97	0	0.00	15,43,187
Foreign Bank	1	15,43,187	15,43,187	2.97	15,43,187	2.97	0	0.00	15,43,187
Asian Development Bank	1	15,43,187	15,43,187	2.97	15,43,187	2.97	0	0.00	15,43,187
Sub Total (B)(1)	20	1,50,27,926	1,50,27,926	28.88	1,50,27,926	28.88	0	0.00	1,50,27,926
B2) Central Government/ State Government(s)/ President of India	0	0	0		0		0		0

B3) Non-Institutions									
Individual share capital upto ₹ 2 Lacs	12,817	40,39,946	40,39,946	7.76	40,39,946	7.76	13,300	0.33	38,84,400
Individual share capital in excess of ₹ 2 Lacs	33	16,22,527	16,22,527	3.12	16,22,527	3.12	0	0.00	16,22,527
NBFCs registered with RBI	1	10,000	10,000	0.02	10,000	0.02	0	0.00	10,000
Any Other (Specify)	879	1,52,80,101	1,52,80,101	29.36	1,52,80,101	29.36	0	0.00	1,52,71,401
Trusts	1	50,549	50,549	0.10	50,549	0.10	0	0.00	50,549
Foreign Nationals	1	3,200	3,200	0.01	3,200	0.01	0	0.00	0
Hindu Undivided Family	383	3,08,768	3,08,768	0.59	3,08,768	0.59	0	0.00	3,08,768
Foreign Companies	3	90,70,986	90,70,986	17.43	90,70,986	17.43	0	0.00	90,70,986
Nordic Microfinance Initiative Fund III Ks	1	33,69,318	33,69,318	6.47	33,69,318	6.47	0	0.00	33,69,318
SBI Emerging Asia Financial Sector Fund Pte Ltd	1	33,13,609	33,13,609	6.37	33,13,609	6.37	0	0.00	33,13,609
Kora Investments I Llc	1	23,88,059	23,88,059	4.59	23,88,059	4.59	0	0.00	23,88,059
Non Resident Indians (Non Repat)	74	1,33,007	1,33,007	0.26	1,33,007	0.26	0	0.00	1,33,007
Non Resident Indians (Repat)	164	5,45,953	5,45,953	1.05	5,45,953	1.05	0	0.00	5,45,953
Clearing Member	81	1,35,540	1,35,540	0.26	1,35,540	0.26	0	0.00	1,35,540
Bodies Corporate	172	50,32,098	50,32,098	9.67	50,32,098	9.67	0	0.00	50,26,598
Rajsonia Consultancy Services Private Limited	1	10,22,648	10,22,648	1.97	10,22,648	1.97	0	0.00	10,22,648
Bhawani Finvest Pvt Ltd	1	7,14,900	7,14,900	1.37	7,14,900	1.37	0	0.00	7,14,900
Sub Total (B)(3)	13,730	2,09,52,574	2,09,52,574	40.26	2,09,52,574	40.26	13,300	0.06	2,07,88,328
(B)= (B)(1)+(B)(2)+(B)(3)	13,750	3,59,80,500	3,59,80,500	69.14	3,59,80,500	69.14	13,300	0.04	3,58,16,254

Table IV - Statement showing shareholding pattern of the Non Promoter- Non Public shareholder

	Category & Name of the shareholders	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Locked in shares		Number of equity shares held in dematerialised form
						No. (a)	As a % of total Shares held(b)	
C1	Custodian/DR Holder	0	0	0	0.00	0	0.00	0
C2	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	1	3,48,950	3,48,950	0.67	0	0.00	3,48,950
	Total Non-Promoter- Non Public Shareholding (C)=(C)(1)+(C)(2)	1	3,48,950	3,48,950	0.67	0	0.00	3,48,950

Table V: Statement showing details of significant beneficial owners

Sr.No	Details of the SBO (I)		Details of the registered owner (II)		Details of holding/ exercise of right of the SBO in the reporting company, whether direct or indirect*: (III)					Date of creation / acquisition of significant beneficial interest# (IV)
					Whether by virtue of:					
	Name	Nationality	Name	Nationality	Shares (%)	Voting rights (%)	Rights on distributable dividend or any other distribution	Exercise of control	Exercise of significant influence	
1	Harvinder Pal Singh	India	Trishashna Holdings & Investments Private Limited	India	27.52	27.52	Yes	Yes	Yes	04-03-2019

2. Except as disclosed below, no Equity Shares have been acquired by our Promoter or Promoter Group in the last one year immediately preceding the date of this Letter of Offer:

Name of the Promoter /Promoter Group	Date of the Transaction	Number of Equity Shares acquired	Price per Equity Share (in ₹)	Nature of Transaction
Promoter				
N.A.	N.A.	N.A.	N.A.	N.A.
Promoter Group				
Trishashna Holdings & Investments Private Limited	26.12.2019	1,00,682	197.14	Acquisition: Secondary market
	27.12.2019	1,52,000	197.14	Acquisition: Secondary market
Total		2,52,682	-	-

3. Except mentioned below, No Equity Shares held by our Promoter or Promoter Group have been locked-in, pledged or encumbered as of the date of this Letter of Offer.

Details of Locked in shares

Name of Promoter/ Promoter Group	No. of shares held	No of shares Locked in
Trishashna Holdings & Investments Private Limited	1,43,23,264	24,49,734

Details of Pledged Shares

Name of Promoter/ Promoter Group	No. of shares held	No of shares Pledged
Trishashna Holdings & Investments Private Limited	1,43,23,264	13,98,401

4. Details of options and convertible securities outstanding as on the date of this Letter of Offer

Except as provided below, there are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Letter of Offer:

Employees Stock Option Scheme

Our Company has formulated four ESOPs (together “Satin ESOP Schemes”) namely;

- i. Employees Stock Option Plan 2009 (“ESOP 2009”) pursuant to special resolution passed by the Shareholders on June 01, 2009. Initially 4,25,000 equity shares of ₹ 10/- each at a premium of ₹ 10/- each were allotted to Satin Employees Welfare Trust on November 27, 2009. (This scheme was terminated vide Shareholders Resolution dated July 6, 2017)
- ii. Employees Stock Option Plan 2010 (“ESOP 2010”) pursuant to special resolution passed by the Shareholders on March 26, 2010. 1,00,000 equity shares of ₹ 10/- each at a premium of ₹ 12/- were allotted to Satin Employees Welfare Trust on June 22, 2010 (The scheme was terminated

vide Shareholders Resolution dated July 6, 2017 and the outstanding options were transferred to Satin ESOS 2017).

- iii. Employees Stock Option Plan-II 2010 (“ESOP-II 2010”) pursuant to special resolution passed by the Shareholders on December 15, 2010. 1,50,000 equity shares of ₹ 10/- each at a premium of ₹ 15/- were allotted to Satin Employees Welfare Trust on April 21, 2011 (The scheme was terminated vide Shareholders Resolution dated July 6, 2017 and the outstanding options were transferred to Satin ESOS 2017).
- iv. Satin Employees Stock Option Plan 2017 (“ESOP 2017”) pursuant to special resolution passed by the Shareholders on July 6, 2017.

The principal purposes of the Satin ESOP Schemes are:

- a) To motivate the Employees to contribute to the growth and profitability of the Company;
- b) To provide means to enable the Company to attract and retain appropriate human talent in the employment of the Company;
- c) To achieve sustained growth and the creation of shareholder value by aligning the interests of the Employees with the long-term interests of the Company;
- d) To create a sense of ownership and participation amongst the Employees to share the value they create for the Company in the years to come.

The details with respect to Satin ESOP Schemes as on the date of this Letter of Offer are set forth below:

Particulars	No of Options			
	ESOP 2009	ESOP 2010	ESOP-II 2010	ESOP 2017
Total number of options	4,25,000	1,00,000	1,50,000	3,61,400
Options granted	3,36,200	-	-	3,71,800
Options vested	2,92,200	-	-	1,42,250
Options exercised	2,79,400	-	-	46,650
Options cancelled / lapsed / forfeited	-	-	-	-
Options Addback	-	-	-	10,000
Total options outstanding	(1,45,600)	(1,00,000)	(1,50,000)	1,49,150
Exercisable at the end of year				1,99,800
Balance shares with ESOP Trust				3,48,950

5. Subscription to this Issue by our Promoter and Promoter Group

Our Promoter and Promoter Group (the “**Promoter and Promoter Group Letters**”), have confirmed to (i) subscribe to the full extent of their Rights Entitlements and have also confirmed that they shall not renounce their Rights Entitlements (except to the extent of Rights Entitlements renounced by any of them in favour of any other member(s) of the Promoter and Promoter Group); (ii) also subscribe to Rights

Equity Shares for the Rights Entitlements, if any, which are renounced in their favour by any other member(s) of the Promoter and Promoter group; and (iii) In the event of any under-subscription of the Issue, to subscribe to additional Rights Equity Shares to the extent of at least minimum subscription of the Issue Size, subject to compliance with the minimum public shareholding as prescribed under the Securities Contracts (Regulation) Rules, 1957.

Any acquisition of Rights Equity Shares by Promoter & Promoter Group of the Company, over and above their Rights Entitlements, as applicable, or subscription to any unsubscribed portion of this Issue including that of Late Mr. Harbans Singh*, will not result in a change of control of the management of the Company and will not result in non-compliance or violation of any applicable laws.

*In addition to the above mentioned Undertaking, Mr. Harvinder Pal Singh (S/o. Late Mr. Harbans Singh), our Company's Promoter, has, on his own behalf and on behalf of the other Promoter and Promoter Group, also confirmed that they shall apply to the full extent of their Rights Entitlement, including that of Late Mr. Harbans Singh. Since, Late Mr. Harbans Singh (whose name is still appearing as a member of the Promoter Group in the Company's Shareholding Patterns) cannot himself apply/ subscribe to his Entitlement, Mr. Harvinder Pal Singh has confirmed that any of the Promoter/ Promoter Group shall apply for additional shares at least equal to Late Mr. Harbans Singh's entitlement, which would remain unsubscribed. In this respect, SEBI, vide its email dated July 8, 2020, has directed our Promoter/Promoter Group to ensure that any of them apply for additional shares at least equal to Late Mr. Harbans Singh's entitlement, which would remain unsubscribed.

6. The ex-rights price of the Rights Equity Shares, as computed in accordance with Regulation 10(4)(b) of the SEBI Takeover Regulations, is ₹ 70.70 per Equity Share.
7. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares outstanding as on the date of this Letter of Offer. The Rights Equity Shares, when issued, shall be partly paid-up. For details on the terms of this Issue, see "Terms of the Issue" on page 195.
8. At any given time, there shall be only one denomination of the Equity Shares.

9. Details of the Shareholders holding more than 1% of the issued and paid-up Equity Share capital

The table below sets forth details of shareholders of our Company holding more than 1% of the issued and paid-up Equity Share capital of our Company, as on June 30, 2020:

Sl. No.	Name of Shareholders	Number of Equity Shares Held	Percentage of Equity Shares held (%)
1.	Trishashna Holdings & Investments Private Limited	1,43,23,264	27.52
2.	DSP Equity & Bond Fund	46,26,691	8.89
3.	Nordic Microfinance Initiative Fund III KS	33,69,318	6.47
4.	SBI Emerging Asia Financial Sector Fund PTE Ltd.	33,13,609	6.37
5.	Kora Investments I LLC	23,88,059	4.59
6.	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Small Cap Fund	21,01,896	4.04
7.	Massachusetts Institute of Technology	16,06,726	3.09
8.	Asian Development Bank	15,43,187	2.97
9.	IndusInd Bank Limited Treasury Dept.	13,43,283	2.58

10.	Rajsonia Consultancy Services Private Limited	10,22,648	1.97
11.	Morgan Stanley Asia (Singapore) PTE. - ODI	10,03,601	1.93
12.	Bhawani Finvest Pvt Ltd.	7,14,900	1.37
13.	IDFC First Bank Limited	8,29,676	1.59
14.	UTI - Hybrid Equity Fund	6,00,359	1.15

OBJECTS OF THE ISSUE

The proceeds of the Offer, after deducting Offer related expenses, are estimated to be ₹ 11,904.80 Lakhs (“**Net Proceeds**”). Our Company intends to utilize the Net Proceeds from this Issue towards the following:

- i. Augment our capital base to meet our future capital requirements and funding requirements for growth of the Company’s business and operations.
- ii. General corporate purposes

The objects, as stated in our Memorandum of Association, enables our Company to undertake (i) our existing activities; (ii) the activities for which the funds are being raised by our Company through this Issue;

Issue Proceeds:

The details of the Issue Proceeds are set forth in the table below:

(₹ in Lakhs)

Particulars	Amount#
Gross Proceeds from this Issue	11,989.60
Less: Estimated Issue related expenses	84.80
Total Net Proceeds*	11,904.80

* Assuming full subscription and Allotment and receipt of all Call monies with respect to the Rights Equity Shares.

#Rounded off to two decimal places.

Requirement of funds and utilisation of Net Proceeds:

The proposed utilisation of the Net Proceeds is set forth in the table below:

(₹ in Lakhs)

Particulars	Amount#
Augment our capital base to meet our future capital requirements; and funding requirements for growth of the Company’s business and operations	8,928.60
General corporate purposes*	2,976.20
Total Net Proceeds**	11,904.80

*Subject to finalisation of the Basis of Allotment and the Allotment of the Rights Equity Shares. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds

** Assuming full subscription and Allotment and receipt of all Call monies with respect to the Rights Equity Shares.

Rounded off to two decimal places

There are no existing or anticipated transactions in relation to utilization of Net Proceeds with our Promoters, Promoter Group, Directors, key managerial personnel, as identified by our Company or group companies

Means of Finance:

The funding requirements mentioned above are based on our Company’s internal management estimates and have not been appraised by any bank, financial institution or any other external agency. They are based on current circumstances of our business and our Company may have to revise these estimates from time to time on account of various factors beyond our control, such as market conditions, competitive environment, costs of commodities or interest rate fluctuations. We intend to finance the abovementioned objects from the Net Proceeds. Accordingly, our Company is not required to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue. Further, our Company’s funding requirements and deployment schedules are subject to revision in the future at the discretion of our management and may also be subject to timing of making

subsequent calls (one or more) in the future, as determined by our Board/ Committee at its sole discretion, with respect to the Rights Equity Shares for the balance ₹ 45 per Rights Equity Share which constitutes 75% of the Issue Price. If additional funds are required for the purposes mentioned above, such requirement may be met through internal accruals, additional capital infusion, debt arrangements or any combination of them.

Details of the objects of this Issue

The details in relation to objects of this Issue are set forth herein below:

1. To augment our Capital Base

We are a NBFC-MFI classified as a Systemically Important Non-Deposit Accepting NBFC which is engaged in the business of providing financial services.

Our Company intends to utilize approximately ₹ 8,928.60 Lakhs from the Issue Proceeds towards the expansion of the financing business and/or to provide for funding of fresh loans to our customers. Our Company proposes to expand its loan portfolio to target segment based on a Joint Liability Group model that enables collateral-free, micro-credit facilities to economically active women in both rural and semi-urban areas based on the risk profile and as envisaged in the loan policy of our Company. No portion of the amount earmarked towards this object will be utilised for giving loans to our Promoters, Subsidiaries, Associates, Group Companies and Promoter Group Companies.

The above-stated fund requirements and the proposed deployment of funds for augmenting capital base to meet our future capital requirements and general corporate purposes from the Net Proceeds are based on internal management estimates based on current market conditions and have not been appraised by any bank or financial institution or other independent agency. Our Company may have to revise these estimates from time to time on account of various factors beyond our control, such as market conditions, competitive environment, costs of commodities, interest or exchange rate fluctuations. In the event, our Company does not utilize the monies stated herein above in the current Fiscal, the same would be utilized in the next Fiscal.

If the Net Proceeds are not completely utilised for the objects stated above by Financial Year 2020-21, the same would be utilised (in part or full) in Financial Year 2021-22 or a subsequent period as may be determined by our Company in accordance with applicable law.

2. General corporate purposes

Our Company intends to deploy the balance Net Proceeds towards general corporate purposes, subject to such utilization not exceeding 25% of the Issue Proceeds, in compliance with applicable laws, to drive our business growth, including, amongst other things, (a) funding growth opportunities, including strategic initiatives; (b) acquiring assets, such as plant and machinery, furniture and fixtures, and intangibles; (c) meeting any expenses incurred in the ordinary course of business by our Company and its Subsidiaries, including salaries and wages, rent, administration expenses, insurance related expenses, vendor payments and payment of taxes and duties; (d) meeting our working capital requirements including payment of interest on borrowings; (e) meeting of exigencies which our Company may face in course of any business, (f) brand building and other marketing expenses; and (g) any other purpose as permitted by applicable laws and as approved by our Board or a duly appointed committee thereof.

Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may change. This may also include rescheduling the proposed utilization of Net Proceeds. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds

earmarked for general corporate purposes. In the event that we are unable to utilize the entire amount that we have currently estimated for use out of Net Proceeds in a Fiscal, we will utilize such unutilized amount in the subsequent Fiscals.

Deployment of funds

As described earlier, our Company shall raise 25% of the Gross Proceeds on Application with balance monies being raised in subsequent Calls to be made by our Company from time to time. The following table provides for the proposed deployment of funds to be raised at Application after deducting Issue related expenses.

Particulars	Amount proposed to be funded from Net Proceeds at Application#	Proposed schedule for deployment of the Net Proceeds at Application#
		Fiscal 2021
Augment our capital base to meet our future capital requirements; and funding requirements for growth of the Company's business and operations	2,232.15	6,696.45
Total	2,232.15	6,696.45

#Rounded off to two decimal places.

As and when our Company makes the Calls for the balance monies with respect to the Rights Equity Shares, our Company shall endeavour to utilize the proceeds raised from such Calls within the same Fiscal as the receipt of the said Call Monies failing which our Company shall utilize the said Call Monies in the subsequent Fiscal.

Estimated Issue related expenses:

The total expenses of the Issue are estimated to be ₹ 84.80 Lakhs. The break-up of the Issue expenses is as follows:

(Unless otherwise specified, in ₹ Lakhs)

S. No.	Particulars	Amount#	Percentage of total estimated Issue expenditure (%)	Percentage of Issue Size (%)
1.	Fee of the Lead Manager	27.00	31.84	0.23
2.	Fee of the Registrar to the Issue	6.00	7.08	0.05
3.	Fee to the Banker, Monitoring Agency, legal advisors, other professional service providers and statutory fee	28.05	33.08	0.23
4.	Advertising, marketing expenses, shareholder outreach, etc.	4.00	4.72	0.03
5.	Fees payable to regulators, including depositories, Stock Exchanges and SEBI	18.75	22.11	0.16
6.	Other expenses (including miscellaneous expenses and stamp duty)	1.00	1.18	0.01
	Total estimated Issue related expenses*	84.80	100.00	0.71

** Subject to finalisation of Basis of Allotment and actual Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall adjusted with the amount allocated towards general corporate purposes. All Issue related expenses will be paid out of the Gross Proceeds from the Issue received at the time of receipt of Application Money.*

#Rounded off to two decimal places

Bridge Financing Facilities

Our Company has not availed any bridge loans from any banks or financial institutions as on the date of this Letter of Offer, which are proposed to be repaid from the Net Proceeds.

Interim Use of Net Proceeds

Our Company, in accordance with the policies formulated by our Board from time to time, will have flexibility to deploy the Net Proceeds. Pending utilization of the Net Proceeds for the purposes described above, our Company intends and will deposit the Net Proceeds only with scheduled commercial banks included in the second schedule of the Reserve Bank of India Act, 1934, as may be approved by our Board.

Monitoring utilization of funds from the Issue

Our Company has appointed IndusInd Bank Limited as the Monitoring Agency for the Issue. Our Board and the Monitoring Agency will monitor the utilization of Net Proceeds and submit its report to our Company in terms of Regulation 82 of the SEBI ICDR Regulations. Our Company will disclose the utilization of the Net Proceeds under a separate head along with details in our balance sheet(s) along with relevant details for all the amounts that have not been utilised and will indicate instances, if any, of unutilised Net Proceeds in our balance sheet for the relevant Fiscals post receipt of listing and trading approvals from the Stock Exchanges. Pursuant to Regulation 82(4) of the SEBI ICDR Regulations and Regulation 32 of the SEBI Listing Regulations, our Company shall, within 45 days from the end of each quarter, publicly disseminate the report of the Monitoring Agency on our website as well as submit the same to the Stock Exchange(s), including the statement indicating deviations, if any, in the use of proceeds from the objects stated above. Such statement of deviation shall be placed before the Audit Committee for review, before its submission to Stock Exchanges. The Monitoring Agency shall submit its report to our Company, on a quarterly basis, until at least 95% of the proceeds of the issue, excluding the proceeds raised for general corporate purposes, have been utilised.

Pursuant to Regulation 32 of the Listing Regulations, our Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the Net Proceeds. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than those stated in the Letter of Offer and place it before the Audit Committee. Such disclosure shall be made only until such time that the Net Proceeds have been utilized in full. The statement shall be certified by the Statutory Auditors of our Company. Furthermore, in accordance with Regulation 32(1)(a) of the Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including material deviations if any, in the utilisation of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee.

Strategic or Financial Partners

There are no strategic or financial partners to the Objects of the Issue.

Interest of Promoters, Promoter Group and Directors, as applicable to the objects of the Issue

No part of the proceeds of this Issue will be paid by our Company to our Promoters, our Promoter Group or our Directors.

STATEMENT OF SPECIAL TAX BENEFITS

Walker Chandiok & Co LLP
Chartered Accountants
6th Floor, Plot 19A,
Sector 16A, Noida 201301

Statement of Tax Benefits

To,

The Board of Directors
Satin Creditcare Network Limited,
1st and 3rd Floor, Plot No. 97
KCC House, Sector 44
Gurugram 122003, Haryana

Proposed offering of equity shares on right basis (the “Equity Shares” or “Right Issue”) of Satin Creditcare Network Limited (the “Company” or “Issuer”) in accordance with Chapter III of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“SEBI ICDR Regulations”) and Section 62 of the Companies Act, 2013, as amended, read with Rule 13 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended (the “Offer” or the “Proposed Offering”)

1. This report is issued in accordance with the terms of our engagement letter dated 23 June 2020.
2. The accompanying Statement of Tax Benefits available to the Company and its Shareholders (hereinafter referred to as “the Statement”) under the Income Tax Act, 1961 (read with Income Tax Rules, circulars, notifications) as amended by the Finance Act, 2020 (hereinafter referred to as the “Income Tax Regulations”) has been prepared by the management of the Company in connection with the proposed offering, which we have initialed for identification purposes.

Management’s Responsibility

3. The preparation of this Statement as of the date of our report, which is to be included in the placement documents is the responsibility of the management of the Company and has been approved by the Executive Committee of the Board of Directors of the Company at its meeting held on 23 July 2020 for the purpose set out in paragraph 9 below. The management’s responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities

Auditor’s Responsibility

4. Our work has been carried out in accordance with Standards on Auditing, the ‘Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)’ and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India.
5. Pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended (the ‘ICDR Regulations’) and the Companies Act 2013 (‘Act’), it is our

responsibility to report whether the Statement prepared by the Company, presents, in all material respects, the tax benefits available as of 24 July 2020 to the Company, the shareholders of the Company, in accordance with the Income Tax Regulations as at the date of our report.

6. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Companies Act, 2013 and the ICDR Regulations in connection with the Offering.

Inherent Limitations

7. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information.

Several of the benefits mentioned in the accompanying statement are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled. The benefits discussed in the accompanying statement are not exhaustive.

The Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue.

Further, we give no assurance that the Revenue Authorities/ Courts will concur with our views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

Opinion

8. In our opinion, the Statement prepared by the Company presents, in all material respects, the tax benefits available as of 24 July 2020, to the Company and its shareholders, in accordance with the Income Tax Regulations as at the date of our report.

Considering the matter referred to in paragraph 7 above, we are unable to express any opinion or provide any assurance as to whether:

- (i) The Company or its shareholders will continue to obtain the benefits per the Statement in future; or
- (ii) The conditions prescribed for availing the benefits per the Statement have been/ would be met with.

Restriction on Use

9. Our work was performed solely to assist the Company in meeting your responsibilities in relation to the Proposed Offering as mentioned in paragraph 2 above. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of the Company.
10. This report has been issued solely at the request of the Company in connection with the Proposed Offering by the Company and this report or its contents thereof may accordingly be used in the corresponding placement document for the purpose of submission to the Stock Exchanges or any other regulatory or statutory authority in relation to the Proposed Offering. This report should not be used, referred to or distributed for any other purpose or any other party without our prior written consent provided however that

the book running lead managers engaged for the Proposed Offering may be shared with a copy of this certificate. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

Sujay Paul
Partner
Membership No: 096314
UDIN: 20096314AAAAET6190

Date: 24 July, 2020
Place: Noida

Statement of Tax Benefits available to Satin Creditcare Network Limited (the “Company” or “Issuer”) and its Shareholders.

I. TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE INCOME TAX ACT, 1961 (“THE ACT”)

1. Section 115BAA: Corporate Tax Rate of 22%

In accordance with section 115BAA of the Act inserted by the Taxation Law Amendment Act, 2019, domestic companies are entitled to avail a concessional tax rate of 22% (plus applicable surcharge and cess). The option to apply this tax rate is available from FY 2019-20 relevant to AY 2020-21 and the option once exercised shall apply to subsequent assessment years. Further, the reduced rate of 22% is subject to the company not availing any of the following specified tax exemptions/incentives under the Act:

- Deduction u/s 10AA: Tax holiday available to units in a Special Economic Zone;
- Deductions available under the Chapter VI-A except under section 80JJAA and section 80M;
- Deduction u/s 32(1)(ia): Additional Depreciation;
- Deduction u/s 32AD: Investment allowance;
- Deduction u/s 35AD: Deduction for capital expenditure incurred on specified businesses;
- Deduction under certain sub-sections/clauses of Section 35: Expenditure on scientific research.

The total income of the company availing the rate of 22% is required to be computed without set-off of any carried forward loss attributable to any of the exemptions/ incentives mentioned above. A company can exercise its option to apply for this reduced rate in its return of income filed u/s 139(1) of the Act. Further, provisions of MAT under section 115JB of the Act shall not be applicable to companies availing this reduced tax rate, thus any carried forward MAT credit cannot also be claimed.

The company is eligible to claim the reduced tax rate of 22% under section 115BAA of the Act effective FY 2019-20 on the following basis:

- The company is not availing any of the aforementioned deductions / exemptions, consequently there are no brought forward losses to this account;
- There is no brought forward MAT credit in the last income tax return filed for FY 2018-19;
- There is no unabsorbed depreciation in the last income tax return filed for FY 2018-19.

The management of the company has decided to opt for the reduced tax rate from FY 2019-20 onwards.

2. Section 80M: Deduction on inter-corporate dividends

The Dividend Distribution Tax (‘DDT’) regime under the tax laws was applicable till 31 March 2020 and dividends were not subject to tax in the hands of the shareholders. The Finance Act 2020 abolished DDT with effect from 1 April 2020. It also inserted section 80M of the Act effective 1 April 2020 to eliminate the cascading tax effect in case of inter-corporate dividends by providing a deduction in respect of dividends received by a domestic company, to the extent such dividend is distributed by it on or before the due date. In this case, due date means one month prior to the date for furnishing the return of income under sub-section (1) of section 139 of the Act.

The company has three subsidiaries and should be eligible to claim this deduction in respect of dividends received from the subsidiaries and further distributed to its shareholders subject to conditions of section 80M of the Act.

3. Section 80JJAA: Deduction in respect of employment of new employees

In accordance with and subject to the conditions specified under Section 80JJAA of the Act, a company is entitled to a deduction of an amount equal to 30% of additional employee cost incurred in the course of business in a previous year, for 3 consecutive assessment years including the assessment year relevant to the previous year in which such additional employment cost is incurred. Additional employee cost means the total emoluments paid or payable to additional employees employed in the previous year. The deduction under section 80JJAA would continue to be available to the company even where the company opts for the lower tax rate of 22% under the provisions of section 115BAA (as discussed above).

The company should be eligible to claim this deduction in case it incurs additional employee cost within the meaning of Explanation (i) to sub-section (2) of Section 80JJAA of the Act and satisfies the conditions mentioned in the section.

4. Section 80G: Deduction in respect of donations

According to the provisions of section 80G(1)(ii) of the Act, donations made to specified eligible institutions other than those prescribed under clause (2) of section 80G of the Act, an amount equal to 50% of such aggregate of sums paid shall be allowed as deduction while computing the taxable income.

The company would be eligible to claim deduction under section 80G for FY 2019-20 subject to satisfaction of conditions prescribed, However, with effect from FY 2020-21, this deduction will not be available where the Company opts for the reduced corporate tax rate of 22% (as discussed above).

II. TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS OF THE COMPANY UNDER THE INCOME TAX ACT, 1961

The following tax benefits are available to the Shareholders under the Income Tax Act, 1961 due to their specified status.

1. Tax benefits available to resident shareholders

- With the abolition of DDT, dividends are now taxed in the hands of shareholders at applicable rates. However, companies are required to withhold taxes at prescribed rates in certain cases as explained below.
- The dividend income will be subject to tax in the hands of the resident shareholder at the tax rates applicable to the respective recipient.
- Section 194 of the Act casts an obligation on an Indian company to deduct tax at source at the applicable rates in force, while making any distribution or payment of any dividend to a resident exceeding INR 5,000.
- Long term capital gains on transfer on shares on which Securities Transactions Tax has been paid will be subject to tax in the hands of shareholders as per the provisions of Section 112A of the Act at 10% (plus applicable surcharge and cess).
- Short term capital gains arising on transfer of shares on which Securities Transactions Tax has been paid will be subject to tax in the hands of shareholders as per the provisions of Section 111A of the Act at 15% (plus applicable surcharge and cess).

2. Tax benefits available to Non-resident shareholders including FPI's

- The dividend income will be subject to tax in the hands of the non-residents at the rate of 20% (plus applicable surcharge and cess) as per the provisions of sections 115AD (for FPI's) and 115A (other non-residents) of the Act. The shareholder may choose to be governed by the provisions of Double Taxation Avoidance Agreement, to the extent they are more beneficial.
- The Company is required to withhold taxes while remitting dividend to non-resident shareholders at 20% or the rate prescribed under the Double Taxation Avoidance Agreement, whichever is more beneficial to the shareholder.
- Long term capital gains on transfer on shares on which Securities Transactions Tax has been paid will be subject to tax in the hands of shareholders as per the provisions of Section 112A of the Act at 10% (plus applicable surcharge and cess).
- Short term capital gains arising on transfer of shares on which Securities Transactions Tax has been paid will be subject to tax in the hands of shareholders as per the provisions of Section 111A of the Act at 15% (plus applicable surcharge and cess).

Notes:

1. These tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfil.
2. The tax benefits discussed in the Statement are not exhaustive and is only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.
3. The Statement has been prepared on the basis that the shares of the Company are listed on a recognized stock exchange in India.
4. The Statement is prepared on the basis of information available with the Management of the Company and there is no assurance that:
 - i. the Company or its shareholders will continue to obtain these benefits in future;
 - ii. the conditions prescribed for availing the benefits have been/ would be met with; and
 - iii. the revenue authorities/courts will concur with the view expressed herein.
5. The above views are based on the existing provisions of law and its interpretation, which are subject to change from time to time.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No. 001076N/N500013

Sujay Paul

Partner

Membership No: 096314

UDIN: 20096314AAAAET6190

Date: 24 July 2020

Place: Delhi

SECTION IV: ABOUT OUR COMPANY

OUR BUSINESS

Our Company (SCNL) is a micro finance institution that is poised to meet the demands of India's low-income households. SCNL is registered with the RBI as an NBFC-MFI promoted by Mr. Harvinder Pal Singh, our Chairman-cum-Managing Director (CMD). In May 2008, SCNL diversified and launched a rural micro finance vertical inspired by the Grameen Model. SCNL provides prompt, hassle-free and affordable financial & community services to low-income households. SCNL provides collateral free, micro-credit facilities to economically active women in both rural and semi-urban areas, who otherwise have limited access to mainstream financial service providers. SCNL is a non-political, non-religious, no caste-based organization. SCNL does not discriminate against customers on the basis of ethnicity, age (Subject to IRDA norms), sexual orientation, political affiliation, caste, creed or religion. SCNL is backed by 34.6 lacs customers, 1,383 branches (Consolidated basis), 397 districts and 23 states, with Assets Under Management (AUM) of ₹ 8,17,366.56 Lakhs as on March 31, 2020.

The Company's operations are based on a Joint Liability Group (JLG) model that enables collateral-free, micro-credit facilities to economically active women in both rural and semi-urban areas. These women have otherwise continued being a spectator than a participant in the periphery of traditional banking network or other channels of finance. It also finances purchase of solar products, bicycles, home appliances, consumer durables and safe water and sanitation facilities, among others. With operations in more than 23 states and union territories across India and an expanding presence in the Southern part, the Company has 1,383 branches (consolidated basis) as on March 31, 2020. SCNL follows JLG model with an objective of improving socio-economic status of its client by following ways:

- Providing opportunity to economically active women in both rural and semi-urban areas, who otherwise have limited access to mainstream financial service providers;
- Designing products and providing door-step delivery on the basis of their needs;
- Collateral free loan(s);
- Access to financial services for promoting socio-economic development at the community level;
- Developing and strengthening joint liability groups and facilitating sustainable development;
- Making efficient use of the available resources for generating livelihood;
- Empowerment of women through economic interventions in income generating activity;
- Quality services at door-step by accepting application, eligibility check and instant sanction process;
- Low transaction costs through the use of technological advancements;
- Mitigation of risks through cashless transaction mode;
- Repayment of loans in small and short interval with little or least amount of documentation.

Major Area of Micro Finance Lending:

SCNL offers income-generating loan (IGL) products to its clients, based on their repayment ability. These loans are given on the principle of Joint Liability Group (JLG) lending model or on an individual basis of lending. The loans are used for a variety of economic activities and eventually help in increasing the income generating capacity of the borrowers. Animal husbandry, production, service, and trade are some of the major sub-sectors where income generating loans are deployed. Employment, social welfare, and healthy working environment are the key by-products of the business of the company.

SCNL offers financial products to its customers which enable them to generate income, build assets and become self-reliant. All these loans are given for income generation purposes and customers declare the

purpose of availing the credit at the time of loan application. SCNL has been consistently improving its product basket by on boarding relevant market offerings along with the latest lending practices. The Company introduced a new loan product called 'Mid-term Loan' and Festive Loan' for existing customers to help them meet their add-on business expenses during peak season. The Company has also introduced an emergency loan product as 'Pragati Loan' for its existing regular borrowers to support them in the time of a distress situation. The Company has also introduced process for disbursement of new loans to existing customers by balance transfer adjustment which ensures smooth cashless flow for high volume transactions.

There are 6 major categories under which further sub-categories for loan purposes are defined i.e.

1. Agriculture and allied activities
2. Production
3. Trading
4. Clean Energy Loan
5. Transportation
6. Water & Sanitation

Micro, Small and Medium Enterprises (MSME)

SCNL forayed into the MSME segment with a focus on small business owners in manufacturing, trading and services, posting an annual turnover of less than ₹200 lakhs – a segment predominantly excluded from mainstream access to organized finance. Since the availability of reliable financial information in this segment is a challenge, SCNL deploys a unique credit underwriting and assessment model to understand the income source and thereafter, derive the eligibility of potential customers accordingly. The loan is offered against immovable property & the amount ranges from ₹1-15 lakhs with eligibility measured across various parameters including but not limited to industry type, business vintage, assessed income, business owner's knowledge and experience in the field, to name a few. The extent of loan also depends on the type, quality & market value of security a customer is able to offer.

Other Services/Products in addition to Micro Finance:

SCNL always tries to impact the lives of its customers through various means and going beyond Micro Finance. SCNL is doing its bit to make customers' life more meaningful by providing more customer centric products. To nurture the lives of the customers, SCNL has an array full of solutions fulfilling various needs as per their requirement.

Apart from micro finance, SCNL also provides following services to its customers:

- Socio economic status upliftment through facilitating access to safe water and sanitation, clean energy, enhanced mobility through bicycles, improved cooking through induction cooktop and pressure cookers.
- Housing loan(s) and other products to meet the bigger requirements as well as fulfilling customers' own house dream.
- Monetary support to its customers at the time of Hospitalization through Hospicash service.

In addition to the above product offerings, Company also offers finance to its customers for purchase of solar lamps, bicycles etc. and grants loan for safe water and sanitation facilities. This includes financing of ~85,579 clean energy products, impacting 4.11 lakh people's lives. Company has been awarded a certificate of excellence in clean energy finance by Micro Energy Credits. Satin has partnered with Micro Energy Credits. Satin's clean energy programme is an illustration of its dedication to serve the bottom of pyramid section of society by providing customized financial solution. Satin is investing in carbon funds for expanding and improving their clean energy programme

Apart from providing varied products, SCNL also undertakes following activities towards social responsibility:

- Free Health Check Camps;
- Centre Leader Workshops for women empowerment across the various states of operation of SCNL;
- Providing the customers financial management training;
- SCNL always stand with customers during their times of hardships. During recurring floods of Odisha, Assam, West Bengal and Bihar, SCNL provided helping hand in terms of relief camps etc. The Company also carried out relief work during COVID-19 pandemic and cyclone Amphan

SCNL ensures adherence of regulatory guidelines, e.g., RBI, Ministry of Finance etc. through process, policies and practices as well as through systemic control via Loan Management System (“LMS”).

As a part of its expansion strategy, product diversification, capitalizing the distribution outreach and movement from unsecured to secured lending, the Company has promoted three wholly owned subsidiaries namely:

- **Taraashna Financial Services Limited (TFSL):** To provide Business Correspondent services in partnership with few leading public and private sector banks
- **Satin Housing Finance Limited (SHFL):** To finance customers in the affordable housing segment.
- **Satin Finserv Limited (SFL):** To offer loans to individual businesses, Micro, Small & Medium Enterprises (MSMEs), other corporates and MFI companies.

Geographical presence:

With operations spanning across 23 States and Union Territories in the country, SCNL maintains a focus on rural and semi-urban areas, ensuring that its services reach deep within those numerous regions that usually face low or at best, moderate rates of penetration by other micro finance institutions.

Process Re-engineering Initiatives

The Company has taken a Process Re- engineering project during the FY 20 to revisit the processes and improve efficiencies. Company has undertaken following initiatives.

Loan Repayment

SCNL is driving financial inclusion by building an end-to-end digital payment ecosystem for loan disbursement and repayments by collaborating with multiple banks and Fintech partners. The Company accepts loan repayments via digital modes such as Aadhar Pay, UPI, UPI-QR, Debit Card powered by Rupay. These steps have eliminated frauds and risks for customers as well as field staff. As such processes require a shift in customer behaviour, SCNL has taken adequate steps to spread financial literacy.

With the use of technology and planning, the Company has also incorporated Holiday Calendar in loan repayment schedule. This ensures that the customers get a repayment flexibility during festivals to avoid extra financial burden.

Cashless Collection

Cashless collection is an imperative step by the Company with Aadhaar Enabled Payment System (AePS) and has led to better control and efficiency. During March 2020, the Company has collected 37% of its repayments through cashless mode by 250+ branches via 1,400+ devices. As a result, it saves cost and time

of collection whilst the mode being the safest option. It eliminates the risk of frauds or robbery. In addition, the Company has achieved 100% cashless disbursement in the financial year 2019-20.

Geo-tagging

Geo-tagging of branches, centers and customers enables an enhanced control and traceability of the workforce. It assists in 100% event-based mapping of KYC sourcing, collection location, branch location, center location and its customer houses. This helps in abating the huge risk of customer identification and reach, without the need for recruiting a Community Service Officer (CSO). The handover process is also streamlined and transparent.

Centralized Shared Services

The Company has integrated its technology platform within the BC subsidiary network to help them accelerate business growth. **Centralized Shared Service Centres (CSS)** was implemented within SCNL and Taraashna Financial Services Limited (BC Business) to ensure uniformity of processes and control across the entire business with back-end quality support. This has resulted in efficient services across business reporting and centrally managed infrastructure support.

KYC verification process goes through Centralized Shared Services (CSS) to get loan approvals. The credit risk management and data quality maintenance cover all aspects related to comments based on checklist, bank details verification and validation, loan application details, document verification and sanctioning the loan application. As on March 31, 2020, approx. 3 Million applications have been processed through CSS with improved efficiency and productivity. This has drastically reduced cost per application from INR 81 to INR 3, leading to better document quality check and risk mitigation. A noticeable sample (usually, 10 % from every branch) of daily disbursements gets verified through TVR (Tele Verification) which measures deviation in process & controls (if any) and ensures adherence to processes & policies.

The Company has moved its Customer Grievance Redressal Mechanism to eight-language Interactive Voice Response System (IVRS) or Sparsh where customers can interact in their own language. This has improved the understanding of issues faced by customers resulting into smaller TAT (Turn Around Time) for issue resolution, enhanced customer experience and brand stickiness. In addition, the customer services follow death verification process and Loan Dost (outgoing calls). These initiatives have led to a professional support model within the organization along with restructuring of teams at different levels and significant cost optimization.

HISTORY AND CORPORATE STRUCTURE

Brief history of our Company

Our Company, Satin Creditcare Network Limited (the “Company” or the “Issuer”) was originally incorporated on October 16, 1990 in New Delhi under the Companies Act 1956, as a private limited company under the name ‘Satin Leasing and Finance Private Limited’ with the Registrar of Companies (“RoC”), New Delhi. During the year 1994, our Company was converted into a public limited company, following which our name was changed to ‘Satin Leasing and Finance Limited’, and a fresh certificate of incorporation was issued on July 1, 1994. Pursuant to a certificate of registration issued by RBI on December 4, 1998, our Company was registered as a Non-Banking Financial Company (“NBFC”). Later, the name of our Company was changed to ‘Satin Creditcare Network Limited’, and a fresh certificate of incorporation was issued on April 10, 2000 by Registrar of Companies, Delhi and Haryana. Further RBI also issued a Certificate of Registration to the Company in the name of Satin Creditcare Network Limited on November 2, 2000 as NBFC. Subsequently, in year 2013, our Company was converted to an NBFC-Micro Finance Institution (“MFI”), and a fresh certificate of registration was issued by the RBI on November 6, 2013. Our Company, currently registered as an NBFC-MFI, is classified as a Systemically Important Non-Deposit Accepting NBFC which is engaged in the business of providing financial services.

Changes to the address of Registered office

The Registered Office of our Company (SCNL) is presently situated at 5th Floor, Kundan Bhawan, Azadpur Commercial Complex, Azadpur, Delhi - 110033. Pursuant to a resolution passed by the Board of Directors of our Company on May 26, 2014, the Registered Office of our Company was changed from 306, Lusa Tower, Azadpur Commercial Complex, New Delhi to 5th Floor, Kundan Bhawan, Azadpur Commercial Complex, Azadpur, Delhi - 110033.

Corporate Office

The Corporate Office of our Company is situated at Floor 1 & 3, 97, Sector 44, Gurugram, Haryana - 122003, India.

Main objects of our Company

The main objects of our Company as contained in our Memorandum of Association (MoA) are as follows:

1. To carry on the business of financing the purchase of, leasing, letting on hire, hire purchase or easy payment systems of household and office furniture, domestic or business appliances, computers, tabulators addressing machines, and other sophisticated office machinery, installation, fitting machinery, motor-cars, taxi cabs, automobiles, trucks, tramcars, motor lorries, tractors earthmoving machinery, wagons, cycles, bicycles, coaches, garages and all other such vehicles drawn by motor, steam, oil, petroleum, electricity or any mechanical or other power or device, agricultural implements and machinery, air ships, aeroplanes, cranes, ships, and helicopter, tools, plants, implements, utensils apparatus and requisites and accessories, furniture, television receivers, telephones, telex teleprinters or other apparatus, ships, graders, barges and containers.
2. To carry on the business of leasing of movable properties of any kind and industrial machinery, plant of all kinds and financing the purchase thereof.
3. To carry on the business of financing the purchase of immovable properties of all kinds such as real estate, buildings, flats and apartments and to finance the sale of furniture, apparatus, machinery, materials, goods and articles, and to lease out or sell any of the same on hire purchase system.

4. To finance industrial enterprises and to promote companies engaged industrial and trading business by way of finance.
5. To carry on the business of financing, secured or unsecured, industrial micro financing to individuals, micro entities, companies, societies, institutions or other entities, incorporated or not through individual lending basis, group lending basis, joint liability group basis or through any other method for meeting their requirement for working capital needs, housing needs, acquisition and buying in of goods or merchandise of any description or for their productive or personal financial requirements.

