

## ISSUE ADDENDUM TO THE SHELF / DISCLOSURE DOCUMENT



### AROHAN FINANCIAL SERVICES LIMITED

A public limited company incorporated under the Companies Act, 1956

**Date of Incorporation:** September 27, 1991; **CIN:** U74140WB1991PLC053189

**Registered Office:** PTI Building, 4th Floor, Block DP, DP-9, Sector V, Salt Lake City, Kolkata - 700091, West Bengal

This Issue Addendum to Shelf / Disclosure Document is issued in terms of and pursuant to the Shelf / Disclosure Document dated 5<sup>th</sup> August 2020. All the terms, conditions and information as stipulated in the Shelf / Disclosure Document are incorporated herein by reference as if the same were set out herein. Investors are advised to refer to the same. This Issue Addendum to the Shelf / Disclosure Document shall be read in conjunction with the Shelf / Disclosure Document.

This Issue Addendum is dated 5<sup>th</sup> Aug 2020.

### **Broad terms of the Issue**

Issuer	Arohan Financial Services Limited (AFSL)
Issue Size	INR 250 crore
Option to retain oversubscription	Not applicable
Type of Instrument	Secured, Redeemable, Non-Convertible, Rated, Listed Debentures ("NCD/ Debentures")
Nature of Instrument	Secured
Issuance Mode	In Demat mode only
Trading Mode	In Demat mode only
Objects of the Issue	<p>The proceeds of the Issuance will be utilized for the following purposes:</p> <ul style="list-style-type: none"><li>General corporate purposes</li><li>for the ordinary course of business of the Issuer including repayment/re-financing of existing debt</li><li>For on lending towards various classes of loan products of the company including micro loans, term loans to other micro finance institutions, msme loans and various other classes of loan products of the company</li></ul> <p>Issue proceeds will not be used for acquisition of land or for investing in Capital Markets or for the following purposes which are not eligible for bank finance:</p> <ol style="list-style-type: none"><li>1. Bills discounted / rediscounted by the Issuer - except for rediscounting of bills discounted by NBFCs arising from sale of -<ol style="list-style-type: none"><li>(a) commercial vehicles (including light commercial vehicles), and</li><li>(b) two wheeler and three wheeler vehicles, subject to the following conditions:<ul style="list-style-type: none"><li>the bills should have been drawn by the manufacturer on dealers only;</li><li>the bills should represent genuine sale transactions as may be ascertained from the chassis / engine number; and</li><li>before rediscounting the bills, banks should satisfy themselves about the bona fides and track record of NBFCs which have discounted the bills.</li></ul></li></ol></li><li>2. Investments of the Issuer both of current and long-term nature, in any company / entity by way of shares, debentures.</li><li>3. Unsecured loans / inter-corporate deposits by the Issuer to / in any company.</li><li>4. All types of loans and advances by the Issuer to their subsidiaries, group companies / entities.</li><li>5. Further lending to individuals for subscribing to Initial Public Offerings (IPOs) and for purchase of shares from secondary market.</li></ol>
Utilization of Issue Proceeds	<p>The proceeds of the Issuance will be utilized for the following purposes:</p> <ul style="list-style-type: none"><li>General corporate purposes</li><li>for the ordinary course of business of the Issuer including repayment/re-financing of existing debt</li></ul>

	<ul style="list-style-type: none"> <li>For on lending towards various classes of loan products of the company including micro loans, term loans to other micro finance institutions, msme loans and various other classes of loan products of the company</li> </ul> <p>Issue proceeds will not be used for acquisition of Land or for investing in Capital Markets and for purposes not eligible for Bank Finance:</p> <ol style="list-style-type: none"> <li>1. Bills discounted / rediscounted by the Issuer - except for rediscounting of bills discounted by NBFCs arising from sale of -             <ol style="list-style-type: none"> <li>(a) commercial vehicles (including light commercial vehicles), and</li> <li>(b) two wheeler and three wheeler vehicles, subject to the following conditions :                 <ul style="list-style-type: none"> <li>the bills should have been drawn by the manufacturer on dealers only;</li> <li>the bills should represent genuine sale transactions as may be ascertained from the chassis / engine number; and</li> <li>before rediscounting the bills, banks should satisfy themselves about the bona fides and track record of NBFCs which have discounted the bills.</li> </ul> </li> </ol> </li> <li>2. Investments of the Issuer both of current and long-term nature, in any company / entity by way of shares, debentures.</li> <li>3. Unsecured loans / inter-corporate deposits by the Issuer to / in any company.</li> <li>4. All types of loans and advances by the Issuer to their subsidiaries, group companies / entities.</li> <li>5. Further lending to individuals for subscribing to Initial Public Offerings (IPOs) and for purchase of shares from secondary market.</li> </ol> <p>The proceeds of the issue will not be used for any purpose, which may be in contravention of the Government / RBI / SEBI / Other regulatory guidelines.</p>
Security	<p>The Debentures shall be secured by way of a first ranking, exclusive and continuing charge on identified receivables ("Hypothecated Receivables") created pursuant to the deed of hypothecation to be executed between the Company and the Debenture Trustee as described herein. The Issuer undertakes:</p> <ul style="list-style-type: none"> <li>to maintain the value of security at all times equal to 1.25 times or 125% of the aggregate amount of principal outstanding of the NCDs ("Security Cover").</li> <li>to replace any slippage in loan receivables specifically charged to us with standard receivables. Asset coverage ratio will be maintained at 1.25 times at all times during the currency of the NCDs.</li> <li>to create the security over the Hypothecated Assets as contemplated above by executing a duly stamped deed of hypothecation ("Deed of Hypothecation")</li> <li>to provide a list on a monthly basis, of specific loan receivables/identified book debts to the Debenture Trustee over which the charge is created and subsisting by way of hypothecation in favour of the Debenture Trustee (for the benefit of the Debenture Holders) ("Monthly Hypothecated Asset Report").</li> <li>to add fresh loan assets to the Security Cover to ensure that the value of the Hypothecated Assets is equal to 1.25 times or 125% (One Hundred Twenty Five Percent) of the aggregate amount of principal outstanding of the NCDs</li> </ul> <p>Eligibility Criteria for the Hypothecated Receivables:</p> <ul style="list-style-type: none"> <li>the receivables are existing at the time of selection and have not been terminated or pre-paid;</li> <li>the receivables have not been restructured or rescheduled</li> <li>all "Know Your Customer" norms have been complied with as prescribed by the Reserve Bank of India;</li> <li>It is clarified that the assets would be 'current' on inclusion and replacement of receivables (to be carried out within 30 calendar days) would be upon becoming NPA (i.e. on crossing 90DPD);</li> <li>Each client loans must satisfy the Issuer's credit and underwriting policies, including credit referencing agency checks where commonly</li> </ul>

	used; <ul style="list-style-type: none"><li>Each client loan must be directly originated by the Issuer and not loans purchased from a third party;</li></ul> All loans hypothecated under the deed of hypothecation comply with RBI norms and guidelines.		
Seniority	Senior		
Mode of Issue	Private Placement via the electronic bidding platform of the BSE/NSE		
Listing	Proposed to be listed on the Wholesale Debt Market Segment (WDM) of BSE		
Trustees	IDBI Trustee or Catalyst Trustee		
Credit Rating	[ICRA]A-(Stable)		
Credit Enhancement	Nil		
Face Value	Rs. 10 Lakhs per bond		
Series	A		
Premium on issue	Nil		
Discount on issue	Nil		
Issue Price	At par, Rs. 10 Lakhs per Bond		
Premium on redemption	Nil		
Discount on redemption	Nil		
Minimum Application	10 Bond and in multiples of 1 Bond thereafter		
Tenor	18 months from the deemed date of allotment		
Put Option	None		
Put Option Price	Not Applicable		
Put Option Date	Not Applicable		
Put Notification Time	Not Applicable		
Call Option	None		
Call Option Price	Not Applicable		
Call Option Date	Not Applicable		
Call Notification Time	Not Applicable		
Coupon Rate	10.50%		
Redemption/ Maturity Amount	At Par		
Redemption Date	Principal repayment moratorium of 9 months from the deemed date of allotment. Principal repayment in the form of equal quarterly instalments beginning after the end of the 9 month moratorium period and ending at tenor end (18 months from the deemed date of allotment i.e. February 11 2022)		
Step Up Coupon Rate / Step Down Coupon Rate	None (Subject to Credit Rating Covenant)		
Coupon Payment Frequency	Quarterly (Please refer cash flow)		
Coupon Payment Dates	1st Coupon date	November 11, 2020	
	2nd Coupon date	February 11, 2021	
	3rd Coupon date	May 11, 2021	
	4th Coupon date	August 11, 2021	
	5th Coupon date	November 11, 2021	
	6th and final Coupon date	February 11, 2022	
Coupon Type	Fixed		
Coupon Reset	None		
Day Count Basis	Actual/Actual		
Issue Timing			