The main objects as contained in the MoA enable our Company (SCNL) to carry on our existing businesses.

Major events and milestones:

Our Company (SCNL) completed its initial public offering of Equity Shares in India in 1996 and got listed on Delhi Stock Exchange (DSE), Jaipur Stock Exchange (JSE) and Ludhiana Stock Exchange (LSE) on August 22, 1996, August 27, 1996 and August 30, 1996 respectively. SEBI, vide its orders dated November 19, 2014, December 30, 2014 and March 23, 2015 derecognized the DSE, LSE and JSE respectively. Subsequently, Equity Shares of SCNL were listed on the CSE, NSE and BSE on May 19, 2015, August 26, 2015 and October 20, 2015 respectively. Thereafter, with effect from January 19, 2018, the Company got itself voluntarily delisted from CSE.

Year	Events
1990	Year of Incorporation
1996	IPO and listing on DSE, JSE and LSE
1998	Registered as NBFC with RBI
2008	Started JLG Model in May 2008
2009	JLG business showed strong asset quality and large potential to scale up
2010	Reached 0.17 million active clients and gross AUM of ₹1,6908 Lakhs
2011	Received MIX Social Performance Reporting Award at Silver level
2012	Started SHG bank linkage program in Rewa, MP. Received 83% in microfinance COCA audit
2013	Reached 4.85 Lakhs active clients and gross AUM of ₹58,003 Lakhs in March 2013
2014	Converted to NBFC-MFI in November 2014. Received MFI 2+ rating
2015	Listing on NSE, BSE and CSE; Received top MFI grading of MFI 1
2016	Started MSME Lending and Individual Micro Loans; Acquired TSPL in September 2016
2017	Incorporated Satin Housing Finance Limited (SHFL) as wholly-owned subsidiary in April 2017 and reached 26.2 Lakhs active clients and gross AUM of ₹4,49,307 Lakhs in September 2017
2018	Started Housing Finance Company (HFC) in February 2018; Entered in Business Correspondent agreement with IndusInd Bank, reached gross AUM of ₹5,75,683 Lakhs by March 2018. Incorporated Satin Finserv Limited in August 2018. Long Term Credit Rating Upgrade to A- (Stable) revised from BBB+; Short Term Credit Rating Upgrade to A1, revised from A2+,
2019	NBFC license for Satin Finserv Ltd for MSME business; reached AUM of ₹ 7,06,829 Lakhs (1 Bn USD); Taraashna Financial Services Limited (TFSL) became wholly owned subsidiary. COCA rating upgraded to MF1 *C1
2020	Received the Award of "Great Place to Work" by Great Place to Work Institute

Corporate structure of our Company

As per Ind AS, as on date, our Company has 3 Wholly-owned Subsidiaries, as named hereinbelow. Further, SCNL neither has any Associates nor any Joint Ventures as on date. Also, SCNL does not have any holding company.

Our Subsidiaries:

- 1. Satin Housing Finance Limited (SHFL)** was incorporated on April 17, 2017, under provisions of Companies Act, 2013, vide CIN U65929DL2017PLC316143 with the Registrar of Companies, Delhi and Haryana, as a wholly owned subsidiary company of SCNL. SHFL has its registered office in New Delhi, and has started its operations after receiving a formal approval from National Housing Bank (NHB). SHFL is also listed on Wholesale Debt Market segment of the BSE Limited. SHFL is engaged in providing long-term finance for purchase, construction, extension and repair of houses for the retail segment along with loans against residential property, commercial property and plots.
- 2. Taraashna Financial Services Limited (TFSL)** (Erstwhile Taraashna Services Limited), was incorporated on May 22, 2012 under the Companies Act, 1956 vide CIN U74140DL2012PLC236314 with the Registrar of Companies, Delhi and Haryana. TFSL is enabled under its objects to carry on the business of, among other things, the promotion and nurturing of JLG and MSME and linking them to banks and other financial institutions for availing different financial services and to provide capacity-building support.

On July 27, 2018, TFSL became a wholly owned subsidiary of SCNL. TFSL acts as a business correspondent for banks & NBFCs and provides similar services to other financial institutions in rural and semi-urban areas. TFSL has collaborated with nine Principal Partners, including six Scheduled Commercial Banks (Yes Bank, DCB Bank, RBL Bank, IndusInd Bank, Jana Small Finance Bank Limited and IDFC First Bank) and three NBFCs (Reliance Commercial Finance, Northern Arc Capital (erstwhile IFMR Capital) and Hiranandani Financial Services Private Limited) to provide such services and seeks to expand its association with other banks and financial institutions. TFSL assesses the credit requirement of the members of the groups and evaluates their credit history, their historical and current cash flow and the sustainability of their ongoing economic activities.

- 3. Satin Finserv Limited (SFL)** was incorporated on August 10, 2018 under the Companies Act, 2013 vide CIN U65999DL2018PLC337435 with the Registrar of Companies, Delhi and Haryana. SFL is a wholly owned subsidiary of Satin Creditcare Network Limited. It is an RBI registered Non-Banking Finance Company. SFL is engaged in providing business loans micro, small and medium scale enterprises and to individuals. SFL also engaged in providing corporate loans to small sized NBFCs. SFL has adopted a unique credit underwriting and assessment model to understand the income source and derive eligibility of the potential customers. The customised processes are designed to deliver speed, flexibility and simplicity to the customers, while ensuring adequate control.

SFL's product offerings include MSME – LAP (Loan Against Property). Loans in the range of ₹ 2 Lakh to ₹ 15 Lakhs are offered to customers falling under the category defined and against an “immovable property”. Eligibility is measured across multiple parameters, with loan amount depending on the type, quality and market value of the collateral security a customer is able to offer. Non-individuals, self-employed non-professionals / professionals, businesses (registered or otherwise), lower- and middle-income groups are the key SFL targets.

OUR MANAGEMENT

Board of Directors

The general supervision, direction and management of our Company's operations and business is vested in our Board of Directors (Board), which exercises its powers subject to our Articles of Association (AoA) and the requirements of applicable Indian laws. Pursuant to the Companies Act 2013 and Company's AoA, the Directors may be appointed by the Board or by shareholders in a general meeting. In accordance with Article 97 of our AoA, our Company is required to have not less than three Directors and not more than twenty Directors. As on the date of this letter of offer, Our Company has 1 Executive Director, 1 Non- Executive Director, 1 Nominee Director and 6 Independent Directors (including 1 woman director). The present composition of the Board and its proceedings are in accordance with the Companies Act 2013 and the SEBI Listing Regulations.

Pursuant to the provisions of the Companies Act, 2013, at least two-third of the total number of Directors, excluding the Independent Directors, are liable to retire by rotation, with one-third of such number retiring at each annual general meeting. A retiring director is eligible for re-appointment. Further, an Independent Director may be appointed for a maximum of two consecutive terms of five years each.

The following table sets forth details regarding our Board of Directors as of the date of this Letter of Offer:

Sl. No.	Name, designation, date of birth, term, period of directorship, DIN, occupation and address	Age (in years)	Other directorships
1.	<p>Mr. Harvinder Pal Singh Designation: Executive Director- Chairman cum-Managing Director Address: 14 A, Tower I, The Hibiscus, Near Bani Square, Sector 50, Gurugram- 122001, Haryana, India Date of Birth: December 24, 1960 DIN:00333754 Period of Directorship: Since October 16, 1990 Term: 5 years (from October 1, 2015 to September 30, 2020) Occupation: Business Nationality: Indian</p>	59	<p>Indian Companies</p> <ul style="list-style-type: none"> I. Trishashna Holdings & Investments Private Limited II. Anushna Estates Private Limited III. Niryas Food Products Private Limited IV. UV Associates Private Limited V. Parinita Investments Private Limited VI. Parishek Finance Private Limited VII. Global Social (India) Foundation VIII. Riwaaz Investments Private Limited IX. Satin Creditcare Foundation X. Taraashna Financial Services Limited XI. Satin Media Solutions Limited XII. Taco Consultants Private Limited XIII. Satin (India) Limited XIV. Tomorrows One Global Network Private Limited XV. Satin Housing Finance Limited XVI. Satin Finserv Limited <p>Foreign Companies</p> <ul style="list-style-type: none"> I. Tomorrow's Knowledge Pte. Limited II. Tomorrow's One Capital Pte. Limited III. Prestellar Ventures Fund I Pte.Ltd.

2.	<p>Mr. Satvinder Singh Designation: Non-Executive – Non-Independent Director Address: Building no. 1, Apartment 5B, The Hibiscus, Sector 50, South City- II, Gurugram-122018, Haryana, India Date of Birth: March 13, 1966 DIN: 00332521 Period of Directorship: Since October 16, 1990 Term: Liable to retire by rotation Occupation: Business Nationality: Indian</p>	54	<p>Indian Companies I. Satin Neo Dimensions Private Limited II. Taco Consultants Private Limited III. Wisteria Holdings & Investments Private Limited Foreign Companies Nil</p>
3.	<p>Mr. Rakesh Sachdeva Designation: Non-Executive - Independent Director Address: Flat no. 4111, Tower 4, ATS one Hamlet Sector 104, Gautam Buddha Nagar, Noida 201304, Uttar Pradesh, India Date of Birth: March 23, 1958 DIN: 00333715 Period of Directorship: Since April 30, 1999 Term: 5 Years (from September 5, 2019 to September 4, 2024) Occupation: Professional Nationality: Indian</p>	62	<p>Indian Companies I. Taraashna Financial Services Limited Foreign Companies Nil</p>
4.	<p>Mr. Sundeep Kumar Mehta Designation: Non-Executive - Independent Director Address: 1629 Sector-29, Gautam Buddha Nagar, Noida - 201301, Uttar Pradesh, India Date of Birth: September 21, 1961 DIN: 00840544 Period of Directorship: Since February 13, 2013 Term: 5 Years (from September 5, 2019 to September 4, 2024) Occupation: Professional Nationality: Indian</p>	58	<p>Indian Companies I. Satin Finserv Limited II. Satin Housing Finance Limited Foreign Companies Nil</p>
5.	<p>Mrs. Sangeeta Khorana Designation: Non-Executive - Independent Director Address: 59 Pottle Walk, Wimborne BH21 2FD Dorset, United Kingdom Date of Birth: November 01, 1963 Period of Directorship: Since August 9, 2013</p>	56	Nil

	DIN: 06674198 Term: 5 Years (from September 5, 2019 to September 4, 2024) Occupation: Professional Nationality: British		
6.	Mr. Goh Colin Designation: Non-Executive - Independent Director Address: 173, Ceylon Road, Singapore, Ceylon – 429739. Date of Birth: July 1,1967 Period of Directorship: Since November 12, 2014 DIN: 06963178 Term: 5 Years (from September 5, 2019 to September 4, 2024) Occupation: Professional Nationality: Singaporean	53	Indian Companies Nil Foreign Companies I. The Rice Co. Ltd II. Global Cultural Alliance Ltd III. Millet Holdings Pte Ltd IV. Millet World Pte Ltd V. Scape Ltd VI. Singapore Arts School Ltd VII. Republic Polytechnic
7.	Mr. Sanjay Kumar Bhatia Designation: Non-Executive - Independent Director Address: 1414, Dr. Mukherjee Nagar, Delhi 110009, India. Date of Birth: September 23, 1964 Period of Directorship: Since December 6, 2014 DIN: 07033027 Term: 5 Years (from September 5, 2019 to September 4, 2024) Occupation: Professional Nationality: Indian	55	Indian Companies I. Taraashna Financial Services Limited Foreign Companies Nil
8.	Mr. Anil Kumar Kalra Designation: Non-Executive - Independent Director Address: C-2 Flat No. 117B, Lawrence Road, Keshav Puram, Onkar Nagar, Saraswati Vihar, North West Delhi, Delhi – 110035, India Date of Birth: May 22, 1955 Period of Directorship: Since December 8, 2015 DIN: 07361739 Term: 5 Years (from December 8, 2015 to December 7, 2020) Occupation: Professional Nationality: Indian	65	Indian Companies I. Satin Housing Finance Limited II. Satin Finserv Limited Foreign Companies Nil
9.	Mr. Christian Bernhard Ramm* Designation: Non-Executive – Non - Independent -Nominee Director Address: Nobels Gate 20A, 0268 Oslo, Norway	44	Indian Companies I. Sub-K Impact Solutions Limited Foreign Companies I. AB Bank Rwanda (Rwanda)

<p>Date of Birth: August 18, 1975 Period of Directorship: Since May 30, 2020 DIN: 08096655 Term: Liable to retire by rotation Occupation: Investments Nationality: Norway</p>		
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**Appointed as Nominee Director for Nordic Microfinance- Initiative Fund III KS. w.e.f. May 30, 2020*

Relationship between Directors:

Except Mr. Harvinder Pal Singh and Mr. Satvinder Singh, who are brothers, none of our Directors are related to each other.

Confirmations:

1. None of SCNL’s Directors is or was a director of any listed company during the last five years immediately preceding the date of filing of this Letter of Offer, whose shares have been or were suspended from being traded on any stock exchanges, during the term of their directorship in such company.
2. None of SCNL’s Directors is or was a director of any listed company which has been or was delisted from the stock exchanges, during the term of their directorship in such company, in the last 10 years immediately preceding the date of filing of this Letter of Offer.

Service contracts with our Directors for benefits upon termination

No service contracts have been entered into by any Director with SCNL providing for benefits upon their termination of employment as of the date of this Letter of Offer.

Arrangement or understanding with major shareholders, customers, suppliers or others

Except mentioned below, there are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which SCNL has appointed a Director as of the date of this Letter of Offer:

Company/Promoters had entered into investment agreement with the following entities/ investors which give them some additional rights which are mentioned as follows:

Name of Investors	Significant terms of agreement (in brief) like right to appointment of Directors, First Right to share subscription in case of issuance of shares, right to restrict any change in capital structure
Erstwhile Capital First Limited (“CFL”) vide investment agreement dated (July 8, 2017)	<ol style="list-style-type: none"> 1. Erstwhile Capital First Limited now merged with IDFC Bank and known as IDFC First Bank Limited. CFL has first right to participate in any further issuance of shares of the Company, pro-rata to its shareholding in the Company and on the same terms as the proposed issue up to its then existing shareholding in the Company. 2. Other rights as mentioned in the Articles of Association** of the Company
KORA Investment I LLC (KORA)* vide Investment agreement dated December 19, 2017	<ol style="list-style-type: none"> 1. So long as shares held by Kora, do not fall below 4.5% (four point five per cent) of the Equity Share capital of SCNL on a fully diluted basis, Kora has a right to appoint 1 (one) director on the board of SCNL. 2. So long as shares held by Kora, do not fall below 4.5% (four point five per cent) of the paid up equity share capital of the Company on a fully diluted basis, Kora has the first right to participate in any further issuance of shares of the Company, pro-rata to its shareholding in the Company and on the same terms as

	<p>the proposed issue up to its then existing shareholding in the Company.</p> <p>3. Other rights as mentioned in the Articles of Association** of the Company</p>
<p>Nordic Microfinance- Initiative Fund III KS (NMI)* vide Investment agreement dated December 19, 2017</p>	<p>1. So long as shares held by NMI, do not fall below 4.5% (four point five per cent) of the Equity Share capital of SCNL on a fully diluted basis, NMI has a right to appoint 1 (one) director on the board of SCNL</p> <p>2. So long as shares held by NMI, do not fall below 4.5% (four point five per cent) of the paid up equity share capital of the Company on a fully diluted basis, NMI has the first right to participate in any further issuance of shares of the Company, pro-rata to its shareholding in the Company and on the same terms as the proposed issue up to its then existing shareholding in the Company</p> <p>3. Other rights as mentioned in the Articles of Association** of the Company</p>
<p>SBI FMO Emerging Asia Financial sector Fund Pte. Ltd (SBI FMO)* vide Investment agreement dated February 20, 2015</p>	<p>1. So long as shares held by SBI FMO, do not fall below 4.5% (four point five per cent) of the Equity Share capital of SCNL on a fully diluted basis, SBI FMO has a right to appoint 1 (one) director on the board of SCNL</p> <p>2. So long as shares held by SBI FMO, do not fall below 4.5% (four point five per cent) of the paid up equity share capital of the Company on a fully diluted basis, SBI FMO has the first right to participate in any further issuance of shares of the Company, pro-rata to its shareholding in the Company and on the same terms as the proposed issue up to its then existing shareholding in the Company</p> <p>3. Other rights as mentioned in the Articles of Association** of the Company</p>
<p>Asian Development Bank (ADB) vide Investment agreement dated April 10, 2017</p>	<p>1. So long as shares held by ADB, do not fall below 2% (two per cent) of the Equity Share capital of SCNL on a fully diluted basis, ADB has a right to appoint 1 (one) director on the board of SCNL</p> <p>2. So long as shares held by ADB, do not fall below 2% (two percent per cent) of the paid up equity share capital of the Company on a fully diluted basis, ADB has the first right to participate in any further issuance of shares of the Company, pro-rata to its shareholding in the Company and on the same terms as the proposed issue up to its then existing shareholding in the Company.</p> <p>3. Other rights as mentioned in the Articles of Association** of the Company</p>
<p>IndusInd Bank Limited (IBL)* vide Business Correspondent/ Investment Agreement dated December 19, 2017</p>	<p>1. As per Investment Agreement Dated December 19, 2017 IBL has been granted a right to appoint 1 (one) director on the board of directors of the Company (“Board Seat Right”). By entering into the BC (Business correspondent Agreement) Addendum on March 23, 2018, the Parties have clarified on the tenure of the Board Seat Right by expressly stating that the Board Seat Right will be available to IBL from the date IBL’s exposure exceeds a certain specified threshold and will continue until IBL’s exposure falls below such threshold.</p> <p>2. Other rights as mentioned in the Articles of Association** of the Company</p>

**as on date except Nordic Microfinance- Initiative Fund III KS, none of the investors has appointed their nominees on the board.*

****for more information please see the Articles of Associations of the Company available on the website of the Company at www.satincreditcare.com**

SECTION V: FINANCIAL INFORMATION
FINANCIAL STATEMENTS

Sl. No.	Particulars	Page No.
1.	The auditors' report and the audited consolidated financial statements as at and for the year ended March 31, 2020.	104- 171
2.	Full Annual Report including Audited Financial Statements for FY 2019-20 on standalone as well as Consolidated basis is available on the website of the Company and can be accessed at https://satincare.com/wp-content/uploads/2020/07/SCNL-AR19-20_C2C_110720_v2.pdf	

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SATIN CREDITCARE NETWORK LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

Independent Auditor's Report
To the Members of Satin Creditcare Network Limited
Report on the Audit of the Consolidated Financial Statements

Opinion

- 1) We have audited the accompanying consolidated financial statements of **Satin Creditcare Network Limited** ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
- 2) In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs of the Group, as at 31 March 2020, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

- 3) We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 16 of the Other Matter section below is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

- 4) We draw attention to Note 53 to the accompanying consolidated financial statements, which describes significant uncertainties due to the outbreak of COVID-19 pandemic. The impact of the pandemic on the operations of the Group and its financial position as at 31 March 2020 including the measurement of expected credit losses on the loan assets are significantly dependent on uncertain future economic conditions. Our opinion is not modified in respect of this matter.

Key Audit Matter

- 5) Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- 6) We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Expected Credit Losses on loans <i>[Refer Note 3(j) for the accounting policy and Note 42 for the related disclosures]</i></p>	
<p>As at 31 March 2020, the Holding Company has financial assets (loans) amounting to Rs. 470,939.10 lakh including loans which are carried at fair value through other comprehensive income amounting to Rs. 420,819.04 lakh. As per Ind AS 109-Financial Instruments, the Holding Company is required to recognise allowance for expected credit losses on financial assets. The expected credit loss is calculated using the percentage of probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each of the stages of loan portfolio.</p> <p>Expected credit loss cannot be measured precisely, but can only be estimated through use of statistics. The calculation of expected credit losses is complex and requires exercise of judgement around both the timing of recognition of impairment provisions and estimation of the amount of provisions required in relation to loss events.</p> <p>Considering the significance of the above matter to the consolidated financial statements and since the matter required our significant attention to test the calculation of expected credit losses, we have identified this as a key audit matter for current year audit.</p> <p>We also draw attention to Note 53 of the accompanying consolidated financial statements, regarding uncertainties involved on the due to outbreak of COVID-19 pandemic with respect to the measurement of expected credit loss on such loan assets which are significantly dependent on uncertain future developments.</p>	<p>Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through the following procedures, but not limited to the following procedures:</p> <ul style="list-style-type: none"> (a) performed a walkthrough of the impairment loss allowance process and assessed the design effectiveness of controls; (b) obtained an understanding of the model adopted by the Holding Company including key inputs and assumptions for calculation of expected credit losses including the impact of COVID 19 on the assumptions and how management calculated the expected credit losses and the appropriateness data on which the calculation is based; (c) obtained the policy on moratorium of loans approved by the Board of Directors pursuant to the regulatory announcement made by the RBI; (d) tested the design and operating effectiveness of the key controls over completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized; (e) tested the accuracy of inputs through substantive procedures and assessed the reasonableness of the assumptions used; (f) developed a point estimate by making reference to the expected credit losses recognised by entities that carry comparable financial assets; (g) tested the arithmetical calculation of the expected credit losses; (h) assessed the appropriateness and adequacy of the related presentation and disclosures in the accompanying financial statements in

Key audit matter	How our audit addressed the key audit matter
	<p>accordance with the applicable accounting standards; and</p> <p>(i) obtained written representations from management and those charged with governance on whether they believe significant assumptions used in calculation of expected credit losses are reasonable.</p>

Information other than the Consolidated Financial Statements and Auditor's Report thereon

- 7) The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

- 8) The accompanying Consolidated Financial Statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.
- 9) In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

- 10) Those Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

Auditor's Responsibilities for the Audit of the Financial Statements

- 11) Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
- 12) As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

- 13) We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- 14) We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- 15) From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Other Matter

- 16) We did not audit the financial statements of 3 subsidiaries, whose financial statements reflects total assets of ₹39,842.87 lakh and net assets of ₹ 22,981.86 lakh as at 31 March 2020, total revenues of ₹ 10,478.34 lakh and net cash inflows amounting to ₹ 4,857.16 lakh for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, are based solely on the reports of the other auditors.

Our opinion above on the Consolidated Financial Statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

- 17) As required by section 197(16) of the Act, based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 16, on separate financial statements of the subsidiaries, we report that the Holding Company and 3 subsidiary companies paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
- 18) As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, to the extent applicable, that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Consolidated Financial Statements;
 - b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors

- c) the Consolidated Financial Statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
- d) in our opinion, the aforesaid Consolidated Financial Statements comply with Ind AS specified under section 133 of the Act;
- e) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies are disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and
- g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries:
 - i) the Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group, as detailed in Note 50 to the Consolidated Financial Statements;
 - ii) the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;
 - iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies during the year ended 31 March 2020; and
 - iv) the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these Consolidated Financial Statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Lalit Kumar

Partner

Membership No.: 095256

UDIN: 20095256AAAABE5586

Place: Noida

Date: 15 June 2020

Annexure A

Independent Auditor's Report on the internal financial controls with reference to the Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

- 1) In conjunction with our audit of the Consolidated Financial Statements of Satin Creditcare Network Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

- 2) The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note) issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

- 3) Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
- 4) Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
- 5) We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

- 6) A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

- 7) Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

- 8) In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies, the Holding Company and its subsidiary companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

Other Matter

- 9) We did not audit the internal financial controls with reference to financial statements insofar as it relates to 3 subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of ₹39,842.87 lakh and net assets of ₹ 22,981.86 lakh as at 31 March 2020, total revenues of ₹ 10,478.34 lakh and net cash inflows amounting to ₹ 4,857.16 lakh for the year ended on that date, as considered in the Consolidated Financial Statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

Lalit Kumar

Partner

Membership No. 095256

UDIN: 20095256AAAABE5586

Place: Noida

Date: 15 June 2020

SATIN CREDITCARE NETWORK LIMITED
Consolidated Balance Sheet as at March 31, 2020
(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Financial Assets			
Cash and cash equivalents	4	1,17,698.47	1,02,496.82
Other bank balances	5	70,417.64	73,345.19
Derivative financial instruments	6	673.63	186.99
Trade receivables	7	1,232.97	1,237.63
Loans	8	4,94,111.17	4,54,862.48
Investments	9	24,573.21	26,428.85
Other financial assets	10	2,521.89	2,006.69
		7,11,228.98	6,60,564.65
Non-financial Assets			
Current tax assets (net)	11	3,778.61	2,200.40
Deferred tax assets (net)	12	-	865.24
Property, plant and equipment	13	5,618.82	4,456.26
Capital work-in-progress	13	3,413.64	1,614.29
Intangible assets under development	14	-	19.60
Goodwill		3,370.66	3,370.66
Other intangible assets	15	405.61	236.46
Other non-financial assets	16	2,145.45	768.28
		18,732.79	13,531.19
TOTAL ASSETS		7,29,961.77	6,74,095.84
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Payables			
Trade payables	17		
(i) total outstanding dues of micro enterprises and small enterprises		117.56	6.01
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		848.47	182.10
Other payables	18		
(i) total outstanding dues of micro enterprises and small enterprises		193.77	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,332.60	1,154.83
Debt securities	19	86,386.14	97,586.85
Borrowings (other than debt securities)	20	4,11,462.61	3,75,553.88
Subordinated liabilities	21	56,302.54	53,919.68
Other financial liabilities	22	25,532.33	28,266.20
		5,82,176.02	5,56,669.55
Non-financial Liabilities			
Deferred tax liabilities (net)	12	727.90	-
Provisions	23	1,285.71	1,515.48
Other non-financial liabilities	24	903.23	966.17
		2,916.84	2,481.65
EQUITY			
Equity share capital	25	5,171.27	4,853.07
Other equity	26	1,39,697.64	1,10,091.57
		1,44,868.91	1,14,944.64
TOTAL LIABILITIES AND EQUITY		7,29,961.77	6,74,095.84

Statement of significant accounting policies and other explanatory notes. This consolidated Balance Sheet referred to in our report of even date.

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm's Registration No. 001076N/N500013

Lalit Kumar
Partner
Membership Number: 095256
Place: Noida
Date: June 15, 2020

For and on behalf of the Board of Directors
Satin Creditcare Network Limited

H P Singh
(Chairman cum Managing Director)

DIN: 00333754

Place: Gurugram
Date: June 15, 2020

Sanjay Kumar Bhatia
(Chairman Audit Committee cum Director)

DIN: 07033027

Place: Noida
Date: June 15, 2020

Adhish Swaroop
(Company Secretary and Compliance Officer)

ACS: 16034

Place: Delhi
Date: June 15, 2020

Satvinder Singh
(Director)

DIN: 00332521

Place: Gurugram
Date: June 15, 2020

Krishan Gopal
(Chief Financial Officer)

Place: Gurugram
Date: June 15, 2020

SATIN CREDITCARE NETWORK LIMITED

Consolidated Statement of Profit and Loss for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
I. Income			
Revenue from operations			
Interest income	27	1,11,000.52	1,18,606.59
Dividend income	28	2.21	-
Fees and commission income	29	13,778.42	9,090.27
Net gain on fair value changes	30	1,437.83	3,049.79
Net gain on derecognition of financial instruments under amortised cost category	31	23,608.14	13,345.54
Other operating income	32	124.42	168.77
Total Revenue from operations		1,49,951.54	1,44,260.96
Other income	33	391.65	253.37
Total Income		1,50,343.19	1,44,514.33
II. Expenses			
Finance costs	34	58,609.00	64,248.74
Impairment on financial instruments	35	19,180.66	5,242.11
Employee benefit expenses	36	35,134.58	30,547.81
Depreciation and amortisation expense	37	1,753.72	1,251.12
Other expenses	38	14,502.59	11,643.61
Total		1,29,180.55	1,12,933.39
Profit before tax		21,162.64	31,580.94
Tax expense:	39		
Current tax		5,575.17	4,388.42
Deferred tax		90.21	7,042.88
Total tax expenses		5,665.38	11,431.30
Profit after tax		15,497.26	20,149.64
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Re-measurements of the defined benefit plans		126.65	(48.18)
Equity instruments through other comprehensive income		-	(3.32)
Income tax relating to above items		(32.91)	17.36
	A	93.74	(34.14)
Items that will be reclassified to profit and loss			
Changes in fair value of loan assets		5,771.41	3,920.21
Income tax relating to above item		(1,452.55)	(1,369.88)
Cash flow hedge reserve		93.37	-
Income tax relating to above item		(23.50)	-
	B	4,388.73	2,550.33
Other comprehensive income	A+B	4,482.47	2,516.19
Total comprehensive income		19,979.73	22,665.83

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SATIN CREDITCARE NETWORK LIMITED

Consolidated Statement of Profit and Loss for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Net profit/(loss) after tax attributable to		
Owners of the holding company	15,497.26	20,119.45
Non-controlling interests	-	30.19
Other comprehensive income attributable to		
Owners of the holding company	4,482.47	2,516.19
Non-controlling interests	-	-
Total comprehensive income attributable to		
Owners of the holding company	19,979.73	22,635.64
Non-controlling interests	-	30.19
Earnings per equity share (face value of ₹ 10 per equity share)	40	
Basic (₹)	30.43	41.67
Diluted (₹)	30.27	41.37

Statement of significant accounting policies and other explanatory notes.
This consolidated Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

For and on behalf of the Board of Directors
Satin Creditcare Network Limited

Firm's Registration No. 001076N/N500013

Lalit Kumar
Partner
Membership Number: 095256
Place: Noida
Date: June 15, 2020

H P Singh
(Chairman cum Managing Director)

DIN: 00333754

Place: Gurugram
Date: June 15, 2020

Satvinder Singh
(Director)

DIN: 00332521

Place: Gurugram
Date: June 15, 2020

Sanjay Kumar Bhatia
(Chairman Audit Committee cum Director)
DIN: 07033027

Place: Noida
Date: June 15, 2020

Krishan Gopal
(Chief Financial Officer)

Place: Gurugram
Date: June 15, 2020

Adhish Swaroop
(Company Secretary and Compliance Officer)
ACS: 16034
Place: Delhi
Date: June 15, 2020

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SATIN CREDITCARE NETWORK LIMITED
Consolidated cash flow statement for the year ended March 31, 2020
(All amounts in ₹ lakhs, unless otherwise stated)

A Cash flow from operating activities	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before tax	21,162.64	31,580.94
Adjustments for:		
Depreciation and amortisation	1,147.51	1,251.12
Depreciation of right-of-use assets	606.21	-
Net (gain)/loss on derecognition of property, plant and equipment	(2.83)	(1.98)
Gain on sale of liquid funds	(1,568.59)	(2,752.00)
Unrealised (gain)/loss on fair value changes of derivatives and investments	130.76	(306.34)
Property, plant and equipment written off	-	48.64
Impairment on financial instruments	19,180.66	5,242.11
Dividend income	(2.21)	-
Gain on sale of loan portfolio through assignment	(23,608.14)	(13,345.54)
First loss default guarantee expenses	3,089.11	894.90
Share based payment to employees	196.20	425.34
Effective interest rate adjustment for financial instruments	2,104.43	1,258.73
Interest expense for leasing arrangements	188.19	-
Net gain on termination of leases	(42.44)	-
Unrealised exchange fluctuation loss (net)	188.49	230.38
Operating profit before working capital changes	22,769.99	24,526.30
Movement in working capital		
Decrease/(increase) in trade receivables	4.66	(60.46)
(Increase)/decrease in loans	(28,570.57)	41,904.78
Decrease/(increase) in deposits	2,927.55	(7,054.25)
(Increase)/decrease in other financial assets	(994.43)	1,268.19
(Increase)/decrease in other non-financial assets	(6,733.93)	192.43
Increase/(decrease) in trade and other payables	1,149.46	(1,166.29)
(Decrease)/increase in other financial liabilities	(5,822.98)	7,841.73
(Decrease)/increase in provisions	(103.12)	335.70
Increase in other non-financial liabilities	2.95	27.79
Cash (used in)/flows from operating activities post working capital changes	(15,370.42)	67,815.92
Income taxes paid (net)	(7,159.41)	(6,716.21)
Net cash (used in)/flows from operating activities (A)	(22,529.83)	61,099.71
Cash flows from investing activities	B	
Payments for property, plant and equipment and capital work-in-progress and intangible assets	2,116.53	(1,869.01)
Proceeds from sale of property, plant and equipment and intangible assets	16.47	12.55
Payment for acquisition of subsidiary, net of cash acquired	-	(331.63)
Proceeds from purchase of other investments (net)	3,435.38	(16,496.68)
Net cash flows/(used in) investing activities (B)	5,568.38	(18,684.77)
Cash flows from financing activities (refer to note i below)	C	
Proceeds from issue of share capital and share warrants (including premium and net of share issue expenses)	4,437.67	11.51
Proceeds from debt securities	21,413.18	40,370.00
Repayment of debt securities	(32,852.45)	(34,702.86)
Proceeds from borrowings other than debt securities	3,12,518.42	3,29,267.50
Repayment of borrowings other than debt securities	(2,87,956.35)	(3,45,753.07)
Lease payments	(693.40)	-
Proceeds from subordinated liabilities	9,887.77	20,000.00
Repayment of subordinated liabilities	(2,469.76)	(369.81)
Net cash flows from financing activities (C)	24,285.08	8,823.27
Net increase in cash and cash equivalents (A+B+C)	7,323.63	51,238.21
Cash and cash equivalents at the beginning of the year (refer to note ii below)	96,581.67	45,343.46
Cash and cash equivalents at the end of the year	1,03,905.30	96,581.67

i) Refer to note 21 for reconciliation of liabilities arising from financing activities.
ii) Refer to note 5 for restricted cash and cash equivalent.

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SATIN CREDITCARE NETWORK LIMITED

Consolidated cash flow statement for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

Notes:

Cash and cash equivalents (as per note 4 to the financial statements)
 Less: Overdraft facility against term deposits (as per note 20 to the financial statements)

1,17,698.47	1,02,496.82
(13,793.17)	(5,915.15)
1,03,905.30	96,581.67

Statement of significant accounting policies and other explanatory notes. This Statement of Cash Flow referred to in our report of even date.

For **Walker Chandok & Co LLP**
 Chartered Accountants

For and on behalf of the Board of Directors
Satin Creditcare Network Limited

Firm's Registration No. 001076N/N500013

Lalit Kumar
Partner
 Membership Number: 095256
Place: Noida
Date: June 15, 2020

H P Singh
 (Chairman cum Managing Director)

DIN: 00333754

Place: Gurugram
Date: June 15, 2020

Satvinder Singh
 (Director)

DIN: 00332521

Place: Gurugram
Date: June 15, 2020

Sanjay Kumar Bhatia
 (Chairman Audit Committee cum Director)

DIN: 07033027

Place: Noida
Date: June 15, 2020

Krishan Gopal
 (Chief Financial Officer)

Place: Gurugram
Date: June 15, 2020

Adhish Swaroop
 (Company Secretary and Compliance Officer)

ACS: 16034

Place: Delhi
Date: June 15, 2020

SATIN CREDITCARE NETWORK LIMITED
Consolidated Statement of changes in equity for the period ended March 31, 2020
(All amounts in ₹ lakhs, unless otherwise stated)

A. Equity share capital (Refer note 25)

Particulars	Balance as at April 1, 2018	Change during the year	Balance as at March 31, 2019	Change during the year	Balance as at March 31, 2020
Equity share capital	4,726.91	126.16	4,853.07	318.20	5,171.27

B. Other equity (Refer note 26)

Particulars	Equity component of compound financial instruments	Reserves and Surplus						Equity instruments through other comprehensive income	Change in fair value of loan assets through other comprehensive income	Money received against share warrants	Cash flow hedge reserve	Total attributable to equity holders of the parent	Total non-controlling interest	Total
		Statutory reserve fund	Securities premium	General reserve	Capital redemption reserve	Share options outstanding account	Retained earnings							
Balance as at April 1, 2018	283.61	2,942.19	79,843.48	29.94	277.00	153.52	(1,278.41)	(1.68)	-	1,500.00	-	83,749.65	208.16	83,957.81
Profit for the year	-	-	-	-	-	-	20,119.45	-	-	-	-	20,119.45	30.19	20,149.64
Other comprehensive income (net of tax)	-	-	-	-	-	-	(30.82)	(3.32)	2,550.33	-	-	2,516.19	-	2,516.19
Issue of equity shares	-	-	3,396.49	-	-	-	-	-	-	-	-	3,396.49	-	3,396.49
Transfer to statutory reserves	-	3,898.86	-	-	-	-	(3,898.86)	-	-	-	-	-	-	-
Conversion of optionally convertible redeemable preference shares	(248.65)	-	-	-	-	-	248.65	-	-	-	-	-	-	-
Share issue expense of subsidiary	-	-	-	-	-	-	(11.14)	-	-	-	-	(11.14)	-	(11.14)
Acquisition of non-controlling interests	-	-	-	-	-	-	(104.42)	-	-	-	-	(104.42)	(238.35)	(342.77)
Share based payment to employees	-	-	102.24	-	-	323.11	-	-	-	-	-	425.35	-	425.35
Balance as at March 31, 2019	34.96	6,841.05	83,342.21	29.94	277.00	476.63	15,044.45	(5.00)	2,550.33	1,500.00	-	1,10,091.57	-	1,10,091.57
Profit for the year	-	-	-	-	-	-	15,497.26	-	-	-	-	15,497.26	-	15,497.26
Other comprehensive income (net of tax)	-	-	-	-	-	-	93.74	-	4,318.86	-	69.87	4,482.47	-	4,482.47
Issue of equity shares	-	-	11,039.74	-	-	-	-	-	-	(1,500.00)	-	9,539.74	-	9,539.74
Transfer to statutory reserves	-	3,125.34	-	-	-	-	(3,125.34)	-	-	-	-	-	-	-
Conversion of optionally convertible redeemable preference shares	(34.96)	-	34.96	-	-	-	-	-	-	-	-	-	-	-
Share issue expense of subsidiary	-	-	-	-	-	-	(109.59)	-	-	-	-	(109.59)	-	(109.59)
Share based payment to employees	-	-	131.83	-	-	64.36	-	-	-	-	-	196.19	-	196.19
Balance as at March 31, 2020	-	9,966.39	94,548.74	29.94	277.00	540.99	27,400.52	(5.00)	6,869.19	-	69.87	1,39,697.64	-	1,39,697.64

Statement of significant accounting policies and other explanatory notes. This Statement of Changes in Equity referred to in our report of even date.

For Walker Chandio & Co LLP
Chartered Accountants

Firm's Registration No. 001076N/N500013

Lalit Kumar
Partner
Membership Number: 095256
Place: Noida
Date: June 15, 2020

For and on behalf of the Board of Directors
Satin Creditcare Network Limited

H P Singh
(Chairman cum Managing Director)

DIN: 00333754

Place: Gurugram
Date: June 15, 2020

Sanjay Kumar Bhatia
(Chairman Audit Committee cum Director)

DIN: 07033027

Place: Noida
Date: June 15, 2020

Adhish Swaroop
(Company Secretary and Compliance Officer)

ACS: 16034

Place: Delhi
Date: June 15, 2020

Satvinder Singh
(Director)

DIN: 00332521

Place: Gurugram
Date: June 15, 2020

Krishan Gopal
(Chief Financial Officer)

Place: Gurugram
Date: June 15, 2020

Satin Creditcare Network Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

1. Group overview

Satin Creditcare Network Limited ('the Company' or 'the Holding Company') is a public limited company and incorporated under the provisions of Companies Act. The Company is a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') and is registered as a Non-Banking Financial Company–Micro Finance Institution ('NBFC-MFI') with the Reserve Bank of India ("RBI") in November 2013. The Company is engaged primarily in providing micro finance services to women in the rural areas of India who are enrolled as members and organized as Joint Liability Groups ('JLG'). The Company is domiciled in India and its registered office is situated at 5th Floor, Kundan Bhawan, Azadpur Commercial Complex, New Delhi – 110033.

The Company owns 100% equity shares of Taraashna Financial Services Limited ("TFSL"). TFSL is engaged in the Business Correspondent ("BC") activity with various banks/NBFC's.

The Company owns 100% equity shares of Satin Housing Finance Limited ("SHFL"). The SHFL is engaged in the business of providing long term finance to individuals, companies, corporations, societies or association of persons for purchase/construction/repair and renovation of new/existing flats/houses for residential purposes.

The Company owns 100% equity shares of 100% stake in equity shares in Satin Finserv Limited ("SFL"). The SFL is engaged in the business of providing various financial services to small entrepreneurs, MSMEs, Indian consumers and other eligible consumers as permissible under applicable laws.

2. A. Basis of preparation

(i) Statement of compliance with Indian Accounting Standards (Ind AS)

These standalone financial statements ("the Financial Statements") have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The Group has uniformly applied the accounting policies for all the periods presented in this financial statement.

The financial statements for the year ended March 31, 2020 were authorized and approved for issue by the Board of Directors on June 15, 2020.

(ii) Historical cost convention

The financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. Further, the financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments, and financial assets and liabilities designated at fair value through profit or loss (FVTPL), all of which have been measured at fair value. Further the carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and otherwise carried at amortised cost, are adjusted to record changes in fair value attributable to the risks that are being hedged.

(iii) Going Concern

Management is of the view that having regard to the projections of the business prospects, Group shall be able to continue as a going concern. Accordingly, management considers it appropriate to prepare these financials statements on a going concern basis.

B. Basis of Consolidation

The consolidated financial statements has comprised financial statements of the Company and its subsidiaries, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. The Group can have power over the investee even if it owns less than majority voting rights i.e. rights arising from other contractual arrangements. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Statement of profit and loss (including other comprehensive income ('OCI')) of subsidiaries acquired or disposed of during the period are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group combines the financial statements of the Holding Company and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's statement of profit and loss and net assets that is not held by the Group. Statement of profit and loss balance (including other comprehensive income ('OCI')) is attributed to the equity holders of the Holding Company and to the non-controlling interest basis the respective ownership interests and such balance is attributed even if this results in controlling interests having a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. Such a change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized within equity.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Corporation's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. Summary of significant accounting policies

The financial statements have been prepared using the significant accounting policies and measurement bases summarised as below. These policies are applied consistently for all the periods presented in the financial statements.

(a) Property, plant and equipment

Recognition and initial measurement

Property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in statement of profit and loss.

Subsequent measurement (depreciation method, useful lives and residual value)

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment is provided on the straight-line method over the useful life of the assets as prescribed under Part 'C' of Schedule II of the Companies Act, 2013.

Asset class	Useful life
Building	60 years
Plant and machinery	5-15 years
Office equipment	5 years
Computer equipment	3-6 years
Furniture and fixtures	10 years
Vehicles	8-10 years

Depreciation is calculated on pro rata basis from the date on which the asset is ready for use or till the date the asset is sold or disposed.

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statement of profit and loss, when the asset is de-recognised.

Capital work-in-progress

Capital work-in-progress are carried at cost, comprising direct cost and related incidental expenses to acquire property, plant and equipment. Assets which are not ready to intended use are also shown under capital work-in-progress.

(b) **Intangible assets**

Recognition and initial measurement

Intangible assets are stated at their cost of acquisition. The cost comprises purchase price including any import duties and other taxes (other than those subsequently recoverable from taxation authorities), borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent measurement (amortisation method, useful lives and residual value)

Intangible assets are amortised over a period of 3-5 years from the date when the assets are available for use. The estimated useful life (amortisation period) of the intangible assets is arrived basis the expected pattern of consumption of economic benefits and is reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

(c) **Intangible assets under development**

Intangible assets under development represents expenditure incurred in respect of intangible assets under development and are carried at cost. Cost includes development cost, borrowing costs and other direct expenditure necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. These are recognised as assets when the Group can demonstrate following recognition requirements:

- The development costs can be measured reliably
- The project is technically and commercially feasible
- The Group intends to and has sufficient resources to complete the project
- The Group has the ability to use or sell such intangible asset
- The asset will generate probable future economic benefits.

Amortisation of the asset begins when development is complete and the asset is available for use.

(d) **Revenue recognition**

Interest income on loans

The Group recognises interest income using Effective Interest Rate (EIR) on all financial assets subsequently measured at amortised cost or fair value through other comprehensive income (FVOCI). EIR is calculated by considering any fees and all incremental costs that are directly attributable to acquisition of a financial asset and it represents a rate that exactly discounts estimated future cash payments/receipts through the expected life of the

financial asset to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

The Group recognises interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets regarded as 'Stage 3', the Group recognises interest income on the net amortised cost of financial assets at EIR. If financial asset is no longer credit-impaired Group reverts to calculating interest income on a gross basis.