1. Issue Opening Date	August 10, 2020
2. Issue Closing Date	August 10, 2020
3. Pay-in Date	August 11, 2020
4. Deemed Date of Allotment	August 11, 2020
Default Interest Rate	2% (Two percent) over and above the Coupon Rate per annum, for the defaulting period, in the event the Issuer fails to make any payments of Interest and/or principal redemption to the Debenture Holders on their respective due dates.
Settlement Mode	Payment of interest and repayment of principal shall be made by way of cheque(s)/ credit through RTGS/ Electronic Fund Transfer or any other electronic mode offered by the Banks
Depositories	NSDL / CDSL
Registrar	Link Intime India Private Limited
Valuer	Not Applicable
Business Day Convention	<p>'Business Day' shall be a day on which commercial banks are open for business in the city of Mumbai, Maharashtra and when the money market is functioning in Mumbai. If the date of payment of interest/redemption of principal does not fall on a Business Day, the payment of interest/principal shall be made in accordance with SEBI Circular CIR/IMD/DF-1/122/2016 dated November 11, 2016.</p> <p>If any of the Coupon Payment Date(s), other than the ones falling on the redemption date, falls on a day that is not a Business Day, the payment shall be made by the Issuer on the immediately succeeding Business Day, which becomes the coupon payment date for that coupon. However, the future coupon payment date(s) would be as per the schedule originally stipulated at the time of issuing the debentures. In other words, the subsequent coupon payment date(s) would not be changed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a non-Business Day.</p> <p>If the redemption date of the Bonds falls on a day that is not a Business Day, the redemption amount shall be paid by the Issuer on the immediately preceding Business Day which becomes the new redemption date, along with interest accrued on the debentures until but excluding the date of such payment.</p>
Record Date	The Record Date shall be 15 Calendar days prior to each coupon payment date / redemption date.
Investors who are eligible to apply	<ol style="list-style-type: none"> <li>Banks and Financial Institutions</li> <li>FIs</li> <li>Mutual Funds</li> <li>Insurance Companies</li> <li>Provident and Pension and Gratuity Funds</li> <li>Companies and Bodies Corporate including Public Sector Undertakings</li> <li>Individuals and Hindu Undivided Families</li> <li>Partnership Firms</li> <li>Any other investor authorized to invest in these debentures</li> </ol> <p>Applications can only be made by the applicants / Institutions to whom this offer is addressed.</p>
Transaction Documents	<p>The Issuer shall execute (including but not limited to the following) documents, as required:</p> <ol style="list-style-type: none"> <li>Consent letter from Trustee to act as Trustee to the Bondholders</li> <li>Valid Rating letter</li> <li>In-principle approval letter for listing from BSE</li> <li>Debenture Trusteeship Agreement;</li> <li>Debenture Trust Deed</li> <li>Information Memorandum;</li> <li>Private Placement Offer Letter (Form PAS 4);</li> <li>Deed of Hypothecation</li> <li>Undertaking/Certificate from the Issuer mentioning all the borrowing facilities of the Company are standard in nature</li> <li>Any others prescribed by the Debenture Trustee or as may be agreed between the parties.</li> <li>Board Resolution authorizing this Issuance;</li> </ol>

	<p>12. Tripartite Agreements with the Depository(ies) and Registrar &amp; Transfer Agent</p> <p>13. Other documents as maybe required</p> <p>14. 8. PCGS Undertaking for Maturing Liabilities</p> <p>15. PCGS Undertaking for positive ALM</p> <p>All transaction documents will comply with the requirements prescribed by the RBI, SEBI and under the Companies Act, 2013 (as applicable) for the issuance of non-convertible debentures.</p>
Issuer's Undertaking	<p>The Issuer undertakes that it has executed/ shall execute the documents including but not limited to the following in connection with the Issue:</p> <ol style="list-style-type: none"> <li>1. Tripartite Agreement between the Issuer; Registrar and NSDL for issue of Bonds in dematerialized form;</li> <li>2. Tripartite Agreement between the Issuer, Registrar and CDSL for issue of Bonds in dematerialized form;</li> <li>3. Letter appointing Link Intime as Registrar and MoU entered into between the Issuer and the Registrar;</li> </ol>
Conditions precedent to subscription of Bonds	<p>The Issuer represents and warrants to the Investor or its successors or assigns, prior to and upon the execution of the Transaction Documents/Agreement and at the time of issuance of the Debentures and at all time during the currency of the Transaction Documents, that:</p> <ol style="list-style-type: none"> <li>1. The Issuer is duly incorporated, validly existing, and in good standing;</li> <li>2. The Issuer is authorized to enter into the Transaction Documents, and the Transaction Documents are a valid and binding obligation of the Issuer enforceable in accordance with its terms; and the execution and performance of the Transaction Documents by the Issuer is lawful and does not constitute a default, acceleration or termination of any other agreement to which the Issuer is a party or breach of any judgment, decree, order or award.</li> <li>3. All information provided by the Issuer to the Investor at any time is true, complete, and accurate,</li> <li>4. The Issuer is the sole owner of all assets shown on the Issuer's financial statements delivered to the Investor save and except as stated in the said financial statements.</li> <li>5. The Issuer is solvent and capable of paying its obligations as and when they become due.</li> <li>6. There is no material litigation including winding up proceedings or governmental proceeding pending against the Issuer and the Issuer is not aware of any such proceeding being threatened, which could impair the Issuer's net worth or ability to perform this Agreement.</li> <li>7. The Issuer maintains and shall maintain accurate business and financial records and prepares and shall prepare its financial statements in accordance with generally accepted accounting principles.</li> <li>8. In case the Issuer is a Company under the Companies Act, 1956 or Companies Act, 2013, as the case may be:- <ol style="list-style-type: none"> <li>i. All corporate authorizations required for entering into the Transaction Documents and performing the transactions pursuant hereto have been obtained and are in full force and effect, and the Transaction Documents and all transactions pursuant hereto are and will be in accordance with all applicable provisions of law;</li> </ol> </li> <li>9. Obligation hereunder are not in conflict with any other obligations of the Issuer</li> <li>10. The execution of Transaction Documents is binding on the Issuer and such executed documents are valid and admissible in evidence in the court of law.</li> <li>11. There is no Material Adverse Change occurred or event of default has occurred or continuing with respect to the Issuer and no such event or circumstance would occur as a result of its executing the Transaction Documents or performance of any obligation there under.</li> <li>12. The Investor or it's successors and assigns shall have an exclusive first charge on the business loan receivables of our Company, created out of the issue proceeds</li> <li>13. The Issuer shall take appropriate measures and/or authorization to create Security in favour of the Trustees or its successors and assigns and avail the financial indebtedness.</li> </ol>