Additional interest/overdue interest/penal charges are recognised only when it is reasonable certain that the ultimate collection will be made.

Income from assignment transactions

Income from assignment transactions i.e. present value of excess interest spread is recognised when the related loan assets are de-recognised. Interest income is also recognised on carrying value of assets over the remaining period of such assets.

Commission income

Income from business correspondent services is recognised as and when the services are rendered as per agreed terms and conditions of the contract.

Dividend income

Dividend income is recognised at the time when the right to receive is established by the reporting date.

Miscellaneous income

All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realization/collection.

(e) **Borrowing costs**

Borrowing costs consists of interest and other cost that the Group incurred in connection with the borrowing of funds. Borrowing costs charged to the Statement of Profit and Loss on the basis of effective interest rate method.

(f) **Taxation**

- I. **Current tax:** Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax relating to items recognised outside profit or loss is recognised in correlation to the underlying transaction either in OCI or directly in other equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

- II. **Deferred Tax:** Deferred tax is provided using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets, if any, are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised either in OCI or in other equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Tax expense recognized in Statement of Profit and Loss comprises the sum of deferred tax and current tax except to the extent it recognized in other comprehensive income or directly in equity.

Minimum alternate tax ('MAT') credit entitlement is recognised as an asset only when and to the extent there is

convincing evidence that normal income tax will be paid during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT credit entitlement. This is reviewed at each balance sheet date and the carrying amount of MAT credit entitlement is written down to the extent it is not reasonably certain that normal income tax will be paid during the specified period.

(g) Employee benefits

Short-term employee benefits

Short-term employee benefits including salaries, short term compensated absences (such as a paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits for current employees are estimated and measured on an undiscounted basis.

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

Defined contribution plans

The Group has a defined contribution plans namely provident fund, pension fund and employees state insurance scheme. The contribution made by the Group in respect of these plans are charged to the Statement of Profit and Loss.

Defined benefit plans

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. Under the defined benefit plans, the amount that an employee will receive on retirement is defined by reference to the employee's length of service and last drawn salary. The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set aside. The liability recognised in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries. Actuarial gains/losses resulting from re-measurements of the liability/asset are included in other comprehensive income.

Other long-term employee benefits

The Group also provides the benefit of compensated absences to its employees which are in the nature of long-term employee benefit plan. Liability in respect of compensated absences becoming due and expected to be availed after one year from the Balance Sheet date is estimated in the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to Statement of Profit and Loss in the year in which such gains or losses are determined.

(h) Share based payments

The Holding Company has formulated an Employees Stock Option Schemes to be administered through a Trust. The stock options granted to employees pursuant to the Holding Company's Stock Options Schemes, are measured at the fair value of the options at the grant date. The fair value of options granted under Employee Stock Option Plan is recognised as an employee benefits expense with a corresponding increase in other equity. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Holding Company revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in Statement of Profit and Loss, with a corresponding adjustment to equity.

(i) Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. Recoverable amount is higher of an asset's net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and

Loss. If at the reporting date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

Compensation for impairment

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up are recognised in statement of profit and loss when the compensation becomes receivable.

Financial Guarantees

Financial guarantees are initially recognised at fair value. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

The premium received (if any) is recognised as income on a straight-line basis over the life of the guarantee.

(j) Impairment of financial assets

The Group is recording the allowance for expected credit losses for all loans at amortised cost and FVOCI and other debt financial assets not held at FVTPL

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Group's policies for determining if there has been a significant increase in credit risk.

Loan assets

The Group follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- Stage 1 (current & 1-30 days) includes loan assets that have not had a significant increase in credit risks since initial recognition or that have low credit risk at the reporting date.
- Stage 2 (31-90 days) includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.
- Stage 3 (more than 90 days) includes loan assets that have objective evidence of impairment at the reporting date.

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

Probability of Default (PD) - The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12 months PD), or over the remaining lifetime (Lifetime PD) of the obligation.

Loss Given Default (LGD) – LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and preference of claim and availability of collateral or other credit support.

Exposure at Default (EAD) – EAD is based on the amounts the Group expects to be owed at the time of default.

Forward-looking economic information (including management overlay) is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.

Trade receivables

In respect of trade receivables, the Group applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of trade receivables.

Other financial assets

In respect of its other financial assets, the Group assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Group uses the change in the risk of a default occurring over the expected life of

the financial asset. To make that assessment, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

Write-offs

Financial assets are written off either partially or in their entirety to the extent that there is no realistic prospect of recovery. Any subsequent recoveries are credited to impairment on financial instrument on statement of profit and loss.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand (including imprest), demand deposits and short-term highly liquid investments (certificate of deposits and commercial paper) that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value. The Group has netted off the balance of bank overdraft with cash and cash equivalents for cash flow statement as they are considered an integral part of the Company's cash management.

(l) Equity investment in subsidiaries

Investments representing equity interest in subsidiaries are accounted for at cost in accordance with Ind AS 27 Separate Financial Statements.

(m) Provisions, contingent assets and contingent liabilities

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Group or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised but disclosed where an inflow of economic benefits is probable.

(n) Leases

Group as a lessee

The Group adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of April 01, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at April 01, 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C to Ind AS 17 at the date of initial application.

For any new contracts entered into on or after 1 April 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract the Group has the right to direct the use of the identified asset throughout the period of use.

The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Determining the lease term of contracts with renewal and termination options where Group is lessee - The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

Group as lessor:

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Classification of leases – The Group enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

(o) Financial instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. Subsequent measurement of financial assets and financial liabilities is described below.

Non-derivative financial assets

Subsequent measurement

i. Financial assets carried at amortised cost – a financial asset is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss.

ii. Financial assets (debt instruments e.g. loans) are measured at FVOCI when both of the following conditions are met: – a financial asset is measured at the FVOCI if both the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income are recognised in profit or loss in the same manner as for financial assets measured at amortised cost.

iii. Investments in equity instruments – Investments in equity instruments which are held for trading are classified as at fair value through profit or loss (FVTPL). For all other equity instruments, the Group makes an irrevocable choice upon initial recognition, on an instrument by instrument basis, to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). Amounts presented in other comprehensive income are not subsequently transferred to profit or loss. However, the Group transfers the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

iv. Investments in mutual funds – Investments in mutual funds are measured at fair value through profit and loss (FVTPL).

v. Financial assets measured at FVPL – FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL, with all changes recognized in the P&L.

De-recognition of financial assets

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are de-recognised (i.e. removed from the Group's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. Further, if the Group has not retained control, it shall also de-recognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

Non-derivative financial liabilities

Subsequent measurement

Subsequent to initial recognition, all non-derivative financial liabilities are measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms

of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

First loss default guarantee

First loss default guarantee contracts are contracts that require the Group to make specified payments to reimburse the bank for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a agreement. Such financial guarantees are given to bank, for whom the Group acts as 'Business Correspondent'.

These contracts are initially measured at fair value and subsequently measure at higher of:

- The amount of loss allowance (calculated as described in policy for impairment of financial assets)
- Maximum amount payable as on the reporting date to the bank which is based on the amount of loans overdue for more than 75 days in respect to agreements with banks.

Further, the maximum liability is restricted to the cash outflow agreed in the agreement.

Compound financial instruments

Optionally convertible instruments are separated into liability and equity components based on the terms of the contract. On issuance of the said instruments, the liability component is arrived by discounting the gross sum (including redemption premium, if any) at a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost until it is extinguished on conversion or redemption. The remainder of the proceeds is recognised as equity component of compound financial instrument. This is recognised and included in shareholders' equity, net of income tax effects, and not subsequently re-measured.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative contracts

The Group enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit and loss using mark to market information.

Hedge Accounting

The Group makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Group applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Group would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the criteria for hedge accounting are accounted for, as described below:

Cash Flow Hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately as Finance Cost in the statement of profit and loss.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date using valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured are categorised with fair value hierarchy into Level I, Level II and Level III based on level of input.

(p) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss (interest and other finance cost associated) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(q) Segment reporting

The Group identifies segment basis of the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are regularly reviewed by the CODM ('chief operating decision maker') and in assessing performance. The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship with the operating activities of the segment.

(r) Foreign currency

Functional and presentation currency

Items included in the financial statement of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements have been prepared and presented in Indian Rupees (₹), which is the Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency, by applying the exchange rates on the foreign currency amounts at the date of the transaction. Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the Statement of Profit and Loss in the year in which they arise.

(s) Government grants

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Group will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

Grant or subsidy relates to revenue, it is recognised as income on a systematic basis in profit or loss over the periods necessary to match them with the related costs, which they are intended to compensate.

(t) **Significant management judgement in applying accounting policies and estimation uncertainty**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures. Actual results may differ from these estimates.

Significant management judgements

Recognition of deferred tax assets – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

Business model assessment - The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and accordingly prospective change to the classification of those assets are made.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Expected credit loss ('ECL') – The measurement of expected credit loss allowance for financial assets measured at amortised cost requires use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. likelihood of customers defaulting and resulting losses). The Group makes significant judgements with regard to the following while assessing expected credit loss:

- Determining criteria for significant increase in credit risk;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Provisions – At each balance sheet date basis of the management judgment, changes in facts and legal aspects, the Group assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

Significant estimates

Useful lives of depreciable/amortisable assets – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

Defined benefit obligation (DBO) – Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

(u) **Statement of Cash Flows**

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities.

Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

- I. Changes during the period in operating receivables and payables transactions of a non-cash nature;
- II. Non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses; and
- III. All other items for which the cash effects are investing or financing cash flows.

Particulars	As at March 31, 2020	As at March 31, 2019
4 Cash and cash equivalents		
Cash on hand	5,359.21	4,953.54
Balances with banks and financial institutions	-	-
- Balance with banks in current accounts	55,276.38	26,820.11
- Deposits for original maturity of less than 3 months	56,019.75	37,616.29
- Balance with banks and financial institutions to the extent held as margin money deposits against borrowings and guarantees	1,043.13	6,000.00
- Deposits (includes commercial papers and certificate of deposits)	-	27,106.88
Total	1,17,698.47	1,02,496.82

Particulars	As at March 31, 2020	As at March 31, 2019
5 Bank balances other than cash and cash equivalents		
Deposits for remaining maturity of more than 3 months and upto 12 months	1,126.17	13,743.27
Deposits with remaining maturity more than 12 months	280.97	287.14
Balance with banks and financial institutions to the extent held as margin money deposits against borrowings and guarantees	69,010.50	59,314.78
Total	70,417.64	73,345.19

The amount under lien as security against term loan and overdraft facility availed, assets securitised, first loss default guarantee are as follows (included above in note 4 and 5):-

Particulars	As at March 31, 2020	As at March 31, 2019
Term loans	21,139.44	19,945.57
Overdraft facilities	41,181.12	34,289.26
Securitisations	718.34	5,449.31
Derivatives	530.45	500.00
Security against first loss default guarantee	6,481.96	5,128.50
Security against facilities	2.32	2.14
Total	70,053.63	65,314.78

Particulars	As at March 31, 2020		As at March 31, 2019	
	Notional amounts (₹)	Fair value	Notional amounts (₹)	Fair value
6 Derivative financial instruments				
Currency and interest swap (refer to note 52)	21,227.46	673.63	4,323.21	186.99
	21,227.46	673.63	4,323.21	186.99
Included in above are derivative held for risk management purpose as follows:				
Derivative designated as hedge:				
Cash flow hedge:				
Currency and interest swap	7,086.27	626.34	-	-
Undesignated derivatives	14,141.19	47.29	4,323.21	186.99
Total of derivative financial instruments	21,227.46	673.63	4,323.21	186.99

The Holding Company enters into derivative contracts for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the the hedge accounting requirements or hedges that are economic hedges, the Holding Company has elected to apply hedge accounting for one of the derivatives.

The table above represents the fair value of derivatives financial instruments recorded as assets together with the notional amounts.

The notional amounts indicates the value of transaction outstanding at the year end and are not indicative of either the market risk or credit risk.

The Holding Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk. The Company's risk management strategy and how it is applied to manage risk are explained in Note 52 and below.

Derivatives designated as hedging instruments

Cash flow hedges - Foreign currency risk

The Holding Company is exposed to foreign currency risk arising from its fixed rate foreign currency borrowing amounting to US \$ 9.4 million. Interest on the borrowing is payable at a fixed rate of 5.93% per annum (on semi-annual basis starting from February 5, 2020) and the principal amount is repayable on August 5, 2022. The Holding Company economically hedged the foreign currency risk arising from the debt with a 'receive fixed pay fixed' cross-currency interest rate swap ('swap') on July 24, 2019. The notional amount of swap is ₹ 6,487.41 lakhs. The swap contract converts the cash outflows of the foreign currency fixed rate borrowing of US \$ 9.4 million to cash outflows in INR with a notional amount of ₹ 6,487.41 lakhs and fixed interest of 11.18% per annum.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the cross currency swap contract match that of the foreign currency borrowing (notional amount, interest payment dates, principal repayment date etc.). The Holding Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the cross currency swap are identical to the hedged risk components. To test the hedge effectiveness, the Holding Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness may arise if there is a change in the credit risk of the Company or the counterparty.

Off-setting

The Holding Company does not have derivative financial assets and financial liabilities which are subject to master netting arrangements. Master netting arrangements are those arrangements wherein in the case of insolvency, derivative financial assets and financial liabilities will be settled on a net basis.

Particulars	As at March 31, 2020	As at March 31, 2019
7 Trade receivables (at amortised cost)		
Unsecured		
Considered good - unsecured	1,232.97	1,237.63
Less: Impairment loss allowance	-	-
Total	1,232.97	1,237.63

The Group does not have any receivables which are either credit impaired or where there is significant increase in credit risk.

Particulars	As at March 31, 2020		As at March 31, 2019	
	At fair value through other comprehensive income *	At amortised cost	At fair value through other comprehensive income *	At amortised cost
8 Loans				
Portfolio loans	4,20,819.04	48,620.06	3,70,973.92	74,884.41
Housing and other loans	-	24,672.07	-	9,004.15
	4,20,819.04	73,292.13	3,70,973.92	83,888.56
Portfolio loans				
Secured	-	8,707.81	-	13,795.82
Unsecured	4,20,819.04	39,912.25	3,70,973.92	61,088.59
Housing and other loans				
Secured	-	21,112.00	-	9,004.15
Unsecured	-	3,560.07	-	-
	4,20,819.04	73,292.13	3,70,973.92	83,888.56
Total loans		4,94,111.17		4,54,862.48

(i) Secured by property, plant and equipment including land and building	24,463.05	17,316.40
(ii) Secured by book debts, inventories, margin money and other working capital items	5,356.76	5,483.57
(iii) Unsecured	4,64,291.36	4,32,062.51
Total	4,94,111.17	4,54,862.48

Loans in India		
(i) Public sector	-	-
(ii) Others	4,94,111.17	4,54,862.48
Total	4,94,111.17	4,54,862.48

* The management reassessed its business model and with the background of series of assignment transactions, has changed the business model on March 31, 2019 from 'hold to collect' to 'hold to collect and sell'. Accordingly, the Holding Company has reclassified its eligible portfolio from amortised category to fair value through other comprehensive income (FVOCI) category and hence recorded a fair value gain in other comprehensive income.

Particulars	As at March 31, 2020		As at March 31, 2019	
	At fair value	Total	At fair value	Total
	Through profit and loss		Through profit and loss	
9 Investments				
Mutual funds				
294,091.70 (March 31, 2019 : Nil) units in Union Dynamic Bond Fund	54.23	54.23	-	-
Government securities				
500 (March 31, 2019 : 500), Government of India, Inscribed stock having face value ₹ 100 each	0.51	0.51	0.51	0.51
Commercial paper				
2,500 (March 31, 2019 : Nil) units in HDFC Limited	12,202.18	12,202.18	-	-
2,500 (March 31, 2019 : Nil) units in Bajaj Finance Limited	12,316.29	12,316.29	-	-
Certificate of deposit				
Nil (March 31, 2019 : 7,000) units in ICICI Bank Limited	-	-	6,820.22	6,820.22
Nil (March 31, 2019 : 20,000) units in Indusind Bank Limited	-	-	19,608.12	19,608.12
Total	24,573.21	24,573.21	26,428.85	26,428.85
(i) Investments in India	24,573.21	24,573.21	26,428.85	26,428.85
(ii) Investments outside India	-	-	-	-
Total	24,573.21	24,573.21	26,428.85	26,428.85

Investment designated at fair value through profit and loss includes commercial papers and certificate of deposits. The Company has not entered in to any credit derivative to mitigate the credit risk (if any).

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SATIN CREDITCARE NETWORK LIMITED
Notes to the Consolidated financial statements for the year ended March 31, 2020
(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
10 Other financial assets		
Security deposits	419.70	268.38
Staff advances	248.18	140.42
Insurance recoverable	705.37	1,110.03
Other recoverable	804.32	626.03
Unbilled revenue	512.86	-
	2,690.43	2,144.86
Less: Impairment loss allowance	(168.54)	(138.17)
Total	2,521.89	2,006.69

Particulars	As at March 31, 2020	As at March 31, 2019
11 Current tax assets (net)		
Advance income tax (net)	3,778.61	2,200.40
Total	3,778.61	2,200.40

Particulars	As at March 31, 2020	As at March 31, 2019
12 Deferred tax (liabilities)/assets (net)		
(A) Deferred tax assets		
Provision for employee benefits	282.70	521.88
Difference in written down value as per the Companies Act, 2013 and the Income-Tax Act, 1961	260.86	322.00
Unabsorbed business losses and depreciation	28.73	51.49
Financial assets measured at amortised cost	8.26	119.88
Impairment loss allowance	4,370.48	3,744.43
Minimum alternate tax credit entitlement	88.22	145.24
Liability against leases	226.62	-
Others	2.30	7.10
	5,268.17	4,912.02
(B) Deferred tax liabilities		
Difference in written down value as per Company Act and Income Tax Act	-	1.28
Financial liabilities measured at amortised cost	39.38	130.30
Fair valuation of financial instruments through profit and loss	2.70	0.62
Fair valuation of loan assets through other comprehensive income	2,439.19	1,369.88
Cash flow hedge reserve	23.50	-
Right of use assets	213.88	-
Deferment of excess interest spread	3,277.42	2,544.70
Total deferred tax liabilities	5,996.07	4,046.78
Net deferred tax (liabilities)/asset	(727.90)	865.24

(i) Movement in deferred tax (liabilities)/assets (net)

Particulars	As at March 31, 2019	(Charged)/ credited to statement of profit and loss	(Charged)/credited to other comprehensive income	As at March 31, 2020
Assets				
Provision for employee benefits	521.88	(206.27)	(32.91)	282.70
Difference in written down value as per Companies Act and Income Tax Act	322.00	(61.14)	-	260.86
Unabsorbed business losses and depreciation	51.49	(22.76)	-	28.73
Financial assets measured at amortised cost	119.88	(111.62)	-	8.26
Impairment loss allowance and first loss default guarantee	3,744.43	626.05	-	4,370.48
Minimum alternate tax credit entitlement*	145.24	(57.02)	-	88.22
Liability against leases	-	226.62	-	226.62
Others	7.10	(4.80)	-	2.30
Liabilities				
Difference in written down value as per Companies Act and Income Tax Act	1.28	(1.28)	-	-
Financial liabilities measured at amortised cost	130.30	(90.92)	-	39.38
Fair valuation of financial instruments through profit and loss	0.62	2.08	-	2.70
Fair valuation of loan assets through other comprehensive income	1,369.88	(377.21)	1,446.52	2,439.19
Cash flow hedge reserve	-	-	23.50	23.50
Right of use assets	-	213.88	-	213.88
Deferment of excess interest spread	2,544.70	732.72	-	3,277.42
Total	865.24	(90.21)	(1,502.93)	(727.90)

Particulars	As at April 1, 2018	(Charged)/ credited to statement of profit and loss	(Charged)/credited to other comprehensive income	As at March 31, 2019
Assets				
Provision for employee benefits	390.63	113.89	17.36	521.88
Difference in written down value as per Companies Act and Income Tax Act	193.99	128.01	-	322.00
Unabsorbed business losses and depreciation	315.26	(263.77)	-	51.49
Financial assets measured at amortised cost	1,369.20	(1,249.32)	-	119.88
Impairment loss allowance and first loss default guarantee	7,423.41	(3,678.98)	-	3,744.43
Minimum alternate tax credit entitlement*	-	145.24	-	145.24
Others	4.39	2.71	-	7.10
Liabilities				
Difference in written down value as per Companies Act and Income Tax Act	-	1.28	-	1.28
Financial liabilities measured at amortised cost	433.26	(302.96)	-	130.30
Fair valuation of financial instruments through profit and loss	2.98	(2.36)	-	0.62
Fair valuation of loan assets through other comprehensive income	-	-	1,369.88	1,369.88
Deferment of excess interest spread	-	2,544.70	-	2,544.70
Total	9,260.64	(7,042.88)	(1,352.52)	865.24

* Minimum alternate tax credit pertains to financial year ended March 31, 2020 having expiry financial year ended March 31, 2034.

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(All amounts in ₹ lakhs, unless otherwise stated)

13 Property, plant and equipment

Gross Block	Freehold land	Buildings (refer note (i))	Right of use	Plant & Equipment	Office Equipment	Furniture & Fixtures	Vehicles (refer note (iv))	Total	Capital work in progress
Balance as at April 1, 2018	1,518.37	692.12	-	1,800.15	612.76	1,230.10	202.98	6,056.48	1,609.31
Additions	-	895.20	-	519.17	104.62	198.97	12.88	1,730.84	900.18
Disposals	-	-	-	(157.96)	(119.99)	(110.85)	(15.52)	(404.32)	(895.20)
Balance as at March 31, 2019	1,518.37	1,587.32	-	2,161.36	597.39	1,318.22	200.34	7,383.00	1,614.29
Adjustment on transition to Ind AS 116	-	-	1,822.53	-	-	-	-	1,822.53	-
Additions	-	-	451.01	790.82	148.31	222.84	65.43	1,678.41	1,799.35
Disposals	-	-	(677.47)	(25.24)	(1.92)	(0.02)	(47.27)	(751.92)	-
Balance as at March 31, 2020	1,518.37	1,587.32	1,596.08	2,926.94	743.78	1,541.04	218.50	10,132.03	3,413.64
Accumulated depreciation									
Balance as at April 1, 2018	-	283.24	-	1,054.29	353.44	467.94	99.77	2,258.68	-
Depreciation charge for the year	-	60.78	-	569.63	134.73	221.41	33.17	1,019.72	-
Adjustment on account of disposals	-	-	-	(148.44)	(106.12)	(87.58)	(9.52)	(351.66)	-
Balance as at March 31, 2019	-	344.02	-	1,475.48	382.05	601.77	123.42	2,926.74	-
Depreciation charge for the year	-	73.17	606.20	620.57	129.12	212.89	28.77	1,670.72	-
Adjustment on account of disposals	-	-	(42.52)	(13.59)	(1.27)	(0.01)	(26.86)	(84.25)	-
Balance as at March 31, 2020	-	417.19	563.67	2,082.46	509.90	814.65	125.33	4,513.21	-
Net block									
Balance as at March 31, 2019	1,518.37	1,243.30	-	685.88	215.34	716.45	76.92	4,456.26	1,614.29
Balance as at March 31, 2020	1,518.37	1,170.13	1,032.40	844.48	233.88	726.39	93.17	5,618.82	3,413.64

Notes:

- (i) Buildings acquired under amalgamation continue in the name of Satin Intellicomm Limited.
- (ii) For disclosure of contractual commitments to be executed on capital account, refer to note 50.
- (iii) Vehicles are taken on finance lease; monthly instalments are paid as per agreed terms and conditions.
- (iv) Property, plant and equipment have been mortgaged/pledged as security for borrowings, refer to note 51.

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(All amounts in ₹ lakhs, unless otherwise stated)

14 Intangible assets under development

Gross Block	Intangible assets under development	Total
Balance as at April 1, 2018	13.75	13.75
Additions	112.42	112.42
Disposals/capitalised during the year	(106.57)	(106.57)
Balance as at March 31, 2019	19.60	19.60
Additions	75.00	75.00
Disposals/capitalised during the year	(94.60)	(94.60)
Balance as at March 31, 2020	-	-
Net block		
Balance as at March 31, 2019	19.60	19.60
Balance as at March 31, 2020	-	-

15 Other intangible assets

Gross Block	Intangible assets	Total
Balance as at April 1, 2018	1,004.30	1,004.30
Additions	145.72	145.72
Disposals	(111.19)	(111.19)
Balance as at March 31, 2019	1,038.83	1,038.83
Additions		
- Additions – being internally developed	84.61	84.61
- Additions – others	167.54	167.54
Disposals	-	-
Balance as at March 31, 2020	1,290.98	1,290.98
Accumulated amortisation		
Balance as at April 1, 2018	675.63	675.63
Amortisation charge for the year	231.40	231.40
Adjustment on account of disposal	(104.66)	(104.66)
Balance as at March 31, 2019	802.37	802.37
Amortisation charge for the year	83.00	83.00
Adjustment on account of disposal	-	-
Balance as at March 31, 2020	885.37	885.37
Net block		
Balance as at March 31, 2019	236.46	236.46
Balance as at March 31, 2020	405.61	405.61

Particulars	As at March 31, 2020	As at March 31, 2019
16 Other non-financial assets		
Prepaid expenses	1,394.76	404.26
Balances with government authorities	133.38	126.35
Capital advance	146.87	69.95
Gratuity fund asset	185.89	-
Other assets	284.55	167.72
Total	2,145.45	768.28

Particulars	As at March 31, 2020	As at March 31, 2019
17 Trade payables		
Total outstanding dues of micro enterprises and small enterprises	117.56	6.01
Total outstanding dues of creditors other than micro enterprises and small enterprises	848.47	182.10
Total	966.03	188.11

Particulars	As at March 31, 2020	As at March 31, 2019
18 Other payables		
Total outstanding dues of micro enterprises and small enterprises	193.77	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,332.60	1,154.83
Total	1,526.37	1,154.83

Particulars	As at March 31, 2020	As at March 31, 2019
19 Debt securities (at amortised cost)		
Non-convertible debentures	86,386.14	97,586.85
Total	86,386.14	97,586.85
Debt securities in India	86,386.14	97,586.85
Debt securities outside India	-	-
Total	86,386.14	97,586.85

Particulars	Terms of repayment	As at March 31, 2020	As at March 31, 2019
Non-convertible debentures (secured)			
1 Nil (March 31, 2019: 72), @13.15% (Previous year : 13.15%), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 2,500,000 each, The date of allotment is September 27, 2013. (Secured by way of hypothecation of book debts which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable at par on September 27, 2019, subject to call/put option after three years.	-	1,800.00
2 200 (March 31, 2019: 200), @12.75% (Previous year : 12.75%), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 2,500,000 each, The date of allotment is July 15, 2014. (Secured by way of hypothecation of book debts which shall be maintained at 110% of principal amount of the debentures outstanding.)	Redeemable at par on June 15, 2020, subject to call/put option on June 15, 2017.	5,000.00	5,000.00
3 300 (March 31, 2019: 300), @10.60% (Previous year : 10.60%), Secured, rated, unlisted redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is August 29, 2018. (Secured by way of hypothecation of book debts which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable on August 25, 2021, payable monthly.	1,416.66	2,416.66
4 Nil (March 31, 2019: 600) (Series A 400, Series B 600), @10.75% (Previous year : 10.75%), Secured, unlisted, redeemable, nonconvertible debentures of face value of ₹ 1,000,000 each, The date of allotment is December 19, 2017. (Secured by way of hypothecation of book debts which shall be maintained at 110% of principal amount of the debentures outstanding.)	Redeemable at par on December 31, 2018, (Series A) and November 30, 2019 (Series B) payable monthly.	-	4,000.00
5 600 (March 31, 2019: 600), @11.95% (Previous year : 11.95%), Secured, listed, redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is February 8, 2018. (Secured by way of hypothecation of book debts which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable at par on February 8, 2021, Payable annually	2,000.00	4,000.00
6 20 (March 31, 2019: 20), @14.50% (Previous year : 14.50%), Secured, senior, rated, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is May 8, 2015. (Secured by way of hypothecation of book debts which shall be maintained at 110% of principal amount of the debentures outstanding.)	Redeemable on December 18, 2020, subject to put option on May 8, 2019.	200.00	200.00
7 2,130 (March 31, 2019: 2,130), @11.095% (Previous year : 11.095%), Secured, rated, listed redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is December 14, 2018. (Secured by way of hypothecation of book debts which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable on December 14, 2023, payable half yearly.	21,300.00	21,300.00
8 680 (March 31, 2019: 680), @11.70% (Previous year : 13.25%), Secured, rated, redeemable, listed non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is June 15, 2016. (Secured by way of hypothecation of book debt which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable on June 15, 2025, subject to call/put option after three years from date of allotment.	6,800.00	6,800.00
9 Nil (March 31, 2019: 200), @13.50% (Previous year : 13.50%), Secured, listed, redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is September 20, 2017. (Secured by way of hypothecation of book debts which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable at par on September 20, 2019.	-	2,000.00

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10	Nil (March 31, 2019: 250), @12.00% (Previous year : 12.00%), Secured, rated, listed redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is November 11, 2016. (Secured by way of hypothecation of book debt which shall be maintained at 110% of principal amount of the debentures outstanding.)	Redeemable on November 11, 2019.	-	2,500.00
11	250 (March 31, 2019: 250), @10.35% (Previous year : 10.35%), Secured, rated, unlisted redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is February 27, 2019. (Secured by way of hypothecation of book debts which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable on May 8, 2020.	2,500.00	2,500.00
12	650 (March 31, 2019: 650), @12.06% (Previous year : 12.06%), Secured, listed, redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is October 3, 2017. (Secured by way of hypothecation of book debt which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable at par on October 3, 2022, subject to call/put Option after three years from date of allotment.	6,500.00	6,500.00
13	250 (March 31, 2019: 250), @13.35% (Previous year : 13.35%), Secured, rated, redeemable, listed, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is November 3, 2016. (Secured by way of hypothecation of book debts which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable on November 30, 2020.	2,500.00	2,500.00
14	450 (March 31, 2019: 450), @11.34% (Previous year : 11.34%), Secured, unlisted, redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is December 7, 2017. (Secured by way of hypothecation of book debt which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable at par on December 7, 2020.	4,500.00	4,500.00
15	330 (March 31, 2019: 330), @11.99% (Previous year : 11.99%), Secured, unlisted, redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is December 8, 2017. (Secured by way of hypothecation of book debts which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable at par on December 8, 2020.	3,300.00	3,300.00
16	970 (March 31, 2019: 970), @11.67% (Previous year : 11.67%), Secured, rated, listed redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is July 31, 2018. (Secured by way of hypothecation of book debt which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable on July 31, 2023, subject to call/put option after three years of allotment.	9,700.00	9,700.00
17	387 (March 31, 2018: 387), @11.00% (Previous year : 11.00%), Secured, rated, listed redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is October 26, 2018. (Secured by way of hypothecation of book debts which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable on October 26, 2021.	3,870.00	3,870.00
18	1200 (March 31, 2019: Nil), @11.45% (Previous year: Nil%), Secured, rated, listed redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is September 27, 2019. (Secured by way of hypothecation of book debt which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable on September 27, 2023.	12,000.00	-
	Total (A)		81,586.66	82,886.66

(B) Non convertible debentures (unsecured)

1	Nil (Series A 400, Series B 600) (March 31, 2019: 1000), @11.15%, unsecured, rated, redeemable, nonconvertible debentures of face value of ₹ 1,000,000 each, The date of allotment is December 19, 2017.	Redeemable on December 19, 2018 (Corrigendum date December 31, 2018) (Series A) and November 19, 2019 (Corrigendum date November 30, 2019) (Series B).	-	4,000.00
2	Nil (March 31, 2019: 125), @14.30%. Unsecured, rated, senior, redeemable, taxable, transferable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is April 5, 2016.	Redeemable on April 4, 2019.	-	1,250.00
3	Nil (March 31, 2019: 67,489), @13.00%, Unsecured, rated, senior, redeemable, taxable, transferable, nonconvertible debentures of face value of ₹ 5,000 each, The date of allotment is May 27, 2016.	Redeemable on May 28, 2019.	-	3,374.45
4	Nil (March 31, 2019: 150), @12.25%. Unsecured, rated, unlisted, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is December 26, 2016.	Redeemable on December 9, 2019	-	1,500.00
5	250 (March 31, 2019: 250), @13.35%, Unsecured, rated, listed, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is November 4, 2016.	Redeemable on November 30, 2020	2,500.00	2,500.00
6	2,628 (March 31, 2019: 2628), @14.15%, Unsecured, rated, listed, senior, redeemable, taxable, transferable, non-convertible debentures of face value of ₹ 100,000 each, The date of allotment is October 5, 2015.	Redeemable on September 15, 2021, subject to call put option of 4th year September 16, 2019	2,628.00	2,628.00
	Total (B)		5,128.00	15,252.45
	Total (A+B)		86,714.66	98,139.11
	Less: Unamortised transaction costs		(328.52)	(552.26)
	Total		86,386.14	97,586.85

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Particulars	As at March 31, 2020	As at March 31, 2019
20 Borrowings (other than debt securities) (at amortised cost)		
Term loans		
From banks		
Secured	2,07,249.46	1,69,329.74
From other parties		
Secured	1,65,668.87	1,54,511.50
Unsecured	782.63	361.42
Overdraft facility against term deposits		
From banks		
Secured	13,793.17	5,914.98
Unsecured	-	0.17
External commercial borrowings		
Secured	11,936.89	2,738.96
Unsecured	7,030.14	
Commercial paper	-	8,805.66
Liability against securitised assets (net of over collateralisation amount)	3,910.50	33,891.45
Liability against leased assets	1,090.95	
Total	4,11,462.61	3,75,553.88
Borrowings in India	3,92,495.58	3,72,814.92
Borrowings outside India	18,967.03	2,738.96
Total	4,11,462.61	3,75,553.88

Particulars	As at March 31, 2020	As at March 31, 2019
21 Sub-ordinated liabilities (at amortised cost)		
Preference shares other than those that qualify as equity (refer notes A (i))	2,493.44	2,487.23
Liability component of compound financial instruments (refer notes A (ii))	-	5,157.12
Non-convertible debentures (refer note B)	26,105.44	18,274.53
Term loans from banks	25,500.00	25,500.00
Term loans from parties other than banks	999.75	997.56
External commercial borrowings	1,203.91	1,503.24
Total	56,302.54	53,919.68
Sub-ordinated liabilities in India	55,098.63	52,416.44
Sub-ordinated liabilities outside India	1,203.91	1,503.24
Total	56,302.54	53,919.68

Notes:**A Preference shares**

(i) During the year ended March 31, 2017, the Holding Company allotted 25,000,000, 12.10% Rated, Cumulative, Non-Participative, Non-Convertible, Compulsorily Redeemable Preference Shares of face value of ₹10 each fully paid-up for cash at an issue price of ₹ 10 and are redeemable on April 22, 2021.

(ii) During the year ended March 31, 2018, the Holding Company allotted 1,343,283, 0.01% Optionally Convertible, Cumulative, Redeemable Preference Shares ("OCCRPS") of face value of ₹ 10 each fully paid-up for cash at an issue price of ₹ 335 per share. Each preference share is either convertible into equivalent number of equity shares of the Company of ₹10 each at the option of allottee within a time frame not exceeding 18 months from the date of allotment or subject to redemption by the Holding Company at the end of such time frame and on such terms and conditions along with applicable yield of 12% per annum of the consideration paid by allottee, as may be deemed appropriate by the Board of Directors. Further, these OCCRPS are converted into equivalent number of equity shares (i.e., 1,343,283 equity shares) of face value of ₹ 10 each on June 27, 2019. The Holding Company had measured this as compound financial instruments and accordingly, equity and liability component is recognised.

B Non convertible debentures (unsecured)

Particulars	Terms of repayment	As at March 31, 2020	As at March 31, 2019
1 Nil (March 31, 2019: 84), @18.00%, Unsecured, listed, redeemable, non-convertible debentures of face value of ₹ 2,500,000 each, The date of allotment is July 15, 2014.	Redeemable at par on October 16, 2019	-	2,100.00
2 150 (March 31, 2019: 150), @16.90%, Unsecured, listed, redeemable, non-convertible debentures of face value of ₹1,000,000 each, The date of allotment is March 20, 2015.	Redeemable at par on September 20, 2020	1,500.00	1,500.00
3 130 (March 31, 2019: 130), @17.75%, Unsecured, unlisted, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is March 31, 2015.	Redeemable at par on December 18, 2020	1,300.00	1,300.00
4 250 (March 31, 2019: 250), SBI Base rate + 6.15% i.e. 15.85%, Unsecured, rated, redeemable, listed, taxable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is June 30, 2015.	Redeemable on June 30, 2021	2,500.00	2,500.00
5 250 (March 31, 2019: 250), @15.50%, Unsecured, rated, subordinated, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is December 30, 2015.	Redeemable on April 15, 2022	2,500.00	2,500.00
6 100 (March 31, 2019: 100), @15.50%, Unsecured, rated, unlisted, redeemable, non-convertible debentures of face value of ₹1,000,000 each, The date of allotment is June 28, 2016.	Redeemable on September 28, 2022	1,000.00	1,000.00
7 100 (March 31, 2019: 100), @15.00%, Unsecured, rated, unlisted, redeemable, non-convertible debentures of face value of ₹1,000,000 each, The date of allotment is June 29, 2016.	Redeemable on September 30, 2022	1,000.00	1,000.00
8 100 (March 31, 2019: 100), @15.00%, Unsecured, rated, unlisted, redeemable, non-convertible debentures of face value of ₹1,000,000 each, The date of allotment is June 29, 2016.	Redeemable on December 31, 2022	1,000.00	1,000.00
9 100 (March 31, 2019: 100), @15.00% Unsecured, rated, unlisted, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is June 29, 2016.	Redeemable on March 31, 2023	1,000.00	1,000.00
10 350 (March 31, 2019: 350), @13.85%, Unsecured, unrated, unlisted, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is March 29, 2017.	Redeemable on April 30, 2023	3,500.00	3,500.00
11 100 (March 31, 2019: 100), @15.00%, Unsecured, rated, unlisted, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is June 29, 2016.	Redeemable on June 30, 2023	1,000.00	1,000.00
12 300 (March 31, 2019: Nil), @15.50%, Unsecured, rated, listed, redeemable, taxable, transferable, non-convertible debentures of face value of ₹ 1000000 each, The date of allotment is December 17, 2019.	Redeemable on December 31, 2026	3,000.00	-

SATIN CREDITCARE NETWORK LIMITED

Notes to the Consolidated financial statements for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

13	5,005 (March 31, 2019: Nil), @ 13.14 %, Unsecured, rated, unlisted, redeemable, taxable, transferable, non-convertible debentures of face value of ₹ 50,000 each, The date of allotment is March 24, 2020.	Redeemable on April 24, 2027	2,502.50	-
14	5,005 (March 31, 2019: Nil), @ 13.14 %, Unsecured, rated, unlisted, redeemable, taxable, transferable, non-convertible debentures of face value of ₹ 50,000 each, The date of allotment is March 24, 2020.	Redeemable on April 24, 2027	2,502.50	-
15	20 (March 31, 2019: Nil), @ 14 %, Unsecured, rated, listed, redeemable, taxable, transferable, non-convertible debentures of face value of ₹ 1,00,00,000 each, The date of allotment is December 17, 2019.	Redeemable on December 21, 2026	2,000.00	-
Total			26,305.00	18,400.00
	Less: Unamortised transaction costs		(199.56)	(125.47)
Total			26,105.44	18,274.53

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SATIN CREDITCARE NETWORK LIMITED
Notes to the Consolidated financial statements for the year ended March 31, 2020
(All amounts in ₹ lakhs, unless otherwise stated)

Terms of repayment of debt securities, other borrowings and subordinated liabilities as on March 31, 2020 are as follows:#

Repayment	Interest rate range	Due within 1 year		Due within 1 to 2 years		Due within 2 to 3 years		Due within 3 to 4 years		Due after 4 years		Total
		No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	Amount
Monthly	Below 9.00%	94	4,038.24	83	4,035.88	44	965.27	12	4.96	8	3.56	9,047.91
	9% to 12%	521	55,917.47	223	23,869.15	90	7,142.35	46	16.33	11	4.37	86,949.66
	12.01% to 15%	1,090	25,798.19	729	16,774.58	244	2,538.80	179	1,975.74	93	750.54	47,837.85
	Above 15%	-	-	-	-	-	-	-	-	-	-	-
Quarterly	Below 9.00%	3	38.49	4	51.32	4	51.32	4	51.32	24	307.55	500.00
	9% to 12%	99	74,788.79	53	34,485.23	22	16,056.67	4	1,333.33	-	-	1,26,664.02
	12.01% to 15%	12	1,693.50	12	1,506.43	10	1,192.32	3	187.50	-	-	4,579.75
	Above 15%	-	-	-	-	-	-	-	-	-	-	-
Semi-annually	Below 9.00%	-	-	2	2,671.50	2	2,671.50	2	2,671.50	2	2,671.50	10,686.00
	9% to 12%	25	50,272.86	26	34,421.46	16	16,685.71	8	8,685.71	3	1,000.00	1,11,065.74
	12.01% to 15%	-	-	-	-	-	-	-	-	4	2,000.00	2,000.00
	Above 15%	-	-	-	-	-	-	-	-	4	3,000.00	3,000.00
Annually	9% to 12%	1	2,000.00	-	-	-	-	-	-	-	-	2,000.00
Bullet	Below 9.00%	1	2,000.00	-	-	-	-	-	-	-	-	2,000.00
	9% to 12%	10	28,750.00	2	6,498.00	1	6,800.00	-	-	-	-	42,048.00
	12.01% to 15%	4	10,200.00	-	-	3	17,586.27	3	15,700.00	1	20,000.00	63,486.27
	Above 15%	3	3,800.00	1	2,500.00	3	6,500.00	-	-	-	-	12,800.00
Bullet	-	-	-	-	1	2,500.00	-	-	-	-	2,500.00	
On demand	Variable rates	-	13,793.17	1	3,000.00	2	6,000.00	1	3,000.00	4	5,005.00	30,798.17
Total		1,863	2,73,090.71	1,136	1,29,813.55	442	86,690.21	262	33,626.39	154	34,742.52	5,57,963.36

Terms of repayment of debt securities, other borrowings and subordinated liabilities as on March 31, 2019 are as follows:#

Repayment	Interest rate range	Due within 1 year		Due within 1 to 2 years		Due within 2 to 3 years		Due within 3 to 4 years		Due after 4 years		Total
		No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	Amount
Monthly	9% to 12%	521	93,356.29	263	25,986.36	53	1,085.55	28	168.65	15	8.72	1,20,605.57
	12.01% to 15%	400	24,825.01	226	15,396.05	26	9,038.39	1	60.00	-	-	49,319.45
	Above 15%	-	-	-	-	-	-	-	-	-	-	-
Quarterly	9% to 12%	97	62,685.84	45	22,131.67	6	624.87	1	150.00	-	-	85,592.38
	12.01% to 15%	18	3,485.60	9	1,402.86	8	1,152.86	6	864.64	-	-	6,905.96
	Above 15%	-	-	-	-	-	-	-	-	-	-	-
Semi-annually	9% to 12%	18	42,843.25	21	32,917.86	21	16,748.21	12	10,685.71	8	8,185.71	1,11,380.74
	12.01% to 15%	2	1,000.00	-	-	-	-	-	-	-	-	1,000.00
Annually	9% to 12%	1	2,000.00	1	2,000.00	-	-	-	-	-	-	4,000.00
Bullet	9% to 12%	14	24,605.66	4	14,050.00	1	3,870.00	-	-	-	-	42,525.66
	12.01% to 15%	8	19,352.45	4	10,200.00	-	-	2	10,500.00	4	35,700.00	75,752.45
	Above 15%	1	2,100.00	3	3,800.00	1	2,500.00	3	6,500.00	-	-	14,900.00
Bullet	-	1	5,161.28	-	-	1	2,500.00	-	-	-	-	7,661.28
On demand	Variable rates	-	5,914.98	-	-	-	-	-	-	-	-	5,914.98
Total		1,081	2,87,330.36	576	1,27,884.80	117	37,519.88	53	28,929.00	27	43,894.43	5,25,558.47

All the above mentioned repayments disclosed as per the contractual maturities of debt securities, borrowing other than debt securities and subordinate liabilities at gross carrying value.

Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

Particulars	Debt securities	Borrowings (other than debt)	Subordinated liabilities	Liability against leased assets	Total
April 1, 2018	91,929.66	3,87,239.88	36,918.92	-	5,16,088.46
Cash flows:					
- Repayment	(34,702.86)	(3,45,753.07)	(369.81)	-	(3,80,825.74)
- Proceeds from overdraft facility	-	4,171.08	-	-	4,171.08
- Proceeds other than overdraft facility	40,370.00	3,29,267.50	20,000.00	-	3,89,637.50
	97,596.80	3,74,925.39	56,549.11	-	5,29,071.30
Non-cash:					
- Conversion of Optionally Convertible, Redeemable Preference Shares	-	-	(3,500.00)	-	(3,500.00)
- Foreign exchange	-	149.75	80.63	-	230.38
- Amortisation of upfront fees	(9.95)	478.74	789.94	-	1,258.73
- Others	-	-	-	-	-
	97,586.85	3,75,553.88	53,919.68	-	5,27,060.41
March 31, 2019					
Adoption of Ind AS 116	-	-	-	1,822.53	1,822.53
Cash flows:					
- Repayment	(32,852.45)	(2,87,956.35)	(2,469.76)	(693.40)	(3,23,971.96)
- Proceeds from overdraft facility	-	7,878.19	-	-	7,878.19
- Proceeds other than overdraft facility	21,428.00	3,14,957.76	10,005.00	-	3,46,390.76
	(11,424.45)	34,879.60	7,535.24	(693.40)	30,296.99
Non-cash:					
- Addition during the year	-	-	-	451.01	451.01
- Conversion of Optionally Convertible, Redeemable Preference Shares	-	-	(5,310.68)	-	(5,310.68)
- Foreign exchange	-	721.38	65.97	-	787.35
- Amortisation of upfront fees	238.56	1,656.31	209.56	-	2,104.43
- Deferment of upfront processing fee	(14.82)	(2,439.51)	(117.23)	-	(2,571.56)
- Others	-	-	-	(489.19)	(489.19)
	86,386.14	4,10,371.66	56,302.54	1,090.95	5,54,151.29

Notes:

- i) The Borrowings together with debt securities and subordinate liabilities referred in notes 19, 20 and 21 are secured by way hypothecation of portfolio loans arising out of its business operations, cash collateral in the form of fixed deposits. The same have also been guaranteed by two of the directors of the Holding Company in their personal capacity.
- ii) Vehicles and building are hypothecated for respective borrowings availed for purchase of property plant and equipment.

Particulars	As at March 31, 2020	As at March 31, 2019
22 Other financial liabilities		
Interest accrued on debt securities	2,544.26	2,924.36
Interest accrued on borrowings other than debt securities	2,506.61	2,412.27
Interest accrued on subordinated liabilities	828.16	485.41
Payable towards assignment and securitisation transactions	17,192.41	19,708.59
Margin money received from customers	664.62	506.02
First loss default guarantee	1,489.75	870.03
Payable to employees	212.99	883.99
Security deposit received	18.37	26.99
Insurance payables	48.63	448.54
Financial liability for corporate guarantee	26.53	-
Total	25,532.33	28,266.20

Particulars	As at March 31, 2020	As at March 31, 2019
23 Provisions		
Provision for gratuity	13.39	423.19
Provision for compensation absences	1,272.32	1,092.29
Total	1,285.71	1,515.48

Particulars	As at March 31, 2020	As at March 31, 2019
24 Other non-financial liabilities		
Interest received in advance	30.19	11.23
Deferred income	21.17	103.29
Statutory dues payables	851.87	851.65
Total	903.23	966.17

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	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
25 Equity share capital				
A Authorised share capital				
Equity share capital of face value of ₹ 10 each				
At the beginning of the year	6,50,00,000	6,500.00	6,50,00,000	6,500.00
Additions during the year	-	-	-	-
	6,50,00,000	6,500.00	6,50,00,000	6,500.00
B Issued and subscribed				
Equity share capital of face value of ₹ 10 each				
At the beginning of the year	4,89,50,367	4,895.04	4,77,20,269	4,772.03
Additions during the year	31,34,327	313.43	12,30,098	123.01
	5,20,84,694	5,208.47	4,89,50,367	4,895.04
C Fully paid-up				
Equity share capital of face value of ₹ 10 each				
At the beginning of the year	4,89,03,867	4,890.39	4,76,73,769	4,767.38
Additions during the year	31,34,327	313.43	12,30,098	123.01
	5,20,38,194	5,203.82	4,89,03,867	4,890.39
Less: Amount recoverable from Satin Employees Welfare Trust (Equity shares of ₹ 10/- each allotted to the Satin Employees Welfare Trust)	(3,48,950)	(34.90)	(3,96,700)	(39.67)
Add: forfeited shares (Amount originally paid on 46,500 equity shares)	-	2.35	-	2.35
	5,16,89,244	5,171.27	4,85,07,167	4,853.07
D Reconciliation of number of equity shares outstanding at the beginning and at the end of the year				
Balance at the beginning of the year	4,89,03,867	4,890.39	4,76,73,769	4,767.38
Add: Issued during the year	31,34,327	313.43	12,30,098	123.01
	5,20,38,194	5,203.82	4,89,03,867	4,890.39
E Reconciliation of number of equity shares issued to Satin Employees Welfare Trust outstanding at the beginning and at the end of the year				
Balance at the beginning of the year	3,96,700	39.67	4,28,200	42.82
Less: Allotted to employees during the year	47,750	4.78	31,500	3.15
	3,48,950	34.89	3,96,700	39.67

- F** (i) During the year ended March 31, 2019, the allotment of 1,230,098 equity shares of ₹ 10 each at issue price of ₹ 284.53 per share including premium of ₹ 274.53 per share on preferential basis pursuant to conversion of 1,230,098, 0.01% Optionally Convertible, Redeemable Preference Shares ("OCRPS") of face value of ₹ 10 each fully paid-up to Capital First Limited (entity belonging to non-promoter group).
- (ii) During the year ended March 31, 2020, the allotment of 1,343,283 equity shares of ₹ 10 each at issue price of ₹ 335 per share including premium of ₹ 325 per share on preferential basis pursuant to conversion of 1,343,283, Optionally Convertible, Cumulative, Redeemable Preference Shares ("OCCRPS") of face value of ₹ 10 each fully paid-up to IndusInd Bank Limited (entity belonging to non-promoter group).
- (iii) During the year ended March 31, 2020, the allotment of 1,791,044 equity shares of ₹ 10 each at issue price of ₹ 335 per share including premium of ₹ 325 per share (25% of which was paid on allotment of fully convertible warrants (FCW) and 75% was paid on allotment of equity shares) on preferential basis pursuant to conversion of 1,791,044 FCW of face value of ₹ 10 each fully paid-up to Trishashna Holdings & Investments Private Ltd' (THIPL) (entity belonging to promoter group).

G Rights, preferences and restrictions

The Holding Company has only one class of equity shares having par face value of ₹ 10 per share. Each equity shareholder is eligible for one vote per share held. Any dividend, if proposed by the Board of Directors, is subject to the approval of shareholders. Dividend declared and paid would be in Indian rupees. Dividends are subject to corporate dividend tax. In the event of liquidation of the Company, the holders of equity share will be entitled to receive remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

H Details of shareholder holding more than 5% share capital:

	As at March 31, 2020		As at March 31, 2019	
	Number	%	Number	%
Trishashna Holdings & Investments Private Limited (THIPL) *	1,43,23,264	27.52%	1,18,63,415	24.26%
Nordic Microfinance Initiative Fund III KS	33,69,318	6.47%	33,69,318	6.89%
DSP Equity & Bond Fund #	4,785,520	9.20%	36,76,910	7.52%
SBI FMO Emerging Asia Financial Sector Fund Pte. Ltd.	33,13,609	6.37%	33,13,609	6.78%
Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Small Cap Fund	2,922,786	5.62%	30,48,306	6.23%

* THIPL, Promoter entity, whose shareholding (due to inter-se transfer of Promoter's) has been changed with effect from March 04, 2019 vide order No. 147 of petition number CP(CAA)-29(PB)/2018 connected with CA(CAA)-127(PB)/2017 received from National Company Law Tribunal, Principal Bench, New Delhi.

Shareholding is on combined basis.

I Aggregate number of shares issued for consideration other than cash during the last five years

i) On August 30, 2016, the allotment of 1,087,456 equity shares of ₹ 10 each at an issue price of ₹ 457.82 per share including premium of ₹ 447.82 per share on preferential basis to persons and entities belonging to promoter and non-promoter group pursuant to swap of equity shares of the Holding Company with the shareholders of Taraashna Financial Services Limited, "TFSL" (Previously known as Taraashna Services Limited) with an intent to make it a subsidiary of the Holding Company in accordance with the provisions of Chapter VII of SEBI (ICDR) Regulations, 2009. Accordingly, as per confirmation received from TFSL, 7,977,239 equity shares were transferred to the Company.

ii) On May 30, 2018, the allotment of 1,230,098 equity shares of ₹ 10 each on conversion of 1,230,098, 0.01% Optionally Convertible, Redeemable Preference Shares ("OCRPS") of face value of ₹ 10 each fully paid-up to Capital First Limited (entity belonging to non-promoter group).

(iii) On June 27, 2019, the allotment of 1,343,283 equity shares of ₹ 10 each on conversion of 1,343,283, Optionally Convertible, Cumulative, Redeemable Preference Shares ("OCCRPS") of face value of ₹ 10 each fully paid-up to IndusInd Bank Limited (entity belonging to non-promoter group).

J Shares reserved for issue under options

For details of shares reserved for issue under the Employee Stock Option Plan (ESOP), refer note to 56.

K In respect of securities convertible into equity shares issue along with their earliest date of conversion and other related terms and conditions disclosed in note .

L The information required to be disclosed that enables user of its financial statements to evaluate the its objectives, policies and process for managing capital is disclosed in note 43.

26 Other equity

Reserve and surplus	As at	
	March 31, 2020	March 31, 2019
Capital redemption reserve	277.00	277.00
Share options outstanding account	540.99	476.63
Statutory reserve fund	9,966.39	6,841.05
General reserve	29.94	29.94
Securities premium	94,548.74	83,342.21
Equity component of compound financial instruments	-	34.96
Retained earnings	27,400.52	15,044.45
Money received against share warrants	-	1,500.00
Other comprehensive income:		
Equity instruments through other comprehensive income	(5.00)	(5.00)
Changes in fair value of loan assets	6,869.19	2,550.33
Cash flow hedge reserve	69.87	-
	<u>1,39,697.64</u>	<u>1,10,091.57</u>

Nature and purpose of other reserve**Capital redemption reserve**

The same had been created in accordance with provisions of the Companies Act 2013 on account of redemption of preference shares.

Share options outstanding account

The reserve is used to recognise the fair value of the options issued to employees of the Group under Holding Company's employee stock option plan.

Statutory reserve fund

The reserve is created as per the provision of Section 45(IC) of Reserve Bank of India Act, 1934. This is a restricted reserve and no appropriation can be made from this reserve fund except for the purpose as may be prescribed by Reserve Bank of India.

General reserve

The management has transferred a portion of the net profit to general reserve before declaring dividend pursuant to the provision of erstwhile Companies Act.

Securities premium

Securities premium represents premium received on issue of shares. The amount is utilised in accordance with the provisions of the Companies Act 2013.

Equity component of compound financial instruments

Optionally convertible and redeemable preference shares issued by the Holding Company have been classified as compound financial instruments and recognized at amortised cost. The difference between transaction value and amortised cost has been recognised as a separate component in other equity.

Money received against share warrants

The Holding Company allotted 1,791,044 fully convertible warrants of ₹ 10 each at an issue price of ₹ 335 per warrant including premium of ₹ 325 per warrant on preferential basis to Trishashna Holdings & Investments Private Limited (an entity belonging to promoter group) on December 28, 2017. Each warrant is convertible into or exchangeable at an option of warrant holder, in one or more tranches in one equity share of face value of ₹ 10 each at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment of the warrants and subsequently the same was converted into equity shares on June 27, 2019.

Equity instruments through other comprehensive income

This represents the cumulative gains and losses arising on the fair valuation of equity instruments measured at fair value through other comprehensive income.

Changes in fair value of loan assets

This represents the cumulative gains and losses arising on the fair valuation of loan assets classified under business model of hold and hold to collect and sell.

Cash flow hedge reserve

Cash flow hedge reserve is used to eliminate or reduce the exposure that arises from changes in the cash flows of a financial asset or liability (or other eligible exposure) due to changes in a particular risk, such as interest rate risk on a floating rate debt instrument.

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Particulars	For the year ended		For the year ended	
	March 31, 2020		March 31, 2019	
	On financial assets measured at amortised cost	On financial assets measured classified at fair value through profit and loss	On financial assets measured at amortised cost	On financial assets measured classified at fair value through profit and loss
27 Interest income				
Interest income on portfolio loans	96,533.90	-	1,11,244.47	-
Income from housing and other loans	2,868.67	-	392.55	-
Interest income on deposits, certificate of deposits and commercial papers	7,183.24	-	6,253.62	-
Interest income on investments	-	2,978.17	-	489.12
Interest income on unwinding of assigned portfolio	1,436.54	-	226.83	-
Sub-total	1,08,022.35	2,978.17	1,18,117.47	489.12
Total		1,11,000.52		1,18,606.59

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
28 Dividend income		
Dividend income	2.21	-
Total	2.21	-

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
29 Fees and commission income		
Service fee and facilitation charges	1,032.11	354.95
Income from business correspondent operations	12,746.31	8,735.32
Total	13,778.42	9,090.27

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
30 Net gain on fair value changes		
(A) Net gain on financial instruments measured at fair value through profit and loss		
- Investments		
Gain on sale of mutual funds	1,568.59	2,752.00
(Loss)/gain on fair valuation of other investments	8.94	(6.78)
(B) Others		
- Derivatives	(139.70)	304.57
Total	1,437.83	3,049.79
Fair value changes		
- Realised	1,568.59	2,743.45
- Unrealised	(130.76)	306.34
Total	1,437.83	3,049.79

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
31 Net gain on derecognition of financial instruments under amortised cost category		
Gain on sale of loan portfolio through assignment	23,608.14	13,345.54
Total	23,608.14	13,345.54

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
32 Other operating income		
Commitment and other charges	124.42	168.77
Total	124.42	168.77

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
33 Other income		
Promotion of financial products	225.00	157.50
Rental income on building	32.06	24.24
Net gain on derecognition of property, plant and equipment	2.83	1.98
Net gain on termination of leases	42.44	-
Miscellaneous income	89.32	69.65
Total	391.65	253.37

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
34 Finance costs (on financial liabilities measured at amortised cost)		
Interest on debt securities	11,130.70	12,221.69
Interest on borrowings (other than debt securities)	39,863.37	45,360.52
Interest on subordinated liabilities	7,350.85	6,568.19
Interest expense for leasing arrangements	188.19	-
Other interest expenses	75.89	98.34
Total	58,609.00	64,248.74

SATIN CREDITCARE NETWORK LIMITED

Notes to the Consolidated financial statements for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
35 Impairment on financial instruments		
Loans written off	10,976.73	14,880.46
Impairment loss allowance on other receivable	479.23	15.69
Impairment loss allowance on housing and other loans	7,724.70	35.41
Reversal of impairment allowance on loans	-	(9,689.45)
Total	19,180.66	5,242.11

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
36 Employee Benefit Expenses		
Salaries, wages and bonus	30,775.07	27,642.48
Contribution to provident and other funds	3,642.64	2,134.14
Share based payment to employees	196.19	425.34
Staff welfare expenses	520.68	345.85
Total	35,134.58	30,547.81

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
37 Depreciation and amortisation		
Depreciation on property, plant and equipment	1,064.51	1,019.72
Depreciation on right-of-use assets	606.21	-
Amortisation on intangible assets	83.00	231.40
Total	1,753.72	1,251.12

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
38 Other Expenses		
Travelling and conveyance	997.82	1,041.71
Legal and professional charges	2,613.91	1,427.10
Insurance	688.18	526.21
Rent	1,565.64	1,861.07
Auditor's fee and expenses	45.24	43.58
Rates and taxes	115.33	162.57
Repairs and maintenance	627.67	577.35
Software expenses	112.49	46.56
Exchange fluctuation loss (net)	189.17	233.60
Loss on securitisation	-	378.06
Bank charges	446.62	368.17
Corporate social responsibility#	2.80	85.75
Property, plant and equipment written off	-	48.64
Car lease rent	75.00	149.59
Printing and stationery	469.60	447.44
Communication costs	586.88	764.63
Write off against FLDG	2,167.37	260.61
First loss default guarantee expenses	921.74	344.96
Website and maintenance charges	29.11	65.02
Advertisement and publicity	256.52	302.43
Preliminary expenses written off	-	4.46
Cash embezzlement	93.13	257.99
Other administrative expenses	1,504.74	1,284.68
Miscellaneous expenses	993.63	961.43
Total	14,502.59	11,643.61

*** Remuneration to auditors comprises of:**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
As auditors	37.61	39.61
Other services	6.06	18.00
Reimbursement of expenses	1.84	5.18
Total	45.51	62.79

Corporate social responsibility expenses

The Group spent ₹ 2.80 Lakhs (March 31, 2019 ₹ 85.75 Lakhs), towards Corporate Social Responsibility (CSR) activities as follows:

Particulars	For the year ended March 31, 2020		
	Amount spent	Amount unpaid	Total
Construction/acquisition of any asset	-	-	-
On purpose other than above	2.80	231.45	234.25

Particulars	For the year ended March 31, 2019		
	Amount spent	Amount unpaid	Total
Construction/acquisition of any asset	-	-	-
On purpose other than above	85.75	-	85.75

SATIN CREDITCARE NETWORK LIMITED

Notes to the Consolidated financial statements for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
39 Tax expense		
Current tax	5,575.17	4,388.42
Deferred tax charge/(credit)	90.21	7,042.88
Tax expense reported in the Statement of Profit and Loss	5,665.38	11,431.30

The major components of tax expense and its reconciliation to expected tax expense based on the enacted tax rate applicable to the Group is 25.168% (March 31, 2019: 34.944%) and the reported tax expense in statement of profit and loss are as follows:

Accounting profit before tax expense	21,162.64	31,580.94
Income tax rate	25.168%	34.944%
Expected tax expense	5,326.21	11,035.64
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Tax impact of expenses which is non deductible	191.92	304.54
Tax impact on items exempt under income tax	(6.28)	97.03
Impact of change in tax rates	187.93	(12.27)
Others	(34.40)	6.36
Tax expense	5,665.38	11,431.30

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
40 Earnings per share (EPS)		
Net profit after tax attributable to equity shareholders		
Net profit for the year for basic EPS	15,497.26	20,119.45
Dilutive impact of optionally convertible and redeemable preference shares	149.40	64.47
Net profit for the year for diluted EPS	15,646.66	20,183.92
Nominal value of equity share (₹)	10	10
Weighted-average number of equity shares for basis earnings per share	5,09,20,738	4,82,87,570
Effect of dilution:		
Optionally convertible preference shares	3,19,305	1,98,838
Share warrants	4,25,740	-
Share options	23,461	2,97,369
Weighted-average number of equity shares used to compute diluted earnings per share	5,16,89,244	4,87,83,777
Basic earnings per share (₹)	30.43	41.67
Diluted earnings per share (₹)	30.27	41.37

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SATIN CREDITCARE NETWORK LIMITED
Notes to the Consolidated financial statements for the year ended March 31, 2020
(All amounts in ₹ lakhs, unless otherwise stated)

41 Financial instruments

A Financial assets and liabilities

The carrying amounts of financial instruments by category are as follows:

Particulars	Note	As at March 31, 2020	As at March 31, 2019
Financial assets measured at fair value			
Derivative financial instruments	Note - 6	673.63	186.99
Loans measured at fair value through other comprehensive income	Note - 8	4,20,819.04	3,70,973.92
Investments measured at (i) Fair value through profit and loss	Note - 9	24,573.21	26,428.85
Financial assets measured at amortised cost			
Cash and cash equivalents	Note - 4	1,17,698.47	1,02,496.82
Bank balances other cash and cash equivalents	Note - 5	70,417.64	73,345.19
Trade receivables	Note - 7	1,232.97	1,237.63
Loans	Note - 8	73,292.13	83,888.56
Security deposits	Note - 10	419.70	268.38
Other financial assets	Note - 10	2,102.19	1,738.31
Total		7,11,228.98	6,60,564.65
Financial liabilities measured at amortised cost			
Trade payables	Note - 17	966.03	188.11
Other payables	Note - 18	1,526.37	1,154.83
Debt securities (including interest accrued)	Note - 19 and 22	88,930.40	1,00,511.21
Borrowings other than debt securities (including interest accrued)	Note - 20 and 22	4,13,969.22	3,77,966.15
Sub-ordinated liabilities (including interest accrued)	Note - 21 and 22	57,130.70	54,405.09
Other financial liabilities	Note - 22	19,653.30	22,444.16
Total		5,82,176.02	5,56,669.55

B Fair values hierarchy

Financial assets and financial liabilities are measured at fair value in the financial statements and are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

The categories used are as follows:

Level 1: Quoted prices (unadjusted) for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs).

Valuation technique used to determine fair value

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Group determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method, market comparable method, recent transactions happened in the Group and other valuation models. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

B.1 Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Loans at fair value through other comprehensive income				
Loans	-	4,20,819.04	-	4,20,819.04
Investments at fair value through profit and loss				
Commercial paper	24,518.47	-	-	24,518.47
Mutual funds	54.23	-	-	54.23
Government securities	-	0.51	-	0.51
Derivative financial assets at fair value through profit and loss				
Currency and interest swaps	-	673.63	-	673.63

As at March 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Loans at fair value through other comprehensive income				
Loans	-	3,70,973.92	-	3,70,973.92
Investments at fair value through profit and loss				
Certificate of deposits	26,428.34	-	-	26,428.34
Government securities	-	0.51	-	0.51
Derivative financial assets at fair value through profit and loss				
Currency and interest swaps	-	186.99	-	186.99

Valuation process and technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- (a) Eligible loans valued by discounting the aggregate future cash flows (both principal and interest cash flows) with credit risk-adjusted discounting rate for the remaining portfolio tenor. The Holding Company has considered the average valuation impact arrived using risk free, cost of funds and yield free securitisation approach.
- (b) The use of net asset value for mutual funds and certificated of deposits on the basis of the statement received from investee party.
- (c) The value of derivative contracts are determined using forward exchange rates at balance sheet date.

B.2 Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 3 inputs:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and cash equivalents	1,17,698.47	1,17,698.47	1,02,496.82	1,02,498.30
Bank balances other than cash and cash equivalents	70,417.64	70,417.64	73,345.19	73,345.19
Trade receivables	1,232.97	1,232.97	1,237.63	1,237.63
Loans	73,292.13	74,715.10	83,888.56	84,517.27
Security deposits	419.70	423.73	268.38	271.63
Other financial assets	2,102.19	2,102.19	1,738.31	1,738.39
Total	2,65,163.10	2,66,590.10	2,62,974.89	2,63,608.40
Financial liabilities				
Trade payables	966.03	966.03	188.11	254.28
Other payables	1,526.37	1,443.50	1,154.83	1,074.67
Debt securities (including interest accrued)	88,930.40	90,129.05	1,00,511.21	1,01,930.95
Borrowings other than debt securities (including interest accrued)	4,13,969.22	4,16,036.85	3,77,966.15	3,80,824.23
Sub-ordinated liabilities (including interest accrued)	57,130.70	58,597.52	54,405.09	55,845.43
Other financial liabilities	19,653.30	19,369.99	22,444.16	22,512.86
Total	5,82,176.02	5,86,542.94	5,56,669.55	5,62,442.42

The management assessed that fair values of cash and cash equivalents, other bank balances, trade receivables and trade payables approximate their respective carrying amounts, largely due to the short- term maturities of these instruments. The following methods and assumptions were used to estimate the fair values for other assets and liabilities:

- The fair values of fixed interest-bearing loans are determined by applying set of discount rates and then averaged out to arrive at the fair value.
- The fair values of fixed rate interest-bearing debt securities, borrowings and subordinated liabilities are determined by applying discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. For variable rate interest-bearing debt securities, borrowings and subordinated liabilities, carrying value represent best estimate of their fair value as these are subject to changes in underlying interest rate indices as and when the changes happen.

42 Financial risk management

i) Risk Management

The Group's activities expose it to market risk, liquidity risk and credit risk. the Holding Group's Board of directors has overall responsibility for the establishment and oversight of the Group risk management framework. The Group manages the risk basis policies approved by the board of directors. The board of directors provides written principles for overall risk management. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Risk management
Credit risk	Cash and cash equivalents (excluding cash on hand), other bank balances, investments, loans, trade receivables and other financial assets	Credit limit and ageing analysis	Highly rated bank deposits and diversification of asset base and collaterals taken for assets
Liquidity risk	Borrowings, debt securities, subordinated liabilities, trade payables and other financial liabilities	Cash flow forecasts	Committed borrowing and other credit facilities and sale of loan assets (whenever required)
Market risk - foreign exchange	Financial assets and liabilities not denominated in Indian rupee ₹	Cash flow forecasting	Currency and interest rate swaps
Market risk - interest rate	Change in interest rate of variable rates borrowings, debt securities and subordinated liabilities	Sensitivity analysis	Review of cost of funds and pricing disbursement
Market risk - security price	Investments in equity securities, mutual funds, certificate of deposits and commercial papers	Sensitivity analysis	Diversification of portfolio, with focus on strategic investments

In order to avoid excessive concentration of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

A) Credit risk

Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group's exposure to credit risk is influenced mainly by cash and cash equivalents, other bank balances, investments, loan assets, trade receivables and other financial assets. The Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

a) Credit risk management

Based on business environment in which the Group operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. The Group assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. The Group assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

- Low credit risk
- Moderate credit risk
- High credit risk

The Group provides for expected credit loss based on the following:

Asset group	Assets covered	Provision for expected credit loss
Low credit risk	Cash and cash equivalents (excluding cash on hand), other bank balances, investments, loans, trade receivables and other financial assets	Life time expected credit loss or 12 month expected credit loss
Moderate credit risk	Loans and other financial assets	Life time expected credit loss or 12 month expected credit loss
High credit risk	Loans	Life time expected credit loss or fully provided for

Financial assets that expose the entity to credit risk*

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Low credit risk		
Cash and cash equivalents	1,12,339.26	97,543.28
Bank balances other than cash and cash equivalents	70,417.64	73,345.19
Trade receivables	1,232.97	1,237.63
Loans	4,72,795.37	4,34,202.80
Security deposits	419.70	268.38
Other financial assets	2,102.19	1,738.31
(ii) Moderate credit risk		
Loans	6,263.00	2,871.04
(iii) High credit risk		
Loans	15,052.80	17,788.64
Other financial assets	168.54	138.17

* These represent gross carrying values of financial assets, without netting off impairment loss allowance.

Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents (excluding cash on hand) and bank deposits is managed by only accepting highly rated deposits from banks and financial institutions across the country.

Trade receivables

Trade receivables measured at amortized cost and credit risk related to these are managed by monitoring the recoverability of such amounts continuously.

Other financial assets measured at amortized cost

Other financial assets measured at amortized cost includes loans and advances to employees, security deposits, insurance claim receivables and other recoverable. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

Loans

The Group closely monitors the credit worthiness of the borrower's through internal systems and project appraisal process to assess the credit risk and define credit limits of borrower, thereby, limiting the credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures. The Group assesses increase in credit risk on an ongoing basis for amounts loan receivables that become past due and default is considered to have occurred when amounts receivable become 90 days past due.

The major guidelines for selection of the client includes:

- The client's income and indebtedness levels
- The client's household must be engaged in some form of economic activity which ensures regular and assured income
- The client must possess the required KYC documents
- Client must agree to follow the rules and regulations of the Group
- Credit bureau check – In order to deal with the problem of over extension of credit and indebtedness of the client, the organisation undertakes credit bureau checks compulsorily for every client. The credit bureau check helps the organisation in identifying clients with poor repayment histories and multiple loans.

i) Loans

Category*	Inputs	Assumptions
Micro finance loans	1. Ageing of historical data	1. Recoverability assumptions for stage 3 loan assets
Micro, Small and Medium Enterprises loans	2. Latest available interest rate as discounting factor	2. Averaging of best case and worst case scenarios

* The Holding Group has used forward looking information in form of real GDP growth rate for Micro finance loans and domestic credit growth rate for micro Small and Medium Enterprises loans.

Assets are written off when there is no reasonable expectation of recovery. The Group continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

ii) Housing and other loans

Two of the subsidiary companies have recently started business and hence, does not have history of inputs and there are no loan balances which has become 90 days past due and hence, provisioning norms are been used to make provision for loan assets, with a background of management overlay.

b) Credit risk exposure

i) Expected credit losses for financial assets other than loans

As at March 31, 2020	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	1,12,339.26	-	1,12,339.26
Bank balances other than cash and cash equivalents	70,417.64	-	70,417.64
Trade receivables	1,232.97	-	1,232.97
Security deposits	419.70	-	419.70
Other financial assets	2,270.73	168.54	2,102.19
As at March 31, 2019	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	97,543.28	-	97,543.28
Bank balances other than cash and cash equivalents	73,345.19	-	73,345.19
Trade receivables	1,237.63	-	1,237.63
Security deposits	268.38	-	268.38
Other financial assets	1,876.48	138.17	1,738.31

ii) Expected credit loss for loans

Definition of default:

The Group considers default in all cases when the borrower becomes 90 days past due on its contractual payments. The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default.

Changes in the gross carrying amount and the corresponding ECL allowances in relation to loans from beginning to end of reporting period:

Particulars	Stage 1	Stage 2	Stage 3
Gross carrying amount as at April 1, 2018	4,77,019.97	7,452.38	21,523.10
Assets originated*	3,45,337.17	-	-
Net transfer between stages			
Transfer to stage 1	154.96	(125.56)	(29.41)
Transfer to stage 2	(2,709.66)	2,724.50	(14.84)
Transfer to stage 3	(16,380.71)	(4,929.55)	21,310.26
Assets derecognised or collected (excluding write offs)	(3,58,942.33)	(2,250.73)	(3,055.46)
Write - offs (including death cases)	-	-	(21,945.01)
Gross carrying amount as at March 31, 2019	4,44,479.40	2,871.04	17,788.64
Assets originated*	4,24,463.40	4,751.85	5,333.65
Net transfer between stages			
Transfer to stage 1	405.10	(466.69)	61.59
Transfer to stage 2	(6,596.62)	6,602.13	(5.51)
Transfer to stage 3	(11,100.25)	(1,351.45)	12,451.69
Assets derecognised or collected (excluding write offs)	(3,62,681.57)	(5,982.92)	(7,525.32)
Write - offs (including death cases)	-	-	(12,252.23)
Gross carrying amount as at March 31, 2020	4,88,969.46	6,423.96	15,852.51

* Assets originated has been presented net of collection made during the year.

Reconciliation of loss allowance provision from beginning to end of reporting period:

Reconciliation of loss allowance	Loans			Other financial assets
	Stage 1	Stage 2	Stage 3	
Loss allowance on April 1, 2018	3,672.76	3,496.91	14,097.86	122.48
Increase of provision due to assets originated during the year	2,252.57	-	-	-
Net transfer between stages	-	-	-	15.69
Transfer to stage 1	1.18	(0.96)	(0.22)	-
Transfer to stage 2	(1,057.48)	1,064.40	(6.92)	-
Transfer to stage 3	(7,294.77)	(2,804.17)	10,098.94	-
Assets derecognised or collected	(936.96)	(749.84)	(11,922.31)	-
Impact of ECL on exposures transferred between stages during the year	5,591.81	(138.39)	(5,087.81)	-
Loss allowance on March 31, 2019	2,229.11	867.95	7,179.54	138.17
Increase of provision due to assets originated during the year	4,525.22	1,609.78	2,304.82	-
Net transfer between stages	-	-	-	30.37
Transfer to stage 1	113.18	(148.26)	35.08	-
Transfer to stage 2	(37.27)	39.48	(2.21)	-
Transfer to stage 3	(133.70)	(400.26)	533.96	-
Assets derecognised or collected	(1,107.74)	(264.88)	(5,307.53)	-
Impact of ECL on exposures transferred between stages during the year	64.24	486.61	1,848.60	-
Loss allowance on March 31, 2020	5,653.04	2,190.42	6,592.26	168.54

c) Concentration of loans

Particulars	As at March 31, 2020	As at March 31, 2019
Micro finance loans	4,63,091.55	4,33,025.08
Micro, Small and Medium Enterprises (MSME)	36,521.69	27,404.90
Housing finance loans	14,210.44	8,045.43
Less: Unamortised processing fee	(3,927.49)	(3,336.33)
Total	5,09,896.19	4,65,139.08

d) Loans secured against collateral

The Group secured portfolio pertains to MSME, housing and other loans, which are secured largely against property, plant and equipment, book debts, inventories, margin money and other working capital items. The Group collateral policy is consistent throughout the periods presented. The following table presents the maximum exposure to credit risk.

Particulars	Carrying value
As at March 31, 2020	
MSME loans secured by property, plant and equipment (including land, building and plots)	24,463.05
MSME loans secured by book debts, inventories, margin money and other working capital items	5,356.76
As at March 31, 2019	
MSME loans secured by property, plant and equipment (including land, building and plots)	17,316.40
MSME loans secured by book debts, inventories, margin money and other working capital items	5,483.57

Wherever required, the Group holds other types of collateral and credit enhancements, such as cross-collateralisation on other assets of the borrower, pledge of securities, guarantees of promoters/proprietors, hypothecation of receivables via escrow account, hypothecation of receivables in other bank accounts, etc.

The Group does not physically possess properties or other assets in its normal course of business but makes efforts toward recovery of outstanding amounts on delinquent loans. Once contractual loan repayments are overdue, the Group initiate the legal proceedings against the defaulted customers.

B) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities (other than derivatives) that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

The Group maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors the Group's liquidity positions (also comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. The Group also takes into account liquidity of the market in which the entity operates.

(i) Financing arrangements

The Group had access to the following undrawn borrowing facilities:

As at March 31, 2020	Total facility	Drawn	Undrawn
- Expiring within one year	44,673.15	14,493.17	30,179.98
- Expiring beyond one year	8,35,972.70	7,76,722.56	59,250.14
Total	8,80,645.85	7,91,215.73	89,430.12

As at March 31, 2019	Total facility	Drawn	Undrawn
- Expiring within one year	50,877.55	17,730.78	33,146.77
- Expiring beyond one year	7,54,568.74	7,23,418.74	31,150.00
Total	8,05,446.29	7,41,149.52	64,296.77

(ii) Maturities of financial assets and liabilities

The tables below analyse the Group financial assets and liabilities into relevant maturity groupings based on their contractual maturities. The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Derivatives have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products. With regard to loans and advances to customers, the Group uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

The amounts disclosed in the table are the contractual undiscounted cash flows:

As at March 31, 2020	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Financial assets					
Non-derivatives					
Cash and cash equivalents	1,17,741.99	-	-	-	1,17,741.99
Bank balances other than cash and cash equivalents	56,287.39	12,647.85	3,743.64	596.53	73,275.41
Trade receivables	1,232.97	-	-	-	1,232.97
Loans	3,00,605.67	2,37,872.22	19,155.68	49,772.41	6,07,405.98
Investments	25,059.74	-	-	-	25,059.74
Other financial assets	2,511.78	46.99	15.59	165.50	2,739.86
Derivatives (net settled)					
Derivative financial instruments	673.63	-	-	-	673.63
Total undiscounted financial assets	5,04,113.17	2,50,567.06	22,914.91	50,534.44	8,28,129.58
Financial liabilities					
Non-derivatives					
Debt Securities	35,443.60	22,338.26	29,047.84	19,666.99	1,06,496.69
Borrowings other than debt securities	2,74,412.20	1,22,432.35	51,726.44	16,149.71	4,64,720.70
Subordinated liabilities	12,014.40	10,031.87	18,914.85	45,882.24	86,843.36
Trade payables	966.03	-	-	-	966.03
Other payables	1,526.37	-	-	-	1,526.37
Other financial liabilities	19,395.35	49.05	-	-	19,444.40
Total undiscounted financial liabilities	3,43,757.95	1,54,851.53	99,689.13	81,698.94	6,79,997.55
Net undiscounted financial assets/(liabilities)	1,60,355.22	95,715.53	(76,774.22)	(31,164.50)	1,48,132.03

As at March 31, 2019	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Financial assets					
Non-derivatives					
Cash and cash equivalents	1,02,943.85	-	-	-	1,02,943.85
Bank balances other than cash and cash equivalents	61,495.36	13,380.84	1,737.13	43.05	76,656.38
Trade receivables	1,237.63	-	-	-	1,237.63
Loans	4,22,093.75	82,094.73	7,200.09	38,006.75	5,49,395.32
Investments	27,005.51	-	-	-	27,005.51
Other financial assets	2,019.93	34.60	61.17	156.59	2,272.29
Derivatives (net settled)					
Derivative financial instruments	186.99	-	-	-	186.99
Total undiscounted financial assets	6,16,983.02	95,510.17	8,998.39	38,206.39	7,59,697.97
Financial liabilities					
Non-derivatives					
Debt Securities	40,712.29	33,794.98	14,713.92	32,678.37	1,21,899.56
Borrowings other than debt securities	2,83,017.09	1,07,525.07	25,065.97	9,896.74	4,25,504.87
Subordinated liabilities	14,272.13	10,589.72	8,592.61	49,963.30	83,417.76
Trade payables	188.11	-	-	-	188.11
Other payables	1,154.83	-	-	-	1,154.83
Other financial liabilities	22,011.82	594.00	-	-	22,605.82
Total undiscounted financial liabilities	3,61,356.27	1,52,503.77	48,372.50	92,538.41	6,54,770.95
Net undiscounted financial assets/(liabilities)	2,55,626.75	(56,993.60)	(39,374.11)	(54,332.02)	1,04,927.02

The management has announced moratorium for all the customers. The maturities of financial assets and liabilities, as above, are the amount due and payable only to the extent the contractual terms with borrowers and provider of finances were amended as at March 31, 2020.

C) Market risk

a) Foreign currency risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the Group. To mitigate the Group's exposure to foreign currency risk, non-rupee cash flows are monitored and derivative contracts are entered into in accordance with the Group's risk management policies. Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises majorly on account of foreign currency borrowings. The Group manages its foreign currency risk by entering in to cross currency swaps and forward contract. When a derivative is entered in to for the purpose of being as hedge, the Group negotiates the terms of those derivatives to match with the terms of the hedge exposure.

Foreign currency risk exposure:

The Group exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows

Particulars	Currency	As at March 31, 2020	As at March 31, 2019
Financial liabilities			
External commercial borrowings (including interest accrued)	USD	20,454.71	4,259.40
(Gain)/loss: Derivative contract		(673.63)	(186.99)

Sensitivity

The sensitivity of profit and loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
USD sensitivity*		
INR/USD- increase by 5%	(1,022.74)	(212.97)
INR/USD- decrease by 5%	1,022.74	212.97

* Holding all other variables constant

b) Interest rate risk

i) Liabilities

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at March 31, 2020, the Group is exposed to changes in market interest rates through debt securities, other borrowings and subordinated liabilities at variable interest rates.

Interest rate risk exposure

Below is the overall exposure of the Group to interest rate risk:

Particulars	As at March 31, 2020	As at March 31, 2019
Variable rate liabilities		
Borrowings other than debt securities	2,16,680.13	1,57,261.73
Fixed rate liabilities		
Debt securities	86,386.14	97,586.85
Borrowings other than debt securities	1,94,782.48	2,18,292.15
Subordinated liabilities	56,302.54	53,919.68
Total	5,54,151.29	5,27,060.41

Sensitivity

The profits earned by the Company are sensitive to the change in interest rates on debt securities. The following table shows the sensitivity of profit due to change in interest rates:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest sensitivity*		
Interest rates – increase by 0.50%	863.16	696.84
Interest rates – decrease by 0.50%	(863.16)	(696.84)

* Holding all other variables constant

ii) Assets

The Group's fixed deposits are carried at amortised cost and are fixed and variable rate deposits. The Group is exposed to changes in MIBOR interest rates through fixed deposits at variable interest rates.

Interest rate risk exposure

Below is the overall exposure of the Group to interest rate risk:

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed deposits- variable rate	53,102.70	23,725.00
Fixed deposits- fixed rate	71,536.43	90,583.30
	1,24,639.13	1,14,308.30

Sensitivity

The profits earned by the Company are sensitive to the change in MIBOR interest rates on fixed deposits. The following table shows the sensitivity of profit due to change in MIBOR interest rates:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest sensitivity*		
Interest rates – increase by 1.00%	531.03	237.25
Interest rates – decrease by 1.00%	(531.03)	(237.25)

* Holding all other variables constant

c) Price risk

i) Exposure

The Group's exposure price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit and loss. To manage the price risk arising from investments, the Group diversifies its portfolio of assets.

ii) Sensitivity

The table below summarises the impact of increases/decreases of the index on the Group's equity and profit for the period:

Impact on profit after tax

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Certificate of deposits and commercial paper		
Net assets value – increase by 5%	1,228.66	1,321.44
Net assets value – decrease by 5%	(1,228.66)	(1,321.44)

43 Capital management

The primary objectives of the Group's capital management policy is to ensure that the Group complies with capital adequacy requirements required by the Reserve Bank of India and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Group's capital management objectives are

- to ensure the Group's ability to continue as a going concern
- to comply with externally imposed capital requirement and maintain strong credit ratings
- to provide an adequate return to shareholders

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the sub-ordination levels of the Group's various classes of debt. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets (including investments in Subsidiary companies). In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Particulars	As at March 31, 2020	As at March 31, 2019
Net debt*	3,71,914.21	3,57,040.44
Total equity	1,44,868.91	1,14,944.64
Net debt to equity ratio	2.57	3.11

* Net debt includes debt securities + borrowings other than debt securities + sub-ordinated liabilities + interest accrued - cash and cash equivalents - bank balances other than cash and cash equivalents.

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44 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Derivatives have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities.

Particulars	As at March 31, 2020		As at March 31, 2019	
	Within 12 months	After 12 months	Within 12 months	After 12 months
ASSETS				
Financial assets				
Cash and cash equivalents	1,17,698.47	-	1,02,496.82	-
Bank balances other than cash and cash equivalents	54,194.37	16,223.27	58,604.95	14,740.24
Derivative financial instruments	673.63	-	186.99	-
Trade receivables	1,232.97	-	1,237.63	-
Loans	2,31,444.53	2,62,666.64	3,61,645.89	93,216.59
Investments	24,573.21	-	26,428.85	-
Other financial assets	2,353.39	168.50	1,831.62	175.07
	4,32,170.57	2,79,058.41	5,52,432.75	1,08,131.90
Non-financial assets				
Current tax assets (net)	3,157.18	621.43	-	2,200.40
Deferred tax assets (net)	-	-	-	865.24
Property, plant and equipment	-	5,618.82	-	4,456.26
Capital work-in-progress	-	3,413.64	-	1,614.29
Intangible assets under development	-	-	-	19.60
Goodwill	-	3,370.66	-	3,370.66
Other intangible assets	-	405.61	-	236.46
Other non-financial assets	2,036.74	108.71	713.06	55.22
	5,193.92	13,538.87	713.06	12,818.13
TOTAL ASSETS	4,37,364.49	2,92,597.28	5,53,145.81	1,20,950.03
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Payables				
Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises	117.56	-	6.01	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	848.47	-	182.10	-
Other payables				
(i) total outstanding dues of micro enterprises and small enterprises	193.77	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,332.60	-	1,154.83	-
Debt securities	26,462.05	59,924.09	32,617.26	64,969.59
Borrowings (other than debt securities)	2,39,841.10	1,71,621.51	2,46,710.66	1,28,843.22
Subordinated liabilities	4,185.84	52,116.70	7,611.92	46,307.76
Other financial liabilities	25,459.86	72.47	27,866.43	399.77
	2,98,441.25	2,83,734.77	3,16,149.21	2,40,520.34
Non-financial liabilities				
Deferred tax liabilities (net)	-	727.90	-	-
Provisions	269.62	1,016.09	212.04	1,303.44
Other non-financial liabilities	892.08	11.15	895.24	70.93
	1,161.70	1,755.14	1,107.28	1,374.37
TOTAL LIABILITIES	2,99,602.95	2,85,489.91	3,17,256.49	2,41,894.71
Net equity	1,37,761.54	7,107.37	2,35,889.32	(1,20,944.68)

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45 Transferred financial assets

In the course of its micro finance activity, the Holding Company transfers financial assets, where legal rights to the cash flows from the asset are passed to the counterparty and where the Holding Company retains the rights to the cash flows but assumes a responsibility to transfer them to the counterparty.

The Holding Company has securitized its loan assets to unrelated and unconsolidated entities. As per the terms of the agreements, the Holding Company is exposed to first loss default guarantee amounting in range of 12% to 18% of the amount securitised and therefore continues to be exposed to significant risk and rewards relating to the underlying mortgage receivables. Hence, these loan assets are not derecognised and proceeds received are presented as borrowings.

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

Securitisations	As at March 31, 2020	As at March 31, 2019
Gross carrying amount of securitised assets	4,632.10	42,815.87
Gross carrying amount of associated liabilities	3,910.50	33,891.45
Carrying value and fair value of securitised assets	4,569.17	42,451.75
Carrying value and fair value of associated liabilities	3,910.50	33,891.45
Net position	658.67	8,560.30

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46 Employee benefits

The Group has adopted Indian Accounting Standard (Ind AS) - 19 on Employee Benefit as under :

A Defined contribution plans

Provident and other funds

The Group makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and other funds which are defined contribution plans. The Group has no obligations other than this to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Employers contribution to provident and other fund	3,642.64	2,134.14

B Defined benefit plans

Gratuity

The Group has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The scheme is funded and the scheme is managed by Life Insurance Corporation of India ("LIC"). The liability of Gratuity is recognized on the basis of actuarial valuation.

Risks associated with plan provisions

Salary increases	Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Investment risk	If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
Discount rate	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality & disability	Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

(i) **Amount recognised in the balance sheet is as under:**

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of obligation	1,311.89	1,235.26
Fair value of plan assets	1,484.39	812.07
Net obligation recognised in balance sheet as (non-financial assets)/provision	(172.50)	423.19

(ii) **Amount recognised in the statement of profit and loss is as under:**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current service cost	248.35	318.52
Past service cost including curtailment gains/losses	0.20	-
Interest cost on defined benefit obligation	85.31	69.70
Interest income on plan assets	(52.90)	(41.74)
Net impact on profit (before tax)	280.95	346.48

Amount recognised in the other comprehensive income:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Actuarial gain/(loss) unrecognised during the year	126.65	(48.18)

(iii) **Movement in the present value of defined benefit obligation recognised in the balance sheet is as under:**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Present value of defined benefit obligation as at the beginning of year	1,235.26	893.58
Current service cost	248.35	318.52
Interest cost	94.62	69.70
Past service cost including curtailment gains/losses	0.20	-
Benefits paid	(130.64)	(72.15)
Actuarial loss/(gain) on obligation	-	-
Actuarial (gain)/loss on arising from change in demographic assumption	(261.91)	-
Actuarial (gain)/loss on arising from change in financial assumption	(311.67)	8.89
Actuarial loss on arising from experience adjustment	437.69	16.72
Present value of defined benefit obligation as at the end of the year	1,311.89	1,235.26

(iv) **Major categories of plan assets (as percentage of total plan assets):**

Particulars	As at March 31, 2020	As at March 31, 2019
Funds managed by LIC of India	100%	100%
Total	100%	100%

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(v) **Movement in the plan assets recognised in the balance sheet is as under:**

Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
Fair value of plan assets at beginning of year	812.07	533.97
Actual return on plan assets	81.39	17.24
Employer's contribution	750.00	333.01
Fund management charges	-	
Benefits paid	(130.64)	(72.15)
Expected return on plan assets	-	-
Actuarial loss/(gain) on plan assets	-	-
Fair value of plan assets at the end of the year	1,512.82	812.07

(vi) **Actuarial assumptions**

Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
Discounting rate	4.66%	7.66%
Future salary increase	4.00% - 10.00%	6.00% - 10.00%
Retirement age (years)	58 - 60	58 - 60
Withdrawal rate		
Up to 30 years	56.21% - 5.00%	30.00% - 2.00%
From 31 to 44 years	43.75% - 3.00%	20.00% - 2.00%
Above 44 years	50.00% - 2.00%	20.00% - 1.00%
Weighted average duration	1.36 - 16.96	3.54 - 20.09

Mortality rates inclusive of provision for disability -100% of IALM (2006 - 08)

Gratuity is payable to the employees on death or resignation or on retirement at the attainment of superannuation age. To provide for these eventualities, the Actuary has used Indian Assured Lives Mortality (2006-08) Ultimate table.

(vii) **Sensitivity analysis for gratuity liability**

Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
Impact of the change in discount rate		
Present value of obligation at the end of the year	1,311.89	1,235.26
- Impact due to increase of 0.50 %	(15.77)	(33.04)
- Impact due to decrease of 0.50 %	16.26	34.92
Impact of the change in salary increase		
Present value of obligation at the end of the year	1,311.89	1,235.26
- Impact due to increase of 0.50 %	16.61	33.68
- Impact due to decrease of 0.50 %	(16.26)	(32.22)

Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these is not calculated

Sensitivities as to rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable.

Maturity profile of defined benefit obligation (discounted) year	As at	As at
	March 31, 2020	March 31, 2019
	Amount	Amount
0 to 1 year	440.94	144.61
1 to 2 year	277.69	124.41
2 to 3 year	180.38	134.75
3 to 4 year	117.54	117.40
4 to 5 year	76.20	97.79
5 to 6 year	49.13	79.95
6 year onwards	170.01	536.35
Total	1,311.89	1,235.26

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SATIN CREDITCARE NETWORK LIMITED
Notes to the Consolidated financial statements for the year ended March 31, 2020
(All amounts in ₹ lakhs, unless otherwise stated)

47 Leases disclosure as lessee

1 The following is a reconciliation of the financial statement line items from Ind AS 17 to Ind AS 116 as at 1st April 2019

Particulars	Carrying amount as at March 31, 2019	Reclassification	Remeasurement	Carrying amount as at April 1, 2019
Property, plant and equipment	-	-	1,822.53	1,822.53
Lease liabilities	-	-	(1,822.53)	(1,822.53)
Total				

2 The following is a reconciliation of total operating lease commitments at 31 March 2019 (as disclosed in the financial statements to 31 March 2019) to the lease liabilities

Particulars	Amount
Total operating lease commitments disclosed at 31 March 2019	634.93
Recognition exemptions:	
Leases of low value assets	-
Leases with remaining lease term of less than 12 months	(100.46)
Variable lease payments not recognised	-
Other minor adjustments relating to commitment disclosures	-
Operating lease liabilities before discounting	2,211.74
Discount Rate	0.35
Discounted using incremental borrowing rate	1,796.23
Operating lease liabilities	26.31
Reasonably certain extension options	1,677.27
Finance lease obligations	-
Total lease liabilities recognised under Ind AS 116 at 1 April 2019	1,822.53

3 The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on balance sheet:

Right-of use assets	No of right-of use assets leased	Range of remaining term	Average remaining lease term	No of leases with extension options	No of leases with purchase options	No of leases with variable payments linked to an index	No of leases with termination options
Office building	129	1.47 months – 102 months	7 months - 33 months	129	-	-	129

4 Additional information on the Right-Of-Use assets by class of assets is as follows:

Right-of use assets	Carrying amount as on April 1, 2019	Additions	Depreciation	Impairment	Carrying amount as on March 31, 2020
Office building	1,822.53	451.01	591.25	649.89	1,032.40

Note: The right-of-use assets are included in the same line item as where the corresponding underlying assets would be presented if they were owned.

5 Lease liabilities are presented in the statement of financial position as follows:

Particulars	31-Mar-20	31-Mar-19
Current	331.42	-
Non-current	473.38	-
Total	804.80	-

6 At 31 March 2020 the Group had not committed to leases which had not commenced.

7 The undiscounted maturity analysis of lease liabilities at 31 March 2020 is as follows:

Particulars	Less than 1 year	1-2 year	2-3 year	More than 3 years
Lease payments	484.03	282.62	203.26	408.15
Finance charges	94.87	64.79	45.28	82.18
Net present values	389.17	217.83	157.98	325.97

8 The Group has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

SATIN CREDITCARE NETWORK LIMITED
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(All amounts in ₹ lakhs, unless otherwise stated)

9 The Group had total cash outflows for leases of ₹ 2,301.63 Lakhs in March 31, 2020 (March 31, 2019: Nil).

The following are the amounts recognised in profit or loss:

Particulars	Amount
Depreciation expense of right-of-use assets	606.20
Interest expense on lease liabilities	188.20
Expense relating to short-term leases (included in other expenses)	1,611.95
Expense relating to leases of low-value assets (included in other expenses)	-
Variable lease payments (included in other expenses)	-
Total amount recognised in profit or loss	2,406.35

The Group has lease contracts for office buildings used in its operations. Leases of these buildings generally have lease terms between 1 and 9 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options, which are further discussed below.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

The Group does not have any lease contracts that contains variable payments.

The Group does not anticipate any material leases to be terminated in next three years or beyond that.

Operating leases

The Group has taken on lease certain assets under operating lease arrangements. The contractual future minimum lease payment obligation in respect of these leases are as under:

Office premises and generator

Particulars	As at March 31, 2020	As at March 31, 2019
Short term leases	2,144.53	1,585.86
Particulars	As at March 31, 2020	As at March 31, 2019
Minimum lease obligations:		
- within one year	118.58	173.16
- Later than one year but not later than five years	53.09	11.82
- Later than five years	-	-

SATIN CREDITCARE NETWORK LIMITED
Notes to the Consolidated financial statements for the year ended March 31, 2020
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48 Related party disclosures

A List of related parties and disclosures

Subsidiaries:

Taraashna Financial Services Limited (Formally known as Taraashna Services Limited) Satin
Housing Finance Limited
Satin Finserv Limited

Key managerial personnel and their relatives:

Name of key managerial personnel	Designation	Relatives
Mr. H P Singh	Chairman cum Managing Director	Mr. Satvinder Singh Mrs. Anureet H P Singh
Mr. Jugal Kataria (w.e.f. January 13, 2020)	Group Controller	
Mr. Jugal Kataria (Till January 12, 2020)	Chief Financial Officer	
Mr. Krishan Gopal (W.e.f. January 13, 2020)	Chief Financial Officer	
Mr. Choudhary Runveer Krishanan (Till August 26, 2019)	Company secretary and Compliance officer	
Mr. Adhish Swaproop (W.e.f. October 14, 2019)	Company secretary and Compliance officer	
Mr. Satvinder Singh	Non-executive and non-independent director	
Mr. Rakesh Sachdeva	Non-executive and independent director	
Mr. Sundeeep Kumar Mehta	Non-executive and independent director	
Mr. Sanjay Kumar Bhatia	Non-executive and independent director	
Mr. Anil Kumar Kalra	Non-executive and independent director	
Mr. Davis Frederick Golding (Till April 12, 2019)	Non-executive and independent director	
Mr. Arthur Sletteberg	Nominee director	
Mr. Goh Colin	Non-executive and independent director	
Mrs. Sangeeta Khorana	Non-executive and independent director	
Mr. Daniel Simpson Jacobs (Till March 03, 2020)	Nominee director	
Mr. Rajeev Kakar (w.e.f. June 06, 2019)	Nominee director	
Mr. Suramya Gupta (Till January 07, 2019)	Non-Executive and Non-Independent Director	
Taraashna Financial Services Limited		
Mr. Abhay Thakkar (till April 10, 2020)	Chief Financial Officer	
Mr. Rahul Garg (w.e.f. June 03, 2020)	Chief Financial Officer	
Mr. Prashant Sharma (till October 25, 2019)	Company secretary and Compliance officer	
Mr. Manoj Kumar Jasoria (w.e.f. October 25, 2019)	Company secretary and Compliance officer	
Mr. Sanjeev Vij (till October 14, 2019)	Chief Executive Officer	
Mr. Partha Sengupta (w.e.f. October 14, 2019)	Chief Executive Officer	
Satin Housing Finance Limited		
Mr. Sachin Sharma	Chief Financial Officer	
Mr. Kuldeep Singh Yadav (till March 31, 2019)	Company secretary and Compliance officer	
Mr. Prince Kumar (w.e.f. April 1, 2019)	Company secretary and Compliance officer	
Mr. Amit Sharma	Whole Time Director and Chief Executive Officer	
Satin Finserv Limited		
Mr. Jitendra Jain	Chief Financial Officer	
Mrs. Bhanu Priya	Company secretary and Compliance officer	
Mr. Sumit Mukherjee	Director & Chief Executive Officer	
Mr. Ashish Chandorkar (till February 20, 2019)	Director	

Enterprises over which key management personnel and relatives of such personnel exercise significant influence with whom transactions have been undertaken:

Satin Neo Dimensions Private Limited
Niryas Food Products Private Limited
Rental Stay Private Limited

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SATIN CREDITCARE NETWORK LIMITED
Notes to the Consolidated financial statements for the year ended March 31, 2020
(All amounts in ₹ lakhs, unless otherwise stated)

B Details of transactions with related parties carried out in the ordinary course of business:

Name of related party	Nature of transaction	For the year ended	For the year ended
		March 31, 2020	March 31, 2019
Mr. H P Singh	Remuneration	226.54	145.41
	Provident fund and others	65.34	41.97
	Personal guarantees withdrawn	700.00	14,750.76
Mr. H P Singh and Mr. Satvinder Singh	Personal guarantees given (jointly)	66,769.10	9,410.42
Mr. Jugal Kataria	Remuneration	105.35	91.84
Mr. Krishan Gopal	Remuneration	11.08	-
Mr. Choudhary Runveer Krishanan	Remuneration	16.12	31.01
Mr. Adhish Swaproop	Remuneration	12.91	-
Mr. Partha Sengupta (w.e.f. October 15, 2019)	Remuneration	26.81	-
Mr. Sanjeev Vij (till October 15, 2019)	Remuneration	69.26	85.69
Mr. Abhay Thakkar	Remuneration	14.57	11.97
Mr. Prashant Sharma (till October 25, 2019)	Remuneration	5.14	8.07
Mr. Manoj Kumar Jasoria (w.e.f. October 25, 2019)	Remuneration	3.81	-
Mr. Amit Sharma	Remuneration	78.37	64.06
Mr. Sachin Sharma	Remuneration	27.91	19.59
Mr. Kuldeep Singh Yadav	Remuneration	-	19.77
Mr. Prince Kumar	Remuneration	8.50	-
Mr. Sumit Mukherjee	Remuneration	80.00	8.81
Mr. Ashish Chandorkar	Remuneration	-	32.12
Mr. Jitendra Jain	Remuneration	25.15	3.14
Mrs. Bhanu Priya	Remuneration	7.69	2.51
Mr. Satvinder Singh	Sitting fees	3.55	2.45
Mr. Rakesh Sachdeva	Sitting fees	2.30	3.10
Mr. Sundeep Kumar Mehta	Sitting fees	4.00	3.45
Mrs. Sangeeta Khorana	Sitting fees	2.10	1.40
Mr. Goh Colin	Sitting fees	1.60	0.50
Mr. Sanjay Kumar Bhatia	Sitting fees	2.45	1.55
Mr. Anil Kumar Kalra	Sitting fees	2.35	1.90
Mr. Davis frederick Golding	Sitting fees	-	0.90
Mr. Davis frederick Golding	Professional charges	-	14.44
Rental Stay Private Limited	Interest income	17.11	27.52
	Inter corporate loan given	-	385.50
	Inter corporate loan received back	135.50	250.00
Satin Neo Dimensions Private Limited	Interest income	28.82	7.80
	Inter corporate loan given	-	150.00
	Inter corporate loan received back	19.62	-
	Purchase of property, plant & equipment (WIP)	441.90	-
Niryas Food Products Private Limited	Rent received	5.23	4.72
	Office expenses	0.23	0.25
	Received amount of loan instalment deducted from creditors of milk product	38.15	125.47

C Key management personnel compensation includes the following expenses:

Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
Short-term employee benefits	784.55	565.96
Post employment benefits	154.94	7.75
Other long-term benefits	22.95	11.63
Share based payment	54.57	153.99

D Outstanding balances with related parties in ordinary course of business:

Name of related party	Nature of balance	As at	As at
		March 31, 2020	March 31, 2019
Mr. H P Singh	Personal guarantees	-	700.00
Mr. H P Singh and Mr. Satvinder Singh	Personal guarantees (jointly)	1,63,816.10	97,047.00
Mr. Davis frederick Golding	Payable against professional charges	-	3.60
Mr. Goh Colin	Sitting fees	0.60	-
Rental Stay Private Limited	Inter corporate loan	-	135.50
	Interest receivable	-	2.37
Satin Neo Dimensions Private Limited	Inter corporate loan	127.49	147.11
	Other Payable	65.49	-
	Interest accrued	2.23	2.49
Niryas Food Products Private Limited	Trade Receivables	-	3.10
	Security deposit payable	0.34	0.34

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49 Segment information

The Group operates in a single reportable segment i.e. financing, which has similar risks and returns for the purpose of Ind AS 108 "Operating segments", is considered to be the only reportable business segment. The Group derives its major revenues from financing activities and its customers are widespread. Further, the Group operates only in India which is considered as a single geographical segment.

50 Contingent liabilities and commitments:

(to the extent not provided for)

a. The Holding Company has received income tax notice under section 143(1) of the "Income Tax Act 1961" dated November 02, 2019 for tax demand amounting to ₹ 168.53 Lakhs on account of disallowance of expenses under section 43B and 36(1)(va) for assessment year 2018-19. In response to such notice, the Company has filed a rectification application online on E-filing portal.

b. The Group has undrawn exposure towards borrowers of ₹ 1,518.45 Lakhs (March 31, 2019: ₹ 1,323.96 Lakhs).

c. Estimated amount of contract remaining to be executed on capital account and not provided for is ₹ 765.13 Lakhs (March 31, 2019: ₹ 266.01 Lakhs).

51 Assets pledged/hypothecated as security

The carrying amounts of assets pledged/hypothecated as security are:

Particulars	As at March 31, 2020	As at March 31, 2019
Loan assets	4,03,307.38	3,66,359.81
Vehicles	83.19	61.13
Buildings	167.26	175.82
Total assets pledged as security	4,03,557.83	3,66,596.76

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SATIN CREDITCARE NETWORK LIMITED

Notes to the Consolidated financial statements for the year ended March 31, 2020

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52 Hedging strategy

The Group's hedging strategy is to manage its exposure to interest rate risk on a net variable basis in INR. For US \$ denominated exposures this requires the Group to enter into interest rate swaps where the exposure is to a fixed interest rate. Foreign currency exposures are swapped to ₹ exposures using cross-currency interest rate swaps. These are fixed-to-fixed cross currency swaps.

Not all exposures are automatically managed under the above strategy. Where a risk is within acceptable limits the Group may decide not to apply hedge accounting to that risk. Instead, the Group will manage its exposure under broader risk management processes.

The following table shows the maturity profile of hedging derivatives based on their notional amounts.

Particulars	As at March 31, 2020				As at March 31, 2019			
	0 to 12 months	1 to 5 years	Over 5 years	Total	0 to 12 months	1 to 5 years	Over 5 years	Total
Cross currency interest rate swaps	-	6,487.41	-	6,487.41	-	-	-	-

Hedged Item	Actual hedging instrument
Particulars of hedged item are given below: Notional: USD 9,400,000 Interest: 5.93% Interest Payment Frequency: Semi - Annual Start Date: 24-Jul-19 Maturity: 05-Aug-22 Day count convention: 30E/360 Principal Amortization: No	Particulars of Hedging instrument are given below: Start date: 24-Jul-19 End Date: 05-Aug-22 Leg 1: Pay: Fixed Currency: INR Notional: 6,487.41 Lakhs Interest: 11.18% Interest payment frequency: Semi-Annual Day Count Convention: Act / 365 Principal Amortization: No Principal exchange: At maturity Leg 2: Receive: Fixed Currency: USD Notional: USD 9,400,000 Interest: 5.93% Interest Payment Frequency: Semi – Annual Day Count Convention: 30E/360 Principal Amortization: No Principal exchange: At maturity

Hedge Effectiveness Assessment

The prospective hedge effectiveness test shall be done on the date of designation of the hedge by i) comparing the critical terms of the hedging instrument and the hedged item (Qualitative) and ii) by performing Sensitivity Analysis by shifting the spot (+/- 5%) and interest rates (+/- 50 bps) (Quantitative). The hedging relationship will be considered effective if the following three requirements are met:

- 1) There is an economic relationship between the hedged item and the hedging instrument.
- 2) The effect of credit risk does not dominate the value changes that result from that economic relationship.
- 3) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item. The hedge ratio should not be intentionally weighted to create effectiveness.

The hedge ineffectiveness testing shall be performed at each reporting date using Dollar Offset Method. Effectiveness will be determined by using lower of two-test. The change in fair value of hedge instrument is compared with change in fair value of hedge item and lower of the two values (absolute) is taken to the cash flow hedge reserve. The left-out portion of change in fair value of hedging instrument (if any) is taken to Statement of Profit and Loss.

Market risk

Price risk

The Group's hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

Ineffectiveness is recognised on a cash flow hedge where the cumulative change in the designated component value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk. In such cases, ineffectiveness may arise if:

- (a) The critical terms of the hedging instrument and the hedged item differ (i.e. nominal amounts, timing of the forecast transaction, interest resets changes from what was originally estimated), or
- (b) differences arise between the credit risk inherent within the hedged item and the hedging instrument.

There were no ineffectiveness recognised in the Statement of Profit and Loss during March 31, 2020

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Cash flow hedges - Foreign currency risk

The Group is exposed to foreign currency risk arising from its fixed rate ECB amounting to US \$ 94,00,000. Interest on the borrowing is payable at a fixed rate of 5.93% p.a. and the principal amount is repayable on 5 August 2022. The Group economically hedged the foreign currency risk arising from the debt with a 'receive fixed pay fixed' cross currency interest rate swap on 24 July 2019. The notional amount of swap is ₹ 6,487.41 Lakhs. The swap contract converts the cash outflows of the foreign currency fixed rate borrowing of \$ 94,00,000 to cash outflows in ₹ with a notional amount of ₹ 6,487.41 Lakhs and fixed interest of 11.18% per annum.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the cross currency swap contract match that of the foreign currency borrowing (notional amount, interest payment dates, principal repayment date etc.). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the cross currency swap are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise mainly if there is a change in the credit risk of the Group or the

counterparty. The impact of the hedging instruments on the Balance Sheet is, as follows

	As at March 31, 2020			
	Notional amounts	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the period
Swap	6,487.41	626.34	Derivative asset	577.86

The impact of hedged items on the Balance Sheet is, as follows:

	As at March 31, 2020		
	Change in fair value used for measuring ineffectiveness	Cash flow hedge reserve as at March 31, 2020	Cost of hedging as at March 31, 2020
\$ denominated fixed rate borrowing	(577.86)	69.87	-

The effect of the cash flow hedge in the Statement of Profit or Loss and Other Comprehensive Income is, as follows:

	As at March 31, 2020						
	Total hedging gain / (loss) recognised in OCI	Ineffective-ness recognised in profit or loss	Line item in the statement of profit or loss	Cost of hedging recognised in OCI	Amount reclassified from OCI to profit or loss	Cost of hedge reclassified from OCI to profit or loss	Line item in the statement of profit or loss
\$ denominated fixed rate borrowing	(577.86)	-	N/A	-	-	-	501.85

Movements in cash flow hedging reserve

Derivative instruments	Amount
As at April 1, 2019	
Add: Changes in fair value of cross currency interest rate swaps	626.34
Less: Translation loss on loan	(598.86)
Add: Interest expense on borrowing	65.89
Add: Deferred tax relating to above	(23.50)
As at March 31, 2020	69.87

Terms and conditions of financial instruments

Entities shall disclose sufficient information that enables users of its financial statements to evaluate the significance of financial instruments for its financial position and performance and the nature and extent of risks arising from these financial instruments. Under normal circumstances entities may not be required to disclose the significant terms and conditions for each of their major borrowings. Nevertheless, if an entity has a borrowing or other financial instrument with unusual terms and conditions, then some information should be provided to enable users to assess the nature and extent of risks associated with these instruments.

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53 Impact of COVID-19 Pandemic

The Novel Corona Virus (COVID-19) pandemic (declared as such by the World Health Organisation on March 11, 2020), has contributed to a significant decline and volatility in global and Indian markets, and a significant decrease in economic activity. On March 24, 2020, the Government of India announced a nation-wide lockdown till April 14, 2020, which was extended till May 31, 2020 through subsequent announcements, to contain the spread of the virus. This has led to significant disruptions and dislocations for individuals and businesses, affecting Group's regular operations including lending and collection activities due to inability of employees to physically reach borrowers. The Group has major proportion of its borrowers and AUM in rural geographies, where the impact of COVID-19 has been relatively lower and the government has announced a series of economic relief measures for rural India, which is expected to support rural borrower's repayment capacity. From 1st June onwards, further relaxations in lock down has been granted across the Country, which has helped the Group employees to contact the borrowers.

i Estimation of uncertainties relating to the global health pandemic from COVID-19:

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, investments, property plant and equipment and intangible assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts and consensus estimates from market sources on the expected future performance of the Group. Given the dynamic nature of the pandemic situation, these estimates are based on early indicators, subject to uncertainty and may be affected by the severity and duration of the pandemic and the actual impact of the pandemic, including governmental and regulatory measures, on the business and financial metrics of the Group (including credit losses) could be different from that estimated by the Group.

ii Loss allowance for loans

Pursuant to the Reserve Bank of India circulars dated March 27, 2020 and May 23, 2020 allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Group has extended/will be extending moratorium to its borrowers in accordance with its Board approved policy. In management's view, providing moratorium to borrowers at a large scale based on RBI directives, by itself is not considered to result in a significant increase in credit risk ("SICR") for such borrowers. Accordingly, considering the unique and widespread impact of COVID-19 pandemic, the Group has estimated expected credit loss allowance in its provision, based on information available at this point in time to reflect, among other things, the deterioration in the macro-economic factors.

iii Loss allowance for other receivables

The Group determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Group considered current and anticipated future economic conditions. In calculating expected credit loss, the Group has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

iv Revenue from operations

The Group has evaluated the impact of COVID – 19. Due to the nature of the pandemic, the Group will continue to monitor developments to identify significant uncertainties relating to revenue in future periods. For all loan accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms).

v Impairment assessment of Property plant and equipment, intangible assets

The Group is engaged primarily in providing micro finance services to women in the rural areas of India who are enrolled as members and organized as Joint Liability Groups ('JLG'). Considering the nature of business the Group does not have major property, plant & equipment assets. As at March 31, 2020, the estimated recoverable amount of the cash generating unit exceeded its carrying amount. Reasonable sensitivities in key assumptions consequent to the change in estimated future economic conditions on account of possible effects relating to Covid 19 is unlikely to cause the carrying amount to exceed the recoverable amount of the cash generating unit.

vi Credit risk on cash and cash equivalents

Credit risk on cash and cash equivalents is limited as the Group generally invest in deposits with banks, commercial papers and certificate of deposits of financial institutions with high ratings assigned by international and domestic credit rating agencies. Ratings and Financials of the counterparties are monitored periodically. Group also invests in mutual funds and reviews the portfolio on regular basis. Mutual Funds with high quality portfolio are preferred. Group has considered the latest available credit ratings in view of COVID – 19 as at the date of approval of these financial statements.

The Group has assessed the impact of the COVID- 19 pandemic on its liquidity and ability to fulfil its obligations as and when they are due and has evaluated the asset-liability maturity (ALM) pattern in various time buckets as prescribed under the guidelines issued by the RBI. Pursuant to the order issued by the Ministry of Home Affairs on April 15, 2020 allowing microfinance companies to start operations, the Group resumed operations by complying with the regulatory guidelines on businesses, social distancing etc. Our employees were able to meet and collect instalments from those borrowers willing to repay, due to minimal impact of the lockdown on them as observed since the resumption of operations, the management is confident that collections will continue to improve, albeit likely to be at a lower level than earlier. In addition, management has considered various stimulus packages announced by the Government of India which will directly or indirectly benefit NBFC-MFI, current status/outcomes of discussions with the Group's lenders to seek/extend moratorium and various other financial support from other banks and financial institutions in determining the Group's liquidity position over the next 12 months from the end of reporting period. Based on the foregoing, current liquidity position and necessary stress tests considering various scenarios, management is confident that the Group will be able to fulfil its obligations as and when these become due in the foreseeable future.

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SATIN CREDITCARE NETWORK LIMITED

Notes to the Consolidated financial statements for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

54 Interest in other entities

Subsidiaries

Name of entities	Country of incorporation	Functional currency	Ownership interest held by the Group		Principal activities
			As at March 31, 2020	As at March 31, 2019	
Taraashna Services Limited	India	INR	100.00%	100.00%	Business correspondent
Satin Housing Finance Limited	India	INR	100.00%	100.00%	Financing
Satin Finserv Limited	India	INR	100.00%	100.00%	Financing

Subsidiary with material non-controlling interests (NCI)

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Name of entity	Proportion of ownership interests and voting rights held by NCI		Total comprehensive income allocated to NCI	
	As at March 31, 2020	As at March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
Taraashna Services Limited	0.00%	0.00%	-	30.19

Summarised financial information for Taraashna Services Limited is set out below:

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current assets	4,309.93	3,055.78
Current assets	4,709.31	3,401.91
Total assets	9,019.24	6,457.69
Non-current liabilities	601.28	145.83
Current liabilities	3,312.85	1,132.41
Total liabilities	3,914.13	1,278.24
Equity attributable to the owners of the holding Company	5,105.11	5,179.45
Non-controlling interests	-	-

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue	6,977.29	6,828.44
Profit for the year attributable to the owners of the holding company	(99.56)	811.69
Profit for the year attributable to non-controlling interest	-	30.19
Profit for the year	(99.56)	841.88
Other comprehensive income attributable to the owners of the holding company	25.22	6.18
Other comprehensive income attributable to non-controlling interest	-	-
Other comprehensive income		
Total comprehensive income attributable to the owners of the holding company	(74.34)	817.87
Total comprehensive income attributable to non-controlling interest	-	30.19
Total comprehensive income	(74.34)	848.06

Summarised cash flow of Taraashna Services Limited is set out below:

Particulars	As at March 31, 2019	As at March 31, 2019
Cash used in operating activities	(453.02)	(1,616.61)
Cash used in investing activities	(106.43)	(34.11)
Cash flows from financing activities	1,552.80	1,133.19
Net (decrease)/increase in cash and cash equivalents	993.35	(517.53)

55 Additional information in pursuant to Schedule III of the Companies Act, 2013

Name of the entity in the group	Net assets (total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit and loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Holding company								
Satin Creditcare Network Limited	100.28%	1,45,276.62	100.83%	15,626.64	99.37%	4,454.43	100.51%	20,081.07
Indian subsidiaries								
Taraashna Services Limited	3.52%	5,105.11	-0.64%	(99.56)	0.56%	25.22	-0.37%	(74.34)
Satin Housing Finance Limited	5.32%	7,710.31	-0.61%	(94.53)	0.06%	2.82	-0.46%	(91.71)
Satin Finserv Limited	7.02%	10,166.44	0.42%	64.72	0.00%	-	0.32%	64.72
Elimination	-16.15%	(23,389.58)	-	-	-	-	-	-
Non-controlling interest in subsidiary	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Total	100.00%	1,44,868.91	100.00%	15,497.26	100.00%	4,482.47	100.00%	19,979.74

Form AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries

Part- A Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹ Lakhs)

S.No.	1	2	3
Name of subsidiary	Taraashna Financial Services Limited	Satin Housing Finance Limited	Satin Finserv Limited
The date since when subsidiary was acquired	September 01, 2016	April 17, 2017	August 10, 2018
Reporting period for the subsidiary concerned, if different from the holding company's reporting period :-	Not Applicable	Not Applicable	Not Applicable
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries :-	Not Applicable	Not Applicable	Not Applicable
Share capital	1,604.00	8,000.00	10,250.00
Other equity	3,501.11	(289.69)	(83.56)
Total assets	9,019.24	17,814.51	13,009.12
Total Liabilities	3,914.13	20,124.05	2,842.68
Investments	Nil	Nil	Nil
Revenue	6,977.29	2,099.21	1,401.84
Profit /(loss) before taxation	(118.37)	(123.93)	88.26
Tax expenses	(18.81)	(29.40)	23.54
Profit /(loss) after taxation	(99.56)	(94.53)	64.72
Other comprehensive income	25.22	2.82	-
Total comprehensive income	(74.34)	(91.71)	64.72
Proposed dividend	Nil	Nil	Nil
Extent of shareholding (in percentage)	100%	100%	100%

i) Names of subsidiaries which are yet to commence operations: N.A.

ii) Names of subsidiaries which have been liquidated or sold during the year -N.A.

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SATIN CREDITCARE NETWORK LIMITED
Notes to the Consolidated financial statements for the year ended March 31, 2020
(All amounts in ₹ lakhs, unless otherwise stated)

56 Employee Stock Option Plan / Scheme (ESOP/ ESOS)

Pursuant to the approval accorded by shareholders at their Annual General Meeting held on July 6, 2017, the Nomination and Remuneration Committee of the Holding Company formulated a new scheme 'Satin Employee Stock Option Scheme 2017' (ESOS 2017) in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. ESOS is applicable to all permanent and full-time employees (as defined in the Plan), excluding promoters of the Holding Company. The eligibility of employees to receive grants under the Plan has to be decided by the Nomination and Remuneration Committee from time to time at its sole discretion. Vesting of the options and vesting period shall take place in the manner determined by the Nomination and Remuneration Committee at the time of grant. Vesting of options shall be subject to the condition that the Grantee shall be in continuous employment with the Holding Company and such other conditions as provided under ESOS 2017. The Exercise Price of each grant is determined by the Nomination and Remuneration Committee at the time of grant.

Presently, stock options have been granted or shares have been issued under the following scheme:

- A. Satin Employee Stock Option Scheme 2009 (ESOS2009)
 B. Satin Employee Stock Option Scheme 2017 (ESOS2017)

a) Employee stock option schemes:

ESOS 2009: Initially 425,000 equity shares of ₹ 10/- each at a premium of ₹ 10/- each were allotted to Satin Employees Welfare Trust on November 27, 2009. (This scheme was terminated vide Shareholders Resolution dated July 6, 2017)

Details of grant and exercise of such options are as follows:

Particulars	Grant – 1 of ESOS 2009			Grant – 2 of ESOS 2009			Grant – 3 of ESOS 2009		
	No. of options granted	1,50,000			98,300			87,900	
Date of grant of options	January 12, 2010			December 2, 2013			December 2, 2016		
No. of employee to whom such options were granted	2			29			36		
Financial year (F.Y.)	F.Y. 2010-11	F.Y. 2011-12	F.Y. 2012-13	F.Y. 2014-15	F.Y. 2015-16	F.Y. 2016-17	F.Y. 2017-18	F.Y. 2018-19	F.Y. 2019-20
option	2	2	2	25	23	23	22	18	15
No. of options exercised	50,000	50,000	50,000	25,824	22,633	27,243	21,100	19,300	13,300

Note: There was NIL options vested in F.Y. 2013-14.

Satin ESOP 2010: 100,000 equity shares of ₹ 10/- each at a premium of ₹ 12/- were allotted to Satin Employees Welfare Trust on June 22, 2010 (The scheme was terminated vide Shareholders Resolution dated July 6, 2017 and the outstanding options were transferred to Satin ESOS 2017).

Satin ESOP II 2010: 150,000 equity shares of ₹ 10/- each at a premium of ₹ 15/- were allotted to Satin Employees Welfare Trust on April 21, 2011 (The scheme was terminated vide Shareholders Resolution dated July 6, 2017 and the outstanding options were transferred to Satin ESOS 2017).

ESOS Scheme 2017: All options not exceeding 3,61,400 representing 0.96% of the paid-up Capital of the Holding Company as on March 31, 2017 (or such other adjusted figure for any bonus, stock splits or consolidations or other reorganization of the capital structure of the Holding Company as may be applicable from time to time including the shares lying with the Trust that may remain unutilized pursuant to non- exercisability of options granted under Satin ESOS 2009, 2010 (I) and 2010 (II), to or for the benefit of permanent employees of the Holding Company and its subsidiaries whether working in India or outside India. The said ESOS Scheme, 2017 were approved in twenty seventh Annual General Meeting of the Holding Company held on July 6, 2017.

Details of grant and exercise of such options are as follows:

Particulars	Grant – 1 of ESOS 2017			Grant – 2 of ESOS 2017		
	No. of options granted	1,45,200			2,26,600	
Date of grant of options granted	August 14, 2017			May 30, 2018		
Financial year (F.Y.)	57			35		
option	F.Y. 2018-19	F.Y. 2019-20	F.Y. 2020-21	F.Y. 2019-20	F.Y. 2020-21	F.Y. 2021-22
	18	27	NA	13	NA	NA
No. of options exercised	12,200	13,500	NA	20,950	NA	NA

- b) The Holding Company has provided following share based options to its employees:

Particulars	ESOS 2009	ESOS 2017
Date of grant	January 12, 2010, December 2, 2013 and December 2, 2016	August 14, 2017 and May 30, 2018
Date of board meeting, where ESOP/ESOS were approved	November 27, 2009	May 26, 2017
Date of committee meeting where grant of options were	January 12, 2010 November 12, 2013 and November 09, 2016	August 14, 2017 and May 30, 2018
Date of shareholders' approval	June 1, 2009	July 06, 2017
No. of options granted	336,200 out of 425,000	3,71,800
Method of settlement	Equity	Share/Cashless route
Vesting conditions	The actual vesting of options will depend on continuation to hold the services being provided to the Holding Company at the time of exercise of options and such other conditions as mentioned in the ESOS Scheme.	The actual vesting of options will depend on continuation to hold the services being provided to the Holding Company at the time of exercise of options and such other conditions as mentioned in the ESOS Scheme, 2017.
Vesting period	Option will be vested at the end of year 1 – 33.33% end of year 2 – 33.33% end of year 3 – 33.34% end of year Subject to lock in period of one year from the date of transfer of shares and other terms as stipulated in the Scheme and prescribed under the law in force.	Grant 1 of ESOS 2017 Option will be vested at the end of year 1 – 33.33% end of year 2 – 33.33% end of year 3 – 33.34% end of year Grant 2 of ESOS 2017 Option will be vested at the end of year 1 – 50% end of year 2 – 50% end of year
Exercise period	It shall commence from the date of vesting of options and expire not later than 2 months from the vesting date of each grant of options	It shall commence from the date of vesting of options and expire not later than 1 Year from the vesting date of each grant of options

Note: These scheme were repealed in terms of Resolution passed by the Shareholders at their meeting held on July 6, 2017.

Details of Vesting and Exercise of Options (ESOS 2009):

Vesting Date	Vested options	No of options exercised
January 12, 2011	50,000	50,000
January 12, 2012	50,000	50,000
January 12, 2013	50,000	50,000
December 2, 2014	29,090	25,824
December 2, 2015	29,100	22,633
December 2, 2016	29,110	27,243
December 2, 2017	22,300	21,100
December 2, 2018	19,300	19,300
December 2, 2019	13,300	13,300

Details of Vesting and Exercise of Options (ESOS 2017):

Vesting Date	Vested options	No of options exercised
August 14, 2018	21,400	12,200
August 14, 2019*	15,800	13,500

* These options are available for exercise till August 13, 2020

Details of Vesting and Exercise of Options (Grant 2 of ESOS 2017):

Vesting Date	Vested options	No of options exercised
May 30 2019	1,05,050	20,950

i) **The details of ESOS 2009 are summarized below:**

Particulars	As at March 31, 2020 ESOS 2009		As at March 31, 2019 ESOS 2009	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
	Outstanding options at the beginning of the year*	-	-	-
Exercised during the year	13,300	20	19,300	20
Number of shares arising as a result of exercise of options	13,300	20	19,300	20
Expired/ lapsed during the year	6,000	20	6,000	20
Options shifted to new ESOS Scheme 2017	6,000	-	6,000	-
Exercisable at the end of the year	-	-	19,300	-
Weighted average remaining contractual life (in years) of the option exercisable	-	-	0.70	-
Weighted average fair value of the options exercisable at grant date	-	420.75	-	420.75
Loan repaid by the Trust during the year from exercise price received (amount in Lakhs)	2.66	-	3.86	-

* Being ESOS 2009 doesn't exist as of March 31, 2020, the above reporting has been made for the options granted earlier.

ii) Weighted average exercise price of share (fair market value) during the year ended March 31, 2020: ₹ 218.18 (March 31, 2019: ₹ 213.96).

iii) **The details of ESOS Scheme 2017 are summarized below:**

Particulars	As at March 31, 2020 ESOS 2017		As at March 31, 2019 ESOS 2017	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
	Outstanding options at the beginning of the year	1,25,700	At a discount/ premium on fair value	3,06,200
Granted during the year	-	160	2,26,600	160
Forfeited during the year	-	-	-	-
Exercised during the year	34,450	160	12,200	160
Number of shares arising as a result of exercise of options	34,450	160	12,200	160
Expired/ lapsed during the year under ESOS Scheme, 2017	17,450	160	40,100	160
Options expired/ lapsed under earlier ESOP Scheme's (adjusted)	6,000	-	6,000	-
Outstanding options at the end of the year	1,49,150	-	1,25,700	-
Exercisable at the end of the year	1,99,800	160	2,51,700	160
Weighted average remaining contractual life (in years) of the option exercisable	-	0.32	0.69	-
Weighted average fair value of the options exercisable at grant date	Grant -1	166.98	Grant -1	166.98
	Grant -2	254.54	Grant -2	254.54
Loan repaid by the Trust during the year from exercise price received (amount in Lakhs)	6.89	-	2.44	-

* Outstanding Options of previous ESOS schemes has been transferred to new ESOS scheme 2017

iv) Weighted average exercise price (fair market value) of share during the year ended March 31, 2020: ₹ 278.20 (March 31, 2019: ₹ 283.78).

The detail of exercise price for stock option at the end of the financial year 2019-2020 is:

Series	Range of exercise price	No. of options outstanding for Exercise	Weighted average remaining contractual life of options	Weighted average exercise price	Remarks
			(in years)		
Grant-3 ESOS 2009	20/- per option	-	-	20	Scheme Repealed
Grant-1 ESOS Scheme 2017	160/- per option	16,400	0.4	160	New Scheme
Grant-2 ESOS Scheme 2017	160/- per option	1,83,400	0.2	160	New Scheme

v) Employee wise details (name of employee, designation, number of options granted during the year, exercise price) - NIL

(a) There is no identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Holding Company at the

vi) The fair value of the options granted is determined on the date of the grant using the "Black-Scholes option pricing model" with the following assumptions, as certified by an independent valuer:

Particulars	Grant 3 ESOS 2009	Grant 1 ESOS 2017			Grant 2 ESOS 2017	
	3rd tranche of vesting	1st tranche of vesting	2nd tranche of vesting	3rd tranche of vesting	1st tranche of vesting	2nd tranche of vesting
Date of grant	December 2, 2016	August 14, 2017	August 14, 2017	August 14, 2017	May 30, 2018	May 30, 2018
Fair market value of option on the date of grant	438.40	267.38	267.38	267.38	386.65	386.65
Exercise price	20.00	160.00	160.00	160.00	160.00	160.00
Expected volatility (%)	60.39%	55.86%	62.90%	62.90%	45.31%	53.94%
Expected option life (weighted average)	3.08	1.50	2.50	3.50	1.50	2.50
Expected dividends yield	-	-	-	-	-	-
Risk free interest rate (%)	6.03%	6.35%	6.40%	6.45%	7.53%	7.66%

The expected volatility was determined based on historical volatility data of the Holding Company's shares listed on the National Stock Exchange of India Limited.

vii) The Holding Company has recognized share-based payment expense of ₹ 147.97 Lakhs (March 31, 2019: ₹ 317.86 Lakhs) during the year as proportionate cost.

viii) The Holding Company has ₹ 79.69 Lakhs (March 31, 2019: ₹ 89.24 Lakhs) recoverable from Satin Employees Welfare Trust pursuant to ESOP schemes.

57 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Particulars	As at March 31, 2020	As at March 31, 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	311.33	6.01
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

58 Based on the revised return filed by the Holding Company for the Assessment Year 2019-20, the amount of current tax expense and deferred tax charge for the year ended March 31, 2019 have been regrouped. Figures for the year ended March 31, 2020 and March 31, 2019 are re-grouped/re-classified wherever necessary.