	14. The Issuer shall have good title to assets, to be provided as security.
Conditions subsequent to subscription of Bonds	<p>The Issuer shall ensure that the following documents are executed/ activities are completed as per time frame mentioned elsewhere in this Private Placement Offer Letter:</p> <ol style="list-style-type: none"> <li>1. Ensuring that the payment made for subscription to the Bonds is received from the bank account of the person/ entity subscribing to the Bonds and keep record of the bank accounts from where payments for subscriptions have been received. In case of subscription to the Bonds to be held by joint holders, application monies are received from the bank account of the person whose name appears first in the Application Form;</li> <li>2. Maintaining a complete record of private placement offers in Form PAS-5 and filing the such record along with return of allotment in Form PAS-3 with the Registrar of Companies, Kolkata with fee as provided in Companies (Registration Offices and Fees) Rules, 2014 and;</li> <li>3. Filing a return of allotment of Bonds with complete list of all Bondholders in Form PAS-3 under section 42 of the Companies Act, 2013, with the Registrar of Companies, Kolkata on the Deemed Date of Allotment along with fee as provided in the Companies (Registration Offices and Fees) Rules, 2014;</li> <li>4. Credit of demat account(s) of the allottee(s) by number of Bonds allotted within Two working days from the Deemed Date of Allotment;</li> <li>5. Making listing application to BSE and/ or NSE within 15 business days from the Deemed Date of Allotment of Bonds and obtaining listing permission within 15 business days from the Deemed Date of Allotment of Bonds;</li> </ol> <p>Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in the Private Placement Offer Letter.</p>
Covenants	<p><b>Rating Covenant</b></p> <ol style="list-style-type: none"> <li>1. In case of Rating downgrade, coupon will be stepped up by 0.25% for every notch of rating downgrade, over and above the prevailing coupon rate immediately prior to such rating downgrade Such enhanced coupon rate shall be applicable from the date of issue of the rating downgrade, by any rating agency, to the residual maturity of bonds. In the event that the rating of the Issuer is restored to the rating prior to the downgrade event, the applicable coupon rate shall be reduced by 0.25%. In the event that the rating assigned to the Debentures by the Rating Agency or any other rating agency improves by 1 notch (lowest of the rating to be reckoned), the Coupon Rate payable on the principal amount of the Debentures shall decrease by 0.25% (Zero Decimal Point Two Five Percent). PROVIDED THAT the decreased rate of interest in accordance with this paragraph cannot, in any case, be lower than the Coupon Rate. The decrease in the rate of interest in accordance with this paragraph shall not require any notice, intimation or action on behalf of the Debenture Trustee or the Debenture Holders.</li> <li>2. In the event of a downgrade in the credit rating of Debentures issued under this facility by 2 notch or more (i.e. BBB or lower) by any rating agency, the Debenture holders would reserve the right to recall the outstanding principal amount on the NCDs (ie. redemption at par) along with other monies/accrued interest due in respect thereof. Such outstanding amount will be payable within a period of 15 days from the date of such notice of exercise of the right by the Debenture holders</li> </ol> <p>In every case, the lowest rating given by any rating agency in India would be reckoned with.</p> <p><b>Reporting Covenants</b></p> <ol style="list-style-type: none"> <li>1. <b>Quarterly Reports</b> – within 45 (Forty Five) calendar days from the end of each financial quarter <ol style="list-style-type: none"> <li>a) Information on financials</li> <li>b) List of Board of Directors</li> </ol> </li> </ol>

- c) Shareholding Pattern
- d) Financial covenant compliance certificate signed by a Director or the Chief Financial Officer/Treasury Head
- 2. **Annual Reports** – within 120 (One Hundred and Twenty) calendar days from the end of each financial year
  - a) Audited financial statements
- 3. **Event Based Reports** – Within 15 (Fifteen) Business Days of the event occurring
  - a) Change in Shareholding structure
  - b) Change in Board composition
  - c) Changes in Accounting Policy, which have a material impact, and excluding changes required due to compliance with statutory requirements
  - d) Change in the constitutional documents of the Company which has a Material Adverse Effect on the Debenture Holders
  - e) Material Adverse Effect
  - f) Any dispute, litigation, investigation or other proceeding which could result in a Material Adverse Effect.
  - g) Winding up proceedings
  - h) IBC related application/petition

#### **Financial Covenants**

1. The Capital Adequacy Ratio shall be always compliant with minimum levels stipulated by the regulator (“RBI”) at all points in time
2. The other financial covenants are:

Parameters	Benchmark for annual testing of financial covenants (as on 31-mar-2020)	Penalty for adverse deviation:	
Interest coverage ratio (min)	1.45	i) Up to 10% ii) >10%	NIL 50 bps p.a.
Asset coverage ratio (min)	1.20		
TOL/NOF (max)	4.55		
ROCE (min)	10.47		

If there is breach of any financial covenants, the interest rate shall be increased by 0.50% for the residual maturity of the bond.

All covenants would be tested on quarterly basis for the Company, i.e. as on 31<sup>st</sup> March, 30<sup>th</sup> June, 30<sup>th</sup> September and 31<sup>st</sup> December every year, on consolidated and standalone balance sheet till the redemption of the Debentures.

The covenants shall be certified by the Company within 45 (Forty-Five) calendar days from the end of each financial half year

#### **Affirmative Covenants**

1. To utilise the proceeds of this issue in accordance with applicable laws and

	<p>regulations</p> <ol style="list-style-type: none"> <li>To comply with corporate governance, fair practices code prescribed by the RBI</li> <li>To comply with latest regulatory guidelines,</li> <li>Notification of any Event of Default or Event of Default;</li> <li>Obtain, comply with and maintain all licenses / authorizations</li> <li>Permit visits and inspection of books of records, documents and accounts to Debenture Trustee as and when required by them with a prior written notice of at least 3 Business Days to the Company;</li> <li>Comply with any reasonable monitoring and/or servicing requests from Debenture Trustee</li> </ol> <p><b><u>Other Covenant</u></b></p> <ol style="list-style-type: none"> <li>Security Creation: In the event of delay in execution of Debenture Trust Deed within three months of the issue closure, the Company shall pay penal interest at the rate of 2.00% p.a. over the Coupon Rate till these conditions are complied with or refund the subscription (ie. redemption at par) along with other monies/accrued interest due in respect thereof, at the option of the Bondholders;</li> <li>Default in Payment: In case of default in payment of interest and/ or principal redemption on the due dates, the Company shall pay additional interest at the rate of 2.00% p.a. over the Coupon Rate for the defaulting period i.e. the period commencing from and including the date on which such amount becomes due and up to but excluding the date on which such amount is actually paid.</li> <li>Delay in Listing: The Company shall make listing application to BSE within 20 days from the Deemed Date of Allotment of the Bonds and seek listing permission within 20 days from the Deemed Date of Allotment of Bonds. In case of delay in listing of the Bonds beyond 20 days from the Deemed Date of Allotment, the Company shall pay penal interest at the rate of 1.00% p.a. over the Coupon Rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of Bonds to the Bondholder(s).</li> </ol> <p>The interest rates mentioned in above covenants shall be independent of each other.</p> <p>In case any of the "Covenants" is breached and continues breached for a period of 30 days from such breach coming to notice, the Bondholder would reserve the right to recall the outstanding principal amount on the NCDs (ie. redemption at par) along with other monies/accrued interest due in respect thereof.</p>
<b>Representations &amp; Warranties</b>	<ol style="list-style-type: none"> <li>The Company is registered with the RBI as an NBFC</li> <li>No Event of Default has occurred and is continuing on the date of this transaction</li> <li>Binding obligation of Transaction Documents</li> <li>No conflict with other obligations / constitutional documents</li> <li>No Material Adverse Change in business, condition or operations of the Issuer</li> <li>Company has the power and authority to issue Debentures and such Transactions Documents are valid and admissible in evidence</li> <li>Absence of any pending or threatened litigation, investigation or proceedings that may have a material adverse effect on the business condition (financial or otherwise), operations, performance or prospects of the Issuer or that purports to affect the Facility</li> <li>Illegality</li> </ol> <p>And as set out in greater detail in the Transaction Documents.</p>
<b>Indemnification</b>	<p>The Issuer will indemnify, and hold harmless the Debenture Holders from and against any actual and direct claim, liability, demand, loss, damage, judgment or other obligation or right of action which may directly arise as a result of third party claims on account of the breach of this Term Sheet by the Issuer</p>
<b>Event of Defaults</b>	<p>Occurrence of any of the following events constitutes an event of default with respect to the Issuer:</p>