For **Walker Chandiok & Co LLP**
Chartered Accountants

Firm's Registration No. 001076N/N500013

Lalit Kumar
Partner
Membership Number: 095256
Place : Noida
Date : June 15, 2020

For and on behalf of the Board of Directors
Satin Creditcare Network Limited

H P Singh
(Chairman cum Managing Director)
DIN: 00333754
Place : Gurugram
Date : June 15, 2020

Satvinder Singh
(Director)
DIN: 00332521

Place : Gurugram
Date : June 15, 2020

Sanjay Kumar Bhatia
(Chairman Audit Committee cum Director)
DIN: 07033027
Place : Noida
Date : June 15, 2020

Krishan Gopal
(Chief Financial Officer)

Place : Gurugram
Date : June 15, 2020

Adhish Swaroop
(Company Secretary and Compliance Officer)
ACS: 16034
Place : Delhi
Date : June 15, 2020

MATERIAL DEVELOPMENTS

Except as stated in this Letter of Offer and as disclosed below, to our knowledge, no circumstances have arisen since March 31, 2020, which materially affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets.

1. Post March 31, 2020 the Company has raised following terms loans/ NCDs:

Term Loans (Secured): (1) SIDBI – ₹ 12,500 Lakhs, (2) NABARD – ₹ 15,000 Lakhs, (3) BNP Paribas – ₹ 937.50 Lakhs, (4) Qatar National Bank: ₹ 2,000 Lakhs (5) State Bank of India: ₹ 2,500 Lakhs (6) Mas Financial Services Limited: ₹ 3,500 Lakhs

NCD issuance (Secured): (1) ₹ 2,500 Lakhs to Union Bank of India (June 30, 2020) (2) ₹ 5,000 Lakhs to Responsibility (July 15, 2020) (3) ₹ 2,500 to Indian Bank (July 29, 2020) (4) ₹ 2,500 Lakhs to Bank of Baroda (July 31, 2020).

2. **Changes in Directorship:**

- a. Mr. Rajeev Kakar, Non-Executive Non-Independent Nominee Director representing, Asian Development Bank has resigned from the Directorship of the Company with effect from April 30, 2020.
 - b. Mr. Arther Sletteberg - Non-Executive Non-Independent Nominee Director representing Nordic Microfinance Initiative Fund III KS, has resigned from the Directorship of the Company with effect from May 30, 2020, further Mr. Christian Bernard Ramm has been appointed as Non-Executive Non-Independent Nominee Director in his place representing Nordic Microfinance Initiative Fund III KS with effect from May 30, 2020.
3. Further, the Board of Directors at their Meeting held on June 15, 2020 passed a resolution and granted an in principal approval for raising of funds through issuance of Non-Convertible Debentures (NCDs) worth ₹ 5,00,000 Lakhs in one or more tranches.
 4. 30th Annual General Meeting of the Company is scheduled to be held on August 5, 2020. The Annual Report including Notice is also available on the Company's website and can be accessed at https://satincreditcare.com/wp-content/uploads/2020/07/SCNL-AR19-20_C2C_110720_v2.pdf.
 5. Refer to assessment of COVID-19 impact on operations in Audited Financial Statements on page 102. For impact of COVID-19 on operations of the SCNL, see "Risk Factors" beginning on page 26.

ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

Accounting Ratios

The following tables present certain key accounting and other ratios computed on the basis of amounts derived from the Financial Statements included in the section, "Financial Statements" on page 102.

Ratios	Consolidated
	As at and for Fiscal 2020*
Basic earnings per share (in ₹) – before exceptional items	30.43
Basic earnings per share (in ₹) – after exceptional items	30.43
Diluted earnings per share (in ₹) – before exceptional items	30.27
Diluted earnings per share (in ₹) – after exceptional items	30.27
Return on net worth (in %)	11.28
Net asset value per Equity Share (in ₹)	264.03
EBITDA (In ₹ Lakhs)	81,133.71

*Derived from Audited Financial Statements.

The ratios have been computed as below:

Ratios	Computation
Basic earnings per share	Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (after adjusting non-controlling interest)-before and after exceptional items, as applicable / Weighted Average number of Equity Shares.
Diluted earnings per share	Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (after adjusting non-controlling interest)-before or after exceptional items, as applicable/ Weighted Average number of Equity Shares (including convertible securities).
Return on net worth (in %)	Profit for the Year as per Statement of Profit and Loss attributable to Equity Shareholders (prior to other comprehensive income)/ Net worth at the end of the year.
Net asset value per Equity Share	Net Worth divided by the number of issued, subscribed and paid-up Equity Shares outstanding as at March 31, 2020.
EBITDA	Profit for the year before finance costs, tax, depreciation, amortisation and depletion expenses, exceptional items and other income as presented in the statement of profit and loss in the Financial Statements.

Calculation of Return on Net Worth (on a consolidated basis)

(In ₹ Lakhs, unless otherwise specified)

Particulars	As at March 31, 2020
Profit for the Year (A)	15,497.26
Net worth (B)	137,393.86
Return on net worth (A/B* 100) (in %)	11.28

Calculation of Net asset value per Equity Share (on a consolidated basis)

Particulars	As at March 31, 2020
Net worth (A) (in ₹ lakhs)	137,393.86
Number of Issued, subscribed and paid-up equity shares# (B) (in lakhs)	520.38*
*Net asset value per Equity Share (in ₹)	264.03

*Net Asset Value per Shares= (A/B)

No. of Issued, subscribed and paid-up equity shares excludes 46,500 shares forfeited

Calculation of EBITDA (on a consolidated basis)

(In ₹ Lakhs, unless otherwise specified)

Particulars	As at March 31, 2020
Profit for the Year	15,497.26
Add: Current Tax	5,575.17
Add: Deferred Tax	90.21
Add: Finance Costs	58,609.00
Add: Depreciation / Amortisation and Depletion Expense	1,753.72
Add: Exceptional Item (Net of Tax)	-
Add: Tax on Exceptional Item	-
Less: Other Income	391.65
EBITDA	81,133.71

Consolidated Capitalisation Statement

The following table sets forth the capitalisation statement of our Company (i) derived from the Financial Statements; and (ii) as adjusted for the Issue:

(in ₹ Lakhs)

Particulars	Pre-Issue as at March 31, 2020	As adjusted for the Issue*
Total Borrowings		
#Current borrowings (A)	4,500.00	4,500.00
#Non-current borrowings (B)	2,84,872.66	2,84,872.66
Current maturities of borrowings – Non-current (C)	2,68,590.71	2,68,590.71
Total Debt (D)	5,57,963.36	5,57,963.36
Total Equity		
Equity Share Capital(E)	5,171.27	7,169.54
Other Equity (**)(F)	1,39,697.64	1,49,688.97
Total Equity (G = E + F)	144,868.91	1,56,858.51
Non-current borrowings (including current maturities) / Total Equity [(B+C) / G]	3.82	3.53
Total Borrowings / Total Equity (D /G)	3.85	3.56

*Assuming full subscription of the Issue and receipt of all calls money with respect to partly paid equity shares.

** Other equity includes other comprehensive income.

#Borrowing post March 31, 2020:

Term Loans (Secured): (1) SIDBI – ₹ 12,500 Lakhs, (2) NABARD – ₹ 15,000 Lakhs, (3) BNP Paribas – ₹ 937.50 Lakhs, (4) Qatar National Bank: ₹ 2,000 Lakhs (5) State Bank of India: ₹ 2,500 Lakhs (6) Mas Financial Services Limited: ₹ 3,500 Lakhs

NCD issuance (Secured): (1) ₹ 2,500 Lakhs to Union Bank of India (2) ₹ 5,000 Lakhs to Responsibility (3) ₹ 2,500 to Indian Bank (4) ₹ 2,500 Lakhs to Bank of Baroda

Note: Total borrowing mentioned above is as per the IGAAP and in line with SEBI ICDR Requirements, however as per INDAS our total borrowing (after the adjustment as per INDAS i.e., EIR, PF and accrued interest etc.) is as mentioned below:

(in ₹ Lakhs)

	FY20
Total Borrowings	
Debt securities	86,386.14
Borrowings (other than debt securities)	4,11,462.61
Subordinated liabilities	56,302.54
Total Debt	5,54,151.29

STOCK MARKET DATA FOR SECURITIES OF OUR COMPANY

Our Equity Shares are listed on BSE and NSE. The Rights Equity Shares being issued pursuant to this Issue have not been listed earlier and will be listed on the Stock Exchanges pursuant to this Issue. For details, see “Terms of the Issue” on page 195. Our Company has received in-principle approvals for listing of the Rights Equity Shares on the Stock Exchanges to be issued pursuant to this Issue from BSE and NSE by respective letters dated July 27, 2020. Our Company will also make applications to BSE and NSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circulars. For the purposes of this Issue, the Designated Stock Exchange is BSE Limited.

For this section, unless otherwise specified:

- A year is a financial year;
- Average price is the average of the daily closing prices of our Equity Shares for the year, or the month, as the case may be;
- High price is the maximum of the daily prices and low price is the minimum of the daily prices of our Equity Shares for the year, the month, or the week, as the case may be; and
- In case of two days with the same high/low/closing price, the date with higher volume has been considered.

The high, low and average market prices of our Equity Shares recorded on BSE and NSE during the preceding three years and the number of our Equity Shares traded on the days of the high and low prices were recorded, are as stated below:

BSE

Year	High (₹)	Date of High	Volume on date of High (No. of Equity Shares)	Low (₹)	Date of low	Volume on date of Low (No. of Equity Shares)	Average (₹)
April 1, 2019 - March 31, 2020	398.00	April 4, 2019	5075	63.65	March 31, 2020	593	254.03
April 1, 2018 - March 31, 2019	439.90	May 17, 2018	3399	183.00	November 16, 2018	4365	308.04
April 1, 2017 - March 31, 2018	525.25	January 15, 2018	67203	243.55	June 12, 2017	34873	354.77

(Source: www.bseindia.com)

NSE

Year	High (₹)	Date of High	Volume on date of High (No. of Equity Shares)	Low (₹)	Date of low	Volume on date of Low (No. of Equity Shares)	Average (₹)
April 1, 2019 - March 31, 2020	389.10	April 3, 2019	20401	61.40	March 31, 2020	79494	254.23
April 1, 2018 - March 31, 2019	438.70	April 9, 2018	22517	190.20	November 20, 2018	107938	308.47

April 1, 2017 - March 31, 2018	523.90	January 12, 2018	555053	242.05	June 12, 2017	244776	355.02
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(Source: www.nseindia.com)

Monthly high and low prices and trading volumes on the Stock Exchanges for the six months preceding the date of filing of this Letter of Offer are as stated below

BSE

Month	High (₹)	Date of High	Volume on date of High (No. of Equity Shares)	Low (₹)	Date of low	Volume on date of Low (No. of Equity Shares)	Average (₹)
July, 2020	97.00	July 9, 2020	39492	74.85	July 31, 2020	22004	84.29
June, 2020	104.35	June 19, 2020	154349	51.65	June 1, 2020	32677	79.58
May, 2020	61.50	May 4, 2020	6927	46.00	May 20, 20	5152	51.48
April, 2020	77.85	April 17, 2020	5208	60.00	April 29, 2020	8470	67.59
March, 2020	185.05	March 2, 2020	520	63.65	March 31, 2020	593	119.02
February, 2020	232.60	February 6, 2020	426	166.60	February 25, 2020	5362	205.00

(Source: www.bseindia.com)

NSE

Month	High (₹)	Date of High	Volume on date of High (No. of Equity Shares)	Low (₹)	Date of low	Volume on date of Low (No. of Equity Shares)	Average (₹)
July, 2020	97.05	July 9, 2020	2,80,919	75.00	July 31, 2020	2,36,304	84.25
June, 2020	103.50	June 19, 2020	931782	50.30	June 1, 2020	124710	79.16
May, 2020	61.30	May 4, 2020	118435	45.15	May 20, 2020	259674	51.46
April, 2020	77.85	April 17, 2020	103031	59.45	April 29, 2020	234278	67.48
March, 2020	187.05	March 2, 2020	20171	61.40	March 31, 2020	79494	117.72
February, 2020	234.00	February 6, 2020	79525	164.10	February 24, 2020	45175	205.12

(Source: www.nseindia.com)

Weekend prices of Equity Shares along with the highest and lowest closing prices on the Stock Exchanges for the last four weeks preceding the date of filing of this Letter of Offer is as stated below:

BSE					
For the week ended on	Closing Price (₹)	High (₹)	Date of High	Low (₹)	Date of Low
July 31, 2020	75.10	88.70	July 27, 2020	74.85	July 31, 2020
July 24, 2020	85.55	88.90	July 24, 2020	82.00	July 23, 2020
July 17, 2020	82.70	92.90	July 13, 2020	80.60	July 16, 2020
July 10, 2020	91.10	97.00	July 9, 2020	82.15	July 6, 2020

(Source: www.bseindia.com)

NSE					
For the week ended on	Closing Price (₹)	High (₹)	Date of High	Low (₹)	Date of Low
July 31, 2020	75.25	87.95	July 27, 2020	75.00	July 31, 2020
July 24, 2020	85.85	88.00	July 21, 2020	81.30	July 21, 2020
July 17, 2020	83.45	92.90	July 13, 2020	80.55	July 16, 2020
July 10, 2020	91.10	97.05	July 9, 2020	81.15	July 6, 2020

(Source: www.nseindia.com)

The closing market price of the Equity Shares of our Company one day prior to the date of this Letter of Offer was ₹ 77.85 on BSE and ₹ 77.75 on NSE.

The Issue Price is ₹ 60 per Rights Equity Share and has been arrived at by our Company in consultation with the Lead Manager(s) prior to the determination of the Record Date.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Our Company and its Subsidiaries are subject to various legal proceedings from time to time, mostly arising in the ordinary course of our business. Except as disclosed below there are no outstanding litigation involving our Company and/or our Subsidiaries with respect to (i) issues of moral turpitude or criminal liability on the part of our Company and/or our Subsidiaries, (ii) material violations of statutory regulations by our Company and/or our Subsidiaries, (iii) economic offences where proceedings have been initiated against our Company and/or our Subsidiaries, (iv) any matters which if they result in an adverse outcome would materially and adversely affect operations or financial position of our Company and/or our Subsidiaries.

For the purpose of point (iv) above, the Company has in its Rights Issue Committee meeting held on July 23, 2020, approved a materiality policy ('Materiality Policy') for the purpose of disclosure of litigations in this Letter of Offer. As per the said policy the materiality threshold shall be 1% of profit after tax of the Issuer (on standalone basis) generated in the Financial Year 2019-20 i.e. 1% of ₹ 15,626.71 Lakhs being ₹ 156 Lakhs. Accordingly, for the purposes of point (iv) above, litigations involving an amount of ₹ 156 Lakhs have been disclosed in this Letter of Offer ("Materiality Threshold").

A. LITIGATIONS INVOLVING OUR COMPANY

(I) Litigations filed against our Company

a. Matters involving issues of moral turpitude or criminal liability on the part of our Company

There are no issues of moral turpitude or criminal liability on part of the Company.

b. Matters involving material violations of Statutory Regulations by our Company

There are no material violations of Statutory Regulations by the Company.

c. Economic Offences where proceedings have been initiated against our Company

There are no matters involving economic offences where proceedings have been initiated against our Company.

d. Other proceedings involving our Company which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company.

Civil Matters

- (i) In the court of Civil Judge Senior Division, Sri Muktsar Sahib, Punjab a Civil Suit numbering 148/2018 for interim injunction has been filed against our Company by Mr. Omkar Nath whose property our Company has taken on lease. He has filed for interim injunction for not causing any damage to the building, causing any hindrance, changing its position. The matter is currently pending.

Tax Proceedings

The following tax proceedings are pending against the Company:

Assessment Year	Notice u/s	Amount Involved (in ₹ Lakhs)	Status
2018-19	143(1)(a)	168.53	Pending

Except as disclosed above, there are no tax proceedings involving our Company which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy.

e. Pending matters which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position of our Company

Criminal Proceedings pertaining to our Promoter: Mr. Harvinder Pal Singh

Virender Kaur, one of our ex-clients/borrower of our Company has filed a criminal complaint numbering 905/2015 before Ld. Civil Judge (Junior Division), Khatima, Udham Singh Nagar, Uttarakhand against our Promoter and Managing Director, Mr. Harvinder Pal Singh & two other individuals under Section 354 of Indian Penal Code, 1860 for assault and use of criminal force against women. The co-accused in the matter namely Sunil filed a Criminal Misc. Application before High of Uttarakhand, at Nainital under Section 482 of Cr.P.C. seeking quashing of the summoning orders dated December 7, 2015 issued in the criminal complaint and also interim relief for stay of the proceedings. The said proceedings under complaint case numbering 905/2015 were stayed and are still pending. Mr. Harvinder Pal Singh has also filed a Criminal Misc. Application numbering 2482/2019 before the High of Uttarakhand, at Nainital under Section 482 of Cr.P.C. against the said criminal complaint, which Application is still pending for disposal. Further Mr. Harvinder Pal Singh has also filed a suit for damages for defamation against Virender Kaur for an amount of ₹ 50 Lakhs before Ld. District Judge, District North, West Rohini Courts, Delhi. Our Company has also filed a suit for recovery for an amount of ₹ 12,186 against the said ex-client before Ld. Senior Civil Judge, Rohini Courts, Delhi. The said matters are also sub-judice.

II. Litigations filed by our Company

(a) Criminal Proceedings

- (i) An FIR bearing No. 207 dated December 26, 2008 u/s. 406, 420, 467, 471, 120-B & 506 of Indian Penal Code was filed against Ashok Kumar, Puran Chand and Sonu (**‘accused persons’**) with Police Station of Ladwa (Kurukshehra) who had misappropriated moneys sanctioned to them for loan purposes, by preparing false and forged documents. However, Ld. JMIC, Kurukshehra vide judgement dated January 12, 2012 acquitted the accused persons on the ground that vital witnesses as well as Investigating Officer were not examined. Our Company had filed an appeal against such acquittal before Ld. ASJ, Kurukshehra which was also dismissed vide order dated September 4, 2014. Hence our Company has filed a Criminal Revision numbering 666/2015 against the orders dated January 12, 2012 passed by the Ld. JMIC, Kurukshehra and order dated September 4, 2014 passed by Ld. ASJ, Kurukshehra. The said Criminal Revision is still pending for disposal.
- (ii) Due to the nature of business of our Company several instances occur when the cheques given by the borrowers in repayment of loan/advanced money bounce. Our Company has accordingly been filing various criminal complaints/cases under Section 138 of the Negotiable Instruments Act, 1881 against such borrowers mainly at Delhi and Uttar Pradesh. Presently the total number of criminal complaints/cases filed by the Company is approximately 115 with an approximate amount involved of ₹ 729.15 Lakhs. These criminal complaints/cases are at various stages of proceedings.

(b) Other proceedings

Fraud Cases

Our Company has witnessed various instances of frauds including misappropriation of funds by some of our employees including branch managers/collection executives as employed in various branch offices of our Company. Majority of these frauds have taken place in our branches located in the States of Punjab, Madhya Pradesh, Uttar Pradesh, Bihar, Rajasthan and NCT of Delhi. The Company being an NBFC is required to report all actual and suspected frauds outstanding on quarterly basis to RBI. As per return submitted by the Company for the quarter ending June 30, 2020, the total number of such fraud cases reported stands at 313 with an aggregate amount of ₹ 583.58 Lakhs. Out of the said amount ₹ 150.44 Lakhs have been recovered. Our Company has an enhanced HR policy wherein a Risk Control Committee has been formed with regard to investigation in suspected frauds and dealing with actual frauds and also efforts to recover the amount involved in such frauds from the accused employees. In these fraud cases the Company takes appropriate legal action including filing of FIR against the persons who had committed such frauds on a case to case basis.

B. LITIGATIONS INVOLVING OUR SUBSIDIARIES

(I) Litigation filed against our Subsidiaries

(a) Matters involving issues of moral turpitude or criminal liability on the part of our Subsidiary Companies

There are no issues of moral turpitude or criminal liability on part of our Subsidiary Companies.

(b) Matters involving material violations of Statutory Regulations by our Subsidiary Companies

There are no material violations of Statutory Regulations by our Subsidiary Companies.

(c) Economic Offences where proceedings have been initiated against our Subsidiary Companies

There are no matters involving economic offences where proceedings have been initiated against our Subsidiaries.

(d) Other proceedings involving our Subsidiaries which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Subsidiaries.

Civil Proceedings

There are no civil proceedings involving our Subsidiaries which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy.

Tax Proceedings

There are no tax proceedings involving our Subsidiaries which involve an amount exceeding the Materiality Threshold

(II) Litigations filed by our Subsidiaries.

(a) Criminal Proceedings

Satin Finserv Limited

Our subsidiary company, Satin Finserv Limited (Satin) has filed some criminal complaints/cases under Section 138 of the Negotiable Instruments Act, 1881 against certain borrowers mainly at Dwarka, Delhi for bouncing of cheques given by them in repayment of loan/advanced money. Presently the total number criminal complaints/cases filed by Satin is 12 with an approximate amount involved of ₹ 71.98 Lakhs. These criminal complaints/cases are at various stages of proceedings.

(b) Other Proceedings

Taraashna Financial Services Limited

Arbitration Matter

Our subsidiary company, Taraashna Financial Services Limited (Taraashna) is in process of filing an arbitration application before a sole arbitrator, Mr. Mool Chand Garg, former Judge of Hon'ble High Court of Delhi. The said sole arbitrator has been appointed by Hon'ble High Court of Delhi with respect to a dispute arising out of a Service Provider Agreement dated June 9, 2015 ('Agreement') entered by Taraashna with Reliance Commercial Finance Limited (Reliance). The said Agreement was for providing services by Taraashna to Reliance *inter-alia*, creation of awareness about the financial products offered by Reliance; disbursing loan to the customers of Reliance and collecting instalments therefrom. For the services provided by Taraashna, Reliance was liable to pay fee/commission based on interest paid by customers. Further, Taraashna had to maintain a security deposit equivalent to 5% of the portfolio outstanding of the loans sanctioned by Reliance and sourced by Taraashna. The said security deposit was required to be lien marked in favour of Reliance. Taraashna had requested Reliance to provide a No-objection Certificate for releasing the lien over the excess money lying as security deposit, after accounting for loss to be absorbed by Taraashna. However, Reliance had refused to give such NOC to Taraashna. Accordingly, the said matter is being filed by Taraashna against Reliance before the said sole arbitrator.

Fraud Cases

Our Subsidiary company, Taraashna Financial Services Limited has also witnessed few instances of frauds including misappropriation of funds by some of its employees in its offices at Begusarai, Vidisha, Renwal, Patiala, Ahmedabad and Pune. As Taraashna is subsidiary of our Company, reporting on actual and suspected frauds to RBI is required to be made in each quarter. As per return submitted by the Company for Taraashna for the quarter ending June 30, 2020 the total number of frauds stands at 10 with an aggregate amount of ₹ 106.5 Lakhs. Out of the said amount, ₹ 7.16 Lakhs have been recovered by Taraashna. In majority of these fraud cases FIRs have been filed by Taraashna and investigation is under progress.

Other Disclosures

Our Company, its Promoters, Promoter Group, Directors or any companies with which the Directors of our Company are associated as directors or promoters have not been prohibited from accessing the capital markets under any order or direction passed by SEBI which is still in force.

Promoters and Directors of our Company are not declared as fugitive economic offender.

GOVERNMENT APPROVALS

Our Company is required to comply with the provisions of various laws and regulations and obtain approvals, registrations, permits and licenses under them for conducting our operations.

Further, our Company due to the nature of its operations requires large number of locations to effectively conduct its business. At present the Company has presence in 1,130 locations wherein obligation to obtain and renew such approvals and licenses arises periodically and applications for such approvals and licenses are made at the appropriate stage.

As on the June 30, 2020, out of 1,130 locations Company has obtained registration under the Shops and Establishments Act for 820 branches whereas the registration for 115 locations are applied, 18 are yet to be applied and for remaining 177 registration under the Shops and Establishments Act is not applicable as the same fall under respective gram panchayat area.

Other than as stated herein there are no material pending government and regulatory approvals required for our Company to conduct our existing business and operations. Further, the present Issue is not for any new line of business activities; hence there are no pending approvals required for our Company, in relation to any new line of business activities.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for this Issue

This Issue has been authorised by a resolution of our Board passed at its meeting held on June 22, 2020 pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013.

Our Board in its meeting held on July 30, 2020 has resolved to issue Rights Equity Shares to the Eligible Equity Shareholders, at ₹ 60 per Rights Equity Share (including a premium of ₹ 50 per Rights Equity Share), in the ratio of 48 (forty eight) Rights Equity Share for every 125 Equity Shares, as held on the Record Date. The Issue Price of ₹ 60 per Rights Equity Share has been arrived at, in consultation with the Lead Manager(s), prior to determination of the Record Date. On Application, the Investors will have to pay ₹ 15 per Rights Equity Share which constitutes 25% of the Issue Price and the balance ₹ 45 per Rights Equity Share, which constitutes 75% of the Issue Price, will have to be paid, on one or more subsequent Call(s), as determined by our Board/ Committee at its sole discretion, from time to time.

Our Company has received in-principle approvals from BSE and NSE in accordance with Regulation 28(1) of the SEBI Listing Regulations for listing of the Rights Equity Shares to be Allotted in this Issue pursuant to their respective letters each dated July 27, 2020.

Our Company will also make applications to BSE and NSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circulars. Our Company has been allotted the ISIN INE836B20017 for the Rights Entitlements to be credited to the respective demat accounts of the Equity Shareholders of our Company. For details, see “Terms of the Issue” on page 195.

Prohibition by SEBI

Our Company, our Promoter, our Promoter Group or our Directors have not been and are not prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Our Company, our Promoter, our Promoter Group or our Directors are not debarred from accessing the capital market by the SEBI.

The companies with which our Promoter or our Directors are associated as promoter or directors have not been debarred from accessing the capital market by SEBI.

Neither our Promoter nor our Directors are declared as Fugitive Economic Offenders.

Association of our Directors with securities market

None of our Directors are associated with the securities market.

Prohibition by RBI

Neither our Company, our Promoters nor our Directors have been or are identified as Wilful Defaulters.

Eligibility for this Issue

Our Company is a listed company and has been incorporated under the Companies Act, 1956. Our Equity Shares are presently listed on the Stock Exchanges. Our Company is eligible to offer Rights Equity Shares pursuant to this Issue in terms of Chapter III of the SEBI ICDR Regulations and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B

of Schedule VI of the SEBI ICDR Regulations, read with SEBI e-mail dated July 22, 2020 granting exemption from strict enforcement of Clause 1 (a) and (b) of Part B. For more details, please refer Risk Factor number 8 on page 32.

Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company has made applications to the Stock Exchanges and have received their in-principle approvals for listing of the Rights Equity Shares to be issued pursuant to this Issue. BSE is the Designated Stock Exchange for this Issue.

Compliance with conditions of Fast Track Issue

Our Company satisfies the following conditions specified in Regulation 99 of the SEBI ICDR Regulations read with the SEBI circular, bearing reference no. SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020, read with SEBI Exemption e-mails dated July 8, 2020 and July 22, 2020 and accordingly, our Company is eligible to make this Issue by way of a 'fast track issue':

- a) Our Equity Shares have been listed on BSE and NSE, each being a recognized stock exchange having, nationwide trading terminals, for a period of at least 18 months immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange;
- b) The entire shareholding of the members of the Promoter Group is held in dematerialized form as at the date of filing this Letter of Offer with the Designated Stock Exchange;
- c) The average market capitalization of the public shareholding (as defined under the SEBI ICDR Regulations) of our Company is at least ₹ 100 crore;
- d) The annualized trading turnover of our Equity Shares during six calendar months immediately preceding the month of filing of this Letter of Offer with the Designated Stock Exchange has been at least 2% of the weighted average number of Equity Shares listed during such six-months period;
- e) The annualized delivery-based trading turnover of our Equity Shares during six calendar months immediately preceding the month of filing of this Letter of Offer with the Designated Stock Exchange has been at least 10% of the annualized trading turnover of Equity Shares during such six-month period;
- f) Our Company has been in compliance with the equity listing agreement or the SEBI Listing Regulations as applicable, for a period of at least 18 months immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange;
- g) Our Company has redressed at least 95% of the complaints received from the investors until the end of the quarter immediately preceding the month at the date of filing this Letter of Offer with the Designated Stock Exchange;
- h) No show-cause notices, excluding under adjudication proceedings, have been issued by SEBI and pending against our Company or our Promoter or whole-time Directors as at the date of filing this Letter of Offer with SEBI, the Designated Stock Exchange and NSE. Further, there are no prosecution proceedings initiated, or show cause notices in adjudication proceedings which have been issued, by SEBI, and which are pending against our Company, Promoter, Directors or group companies as at the date of filing this Letter of Offer with SEBI, the Designated Stock Exchange and NSE, which have not been disclosed in this Letter of Offer, along with potential adverse impact on our Company.
- i) Our Company, our Promoter, the members of the Promoter Group or our Directors have not settled any alleged violation of securities laws through the consent or settlement mechanism with SEBI;
- j) Our Equity Shares have not been suspended from trading as a disciplinary measure during 18 months immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange;
- k) There are no conflicts of interest between the Lead Manager and our Company or the group companies in accordance with applicable regulations;

- l) Our Promoter and members of the Promoter Group shall mandatorily subscribe to their Rights Entitlements and shall not renounce their rights, except to the extent of renunciation within the Promoter Group. For subscription by our Promoter and members of the Promoter Group and details in relation to compliance with minimum public shareholding norms prescribed under the Securities Contracts (Regulation) Rules, 1957, see “Capital Structure – Subscription to this Issue by the Promoter and the Promoter Group” on page 77; and
- m) There are no audit qualifications (as defined under the SEBI ICDR Regulations) on the audited accounts of our Company in respect of the Fiscal for which such accounts are disclosed in this Letter of Offer.

Compliance with Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations, read with SEBI e-mail dated July 22, 2020 in relation to relaxation from strict enforcement of Regulation 70 read with Part B (1)(a) and (b) of Schedule VI of the SEBI ICDR Regulations, as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the SEBI Listing Regulations, as applicable for the last three years immediately preceding the date of filing of this Letter of Offer with SEBI;
2. The reports, statements and information referred to above are available on the websites of BSE and NSE; and
3. Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders’ Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

Pursuant to SEBI e-mail dated July 22, 2020, the Company was granted relaxation from the strict enforcement of Regulation 70 read with Part B (1) (a) and (b) of Schedule VI of the SEBI ICDR Regulations.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, and given that the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations are not applicable to our Company, read with above mentioned SEBI e-mail, the disclosures in this Letter of Offer are in terms of Clause (5) of Part B of Schedule VI of the SEBI ICDR Regulations. Our Company is also in compliance with Clause (6) of Part B of Schedule VI of the SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS LETTER OF OFFER. THE LEAD MANAGER HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED

(“SEBI ICDR REGULATIONS”) IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LETTER OF OFFER, THE LEAD MANAGER(S) ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED AUGUST 4, 2020 WHICH READS AS FOLLOWS:

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION, INCLUDING COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL WHILE FINALISING THE LETTER OF OFFER DATED AUGUST 4, 2020, 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 LETTER OF OFFER FILED WITH 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 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 LETTER OF OFFER 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, THE SEBI ICDR REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3. BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT UNTIL DATE SUCH REGISTRATION IS VALID. COMPLIED WITH.**
- 4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE**
- 5. WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF HIS SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER’S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTER’S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT**

BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE LETTER OF OFFER WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER. – NOT APPLICABLE.

6. ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTER'S 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 LETTER OF OFFER. – NOT APPLICABLE.
7. ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO RECEIPT OF PROMOTER'S CONTRIBUTION PRIOR TO OPENING OF THE ISSUE, SHALL BE COMPLIED WITH. ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE AND THE STATUTORY AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S 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 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, AND 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 OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN LAST TEN YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. COMPLIED WITH TO 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 RIGHTS EQUITY SHARES, WHERE AN ISSUER HAS OUTSTANDING SUPERIOR RIGHTS 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 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 CIRCULAR SEBI/HO/CFD/DIL2/CIR/P/2020/78 DATED MAY 6, 2020 READ WITH SEBI CIRCULAR SEBI/HO/CFD/DIL1/CIR/P/2020/136 DATED JULY 24, 2020.
12. IF APPLICABLE, THE COMPANY IS ELIGIBLE TO LIST ON THE INNOVATORS GROWTH IN TERMS OF THE PROVISIONS CHAPTER X OF THE SEBI ICDR REGULATIONS. NOT APPLICABLE
13. NONE OF THE INTERMEDIARIES NAMED IN THIS LETTER OF OFFER 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 CIRCULAR DATED NO. SEBI/HO/CFD/CIR/CFD/DIL/67/2020 DATED APRIL 21, 2020 READ WITH SEBI RELAXATION EMAILS DATED JULY 8, 2020 AND JULY 22, 2020. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED IN THAT REGULATION BY THE COMPANY HAS ALSO BEEN DISCLOSED IN THIS LETTER OF OFFER– 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 THIS LETTER OF OFFER AND 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 OFFERED THROUGH THIS ISSUE 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 CIRCULAR SEBI/HO/CFD/DIL2/CIR/P/2020/78 DATED MAY 6, 2020 READ WITH SEBI CIRCULAR SEBI/HO/CFD/DIL1/CIR/P/2020/136 DATED JULY 24, 2020.
17. AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE COMPANY – COMPLIED WITH.

THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE LETTER OF OFFER.

Disclaimer Clause of NSE

As required, a copy of this letter of offer has been submitted to NSE. The Disclaimer Clause as intimated by the NSE to us, post scrutiny of this Letter of Offer is set out below:

“As required, a copy of this letter of offer has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref. No. NSE/LIST/24252 dated July 27, 2020 permission to the Issuer to use the Exchange’s name in this letter of offer as one of the stock exchanges on which this Issuer’s securities are proposed to be listed. The Exchange has scrutinized this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer.

It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the letter of offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; nor does it warrant that this Issuer’s securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever. ”

Disclaimer Clause of BSE

As required, a copy of this Letter of Offer has been submitted to BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of this Letter of Offer is set out below:

“BSE Limited (the “Exchange”) has given, vide its letter dated July 27, 2020 permission to this Company to use the Exchange’s name in this Letter of Offer as one of the stock exchanges on which this Company’s securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; or
- Warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or
- Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

and it should not for any reason be deemed or construed that this letter of offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.”

Disclaimer clauses from our Company and the Lead Manager:

Our Company and the Lead Manager(s) accept no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at their own risk.

Investors who invest in this Issue will be deemed to have represented to our Company and the Lead Manager(s) and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in this Issue.

Caution:

Our Company and the Lead Manager shall make all relevant information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever, including at presentations, in research or sales reports, etc., after filing this Letter of Offer.

No dealer, salesperson or other person is authorised to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorised information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and rights to purchase the Rights Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Letter of Offer is current only as of its date.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Delhi, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of this Issue is BSE Limited.

Disclaimer Clause of RBI

Our Company holds a valid certificate of registration dated November 6, 2013 issued by the RBI under Section 45IA of the Reserve Bank of India Act, 1934. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of our Company or for the correctness of any of the statements or representation made or opinions expressed by our Company and for repayment of deposits/ discharge of liabilities by our Company.

Selling Restrictions

The distribution of this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and the issue of Rights Entitlements and Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, the Abridged Letter of Offer, the

Application Form and the Rights Entitlement Letter may come are required to inform themselves about and observe such restrictions.

This Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders (i) in offshore transactions outside the United States to non-U.S. Persons in compliance with Regulation S to existing shareholders located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and (ii) in the United States to U.S. Persons who are U.S. QIBs and are also Qualified Purchasers pursuant to applicable exemptions under the US Securities Act and the Investment Company Act. Our Company has not been and will not be registered under the Investment Company Act and investors will not be entitled to the benefits of the Investment Company Act. Prospective purchasers in the United States are hereby notified that our Company is relying on the exemption under Section 4(a)(2) of the US Securities Act and exception under Section 3(c)(7) of the Investment Company Act. Our Company will dispatch this Letter of Offer / Abridged Letter of Offer and Application Form only to Eligible Equity Shareholders who have provided an Indian address to our Company.

The Rights Equity Shares and Rights Entitlements may not be offered or sold, directly or indirectly, and none of this Letter of Offer, the Abridged Letter of Offer, Application Forms, the Rights Entitlement Letter or any offering materials or advertisements in connection with the Rights Equity Shares or Rights Entitlements may be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. No action has been or will be taken to permit this Issue in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer, the Abridged Letter of Offer, the Application Forms, the Rights Entitlement Letter or any other material relating to our Company, the Rights Equity Shares or Rights Entitlements in any jurisdiction, where any action would be required in such jurisdiction for that purpose.

Receipt of this Letter of Offer, the Abridged Letter of Offer, the Application Forms and the Rights Entitlement Letter will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer. If this Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Letter of Offer.

Investors are advised to consult their legal counsel prior to applying for the Rights Entitlements and Rights Equity Shares or accepting any provisional allotment of Rights Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Rights Equity Shares or Rights Entitlements.

Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information.

NOTICE TO INVESTORS

NO ACTION HAS BEEN TAKEN OR WILL BE TAKEN THAT WOULD PERMIT A PUBLIC OFFERING OF THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES TO OCCUR IN ANY JURISDICTION OTHER THAN INDIA, OR THE POSSESSION, CIRCULATION OR

DISTRIBUTION OF THIS LETTER OF OFFER OR ANY OTHER MATERIAL RELATING TO OUR COMPANY, THE RIGHTS ENTITLEMENTS OR THE RIGHTS EQUITY SHARES IN ANY JURISDICTION WHERE ACTION FOR SUCH PURPOSE IS REQUIRED. ACCORDINGLY, THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS LETTER OF OFFER NOR ANY OFFERING MATERIALS OR ADVERTISEMENTS IN CONNECTION WITH THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES MAY BE DISTRIBUTED OR PUBLISHED IN OR FROM ANY COUNTRY OR JURISDICTION EXCEPT IN ACCORDANCE WITH THE LEGAL REQUIREMENTS APPLICABLE IN SUCH COUNTRY OR JURISDICTION. THIS ISSUE WILL BE MADE IN COMPLIANCE WITH THE APPLICABLE SEBI REGULATIONS. EACH PURCHASER OF THE RIGHTS ENTITLEMENTS OR THE RIGHTS EQUITY SHARES IN THIS ISSUE WILL BE DEEMED TO HAVE MADE ACKNOWLEDGMENTS AND AGREEMENTS AS DESCRIBED UNDER “RESTRICTIONS ON PURCHASES AND RESALES” ON PAGE 243.

NOTICE TO INVESTORS IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT, OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S EXCEPT FOR THESE PURPOSES, U.S. PERSONS INCLUDE PERSONS WHO WOULD OTHERWISE HAVE BEEN EXCLUDED FROM SUCH TERM SOLELY BY VIRTUE OF RULE 902(K)(1)(VIII)(B) OR RULE 902(K)(2)(I)), EXCEPT PURSUANT TO AN EXEMPTION FORM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT. ACCORDINGLY, THE RIGHTS EQUITY SHARES REFERRED TO IN THIS LETTER OF OFFER ARE BEING OFFERED AND SOLD (I) IN OFFSHORE TRANSACTIONS OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN COMPLIANCE WITH REGULATION S TO EXISTING SHAREHOLDERS LOCATED IN JURISDICTIONS WHERE SUCH OFFER AND SALE OF THE RIGHTS EQUITY SHARES IS PERMITTED UNDER LAWS OF SUCH JURISDICTIONS AND (II) IN THE UNITED STATES TO U.S. PERSONS WHO ARE U.S. QIBS AND ARE ALSO QUALIFIED PURCHASERS PURSUANT TO APPLICABLE EXEMPTIONS UNDER THE US SECURITIES ACT AND THE INVESTMENT COMPANY ACT. OUR COMPANY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS OF THE INVESTMENT COMPANY ACT. PROSPECTIVE PURCHASERS IN THE UNITED STATES ARE HEREBY NOTIFIED THAT OUR COMPANY IS RELYING ON THE EXEMPTION UNDER SECTION 4(A)(2) OF THE US SECURITIES ACT AND EXCEPTION UNDER SECTION 3(C)(7) OF THE INVESTMENT COMPANY ACT. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES, EXCEPT IN EACH CASE TO PERSONS IN THE UNITED STATES WHO ARE U.S. QIBS AND ARE ALSO QUALIFIED PURCHASERS. ACCORDINGLY, YOU SHOULD NOT FORWARD OR TRANSMIT THIS LETTER OF OFFER IN OR INTO THE UNITED STATES AT ANY TIME (OTHER THAN TO U.S. QIBS WHO ARE ALSO QUALIFIED PURCHASERS).

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order

is made (other than persons in the United States who are U.S. QIBs and are also Qualified Purchasers). No Application Form should be postmarked in the United States, electronically transmitted from the United States or otherwise dispatched from the United States (in each case, other than from persons in the United States who are U.S. QIBs and are also Qualified Purchasers) or from any other jurisdiction where it would be illegal to make an offer of securities under this Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch, only through email, the Abridged Letter of Offer and the Application Form and other applicable Issue materials only to Eligible Equity Shareholders who have provided an Indian address to our Company.

Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, that (i) it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States, or (ii) it is a U.S.QIB who is also a Qualified Purchaser in the United States, and, in each case is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (unless the Application Form is submitted by a U.S. QIB who is also a Qualified Purchaser in the United States) or other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws or (b) a U.S. QIB who is also a Qualified Purchaser in the United States, and in each case such person is complying with laws of jurisdictions applicable to such person in connection with this Issue and have obtained requisite approvals before applying in this Issue; or (iii) where a registered Indian address is not provided or where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

Filing

This Letter of Offer is being filed with the Designated Stock Exchange, SEBI, and NSE, as per the provisions of the SEBI ICDR Regulations. Further, in terms of the SEBI ICDR Regulations, our Company will simultaneously while filing this Letter of Offer with the Designated Stock Exchange, submit a copy of this Letter of Offer to SEBI, through an online filing through the SEBI intermediary portal at <https://siportal.sebi.gov.in> in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Letter of Offer to the email address: cfddil@sebi.gov.in.

Investor Grievances and Redressal System

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Agreement.

Our Company has a Stakeholders' Relationship Committee which currently comprises Mr. Sundeep Kumar Mehta, Mr. Sanjay Kumar Bhatia, and Mr. Anil Kumar Kalra. The terms of reference, inter alia, include redressal of investors'/ shareholder'/ security holders' complaints pertaining to transfer of securities, non-receipt of annual reports, non-receipt of declared dividend, issue of duplicate certificates, and to carry out any other function as is mandated by the Board from time to time and/or enforced by any

statutory modification, amendment or modifications as may be applicable. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company.

The Investor complaints received by our Company are generally disposed of within 30 days from the date of receipt of the complaint.

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre-Issue or post Issue related matter. All grievances relating to the ASBA process or RWAP may be addressed to the Registrar, with a copy to the SCSBs(in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of R-WAP process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process), and copy of the e-acknowledgement (in case of RWAP process). For details on the ASBA process and RWAP process, see “Terms of the Issue” on page 195. The contact details of Registrar to the Issue, our Company Secretary and Compliance Officer and are as follows:

Registrar to the Issue

Link Intime India Private Limited

C-101, 247 Park, L. B. S. Marg, Vikhroli (West)

Mumbai 400 083

Maharashtra, India

Tel: +91 22 4918 6200

E-mail: satin.rights@linkintime.co.in

Website: www.linkintime.co.in

Investor grievance e-mail: satin.rights@linkintime.co.in

Contact Person: Sumeet Deshpande

SEBI Registration No.: INR000004058

Company Secretary and Compliance Officer

Mr. Adhish Swaroop

Floor 1 & 3, Plot No -97,

Sector-44, Gurugram,

Haryana-122003, India

adhish.swaroop@satincreditcare.com

Tel: +91 124-4715400/450/499

In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (<https://linkintime.co.in>). Further, helpline numbers provided by the Registrar for guidance on the Application process and resolution of difficulties are +91 22 4918 6200/ 4918 6171 / 4918 6172.

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is correctly filled up. Unless otherwise permitted under the SEBI ICDR Regulations read with SEBI Rights Issue Circulars, Investors proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in this section.

Overview

This Issue and the Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, FEMA, FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice.

Important:

1. Dispatch and availability of Issue materials:

In accordance with the SEBI ICDR Regulations, SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and the MCA General Circular No. 21/2020 dated May 11, 2020, our Company will send, only through email, the Abridged Letter of Offer, the Application Form and other applicable Issue material to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company. This Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company or Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who makes a request in this regard.

Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

- (i) our Company at <https://satincreditcare.com/> ;
- (ii) the Registrar at <https://linkintime.co.in/>;
- (iii) the Lead Manager, i.e., Corporate Professionals Capital Private Limited at www.Corporateprofessionals.com;
- (iv) the Stock Exchanges at www.bseindia.com and www.nseindia.com; and
- (v) the Registrar's web-based application platform at <https://www.linkintime.co.in/> ("R-WAP").

To update the respective Indian addresses/e-mail addresses/phone or mobile numbers in the records maintained by the Registrar or by our Company, Eligible Equity Shareholders should visit www.linkintime.co.in.

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e. <https://linkintime.co.in/>) by entering their DP ID and Client ID or Folio Number and PAN (in case of Eligible Equity Shareholders holding Equity Shares in physical form). The link for the same shall also be available on the website of our Company (i.e., <https://satincare.com>).

Further, our Company along with the Lead Manager will undertake all adequate steps to reach out the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible. In light of the current COVID-19 situation, our Company, the Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for non-dispatch of physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the email addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

The distribution of this Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction outside India, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or the Lead Manager or its affiliates to any filing or registration requirement (other than in India). If this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Letter

of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates or the Lead Manager or its affiliates to make any filing or registration (other than in India).

2. Facilities for Application in this Issue:

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident Investors in this Issue, i.e., R-WAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the R-WAP. For details, see “- Procedure for Application through the ASBA Process” and “- Procedure for Application through the R-WAP” on page 212 and Page 213.

The Application Form can be used by the Eligible Equity Shareholders as well as the Renounees, to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account, see “Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders on Page 199”

In accordance with the SEBI Rights Issue Circular, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Equity Shares may also apply in this Issue during the Issue Period.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account. Investors may apply for the Equity Shares by:

- (a) **ASBA facility:** Investors can submit either the Application Form in physical mode to the Designated Branch of the SCSBs or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) authorizing the SCSB to block the Application Money in an ASBA Account maintained with the SCSB. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

Investors should note that the ASBA process involves procedures that are different from the procedure under the RWAP process. Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process. For details, see “- Procedure for Application through the ASBA Process” on page 212.

Please note that subject to SCSBs complying with the requirements of SEBI Circular CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs

Further, in terms of the SEBI Circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

(b) Registrar’s Web-based Application Platform (R-WAP):

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, a separate web-based application platform, i.e., the RWAP facility (accessible at <https://linkintime.co.in/>), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process. At the R-WAP, resident Investors can access and submit the online Application Form in electronic mode using the R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

PLEASE NOTE THAT ONLY RESIDENT INVESTORS CAN SUBMIT AN APPLICATION USING THE R-WAP. R-WAP FACILITY WILL BE OPERATIONAL FROM THE ISSUE OPENING DATE. FOR RISKS ASSOCIATED WITH THE R-WAP PROCESS, SEE “RISK FACTORS - THE RWAP PAYMENT MECHANISM FACILITY PROPOSED TO BE USED FOR THIS ISSUE MAY BE EXPOSED TO RISKS, INCLUDING RISKS ASSOCIATED WITH PAYMENT GATEWAYS” ON PAGE 53.

For guidance on the Application process through R-WAP and resolution of difficulties faced by the Investors, the Investors are advised to carefully read the frequently asked questions, visit the online/ electronic dedicated investor helpdesk (<https://www.linkintime.co.in>) or call helpline number +91 22 4918 6200/ 4918 6171 / 4918 6172. For details, see “- Procedure for Application through the R-WAP” on page 213.

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6 , 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, our Company will make use of advertisements in television channels, radio, internet etc., including in the form of crawlers/ tickers, to disseminate information relating to the Application process in India.

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB) and R-WAP. Please note that incorrect depository account details or PAN or Application Forms without depository account details (except in case of Eligible Equity Shareholders who hold Equity Shares in physical form and are applying in this Issue in accordance with the SEBI Rights Issue Circular through R-WAP) shall be treated as incomplete and shall be rejected. For details see “- Grounds for Technical Rejection” Our Company, the Lead Manager, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see “- Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process”

3. Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, “SCNL RIGHTS ENTITLEMENT SUSPENSE ESCROW DEMAT ACCOUNT”) opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to the Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., by Friday, August 21, 2020 to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to the Company or the Registrar account is active to facilitate the aforementioned transfer.

4. Application by Eligible Equity Shareholders holding Equity Shares in physical form:

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

In accordance with the SEBI Rights Issue Circulars (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing

Date, desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period. Application by such Eligible Equity Shareholders is subject to following conditions:

- (i) the Eligible Equity Shareholders apply only through R-WAP;
- (ii) the Eligible Equity Shareholders are residents;
- (iii) the Eligible Equity Shareholders are not making payment from non-resident account;
- (iv) the Eligible Equity Shareholders shall not be able to renounce their Rights Entitlements; and
- (v) the Eligible Equity Shareholders shall receive Rights Equity Shares, in respect of their Application, only in demat mode.

Accordingly, such resident Eligible Equity Shareholders are required to send a communication to our Company or the Registrar containing the name(s), Indian address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by post, speed post, courier, electronic mail or hand delivery, to enable process of credit of Rights Equity Shares in such demat account.

Prior to the Issue Opening Date, the Rights Entitlements of those resident Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

Such resident Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in “**Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form**” and “**Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner**” on pages 220 and 232, respectively.

5. Other important links and helpline:

The Investors can visit following links for the below-mentioned purposes:

- Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: <https://www.linkintime.co.in>
- Updation of Indian address/ email address/ mobile number in the records maintained by the Registrar or our Company: https://Linkintime.co.in/EmailReg/Email_Register.html
- Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: <https://www.linkintime.co.in>
- Submission of self-attested PAN, client master sheet and demat account details by non-resident Eligible Equity Shareholders: satin.rights@linkintime.co.in.

Renounees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renounee(s) as well.

Basis for this Issue

The Rights Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

Rights Entitlements

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e. <https://linkintime.co.in/>) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e. <https://satincare.com/>).

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e. <https://www.linkintime.co.in>). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts, except in case of resident Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and applying through R-WAP (an additional optional facility).

For details of Application through R-WAP by the Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, see “- Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form” and “- Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner” on pages 220 and 232, respectively.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send the Abridged Letter of Offer and the Application Form and other applicable Issue materials only to email addresses of Eligible Equity Shareholders who have provided an Indian address to our Company. This Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. This Letter of Offer, the Abridged Letter of Offer and the Application Form may also be accessed on the websites of the Registrar, www.linkintime.co.in, our Company and the Lead Manager through a link contained in the aforementioned email sent to email addresses of Eligible Equity Shareholders (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) and on the Stock Exchange websites. The distribution of this Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer has been filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the

Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations. If this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who acquires Rights Entitlements or makes an Application will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, that it is entitled to subscribe for the Rights Equity Shares under the laws of any jurisdiction which apply to such person.

PRINCIPAL TERMS OF THIS ISSUE

Face Value

Each Rights Equity Share will have the face value of ₹ 10/-.

Issue Price

Each Rights Equity Share is being offered at a price of ₹ 60 per Rights Equity Share (including a premium of ₹ 50 per Rights Equity Share) in this Issue. On Application, Investors will have to pay ₹ 15 per Rights Equity Share, which constitutes 25% of the Issue Price and the balance ₹ 45 per Rights Equity Share, which constitutes 75% of the Issue Price, will have to be paid, on one or more Call(s), as determined by our Board at its sole discretion, from time to time.

The Issue Price for Rights Equity Shares has been arrived at by our Company in consultation with the Lead Manager and has been decided prior to the determination of the Record Date.

Rights Entitlements Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of 48 (forty eight) Rights Equity Share for every 125 Equity Shares held by the Eligible Equity Shareholders as on the Record Date.

Renunciation of Rights Entitlements

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat accounts either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off-market transfer. For details, see “- Procedure for Renunciation of Rights Entitlements” on page 214.

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, will not be able to renounce their Rights Entitlements.

Credit of Rights Entitlements in dematerialised account

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, “SCNL RIGHTS ENTITLEMENT SUSPENSE ESCROW DEMAT ACCOUNT”) opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings.

In this regard, our Company has made necessary arrangements with NSDL and CDSL for the crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is INE836B20017. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to the Company or the Registrar not later than two Working Days prior to the Issue Closing Date i.e., by Friday, August 21, 2020 to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to the Company or the Registrar account is active to facilitate the aforementioned transfer.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after entering in their respective details along with other security control measures implemented thereat.

Trading of the Rights Entitlements

In accordance with the SEBI Rights Issue Circulars, the Rights Entitlements credited shall be admitted for trading on the Stock Exchanges under ISIN INE836B20017. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. Investors shall be able to trade their Rights Entitlements either through On Market Renunciation or through Off Market Renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

The On-Market Renunciation shall take place electronically on the secondary market platform of the Stock Exchanges on T+2 rolling settlement basis, where T refers to the date of trading. The transactions will be settled on trade-for-trade basis. The Rights Entitlements shall be tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from Wednesday, August 12, 2020 to Friday, August 21, 2020 (both days inclusive). No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date. For details, see “- Procedure for Renunciation of Rights Entitlements – On Market Renunciation” and “- Procedure for Renunciation of Rights Entitlements – Off Market Renunciation” on page 215.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Terms of Payment

₹ 60 per Rights Equity Share (including premium of ₹ 50 per Rights Equity Share) shall be payable as follows:

	Face value (₹ per Rights Equity Share)	Premium (₹ per Rights Equity Share)	Total (₹ per Rights Equity Share)
On Application	2.50	12.50	15.00
On Call(s) to be made by our Company*	7.50	37.50	45.00
Total	10.00	50.00	60.00

* Our Company shall have the right to call up the remaining paid-up capital in one or more Call(s), as determined by our Board/ Committee at its sole discretion, from time to time.

Rights Equity Shares in respect of which the Calls payable remains unpaid may be forfeited, at any time after the due date for payment of the balance amount due in accordance with the Companies Act, 2013 and our Articles of Association.

Where an Applicant has applied for additional Rights Equity Shares and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The un-blocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

Record date for Calls and suspension of trading

Our Company would fix a Call Record Date giving notice, in advance of such period as may be prescribed under applicable law, to the Stock Exchanges for the purpose of determining the list of Rights Equity Shareholders to whom the notice for the Calls would be sent. Once the Call Record Date has been fixed, trading in the Rights Equity Shares for which the calls have been made may be suspended prior to the Call Record Date.

Procedure for Calls for Rights Equity Shares

Our Company would convene a meeting of our Board to pass the required resolutions for making the Calls and suitable intimation would be given by our Company to the Stock Exchanges. Further, advertisements for the same will be published in (i) one English national daily newspaper; and (ii) one Hindi language national daily newspaper; (Hindi being the regional language of NCT of Delhi, where our Registered and Corporate Office is situated), all with wide circulation.

The Calls shall be deemed to have been made at the time when the resolution authorising such Calls are passed at the meeting of our Board/ Committee. The Calls may be revoked or postponed at the discretion of our Board. Pursuant to the provisions of the Articles of Association, the Investors would be given at least 14 days' notice for the payment of the Calls. Our Board may, from time to time at its discretion, extend the time fixed for the payments of the Calls. Our Company, at its sole discretion and as it may deem fit, may send one or more reminders for the Calls, and if it does not receive the Call Money as per the timelines stipulated unless extended by our Board, the defaulting Rights Equity Shareholders will be liable to pay interest as may be fixed by our Board unless waived or our Company may forfeit the Application Money and any Call Money received for previous Calls made.

Separate ISIN for Rights Equity Shares

In addition to the present ISIN for the existing Equity Shares, our Company would obtain a separate ISIN for the Rights Equity Shares for each Call, until fully paid-up. The Rights Equity Shares offered under this Issue will be traded under a separate ISIN after each Call for the period as may be applicable under the rules and regulations prior to the record date for the final Call notice. The ISIN representing the Rights Equity Shares will be terminated after the Call Record Date for the final Call. On payment of the final Call Money in respect of the Rights Equity Shares, such Rights Equity Shares would be fully paid-up and merged with the existing ISIN of our Equity Shares.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of 48 (forty eight) Rights Equity Shares for every 125 Equity Shares held as on the Record Date. As per SEBI Rights Issue Circulars, the fractional entitlements are to be ignored. Accordingly, if the shareholding of any of the Eligible Equity Shareholders is less than 125 Equity Shares or is not in the multiple of 125 Equity Shares, the fractional entitlements of such Eligible Equity Shareholders shall be ignored by rounding down of their Rights Entitlements. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the Allotment of one additional Rights Equity Share if they apply for additional Rights Equity Shares over and above their Rights Entitlements, if any, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

For example, if an Eligible Equity Shareholder holds 126 Equity Shares, such Equity Shareholder will be entitled to 48 (forty Eight) Rights Equity Share and will also be given a preferential consideration for the Allotment of one additional Rights Equity Share if such Eligible Equity Shareholder has applied for additional Rights Equity Shares, over and above his/her Rights Entitlements, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than 3 Equity Shares shall have 'zero' entitlement for the Rights Equity Shares. Such Eligible Equity Shareholders are entitled to apply for additional Rights Equity Shares and will be given preference in the Allotment of one Rights Equity Share, if such Eligible Equity Shareholders apply for additional Rights Equity Shares, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for. However, they cannot renounce the same in favour of third parties.

Credit Rating

As this Issue is a rights issue of Rights Equity Shares, there is no requirement of credit rating for this Issue.

Ranking

The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and Allotted under this Issue shall, upon being fully paid up, rank pari passu with the existing Equity Shares, in all respects including dividends. In respect of the Rights Equity Shares, Investors are entitled to dividend in proportion to the amount paid up and their voting rights exercisable on a poll shall also be proportional to their respective share of the paid-up equity capital of our Company.

Listing and trading of the Rights Equity Shares to be issued pursuant to this Issue

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through letter dated July 27,

2020 and from the NSE through letter bearing reference number NSE/LIST/24252 dated July 27, 2020. Our Company will apply to the Stock Exchanges for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

For an applicable period, from the Call Record Date, the trading of the Rights Equity Shares would be suspended under the applicable law. The process of corporate action for crediting the fully paid-up Rights Equity Shares to the Investors' demat accounts, may take such time as is customary or as prescribed under applicable law from the last date of payment of the amount under the Call notice for the final Call.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 539404) and NSE (Scrip Code: SATIN) under the ISIN: INE836B01017. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the existing ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, we shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within seven days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within eight days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

Subscription to this Issue by our Promoter and our Promoter Group

For details of the intent and extent of subscription by our Promoter and the Promoter Group, see "Capital Structure – Subscription to this Issue by our Promoter and Promoter Group" on page 77.

Rights of Holders of Rights Equity Shares of our Company

Subject to applicable laws, Rights Equity Shareholders shall have the following rights in proportion to amount paid-up on the Rights Equity Shares:

- a. The right to receive dividend, if declared;
- b. The right to vote in person, or by proxy, except in case of Rights Equity Shares credited to the demat suspense account for resident Eligible Equity Shareholders holding Equity Shares in physical form;
- c. The right to receive surplus on liquidation;
- d. The right to free transferability of Rights Equity Shares;
- e. The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed under "Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner" on page 232; and
- f. Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

GENERAL TERMS OF THE ISSUE

Market Lot

The Rights Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Rights Equity Shares in dematerialised mode is one Equity Share.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Rights Equity Shares offered in this Issue.

Nomination

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Rights Equity Shares to be Allotted in this Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

Arrangements for Disposal of Odd Lots

The Rights Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Rights Equity Share and hence, no arrangements for disposal of odd lots are required.

Notices

In accordance with the SEBI ICDR Regulations, SEBI Rights Issue Circulars and MCA General Circular No. 21/2020, our Company will send, only through email, the Abridged Letter of Offer, the Application Form and other applicable Issue material to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company. This Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation (Hindi being the regional language of NCT of Delhi, where our Registered Office is situated).

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, our Company will make use of advertisements in television channels, radio, internet etc., including in the form of crawlers/ tickers, to disseminate information relating to the Application process in India.

This Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

Offer to Non-Resident Eligible Equity Shareholders/Investors

As per Rule 7 of the FEMA Rules, the RBI has given general permission to Indian companies to issue rights equity shares to non-resident shareholders including additional rights equity shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 read with Foreign Exchange (Non-Debt Instruments) Regulations, 2019, issued by the RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by the RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at satin.rights@linkintime.co.in.

The Abridged Letter of Offer, the Application Form and other applicable Issue materials shall be sent to the email address of non-resident Eligible Equity Shareholders who have provided an Indian address to our Company. Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, the Lead Manager and the Stock Exchanges. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by the RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager.

Please note that only resident Investors can submit an Application using the R-WAP web-based application platform.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of the RBI and to obtain prior approval from RBI for applying in this Issue.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting their respective copies of self-attested proof of address, passport, etc. at <https://linkintime.co.in/> .com or satin.rights@linkintime.co.in.

PROCEDURE FOR APPLICATION

How to Apply

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident Investors in this Issue, i.e., R-WAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the R-WAP.

For details of procedure for application by the resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date, see “Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form” on page 220.

The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Application Form

The Application Form for the Rights Equity Shares offered as part of this Issue would be sent to email address of the Eligible Equity Shareholders who have provided an Indian address to our Company. The Application Form along with the Abridged Letter of Offer and other applicable Issue material shall be sent through email at least three days before the Issue Opening Date. In case of non-resident Eligible Equity Shareholders, the Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email to email address if they have provided an Indian address to our Company.

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for delay in the receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the email addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

To update the respective email addresses/ mobile numbers in the records maintained by the Registrar or our Company, Eligible Equity Shareholders should visit <https://linkintime.co.in/>. Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of:

- (i) our Company at <https://satincare.com/>;
- (ii) the Registrar at www.linkintime.co.in
- (iii) the Lead Manager at www.corporateprofessionals.com;
- (iv) the Stock Exchanges at www.bseindia.com and www.nseindia.com; and
- (v) the Web based Platform R-WAP at [https:// www.linkintime.co.in](https://www.linkintime.co.in).

The Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e. <https://www.linkintime.co.in>) by entering their DP ID and Client ID or Folio

Number (in case of resident Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e., <https://satincreditcare.com/>).

The Application Form can be used by the Investors, Eligible Equity Shareholders as well as the Renounees, to make Applications in this Issue basis the Rights Entitlements credited in their respective demat accounts or demat suspense escrow account, as applicable. Please note that one single Application Form shall be used by the Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may accept this Issue and apply for the Rights Equity Shares (i) submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filling the online Application Form available on R-WAP and make online payment using the internet banking or UPI facility from their own bank account thereat. Please note that Applications made with payment using third party bank accounts are liable to be rejected.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein, (i) the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB; or (ii) the requisite internet banking or UPI details (in case of Application through R-WAP, which is available only for resident Investors).

Please note that Applications without depository account details shall be treated as incomplete and shall be rejected, except in case of Eligible Equity Shareholders who hold Equity Shares in physical form and are applying in this Issue in accordance with the SEBI Rights Issue Circulars through Web based Platform RWAP.

Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB) and Web Based Platform R-WAP. Incorrect depository account details or PAN number could lead to rejection of the Application. For details see “- Grounds for Technical Rejection” on page 225. Our Company, the Lead Manager, the Registrar and the SCSB shall not be liable for any incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see “Application on Plain Paper under ASBA process” on page 216.

Options available to the Eligible Equity Shareholders

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

- (i) apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or
- (ii) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
- (iii) apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
- (iv) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for additional Rights Equity Shares; or
- (v) renounce its Rights Entitlements in full.

In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period. Such resident Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in “Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form” and “Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner” on pages 220 and 232, respectively.

Procedure for Application through the ASBA process

Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form, or have otherwise provided an authorisation to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

Self-Certified Syndicate Banks

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>. For details on Designated Branches of SCSBs collecting the Application Form, please refer the above-mentioned link. **Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at the Designated Branches of the SCSBs, in case of Applications made through ASBA facility.**

Procedure for Application through the web-based platform R-WAP.

Resident Investors, making an Application through R-WAP, shall make online payment using internet banking or UPI facility. Prior to making an Application, such Investors should enable the internet banking or UPI facility of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds. Our Company, the Registrar and the Lead Manager shall not be responsible if the Application is not successfully submitted or rejected during Basis of Allotment on account of failure to be in compliance with the same. R-WAP facility will be operational from the Issue Opening Date. For risks associated with the R-WAP process, see “Risk Factors - The R-WAP payment mechanism facility proposed to be used for this issue may be exposed to risks, including risks associated with payment gateways” on page 53.

Set out below is the procedure followed using the R-WAP:

- (a) Resident Investors should visit R-WAP (accessible at <https://linkintime.co.in/>) and fill the online Application Form available on R-WAP in electronic mode. Please ensure to provide correct DP ID, Client ID, Folio number (only for resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date), PAN details and all other details sought for while submitting the online Application Form.
- (b) Non-resident Investors are not eligible to apply in this Issue through R-WAP.
- (c) The Investors should ensure that Application process is verified through the email / mobile number. Post due verification, the Investors can obtain details of their respective Rights Entitlements and apply in this Issue by filling-up the online Application Form which, among others, will require details of total number of Rights Equity Shares to be applied for. Please note that the Application Money will be determined based on number of Rights Equity Shares applied for.
- (d) The Investors who are Renounees should select the category of ‘Renounee’ at the application page of R-WAP and provide DP ID, Client ID, PAN and other required demographic details for validation. The Renounees shall also be required to provide the required Application details, such as total number of Rights Equity Shares to be applied for.
- (e) Prior to making an Application, the Investors should enable the internet banking or UPI facility of their respective bank accounts and the Investors should ensure that the respective bank accounts have sufficient funds. If the funds available in the bank account are less than total amount payable on submission of online Application Form, such Application shall be rejected. Please note that R-WAP is a non-cash mode mechanism in accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020.
- (f) The Investors shall make online payment using internet banking or UPI facility from their own bank account only. Such Application Money will be adjusted for either Allotment or refund. Applications made using payment from third party bank accounts will be rejected.
- (g) Verification in respect of Application through Investors’ own bank account, shall be done through the latest beneficial position data of our Company containing Investor’s bank account details, beneficiary account details provided to the depository, penny drop, cancelled cheque for joint holder verification and such other industry accepted and tested methods for online payment.
- (h) The Application Money collected through Applications made on the R-WAP will be credited to the Escrow Account, opened by our Company with the Escrow Collection Bank.

Acceptance of this Issue

Investors may accept this Issue and apply for the Rights Equity Shares (i) submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs

(if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filling the online Application Form available on R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Applications submitted to anyone other than the Designated Branches of the SCSB or using R-WAP are liable to be rejected.

Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the section “Application on Plain Paper under ASBA process” on page 216.

Additional Rights Equity Shares

Investors are eligible to apply for additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Rights Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner prescribed under the section “- Basis of Allotment” on page 230.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Rights Equity Shares.

Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Rights Equity Shares. Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date cannot renounce until the details of their demat account are provided to our Company or the Registrar and the dematerialized Rights Entitlements are transferred from suspense escrow demat account to the respective demat accounts of such Eligible Equity Shareholders within prescribed timelines. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Rights Equity Shares while submitting the Application through ASBA process or using the R-WAP.

Procedure for Renunciation of Rights Entitlements

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges; or (b) through an off-market transfer, during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements. The Lead Manager and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

(a) On Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN INE836B20017 subject to requisite approvals. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On-Market Renunciation shall take place only during the Renunciation Period for On-Market Renunciation, i.e., from Wednesday, August 12, 2020 to Friday, August 21, 2020 (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock brokers by quoting the ISIN INE836B20017 and indicating the details of the Rights Entitlements they intend to sell. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On-Market Renunciation shall take place electronically on secondary market platform of BSE and NSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

(b) Off Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN

INE836B20017, the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

Application on Plain Paper under ASBA process

An Eligible Equity Shareholder who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

PLEASE NOTE THAT APPLICATION ON PLAIN PAPER CANNOT BE SUBMITTED THROUGH R-WAP.

The application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being Satin Creditcare Network Limited;
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
3. Registered Folio Number/DP and Client ID No.;
4. Number of Equity Shares held as on Record Date;
5. Allotment option – only dematerialised form;
6. Number of Rights Equity Shares entitled to;
7. Number of Rights Equity Shares applied for within the Rights Entitlements;
8. Number of additional Rights Equity Shares applied for, if any;
9. Total number of Rights Equity Shares applied for;
10. Total amount paid at the rate of ₹ 15 per Rights Equity Share;
11. Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
12. In case of NR Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO Account such as the account number, name, address and branch of the SCSB with which the account is maintained;
13. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to this Issue;

14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB);
16. An approval obtained from the RBI, where a successful Application will result in the aggregate shareholding or total voting rights of the Eligible Equity Shareholder (along with persons acting in concert) in our Company, to be 26% or more of the post-issue paid-up equity share capital of our Company. Eligible Equity Shareholders must send a copy of the approval from any regulatory authority, as may be required, or obtained from the RBI to the Registrar <https://linkintime.co.in/> and
17. In addition, all such Eligible Equity Shareholders are deemed to have accepted the following:

I/ We understand that neither the Rights Entitlements nor the Rights Equity Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the “US Securities Act”), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the US Securities Act (“Regulations S”) except for these purposes, U.S. except for these purposes, U.S. persons include persons who would otherwise have been excluded from such term solely by virtue of Rule 902(K)(1)(VIII)(B) or Rule 902(K)(2)(I)), except pursuant to an exemption form, or in a transaction not subject to, the registration requirements of the US securities Act.

I/ we understand the Rights Equity Shares referred to in this application are being offered and sold (i) in offshore transactions outside the United States to non-U.S. Persons in compliance with Regulation S to existing shareholders located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and (ii) in the United States to U.S. Persons who are “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act) (“U.S. QIBs”) and are also “qualified purchasers” (as defined in the Investment Company Act of 1940, as amended and the related rules (the “Investment Company Act”) pursuant to applicable exemptions under the US Securities Act and the Investment Company Act. I/we understand that the Company has not been and will not be registered under the Investment Company Act and I/we will not be entitled to the benefits of the Investment Company Act. I/we understand that the Company is relying on the exemption under Section 4(a)(2) of the US Securities Act and exception under Section 3(c)(7) of the Investment Company Act. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlements in the United States, except in each case to persons in the United States who are U.S.QIBs and are also Qualified Purchasers. I/ we confirm that I am/ we are (a)(i) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws or (ii) a U.S. QIB and also a Qualified Purchaser in the United States, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Company, nor the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company have reason to believe is in the United States (other than U.S. QIBs who are also Qualified Purchasers) or is outside of India and the United States and ineligible to participate in this Issue under the securities laws of their jurisdiction.

I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

For Resident Applicants: I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer titled “Restrictions on Purchases and Resales” under the sub-heading “– United States – For Investors Outside of the United States” on page 249 (if I am/we are outside the United States).

For Non-Resident Applicants: I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer titled “Restrictions on Purchases and Resales” under the sub-heading “– United States – For Investors in the United States” on page 244 (if I am/we are in the United States) or under the sub-heading “– United States – For Investors Outside of the United States” on page 249 (if I am/we are outside the United States).

I/ We understand and agree that the Rights Entitlements and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/ We acknowledge that we, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

In cases where multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at <https://linkintime.co.in/>

Our Company, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by SCSB or funds are not blocked in the Investors’ ASBA Accounts on or before the Issue Closing Date.

Mode of payment

All payments against the Application Forms shall be made only through (i) ASBA facility; or (ii) internet banking or UPI facility if applying through R-WAP. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking or UPI facility if applying through R-WAP.

In case of Application through ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in this Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.

The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

The Investors would be required to give instructions to the respective SCSBs to block the entire amount payable on their Application at the time of the submission of the Application Form.

The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth hereinafter.

For details of mode of payment in case of Application through R-WAP, see "Procedure for Application through the R-WAP" on page 213.

Application by Eligible Equity Shareholders holding Equity Shares in physical form

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those resident Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period. Such Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in “Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form” and “Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner” on pages 220 and 232, respectively.

To update respective email addresses/ mobile numbers in the records maintained by the Registrar or our Company, Eligible Equity Shareholders should visit <https://linkintime.co.in/>

Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

- (a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by email, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two Working Days prior to the Issue Closing Date. The Eligible Equity Shareholders are encouraged to send the details by email due to lockdown and restrictions imposed due to current pandemic COVID-19;
- (b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
- (c) The Eligible Equity Shareholders can access the Application Form from:
 - the website of the Registrar (<https://www.linkintime.co.in/>);
 - our Company (<https://satincare.com/>);
 - the Lead Manager at www.corporateprofessionals.com);
 - the Stock Exchanges (at www.bseindia.com and www.nseindia.com).

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e. <https://www.linkintime.co.in/>) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e. <https://satincare.com/>);

- (d) The Eligible Equity Shareholders shall, on or before the Issue Closing Date, (i) submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) fill the online Application Form available on R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

Further, (a) Resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date, and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, may also apply in this Issue during the Issue Period by filling the online Application Form available on R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat, on or before the Issue Closing Date. Such resident Eligible Equity Shareholders may be required to submit address, email address, contact details, copy of PAN, for verification of their Application. Further, such resident Eligible Equity Shareholder can:

- (a) apply for its Rights Equity Shares to the full extent of its Rights Entitlements;
- (b) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); and
- (c) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for additional Rights Equity Shares.

PLEASE NOTE THAT NON-RESIDENT ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.

For details of credit of the Rights Equity Shares to such resident Eligible Equity Shareholders, see “*Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*” on page 232.

Allotment of the Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH COMPANY’S EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, SEE “ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS” ON PAGE 231.

General instructions for Investors

- (a) Please read this Letter of Offer carefully to understand the Application process and applicable settlement process.
- (b) In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period. Such Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in “Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form” and “Credit and Transfer of Rights Equity Shares in case of Shareholders

holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner” on pages 220 and 232, respectively.

- (c) Please read the instructions on the Application Form sent to you.
- (d) The Application Form can be used by both the Eligible Equity Shareholders and the Renounees.
- (e) Application should be made only through the ASBA facility or using R-WAP.
- (f) Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.
- (g) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section “Application on Plain Paper under ASBA process” on page 216.
- (h) In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident Investors in this Issue, i.e., R-WAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the R-WAP.
- (i) An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application.
- (j) In case of Application through R-WAP, the Investors should enable the internet banking or UPI facility of their respective bank accounts.
- (k) Applications should be (i) submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filled on the R-WAP. Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.
- (l) Applications should not be submitted to the Bankers to the Issue or Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar or the Lead Manager.
- (m) In case of Application through ASBA facility, Investors are required to provide necessary details, including details of the ASBA Account, authorization to the SCSB to block an amount equivalent to the Application Money in the ASBA Account mentioned in the Application Form.
- (n) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors.
- (o) In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. Furthermore, in case of Applications submitted using the R-WAP facility, payments shall be made using internet banking or UPI facility. Cash payment or payment by cheque or demand draft or pay order or NEFT or RTGS or through any other mode is not acceptable for application through ASBA process. In case payment is made in contravention of this, the Application will be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.
- (p) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution

of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.

- (q) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.
- (r) All communication in connection with Application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers/DP ID and Client ID and Application Form number, as applicable. In case of any change in address of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
- (s) Only persons (i) in the United States to U.S. Persons, who are U.S. QIBs and are also Qualified Purchasers and (b) outside the United States to non-U.S. Persons in offshore transactions in compliance with Regulation S to existing shareholders located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.
- (t) Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, Applications made through ASBA facility may be submitted at the Designated Branches of the SCSBs. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.
- (u) In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on their own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications.
- (v) Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
- (w) Applicants must submit a copy of the approval obtained from any regulatory authority, as may be required, or obtained from the RBI with the Application and send a copy of such approval to the Registrar <https://www.linkintime.co.in>, in case the Application and the resultant Rights Equity Shares will result in the aggregate shareholding or total voting rights of the Applicant (along with persons acting in concert) in our Company, to be in excess of 26% of the post-issue paid-up equity share capital of our Company.
- (x) An Applicant being an OCB is required not to be under the adverse notice of the RBI and must submit approval from RBI for applying in this Issue.

Do's:

- (a) Ensure that the Application Form and necessary details are filled in.
- (b) Except for Application submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the Income-tax Act.
- (c) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation ("Demographic Details") are updated, true and correct, in all respects.
- (d) Investors should provide correct DP ID and client ID/ folio number while submitting the Application. Such DP ID and Client ID/ folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected.

Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.

Don'ts:

- (a) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- (b) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (c) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- (d) Do not pay the Application Money in cash, by money order, pay order or postal order.
- (e) Do not submit multiple Applications.

Do's for Investors applying through ASBA:

- (a) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.
- (b) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
- (c) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.
- (d) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application and have signed the same.
- (e) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
- (f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.
- (g) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

Do's for Investors applying through R-WAP :

- (a) Ensure that the details of the correct bank account have been provided while making payment along with submission of the Application.
- (b) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares) applied for} X {Issue price of Rights Equity Shares}) available in the bank account through which payment is made using the R-WAP .
- (c) Ensure that you make the payment towards your application through your bank account only and not use any third-party bank account for making the payment
- (d) Ensure that you receive a confirmation email on successful transfer of funds.
- (e) Ensure you have filled in correct details of PAN, folio number, DP ID and Client ID, as applicable, and all such other details as may be required.
- (f) Ensure that you receive an acknowledgement from the R-WAP for your submission of the Application.

Don'ts for Investors applying through ASBA:

- (a) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or *vice versa*.
- (b) Do not send your physical Application to the Lead Manager, the Registrar, the Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
- (c) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process.

Don'ts for Investors applying through R-WAP:

- (a) Do not apply from bank account of third parties.
- (b) Do not apply if you are a non-resident Investor.
- (c) Do not apply from non-resident account.

Grounds for Technical Rejection

Applications made in this Issue are liable to be rejected on the following grounds:

- (a) DP ID and Client ID mentioned in Application not matching with the DP ID and Client ID records available with the Registrar.
- (b) Sending an Application to the Lead Manager, Registrar, Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB or our Company.
- (c) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- (d) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
- (e) Account holder not signing the Application or declaration mentioned therein.
- (f) Submission of more than one application Form for Rights Entitlements available in a particular demat account.
- (g) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
- (h) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
- (i) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- (j) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- (k) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Letter of Offer.
- (l) Physical Application Forms not duly signed by the sole or joint Investors.
- (m) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
- (n) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
- (o) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (unless the Application Form

is submitted by a U.S. QIB who is also a Qualified Purchaser in the United States) or other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws or (b) a U.S. QIB who is also a Qualified Purchaser in the United States, and in each case such person is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii) where either a registered Indian address is not provided or where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

- (p) Applications which have evidence of being executed or made in contravention of applicable securities laws.
- (q) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.

Applications under the R-WAP process are liable to be rejected on the following grounds (in addition to above applicable grounds):

- (a) Applications by non-resident Investors.
- (b) Payment from third party bank accounts.

Depository account and bank details for Investors holding Equity Shares in demat accounts and applying in this Issue

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS OR THROUGH THE R-WAP PROCESS (AVAILABLE ONLY FOR RESIDENT INVESTORS), TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Hence, Investors applying under this Issue should carefully fill in their Depository Account details in the Application.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other

purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Application Forms, the Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

The Allotment advice and the email intimating unblocking of ASBA Account or refund (if any) would be emailed to the address of the Investor as per the email address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such Application Forms are liable to be rejected.

Modes of Payment

All payments against the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through R-WAP. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking or UPI facility if applying through R-WAP.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through R-WAP. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, the following conditions shall apply:

1. Individual non-resident Indian Applicants who are permitted to subscribe to Rights Equity Shares by applicable local securities laws can obtain Application Forms on the websites of the Registrar, our Company and the Lead Manager.

Note: In case of non-resident Eligible Equity Shareholders, the Abridged Letter of Offer and the Application Form and other applicable Issue materials shall be sent to their email addresses if they have provided their Indian address to our Company. This Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

2. Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
3. Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by the RBI.

Notes:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act.
2. In case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by the RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.
5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.
6. Non-resident Renounees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Rights Equity Shares.

Multiple Applications

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see “- *Procedure for Applications by Mutual Funds*” on page 238.

In cases where multiple Application Forms are submitted, including cases where an Investor submits Application Forms along with a plain paper Application or multiple plain paper Applications, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of our Promoter or members of Promoter Group to meet the minimum subscription requirements applicable to this Issue as described in “*Capital Structure - Subscription to this Issue by our Promoter and Promoter Group*” on page 77.

Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is, Wednesday, August 26, 2020, *i.e.*, Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB or if the Application Form is not accepted at the R-WAP, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered, as provided under the section, “- *Basis of Allotment*” on page 230.

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted or sending the email withdrawal request to satin.rights@Linkintime.co.in in case of Application through R-WAP facility. However, no Investor, whether applying through ASBA facility or R-WAP facility, may withdraw their Application post the Issue Closing Date.

Issue Schedule

Last Date for credit of Rights Entitlements:	Tuesday, August 11, 2020
Issue Opening Date:	Wednesday, August 12, 2020
Last Date for On Market Renunciation#:	Friday, August 21, 2020
Issue Closing Date*:	Wednesday, August 26, 2020
Finalisation of Basis of Allotment (on or about):	Friday, September 4, 2020
Date of Allotment (on or about):	Monday, September 7, 2020
Date of credit (on or about):	Tuesday, September 8, 2020
Date of listing (on or about):	Friday, September 11, 2020

**Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, *i.e.* Friday, August 21, 2020 to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date.

For details, see “*General Information - Issue Schedule*” on page 65.

Our Board may however decide to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

Basis of Allotment

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated

Stock Exchange, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

- (a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee (s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.
- (b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.
- (c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- (d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- (e) Allotment to any other person, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;
2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

For Applications through R-WAP, instruction will be sent to Escrow Collection Bank with list of Allottees and corresponding amount to be transferred to the Allotment Account. Further, the list of Applicants

eligible for refund with corresponding amount will also be shared with Escrow Collection Bank to refund such Applicants.

In terms of the RBI Circular no. RBI/2015-16/122, DNBR (PD) CC.No. 065/03.10.001/2015-16 dated July 9, 2015, prior permission of RBI is required for: (i) any takeover or acquisition of control of an NBFC, which may or may not result in change of management; (ii) any change in the shareholding of an NBFC, including progressive increases over time, which would result in acquisition/ transfer of shareholding of 26 per cent or more of the paid-up equity capital of the NBFC, therefore since the Company is an NBFC, in the event that any Application would result in the aggregate shareholding or voting rights of such Applicant to reach or exceed 26%, (or such other percentage as may be prescribed by the RBI, from time to time) of the post-issue paid-up equity share capital of our Company, such Applicant would be required to submit a copy of the approval obtained from the RBI with the Application and send a copy of such approval to the Registrar at <https://www.linkintime.co.in>. Such approval from the RBI should clearly mention the name(s) of the persons who propose to apply in this Issue and the aggregate shareholding of the Applicant in the pre-Issue paid-up equity share capital of our Company, if any. In case of any failure by such Applicant to submit such RBI approval, our Company may, at its sole discretion, decide to Allot such number of Rights Equity Shares, that will limit such resultant aggregate shareholding of the Applicant (whether direct or indirect, beneficial or otherwise, such Applicant and persons acting in concert with such Applicant) to less than 26% of the post-issue paid-up equity share capital of our Company

Illustration: If an Investor 'X' is holding 25.5% of the pre-Issue paid-up share capital of our Company and applies for his/ her/ its (i) Rights Entitlements in this Issue, or (ii) Rights Entitlements in this Issue and additional Rights Equity Shares, and if pursuant to such Application the aggregate shareholding of X (either individually or together with persons acting in concert with X) will either reach or exceed 26% of the post-issue paid-up equity share capital of our Company, X will be required to obtain prior approval from the RBI for making the Application and submit a copy of such approval obtained from the RBI with his/ her/ its Application and send a copy of such approval to the Registrar. In case, X does not submit a copy of such RBI approval along with his/ her/ its Application, our Company may at its sole discretion decide to Allot such number of Rights Equity Shares to X that will limit the resultant aggregate shareholding of X to less than 26% of the post-issue paid-up equity share capital of our Company.

Allotment Advice or Refund/ Unblocking of ASBA Accounts

Our Company will email Allotment advice, refund intimations (including in respect of Applications made through R-WAP facility) or demat credit of securities and/or letters of regret, along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 15 days' period.

In case of Applications through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through email, to the email address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and treatment of such Rights Equity Shares for non-receipt of demat account details in a timely manner

In case of allotment to resident Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date, have paid the Application Money and have not provided the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, the following procedure shall be adhered to:

- (a) the Registrar shall send Allotment advice and credit the Rights Equity Shares to a demat suspense account to be opened by our Company;
- (b) within 6 Months from the Allotment Date, such Eligible Equity Shareholders shall be required to send a communication to our Company or the Registrar containing the name(s), Indian address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by post, speed post, courier, electronic mail or hand delivery;
- (c) Our Company (with the assistance of the Registrar) shall, after verification of the details of such demat account by the Registrar, transfer the Rights Equity Shares from the demat suspense account to the demat accounts of such Eligible Equity Shareholders;
- (d) In case of non-receipt of details of demat account as per (b) above, our Company shall conduct a sale of such Rights Equity Shares lying in the demat suspense account on the floor of the Stock Exchanges at the prevailing market price and remit the proceeds of such sale (net of brokerage, applicable taxes and administrative and incidental charges) to the bank account mentioned by the resident Eligible Equity Shareholders in their respective Application Forms and from which the payment for Application Money was made. In case such bank accounts cannot be identified due to any reason or bounce back from such account, our Company may use payment mechanisms such as cheques, demand drafts, *etc.* to such Eligible Equity Shareholders to remit such proceeds.

Such Rights Equity Shares may be sold over such period of time as may be required, depending on liquidity and other market conditions on the floor of the Stock Exchanges after the expiry of the period mentioned under (b) above. Therefore, such proceeds (net of brokerage, applicable taxes and administrative and incidental charges) by way of sale of such Rights Equity Shares may be higher or lower than the amount paid by such Eligible Equity Shareholders at the time of subscribing such shares;

- (e) Our Company shall send reminder notices seeking the requisite details of demat account prior to expiry of time period under (b) above, in due course, to such resident Eligible Equity Shareholders who have not provided the requisite details. After expiry of time period under (b) above, our Company or the Registrar shall not accept any requests by such Eligible Equity Shareholders for updation of details of demat account under any circumstances, including in case of failure to sell such Rights Equity Shares;

- (f) After the consummation of the sale of Rights Equity Shares on the floor of the Stock Exchanges, our Company shall send an intimation to the respective Eligible Equity Shareholders, giving details of such sale, including the sale price and break-up of net brokerage, taxes and administrative and incidental charges; and
- (g) If at the time of transfer of sale proceeds for default cases, the bank account from which Application Money was received is closed or non-operational, such sale proceeds will be transferred to IEPF in accordance with practice on Equity Shares and as per applicable law.
- (h) In case the details of demat account provided by the Eligible Equity Shareholders are not of his/ her own demat account, the Rights Equity Shares shall be subject to sale process specified under (d) above.

Notes:

1. Our Company will open a separate demat suspense account to credit the Rights Equity Shares in respect of such Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date and have not provided details of their demat accounts to our Company or the Registrar, at least two Working Days prior to the Issue Closing Date. Our Company, with the assistance of the Registrar, will initiate transfer of such Rights Equity Shares from the demat suspense account to the demat account of such Eligible Equity Shareholders, upon receipt of details of demat accounts from the Eligible Equity Shareholders.
2. The Eligible Equity Shareholders cannot trade in such Rights Equity Shares until the receipt of demat account details and transfer to such Eligible Equity Shareholders' respective account.
3. There will be no voting rights against such Rights Equity Shares kept in the demat suspense account. However, the respective Eligible Equity Shareholders will be eligible to receive dividends, if declared, in respect of such Rights Equity Shares on the Rights Equity Shares, as permitted under applicable laws.
4. Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of buying or selling of Rights Equity Shares or Rights Entitlements. The Eligible Equity Shareholders should obtain their own independent tax and legal advice and may not rely on our Company or any of their affiliates including any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates when evaluating the tax consequences in relation to the Rights Equity Shares (including but not limited to any applicable short-term capital gains tax, or any other applicable taxes or charges in case of any gains made by such Eligible Equity Shareholders from the sale of such Rights Equity Shares).
5. **The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not be liable in any manner and not be responsible for acts, mistakes, errors, omissions and commissions, etc., in relation to any delay in furnishing details of demat account by such Eligible Equity Shareholders, any resultant loss to the Eligible Equity Shareholders due to sale of the Rights Equity Shares, if such details are not correct, demat account is frozen or not active or in case of non-availability of details of bank account of such Eligible Equity Shareholders, profit or loss to such Eligible Equity Shareholders due to aforesaid process, tax deductions or other costs charged by our Company, or on account of aforesaid process in any manner.**

Payment of Refund

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes. Please note that payment of refund in case of Applications made through R-WAP, shall be through modes under (b) to (g) below.