	<ul style="list-style-type: none"> <li>• The Issuer shall fail to promptly pay any amount now or hereafter owing to the Investors as and when the same shall become due and payable; or</li> <li>• If the Issuer fail to duly observe or perform any obligation under this agreement or under any agreement entered into by it in connection with any loans or other borrowings (including any kind of hybrid borrowing like FCCB, optionally convertible preference shares or bonds) availed of by the Issuer and the lender or investor concerned; or</li> <li>• Breach of any of the key covenants, as specified above, which are not remedied within such period of time, if any, as the Debenture Trustee (acting on the instructions of the Majority Debenture Holders) may allow.</li> <li>• Breach of any of the covenants (other than those mentioned in the trust deed, representations and warranties (including any representation or warranty is held to be untrue, incomplete, incorrect or misleading in material ("material adverse changes") form contained in the Transaction Documents which are not remedied within 15 days from the date of such breach.</li> <li>• the Issuer entering into any material arrangement or composition with his/her/its/their creditors or committing any act of insolvency, or any act the consequence of which may lead to the insolvency or winding up of the Issuer;</li> <li>• execution or distress or other process being enforced or levied upon or against the whole or any part of the Issuer's property whether secured to the Investor or not;</li> <li>• any order being made or a Resolution being passed for the winding up of the Issuer (except for the purpose of amalgamation or reconstruction with the prior approval of the Investor);</li> <li>• a Receiver being appointed in respect of the whole or any part of the property of the Issuer;</li> <li>• the Issuer being adjudicated insolvent or taking advantage of any law for the relief of insolvent debtors;</li> <li>• the Issuer ceasing or threatening to cease to carry on business or giving or threatening to give notice of intention to do so;</li> <li>• Inability to pay debts, proceedings of winding up, or the Issuer's being declared or considered to be a sick company, or a relief undertaking or a protected company or a sick industrial company or a protected industrial company or otherwise, under any law, statute, rule, ordinance etc. which would have the effect of suspending or waiving all or any right against the Issuer or in respect of any contract or agreement concerning the Issuer,</li> <li>• The passing of any order of a court ordering, restraining or otherwise preventing the Issuer from conducting all or any material part of its business; or</li> <li>• The cessation of business by or the dissolution, winding-up, insolvency or liquidation of the Issuer.</li> <li>• Events of default considered appropriate for the transaction of this nature including: <ol style="list-style-type: none"> <li>1. Breach of any of the covenants, representations and warranties. Cure period for (a) any breach of key financial covenants to be given at the sole discretion of the Investor, and (b) breach of any other covenants, representation and warranties to be cured within 30 days.</li> <li>2. Failure to file a Form CHG 9 with the Registrar of Companies in form and substance required to perfect the Security within 60 days from the deemed date of allotment</li> <li>3. Security provided being invalid security or loss of lien on collateral</li> <li>4. Unlawfulness or unenforceability of finance or security</li> <li>5. Repudiation of any Transaction Document</li> <li>6. Illegality for the Issuer to perform any of its obligations under the Transaction Document</li> <li>7. The withdrawal, failure of renewal, or failure to obtain any statutory or regulatory approval in any relevant jurisdiction for the Debentures or any Security.</li> </ol> </li> </ul>
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	<p>8. Representations or Warranties are found to be untrue or misleading when made or deemed to be made.</p> <p>9. Cross default/ default with any other financial indebtedness of the Issuer.</p> <p>10. The security cover falls below 1.25 times of the Outstanding Amount at any time during the currency of the Debentures and if the Issuer fails to reinstate to 1.25 times within 30 working days.</p> <p>On the question whether any of the acts, matters, events or circumstances mentioned in sub-clauses (i) to (xi) and (xiii) above have happened, the opinion of the Trustee in concurrence with majority debenture holders shall be final and conclusive and be binding on the Issuer.</p>
Cross Default	If any other indebtedness of the Issuer to any other lender exceeding Rs. 1 crore (Rupees One Crore Only) is not paid when due and the same is declared as an event of default by that lender.
Role and Responsibilities of Trustees	The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustees by the holder(s) of the Bonds and shall further conduct itself, and comply with the provisions of all applicable laws. The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the Debenture Trusteeship Agreement, Disclosure Document and all other related transaction documents, with due care, diligence and loyalty.
Approvals	The Issuer agrees to comply with all applicable rules and regulations in respect of the transaction. The Issuer will be responsible for taking all necessary authorization and / or approvals internal, external regulatory, statutory or otherwise
Governing Law and Jurisdiction	The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction of district courts of Mumbai, Maharashtra or Kolkata, West Bengal
Other Terms & Conditions	<p>Use of finance is prohibited for:</p> <ul style="list-style-type: none"> <li>Investments, both current and long-term in nature in other Companies / entities by way of shares / debentures etc.</li> <li>Taking capital markets exposure, which is prohibited in terms of RBI guidelines</li> <li>Unsecured Loans / Inter-corporate deposits to / in any Company</li> <li>Construction activities meant purely to Government / semi-government offices</li> <li>All types of loans and advances to subsidiaries, group companies / entities</li> <li>Finance to individuals / entities for subscribing to IPOs</li> <li>Bill discounted / rediscounted.</li> </ul>
EBP process	<ul style="list-style-type: none"> <li><b>Bidding Process</b></li> </ul> <p>This Shelf Disclosure Document has been drafted in compliance with the SEBI ILDS Regulations, the Memorandum and Articles of Association and all other Applicable Laws. This section applies to all Eligible Participants. Please note that all Eligible Participants are required to make payment of the full application amount in accordance with the Operational Guidelines.</p> <ul style="list-style-type: none"> <li><b>Who can bid?</b></li> </ul> <p>All Eligible Participants comprising of investors specifically mapped by the Issuer on the BSE EBP platform, are eligible to bid for this Issue.</p> <p>All Eligible Participants are required to comply with the relevant regulations/ guidelines applicable to them for investing in this Issue in accordance with the norms approved by the Government of India, RBI or any other statutory body from time to time, including but not limited to the Operational Guidelines in relation to the relevant EBP for investing in this Issue.</p> <p>The final subscription to the Debentures shall be made by the Eligible Investors through EBM as prescribed by SEBI under the EBP Guidelines by placing bids on the EBP during the Issue period.</p>