- (a) Unblocking amounts blocked using ASBA facility.
- (b) NACH – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
- (c) National Electronic Fund Transfer (“**NEFT**”) – Payment of refund shall be undertaken through NEFT wherever the Investors’ bank has been assigned the Indian Financial System Code (“**IFSC Code**”), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- (d) Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
- (e) RTGS – If the refund amount exceeds ₹ 2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor’s bank receiving the credit would be borne by the Investor.
- (f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favor of the sole/first Investor and payable at par.
- (f) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

In case of Application through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.

Refund payment to non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

Allotment Advice or Demat Credit of Securities

The demat credit of securities to the respective beneficiary accounts or the demat suspense account (pending receipt of demat account details for Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, *etc.*) will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Receipt of the Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES IN PHYSICAL FORM/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED/REVERSED/FAILED.

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form. Our Company has signed an agreement dated August 4, 2000 with NSDL and an agreement dated August 18, 2000 with CDSL which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the dematerialized form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
3. The responsibility for correctness of information filled in the Application Form *vis-a-vis* such information with the Investor's depository participant, would rest with the Investor. Investors should

ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.

4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
5. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent directly to the Applicant by email and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, by email and, if the printing is feasible, through physical dispatch.
7. Renounees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

Resident Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares in this Issue must check the procedure for application by and credit of Rights Equity Shares to such Eligible Equity Shareholders in “- Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form” and “- Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form” on pages 220 and 232, respectively.

Procedure for Applications by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, *i.e.*, the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Offer Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will also be required to comply with applicable reporting requirements. Further, the aggregate limit of all FPIs investments, with effect from April 1, 2020, is up to the sectoral cap applicable to the sector in which our Company operates (*i.e.*, 100%).

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. The FPIs who wish to participate in the Offer are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the

SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iii) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to *inter alia* the following conditions:

- (a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
- (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

Procedure for Applications by AIFs, FVCIs and VCFs

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility or using R-WAP (available only for residents). Otherwise, applications of such AIFs are liable for rejection.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India (“OCI”) may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, *inter alia*, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or

preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Procedure for Applications by Systemically Important Non-Banking Financial Companies (“NBFC-SI”)

In case of an application made by NBFC-SI registered with the RBI, (a) the certificate of registration issued by the RBI under Section 45IA of the RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”

The liability prescribed under Section 447 of the Companies Act for fraud involving an amount of at least ₹ 1 million or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 1 million or 1% of the turnover of the company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 5 million or with both.

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stockinvest scheme has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branch of the SCSBs receiving the Application Form will acknowledge its receipt by stamping

and returning the acknowledgment slip at the bottom of each Application Form and the R-WAP platform would generate an electronic acknowledgment to the Eligible Equity Shareholders upon submission of the Application.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA or refunded to the Investors in the same bank account through which Application Money was received, in case of an application using the R-WAP facility. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

Utilisation of Issue Proceeds

Our Board declares that:

- A. All monies received out of this Issue shall be transferred to a separate bank account;
- B. Details of all monies utilized out of this Issue referred to under (A) above shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- C. Details of all unutilized monies out of this Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

Undertakings by our Company

Our Company undertakes the following:

1. The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken by our Board within seven Working Days of finalization of Basis of Allotment.
3. The funds required for making refunds / unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

5. In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
6. Adequate arrangements shall be made to collect all ASBA Applications and record all Applications made under the RWAP process.
7. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Minimum Subscription

Pursuant to the SEBI Circular dated April 21, 2020, bearing reference no. SEBI/HO/CFD/CIR/CFD/DIL/67/2020 granting relaxations from certain provisions of the SEBI ICDR Regulations, if our Company does not receive the minimum subscription of 75% of the Issue Size, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. However, if our Company receives subscription between 75% to 90%, of the Issue Size, at least 75% of the Issue Size shall be utilized for the objects of this Issue other than general corporate purpose.

In the event that there is a delay in making refund of the subscription amount by more than eight days after our Company becomes liable to pay subscription amount (i.e., 15 days after the Issue Closing Date), or such other period as prescribed by applicable law, our Company shall pay interest for the delayed period, at rates prescribed under applicable law.

Further, Our Promoter and Promoter Group, (the “**Promoter and Promoter Group Letters**”), have confirmed to (i) subscribe to the full extent of their Rights Entitlements and have also confirmed that they shall not renounce their Rights Entitlements (except to the extent of Rights Entitlements renounced by any of them in favour of any other member(s) of the Promoter and Promoter Group); (ii) also subscribe to Rights Equity Shares for the Rights Entitlements, if any, which are renounced in their favour by any other member(s) of the Promoter and Promoter group; and (iii) In the event of any under-subscription of the Issue, to subscribe to additional Rights Equity Shares to the extent of at least minimum subscription of the Issue Size, subject to compliance with the minimum public shareholding as prescribed under the Securities Contracts (Regulation) Rules, 1957.

Any acquisition of Rights Equity Shares by Promoter & Promoter Group of the Company, over and above their Rights Entitlements, as applicable, or subscription to any unsubscribed portion of this Issue including that of Late Mr. Harbans Singh*, will not result in a change of control of the management of the Company and will not result in non-compliance or violation of any applicable laws.

*In addition to the above Undertaking, Mr. Harvinder Pal Singh (S/o. Late Mr. Harbans Singh), our Company’s Promoter, has, on his own behalf and on behalf of the other Promoter and Promoter Group, confirmed that they shall apply to the full extent of their Rights Entitlement, including that of Late Mr. Harbans Singh. Since, Late Mr. Harbans Singh (whose name is still appearing as a member of the Promoter Group in the Company’s Shareholding Patterns) cannot himself apply/ subscribe to his Entitlement, Mr. Harvinder Pal Singh has confirmed that any of the Promoter/ Promoter Group shall apply for additional shares at least equal to Late Mr. Harbans Singh’s entitlement, which would remain unsubscribed. In this respect, SEBI, vide its email dated July 8, 2020, has directed our Promoter/Promoter Group to ensure that any of them apply for additional shares at least equal to Late Mr. Harbans Singh’s entitlement, which would remain unsubscribed.

Important

1. Please read this Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.
2. All enquiries in connection with this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed “**SATIN CREDITCARE NETWORK LIMITED – Rights Issue**” on the envelope and postmarked in India or in the email) to the Registrar at the following address:

Link Intime India Private Limited

C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg,
Vikhroli (West), Mumbai – 400 083, Maharashtra, India.

Telephone: +91-22-49186200

E-mail: satin.rights@linkintime.co.in

Investor grievance E-mail: satin.rights@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Sumeet Deshpande

SEBI Registration No.: INR000004058

3. In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar <https://www.linkintime.co.in>. Further, helpline numbers provided by the Registrar for guidance on the Application process and resolution of difficulties are +91 22 4918 6200/ 4918 6171 / 4918 6172.

This Issue will remain open for a minimum 15 days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment (“**FDI**”) and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) (“**DPIIT**”), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2017 (“**FDI Circular 2017**”), which, with effect from August 28, 2017, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on August 28, 2017. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2017 will be valid until the DPIIT issues an updated circular.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict between FEMA and such policy pronouncements, FEMA prevails. The Consolidated FDI Policy, issued by the DPIIT, consolidates the policy framework in place as on August 27, 2017, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on August 27, 2017. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore the Consolidated FDI Policy will be valid until the DPIIT issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non- resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“**OCBs**”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of the RBI and to obtain prior approval from RBI for applying in this Issue.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

RESTRICTIONS ON PURCHASES AND RESALES

General Eligibility and Restrictions

No action has been taken or will be taken to permit a public offering of the Rights Entitlements or the Rights Equity Shares to occur in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer, its accompanying documents or any other material relating to our Company, the Rights Entitlements or the Rights Equity Shares in any jurisdiction where action for such purpose is required, except that this Letter of Offer will be filed with SEBI and the Stock Exchanges.

The Rights Entitlements, Rights Equity Shares and Equity Shares have not been and will not be registered under the US Securities Act and may not be offered or sold within the United States (other than to persons in the United States who are U.S. QIBs and are also Qualified Purchasers).

The Rights Entitlements or the Rights Equity Shares may not be offered or sold, directly or indirectly, and none of this Letter of Offer, its accompanying documents or any offering materials or advertisements in connection with the Rights Entitlements or the Rights Equity Shares may be distributed or published in or from any country or jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Rights Equity Shares, applying for excess Rights Equity Shares or making any offer, sale, resale, pledge or other transfer of the Rights Entitlements or the Rights Equity Shares.

This Letter of Offer and its accompanying documents will be supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Rights Equity Shares, or who purchases the Rights Entitlements, or the Rights Equity Shares shall do so in accordance with the restrictions set out below.

United States

The Rights Entitlements and the Rights Equity Shares have not been, and will not be, registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, transferred or delivered, directly or indirectly within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S except for these purposes, U.S. Persons include persons who would otherwise have been excluded from such term solely by virtue of Rule 902(K)(1)(VIII)(B) or Rule 902(K)(2)(I)), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The Rights Entitlements and Rights Equity Shares referred to in this Letter of Offer are being offered and sold (i) in offshore transactions outside the United States to non-U.S. Persons in compliance with Regulation S to existing shareholders located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions, and (ii) in the United States to U.S. Persons who are U.S. QIBs and are also Qualified Purchasers pursuant to applicable exemptions under the US Securities Act and the Investment Company Act. Our Company has not been and will not be registered under the Investment Company Act and investors will not be entitled to the

benefits of the Investment Company Act. Prospective purchasers in the United States are hereby notified that our Company is relying on the exemption under Section 4(a)(2) of the US Securities Act and exception under Section 3(c)(7) of the Investment Company Act. The offering to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States or as a solicitation therein of an offer to buy any of the said securities, except in each case to persons in the United States who are U.S. QIBs and are also Qualified Purchasers. Neither receipt of this Letter of Offer, nor any of its accompanying documents constitutes an offer of the Rights Entitlements or the Rights Equity Shares to any Eligible Equity Shareholder other than the Eligible Equity Shareholder who has received this Letter of Offer and its accompanying documents directly from our Company or the Registrar.

For Investors in the United States

The Rights Entitlements and the Rights Equity Shares may only be acquired by persons in the United States who are U.S. QIBs and are also Qualified Purchasers pursuant to applicable exemptions under the US Securities Act and the Investment Company Act. If you are in the United States, you may not exercise any Rights Entitlements and/or acquire any Rights Equity Shares offered hereby unless you are a U.S. QIB and also a Qualified Purchaser and have been invited to participate directly by our Company.

All offers and sales in the United States of the Rights Entitlements and the Rights Equity Shares have been, or will be, made solely by our Company. The Lead Manager are not making, will not make, and will not participate or otherwise be involved in any offers or sales of the Rights Entitlements, the Rights Equity Shares or any other security with respect to this Issue in the United States.

Each person in the United States by accepting the delivery of this Letter of Offer and its accompanying documents, submitting an Application Form for the exercise of any Rights Entitlements and subscription for any Rights Equity Shares and accepting delivery of any Rights Entitlements or any Rights Equity Shares, will be deemed to have represented, warranted and agreed as follows on behalf of itself and, if it is acquiring the Rights Entitlements or the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (such person being the “purchaser”, which term shall include the owners of the investor accounts on whose behalf the person acts as fiduciary or agent):

1. The purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, and, if the purchaser is exercising the Rights Entitlements and acquiring the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, the purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares on behalf of each owner of such account.
2. The purchaser is aware and understands (and each account for which it is acting has been advised and understands) that an investment in the Rights Entitlements and the Rights Equity Shares involves a considerable degree of risk and that the Rights Entitlements and the Rights Equity Shares are a speculative investment, and further, that no U.S. federal or state or other agency has made any finding or determination as to the fairness of any such investment or any recommendation or endorsement of any such investment.
3. The purchaser understands (and each account for which it is acting has been advised and understands) that no action has been or will be taken to permit an offering of the Rights Entitlements or the Rights

Equity Shares in any jurisdiction (other than the filing of this Letter of Offer with SEBI and the Stock Exchanges); and it will not offer, resell, pledge or otherwise transfer any of the Rights Entitlements or the Rights Equity Shares which it may acquire, or any beneficial interests therein, in any jurisdiction or in any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale, solicitation or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations. The purchaser agrees to notify any transferee to whom it subsequently reoffers, resells, pledges or otherwise transfers the Rights Entitlements and the Rights Equity Shares of the restrictions set forth in the Letter of Offer under the heading “Restrictions on Purchases and Resales” on page 243.

4. Without limiting the generality of the foregoing, the purchaser is aware and understands (and each account for which it is acting has been advised and understands) that (i) the Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States; (ii) any offer and sale of the Rights Entitlements or the Rights Equity Shares in the United States is being made pursuant applicable exemptions under the US Securities Act and the Investment Company Act, and the Company is relying on the exemption under Section 4(a)(2) of the US Securities Act and exception under Section 3(c)(7) of the Investment Company Act; (iii) the Company has not been and will not be registered under the Investment Company Act and it will not be entitled to the benefits of the Investment Company Act; and (iv) the Rights Entitlements and the Rights Equity Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act; and it agrees, on its own behalf and on behalf of any accounts for which it is acting, that for so long as the Rights Entitlements or the Rights Equity Shares are “restricted securities”, it will not reoffer, resell, pledge or otherwise transfer any Rights Entitlements or the Rights Equity Shares which it may acquire, or any beneficial interest therein, except in an offshore transaction complying with Rule 904 of Regulation S.
5. The purchaser (or any account for which it is acting) is an Eligible Equity Shareholder and has received an invitation from our Company, addressed to it and inviting it to participate in this Issue.
6. The purchaser is within the United States or a U.S. Person (as defined in Regulation S, except for these purposes, U.S. persons include persons who would otherwise have been excluded from such term solely by virtue of Rule 902(k)(1)(viii)(B) or Rule 902(k)(2)(i) and a U.S. QIB and also a Qualified Purchaser, and if it is acquiring the Rights Entitlements or the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, each owner of such account is a U.S. QIB and also a Qualified Purchaser. To the extent the purchaser exercises the Rights Entitlements and subscribes for the Rights Equity Shares, it will exercise such Rights Entitlements and acquire such Rights Equity Shares for its own account, or for the account of one or more U.S. QIB(s) who are also Qualified Purchaser(s) as to which the purchaser has full investment discretion, in each case for investment purposes, and not with a view to any resale, distribution or other disposition (within the meaning of U.S. securities laws) of the Rights Entitlements or the Rights Equity Shares.
7. To the extent the purchaser exercises the Rights Entitlements and subscribes for the Rights Equity Shares, it acknowledges and agrees that it is not acquiring or subscribing for the Rights Entitlements or the Rights Equity Shares as a result of any general solicitation or general advertising (as those terms are defined in Regulation D under the US Securities Act). The purchaser understands and agrees that although offers and sales of the Rights Entitlements and the Rights Equity Shares are being made in the United States to U.S. QIBs who are also Qualified Purchasers, such offers and sales are being made pursuant to applicable exemptions under the US Securities Act and the Investment Company Act.

8. The purchaser understands and acknowledges that all offers and sales in the United States of the Rights Entitlements and the Rights Equity Shares have been, or will be, made solely by our Company. The Lead Manager are not making, will not make, and will not participate or otherwise be involved in any offers or sales of the Rights Entitlements, the Rights Equity Shares or any other security with respect to this Issue in the United States.
9. The purchaser understands that the Lead Manager have not performed diligence with respect to our Company or this Issue that they would have performed if this Issue was being registered pursuant to the US Securities Act.
10. Neither the purchaser nor any of its affiliates or any person acting on its or their behalf has taken or will take, directly or indirectly, any action designed to, or which might be expected to, cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Rights Entitlements or the Rights Equity Shares pursuant to the Issue.
11. To the extent the purchaser exercises the Rights Entitlements and subscribes for the Rights Equity Shares, it agrees not to deposit any Rights Equity Shares into any unrestricted depository facility maintained by any depository bank unless and until such time as the Rights Entitlements or the Rights Equity Shares are no longer “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act.
12. Prior to making any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, the purchaser (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (ii) will have carefully read and reviewed a copy of this Letter of Offer and its accompanying documents; (iii) will have possessed and carefully read and reviewed all information relating to our Company and our group and the Rights Entitlements and the Rights Equity Shares which it believes is necessary or appropriate for the purpose of making its investment decision, including, without limitation, the Exchange Information (as defined below), and will have had a reasonable opportunity to ask questions of and receive answers from officers and representatives of our Company concerning the financial condition and results of operations of our Company and the purchase of the Rights Entitlements or the Rights Equity Shares, and any such questions have been answered to its satisfaction; (iv) will have possessed and reviewed all information that it believes is necessary or appropriate in connection with an investment in the Rights Entitlements and the Rights Equity Shares; (v) will have conducted its own due diligence on our Company and this Issue, and will have made its own investment decisions based upon its own judgement, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of our Company, the Lead Manager or its affiliates (including any research reports) (other than, with respect to our Company and any information contained in this Letter of Offer); and (vi) will have made its own determination that any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares is suitable and appropriate, both in the nature and number of Rights Equity Shares being subscribed.
13. Without limiting the generality of the foregoing, the purchaser acknowledges that (i) the Equity Shares are listed on BSE Limited and the National Stock Exchange of India Limited and our Company is therefore required to publish certain business, financial and other information in accordance with the rules and practices of BSE Limited and the National Stock Exchange of India Limited (which includes, but is not limited to, a description of the nature of our Company’s business and our Company’s most recent balance sheet and profit and loss account, and similar statements for preceding years together with the information on its website and its press releases, announcements, investor education

presentations, annual reports, collectively constitutes “**Exchange Information**”), and that it has had access to such information without undue difficulty and has reviewed such Exchange Information as it has deemed necessary; (ii) our Company does not expect or intend to become subject to the periodic reporting and other information requirements of the Securities and Exchange Commission; and (iii) neither our Company nor any of its affiliates, nor the Lead Manager or any of their affiliates has made any representations or recommendations to it, express or implied, with respect to our Company, the Rights Entitlements or the Rights Equity Shares or the accuracy, completeness or adequacy of the Exchange Information.

14. The purchaser understands that the Exchange Information and this Letter of Offer have been prepared in accordance with content, format and style which is either prescribed by SEBI, the Stock Exchanges or under Indian laws, which differs from the content, format and style customary for similar offerings in the United States. In particular, the purchaser understands that (i) our Company’s financial information contained in the Exchange Information and this Letter of Offer have been prepared in accordance with Ind AS, Companies Act, and other applicable statutory and/or regulatory requirements and not in a manner suitable for an offering registered with the US SEC, and (ii) this Letter of Offer does not include all of the information that would be required if our Company were registering the Issue of the Rights Entitlements and the Rights Equity Shares with the US SEC, such as a description of our business and industry, detailed operational data, our management’s discussion and analysis of our financial condition and results of operations and audited financial statements for prior years.
15. The purchaser acknowledges that (i) any information that it has received or will receive relating to or in connection with this Issue, and the Rights Entitlements or the Rights Equity Shares, including this Letter of Offer and the Exchange Information (collectively, the “Information”), has been prepared solely by our Company; and (ii) none of the Lead Manager or any of its affiliates has verified such Information, and no recommendation, promise, representation or warranty (express or implied) is or has been made or given by the Lead Manager or its affiliates as to the accuracy, completeness or sufficiency of the Information, and nothing contained in the Information is, or shall be relied upon as, a promise, representation or warranty by any of them or their affiliates.
16. The purchaser will not hold our Company, the Lead Manager or their affiliates responsible for any misstatements in or omissions to the Information or in any other written or oral information provided by our Company to it. It acknowledges that no written or oral information relating to this Issue, and the Rights Entitlements or the Rights Equity Shares has been or will be provided by the Lead Manager or its affiliates to it.
17. The purchaser is a highly sophisticated investor and has such knowledge and experience in financial, business and international investment matters and is capable of independently evaluating the merits and risks (including for tax, legal, regulatory, accounting and other financial purposes) of an investment in the Rights Entitlements and the Rights Equity Shares. It, or any account for which it is acting, has the financial ability to bear the economic risk of investment in the Rights Entitlements and the Rights Equity Shares, has adequate means of providing for its current and contingent needs, has no need for liquidity with respect to any investment it (or such account for which it is acting) may make in the Rights Entitlements and the Rights Equity Shares, and is able to sustain a complete loss in connection therewith and it will not look to our Company, or to the Lead Manager, for all or part of any such loss or losses it may suffer.
18. The purchaser understands and acknowledges that the Lead Manager is assisting our Company in respect of this Issue and that the Lead Manager is acting solely for our Company and no one else in

connection with this Issue and, in particular, are not providing any service to it, making any recommendations to it, advising it regarding the suitability of any transactions it may enter into to subscribe or purchase any Rights Entitlements or Rights Equity Shares nor providing advice to it in relation to our Company, this Issue or the Rights Entitlements or the Rights Equity Shares. Further, to the extent permitted by law, it waives any and all claims, actions, liabilities, damages or demands it may have against the Lead Manager arising from its engagement with our Company and in connection with this Issue.

19. It understands that our Company expects that it will be treated as a passive foreign investment company (“**PFIC**”) for U.S. federal income tax purposes in the current taxable year and subsequent taxable years, however, no assurance can be given that the Company will or will not be considered a PFIC in the current or future years. Assuming that the Company is a PFIC, the purchaser will be subject to the complex PFIC rules, which could result in, among other things, additional U.S. taxes and interest charges upon a sale or disposition of their Rights Equity Shares or upon certain distributions by the Company, and certain U.S. Internal Revenue Service information reporting obligations. It understands that a separate determination must be made each year as to our Company’s PFIC status. The purchaser acknowledges and confirms that it has made and relied entirely upon its own assessment as to whether, and the consequences to it if, the Company has been, is, continues to be, may be, or becomes a PFIC for United States federal income tax purposes.
20. The purchaser’s exercise of the Rights Entitlements and subscription for the Rights Equity Shares and consummation of the transactions contemplated by this Letter of Offer, does not and will not constitute or result in a prohibited transaction under the U.S. Employee Retirement Income Securities Act of 1974 or Section 4975 of the U.S. Internal Revenue Code of 1986 for which an exemption is not available;
21. The purchaser understands that its receipt of the Rights Entitlements and any subscription it may make for the Rights Equity Shares will be subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained in this Letter of Offer and the Application Form. The purchaser understands that neither our Company, nor the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is in the United States (other than U.S. QIBs who are also Qualified Purchaser) or outside of India and the United States and ineligible to participate in this Issue under applicable securities laws.
22. The purchaser understands that the foregoing representations and acknowledgments have been provided in connection with United States, India and other securities laws. It acknowledges that our Company and the Lead Manager, their affiliates and others (including legal counsels to each of our Company, the Lead Manager) will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agree that, if at any time before the closing of this Issue or the issuance of the Rights Equity Shares, any of the acknowledgements, representations, warranties and agreements made in connection with its exercise of Rights Entitlements and subscription for the Rights Equity Shares is no longer accurate, it shall promptly notify our Company in writing.

Any person in the United States who obtains a copy of this Letter of Offer, or its accompanying documents and who has not been specifically invited by our Company to participate or who is not a U.S. QIB and also a Qualified Purchaser is required to disregard it.

For Investors Outside of the United States

The Rights Entitlements and the Rights Equity Shares offered outside the United States are being offered in offshore transactions in reliance on Regulation S.

Each person outside of the United States by accepting the delivery of this Letter of Offer and its accompanying documents, submitting an Application Form for the exercise of any Rights Entitlements and subscription for any Rights Equity Shares and accepting delivery of any Rights Entitlements or any Rights Equity Shares, will be deemed to have represented, warranted and agreed as follows on behalf of itself and, if it is acquiring the Rights Entitlements or the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (such person being the “purchaser”, which term shall include the owners of the investor accounts on whose behalf the person acts as fiduciary or agent):

- (a) Each of the representations, warranties and agreements in numbered paragraphs 1 through 5 (inclusive), paragraphs 10 through 18 (inclusive) and paragraphs 21 and 22 under the heading “*Restrictions on Purchases and Resales – United States – For Investors in the United States*”.
- (b) The purchaser (i) is aware that the Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the US Securities Act and are being distributed and offered outside the United States in compliance with Regulation S, (ii) is, and the persons, if any, for whose account it is acquiring such Rights Entitlements and/or the Rights Equity Shares are, outside the United States and eligible to subscribe for Rights Entitlements and Rights Equity Shares in compliance with applicable securities laws, and (iii) is acquiring the Rights Entitlements and/or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulation S.
- (c) No offer or sale of the Rights Entitlements or the Rights Equity Shares to the purchaser is the result of any “directed selling efforts” in the United States (as such term is defined in Regulation S).
- (d) The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Rights Equity Shares are, entitled to subscribe for the Rights Equity Shares, and the sale of the Rights Equity Shares to it will not require any filing or registration by, or qualification of, our Company with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.
- (e) The purchaser, and each account for which it is acting, satisfies (i) all suitability standards for investors in investments in the Rights Entitlements and the Rights Equity Shares imposed by the jurisdiction of its residence, and (ii) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of its jurisdiction of residence.

Australia

This Letter of Offer does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) (“Australian Corporations Act”) and does not purport to include the information required of a disclosure document under the Australian Corporations Act. This Letter of Offer has not been lodged with the Australian Securities and Investments Commission (“ASIC”) and no steps have been taken to lodge it as such with ASIC. Any offer in Australia of the Rights Entitlements and Rights Equity Shares under this Letter of Offer may only be made to persons who are “sophisticated investors” (within the meaning of section 708(8) of the Australian Corporations Act), to “professional investors” (within the meaning of section 708(11) of the Australian Corporations Act) or otherwise pursuant to one or more exemptions under section 708 of the

Australian Corporations Act so that it is lawful to offer the Rights Entitlements and Rights Equity Shares in Australia without disclosure to investors under Part 6D.2 of the Australian Corporations Act.

If you are acting on behalf of, or acting as agent or nominee for, an Australian resident and you are a recipient of this Letter of Offer, and any offers made under this Letter of Offer, you represent to the Issuer, Lead Manager that you will not provide this Letter of Offer or communicate any offers made under this Letter of Offer to, or make any applications or receive any offers for Rights Entitlements or Rights Equity Shares for, any Australian residents unless they are a “sophisticated investor” or a “professional investor” as defined by section 708 of the Australian Corporations Act.

Any offer of the Rights Entitlements or the Rights Equity Shares for on-sale that is received in Australia within 12 months after their issue by the Company, or within 12 months after their sale by a selling security holder (or a Lead Manager) under the Issue, as applicable, is likely to need prospectus disclosure to investors under Part 6D.2 of the Australian Corporations Act, unless such offer for on-sale in Australia is conducted in reliance on a prospectus disclosure exemption under section 708 of the Australian Corporations Act or otherwise. Any persons acquiring the Rights Entitlements and the Rights Equity Shares should observe such Australian on-sale restrictions.

Bahrain

The Central Bank of Bahrain, the Bahrain Bourse and the Ministry of Industry, Commerce and Tourism of the Kingdom of Bahrain take no responsibility for the accuracy of the statements and information contained in this Letter of Offer or the performance of the Rights Entitlements or the Rights Equity Shares, nor shall they have any liability to any person, investor or otherwise for any loss or damage resulting from reliance on any statements or information contained herein. This Letter of Offer is only intended for accredited investors as defined by the Central Bank of Bahrain. We have not made and will not make any invitation to the public in the Kingdom of Bahrain to subscribe to the Rights Entitlements or the Rights Equity Shares and this Letter of Offer will not be issued, passed to, or made available to the public generally. The Central Bank of Bahrain has not reviewed, nor has it approved, this Letter of Offer or the marketing thereof in the Kingdom of Bahrain. The Central Bank of Bahrain is not responsible for the performance of the Rights Entitlements or the Rights Equity Shares.

Cayman Islands

No offer or invitation to subscribe for the Rights Entitlements and the Rights Equity Shares may be made to the public in the Cayman Islands.

China

This Letter of Offer may not be circulated or distributed in the People’s Republic of China (“**PRC**”) and the Rights Entitlements and the Rights Equity Shares may not be offered or sold, and will not be offered or sold to any person for re-offering or resale directly or indirectly to, or for the benefit of, legal or natural persons of the PRC except pursuant to applicable laws and regulations of the PRC. Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the Rights Entitlements and the Rights Equity Shares or any beneficial interest therein without obtaining all prior PRC’s governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of this Letter of Offer are required by the Issuer and its representatives to observe these restrictions. For the purpose of this paragraph, PRC does not include Taiwan and the special administrative regions of Hong Kong and Macau.

Dubai International Financial Centre

The Rights Entitlements and the Rights Equity Shares have not been offered and will not be offered to any persons in the Dubai International Financial Centre except on that basis that an offer is:

- (i) an “Exempt Offer” in accordance with the Markets Rules (MKT) module of the Dubai Financial Services Authority (the “**DFSA**”) rulebook; and
- (ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA rulebook.

European Economic Area and the United Kingdom

In relation to each Member State of the European Economic Area and the United Kingdom (each a “**Relevant State**”), neither the Rights Entitlements or the Rights Equity Shares have been offered or will be offered pursuant to the Issue to the public in that Relevant State prior to the publication of a prospectus in relation to the Rights Entitlements and the Rights Equity Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of the Rights Entitlements and the Rights Equity Shares may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

- a. to any legal entity which is a qualified investor as defined under the Prospectus Regulation;
- b. to fewer than 150 natural or legal persons per Member State (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the Lead Manager for any such offer; or
- c. in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the Rights Entitlements or the Rights Equity Shares shall require the Issuer or any Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation. This Letter of Offer is not a prospectus for the purposes of the Prospectus Regulation. The Issuer does not authorize the making of any offer of Rights Entitlements and/or the Rights Equity Shares in circumstances in which an obligation arises for the Issuer to publish a prospectus for such offer.

For the purposes of this provision, the expression an “**offer to the public**” in relation to any Rights Entitlements or the Rights Equity Shares in any Relevant State means the communication to persons in any form and by any means, presenting sufficient information on the terms of the offer and Rights Entitlements or any Rights Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for those securities, and the expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129.

Hong Kong

The Rights Entitlements and the Rights Equity Shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the Rights Entitlements and the Rights Equity Shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Rights Entitlements and the Rights Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Japan

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law. No. 25 of 1948 as amended) (the “**FIEA**”) and

disclosure under the FIEA has not been and will not be made with respect to the Rights Entitlements and the Rights Equity Shares. No Rights Entitlements or Rights Equity Shares have, directly or indirectly, been offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Contract Act of Japan (Law No. 228 of 1949, as amended) (“**Japanese Resident**”) or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

If an offeree does not fall under a “qualified institutional investor” (tekikaku kikan toshika), as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (Ordinance of the Ministry of Finance No. 14 of 1993, as amended) (the “**Qualified Institutional Investor**”), the Rights Entitlements and Rights Equity Shares will be offered in Japan by a private placement to small number of investors (shoninzu muke kanyu), as provided under Article 23- 13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made.

If an offeree falls under the Qualified Institutional Investor, the Rights Entitlements and the Rights Equity Shares will be offered in Japan by a private placement to the Qualified Institutional Investors (tekikaku kikan toshikamuke kanyu), as provided under Article 23-13, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made. To receive the Rights Entitlements and subscribe the Rights Equity Shares (the “**QII Rights Entitlements and the QII Equity Shares**”) such offeree will be required to agree that it will be prohibited from selling, assigning, pledging or otherwise transferring the QII Rights Entitlements and the QII Equity Shares other than to another Qualified Institutional Investor.

Kuwait

This Letter of Offer and does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Rights Entitlements or the Rights Equity Shares in the State of Kuwait. The Rights Entitlements and the Rights Equity Shares have not been licensed for offering, promotion, marketing, advertisement or sale in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Rights Entitlements and the Rights Equity Shares in State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of financial services/products in the State of Kuwait (“Kuwait Securities Laws”). No private or public offering of the Rights Entitlements or the Rights Equity Shares is or will be made in the State of Kuwait, and no agreement relating to the sale of the Rights Entitlements or the Rights Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Rights Entitlements or the Rights Equity Shares in the State of Kuwait.

Luxembourg

The Rights Entitlements and the Rights Equity Shares offered in this Letter of Offer may not be offered, sold or delivered to the public within the Grand Duchy of Luxembourg. This Letter of Offer is only intended for institutional investors. It is personal to each offeree and does not constitute an offer to any other person or to the public generally in Luxembourg to subscribe for or otherwise acquire the Rights Entitlements and the Rights Equity Shares. Distribution of this Letter of Offer to any person other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorized and any disclosure of any of its contents, without prior written consent of the Issuer, is prohibited.

Malaysia

No approval from the Securities Commission of Malaysia has been applied for or will be obtained for the offer or invitation in respect of the Issue under the Capital Markets and Services Act 2007. Neither has a prospectus been or will be registered with the Securities Commission of Malaysia in connection with the Issue in

Malaysia. Accordingly, this Letter of Offer or any amendment or supplement hereto or any other offering document in relation to the Issue may not be distributed in Malaysia directly or indirectly for the purpose of any offer of the Rights Entitlements and the Rights Equity Shares. The Rights Entitlements and the Rights Equity Shares may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 of the Malaysian Capital Markets and Services Act and no person may offer for subscription or purchase any of the Rights Entitlements and the Rights Equity Shares directly or indirectly to anyone in Malaysia.

Mauritius

The Rights Entitlements and the Rights Equity Shares may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither this Letter of Offer nor any offering material or information contained herein relating to the offer of the Rights Entitlements and the Rights Equity Shares may be released or issued to the public in Mauritius or used in connection with any such offer. This Letter of Offer does not constitute an offer to sell the Rights Entitlements and the Rights Equity Shares to the public in Mauritius and is not a prospectus as defined under the Companies Act 2001.

New Zealand

This Letter of Offer has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the “**FMC Act**”). This Issue is not an offer of financial products that requires disclosure under Part 3 of the FMC Act and no product disclosure statement, register entry or other disclosure document under the FMC Act will be prepared in respect of this Issue. The Rights Entitlements and the Rights Equity Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- a. is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- b. meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- c. is large within the meaning of clause 39 of Schedule 1 of the FMC Act; or
- d. is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act.

If, in the future, any person in New Zealand to whom the Rights Entitlements or the Rights Equity Shares are issued or sold elects to sell any Rights Entitlements or Rights Equity Shares, they must not do so in any manner which will, or is likely to, result in this Issue, or such sale, being viewed as an offer to which Part 3 of the FMC Act is applicable.

Oman

This Letter of Offer and the Rights Entitlements and the Rights Equity Shares to which it relates may not be advertised, marketed, distributed or otherwise made available to any person in the Sultanate of Oman (“**Oman**”) without the prior consent of the Capital Market Authority (“**Oman CMA**”) and then only in accordance with any terms and conditions of such consent. In connection with the offering of the Rights Entitlements and the Rights Equity Shares, no prospectus has been filed with the Oman CMA. The offering and sale of the Rights Entitlements and the Rights Equity Shares described in this Letter of Offer will not take place inside Oman. This Letter of Offer is strictly private and confidential and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof does not constitute a public offer of the Rights Entitlements or the Rights Equity Shares in Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74) or the Capital Market Authority Law (Royal Decree 80/98) (the “**CMAL**”), nor does it constitute an offer to sell, or the solicitation of any offer to buy Non- Omani securities in the Sultanate of Oman as contemplated by Article 139 of the Executive Regulations of CMA. Additionally, this Letter of Offer and the Rights Entitlements and the Rights Equity Shares is not intended to lead to the conclusion of a contract for the sale or purchase of securities. The recipient of this Letter of Offer and the Rights Entitlements and the Rights Equity Shares represents that it is a sophisticated investor (as described in Article 139 of the Executive Regulations of the Capital Market Law) and that it has experience in business and financial matters that they are capable of evaluating the merits and risks of investments.

Qatar

This Letter of Offer is provided on an exclusive basis to the specifically intended recipient, upon that person's request and initiative, and for the recipient's personal use only and is not intended to be available to the public. Nothing in this prospectus constitutes, is intended to constitute, shall be treated as constituting or shall be deemed to constitute, any offer or sale of the Rights Entitlements or the Rights Equity Shares in the State of Qatar or in the Qatar Financial Centre or the inward marketing of an investment fund or an attempt to do business, as a bank, an investment company or otherwise in the State of Qatar or in the Qatar Financial Centre. This Letter of Offer and the underlying instruments have not been reviewed, approved, registered or licensed by the Qatar Central Bank, The Qatar Financial Centre Regulatory Authority, The Qatar Financial Markets Authority or any other regulator in the State of Qatar. Any distribution of this Letter of Offer by the recipient to third parties in Qatar or the Qatar Financial Centre beyond these terms is not authorised and shall be at the liability of the recipient.

Saudi Arabia

This Letter of Offer may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations as issued by the board of the Saudi Arabian Capital Market Authority ("CMA") pursuant to resolution number 3-123-2017 dated 27 December 2017 as amended by resolution number 1-104-2019 dated 30 September 2019, as amended (the "CMA Regulations"). The CMA does not make any representation as to the accuracy or completeness of this Letter of Offer and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Letter of Offer. Prospective purchasers of the Rights Entitlements and the Rights Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Rights Entitlements and the Rights Equity Shares. If you do not understand the contents of this Letter of Offer, you should consult an authorized financial adviser.

Singapore

This Letter of Offer has not been registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, neither this Letter of Offer nor any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Rights Entitlements or the Rights Equity Shares may be circulated or distributed, nor may the Rights Entitlements and the Rights Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) existing holders of Rights Equity Shares in the Company pursuant to Section 273(1)(cd)(i) of the Securities and Futures Act, Chapter 289 of Singapore (the "**Securities and Futures Act**"), or (ii) pursuant to, and in accordance with, the conditions of an exemption under Section 274 or Section 275 of the Securities and Futures Act and (in the case of an accredited investor) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or where applicable, Section 276 of the Securities and Futures Act.

Any reference to the Securities and Futures Act is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the Securities and Futures Act or any provision in the Securities and Futures Act is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Notification under Section 309B of the Securities and Futures Act: The Rights Entitlements and the Rights Equity Shares are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

South Korea

We are not making any representation with respect to the eligibility of any recipients of this Letter of Offer to acquire the Rights Entitlements and the Rights Equity Shares therein under the laws of Korea, including, but without limitation, the Foreign Exchange Transaction Law and Regulations thereunder. The Rights Entitlements

and the Rights Equity Shares have not been and will not be registered under the Financial Investment Services and Capital Markets Act of Korea (the “FSCMA”). Accordingly, the Rights Entitlements and the Rights Equity Shares may not be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined under the Foreign Exchange Transaction Law of Korea and its Enforcement Decree), for a period of one year from the date of issuance of the Rights Entitlements and the Rights Equity Shares, except (i) where relevant requirements are satisfied, the Rights Entitlements and the Rights Equity Shares may be offered, sold or delivered to or for the account or benefit of a Korean resident which falls within certain categories of qualified professional investors as specified in the FSCMA, its Enforcement Decree and the Regulation on Securities Issuance and Disclosure promulgated thereunder, or (ii) as otherwise permitted under applicable Korean laws and regulations.

Furthermore, the Rights Entitlements and the Rights Equity Shares may not be re-sold to Korea residents unless the purchaser of the Rights Entitlements and the Rights Equity Shares complies with all applicable regulatory requirements (including, but not limited to, governmental approval requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with purchase of the Rights Entitlements and the Rights Equity Shares.

United Arab Emirates

This Letter of Offer has not been, and is not intended to be, approved by the UAE Central Bank, the UAE Ministry of Economy, the Emirates Securities and Commodities Authority or any other authority in the United Arab Emirates (the “UAE”) or any other authority in any of the free zones established and operating in the UAE. The Rights Entitlements and the Rights Equity Shares have not been and will not be offered, sold or publicly promoted or advertised in the UAE in a manner which constitutes a public offering in the UAE in compliance with any laws applicable in the UAE governing the issue, offering and sale of such securities. This Letter of Offer is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any other person other than the original recipient and may not be used or reproduced for any other purpose.

United Kingdom

In the United Kingdom, this Letter of Offer and any investment or investment activity to which this Letter of Offer relates is directed only at, being distributed and made available only to, and will be engaged in only with, persons who are qualified investors within the meaning of Article 2(e) of the Prospectus Regulation and who (i) fall within the definition of “investment professionals” contained in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”), (ii) fall within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations, etc.”) of the Order or (iii) to whom it can otherwise lawfully be communicated (all such persons together being referred to as “relevant persons”). Persons who are not relevant persons should not take any action on the basis of this Letter of Offer and should not act or rely on it or any of its contents.

SECTION VIII: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Due to COVID-19 pandemic, SEBI pursuant to Rights Issue Circular granted the relaxation to provide procedure for inspection of material documents electronically and, accordingly, copies of the documents for inspection referred to hereunder, would be available on the website of the Company at <https://satincreditcare.com/> from the date of this Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Issue Agreement dated July 30, 2020 between our Company and the Lead Manager.
2. Registrar Agreement dated July 30, 2020 between our Company and the Registrar to the Issue.
3. Bankers to the Issue Agreement dated July 30, 2020 among our Company, the Lead Manager, the Registrar to the Issue and the Bankers to the Issue.
4. Agreement dated July 30, 2020 between our Company and the Monitoring Agency.

B. Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association of our Company, as amended.
2. Copy of prospectus dated April 23, 1996, in respect of Initial Public offer of the Company.
3. Resolution of our Board dated June 22, 2020 approving the Issue.
4. Resolution of Rights Issue Committee dated July 23, 2020 approving terms of issue.
5. Resolution of Rights Issue Committee dated July 30, 2020, 2020 fixing the Issue Price, Record date and other related matters.
6. Resolution of Rights Issue Committee dated August 4, 2020, approving this Letter of Offer.
7. Annual Reports of our Company for Fiscals 2020, 2019, 2018, 2017 and 2016.
8. The Audited Financial Statements and audit report thereon issued by the Statutory Auditors, dated June 15, 2020 for Fiscal 2020.
9. Consents of our Directors, Company Secretary and Compliance Officer, Statutory Auditors of the Company, Banker to our Company, the Lead Manager, Domestic Legal Counsel, Advisor to the Company and International Legal Counsel to our Company, Monitoring Agency, Bankers to the Issue, Advisor to the Company and the Registrar to the Issue for inclusion of their names in this Letter of Offer to act in their respective capacities.
10. In-principle approvals each dated July 27, 2020 issued by BSE and NSE under Regulation 28(1) of the SEBI Listing Regulations.
11. The statement of special tax benefits for our Company and our shareholders under the applicable laws in India issued by our Statutory Auditors Walker Chandiook & Co LLP., Chartered Accountants.
12. Due diligence certificate dated August 4, 2020 addressed to SEBI from the Lead Manager.
13. Tripartite agreement dated August 4, 2000 among our Company, the registrar and share transfer agent, and NSDL.
14. Tripartite agreement dated August 18, 2000 among our Company, the registrar and share transfer agent and CDSL.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time, if so required in the interest of our Company or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

S/d-

Mr. Harvinder Pal Singh

Chairman & Managing Director

Date: August 4, 2020

Place: Gurugram

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

S/d-

Mr. Satvinder Singh

Non- Executive and Non-Independent Director

Date: August 4, 2020

Place: Gurugram

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

S/d-

Mr. Christian B. Ramm

Non- Executive and Non-Independent Director

Date: August 4, 2020

Place: Oslo, Norway

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

S/d-

Mr. Rakesh Sachdeva

Non- Executive and Independent Director

Date: August 4, 2020

Place: Noida

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

S/d-

Mr. Sundeep Kumar Mehta

Non- Executive and Independent Director

Date: August 4, 2020

Place: Noida

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

S/d-

Mrs. Sangeeta Khorana

Non- Executive and Independent Director

Date: August 4, 2020

Place: Wimborne

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

S/d-

Mr. Goh Colin

Non- Executive and Independent Director

Date: August 4, 2020

Place: Singapore

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

S/d-

Mr. Sanjay Bhatia

Non- Executive and Independent Director

Date: August 4, 2020

Place: Noida

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

S/d-

Mr. Anil Kumar Kalra

Non- Executive and Independent Director

Date: August 4, 2020

Place: Noida

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

S/d-

Mr. Krishan Gopal

Chief Financial Officer

Date: August 4, 2020

Place: Gurugram