- **Right to Accept or Reject Bids**

The Issuer reserves its full, unqualified and absolute right to accept or reject any application for bid, in part or in full, without assigning any reason thereof in accordance with the Operational Guidelines.

- **Manner of Bidding**

The Issue will be through open bidding on the EBP platform in line with EBP Guidelines vide SEBI circular SEBI/HO/DDHS/CIR/P/2018/122 dated August 16, 2018 or such other circular issued from time to time.

- **Manner of settlement**

Settlement of the Issue will be done through the escrow account of the Issuer and the account details are given in the section on 'Payment Mechanism' of this Disclosure Document.

- **Provisional or Final Allocation**

Allocation shall be made on a pro rata basis in the multiples of the bidding lot size, i.e., in multiples of Rs. 10,00,000 (Rupees Ten Lakh Only). Post completion of bidding process, the Issuer will upload the provisional allocation on the BSE EBP platform. Post receipt of details of the successful bidders, the Issuer will upload the final allocation file on the BSE-EBP platform.

- **Method of Allotment**

The allotment will be done on the basis as mentioned in the respective issue addendum in line with EBP Guidelines.

- **Settlement cycle**

The process of pay-in of funds by investors and pay-out to Issuer will be done on T+1 day or T+2 as more specifically mentioned in the respective issue Addendum where T is the Bidding day. For further, details, please see below section named 'Settlement Process'.

- **How to bid?**

All Eligible Participants will have to register themselves as a one-time exercise (if not already registered) under the BSE EBP platform offered by BSE for participating in the electronic book mechanism. Eligible Participants will also have to complete the mandatory KYC verification process.

- **Eligible Participants should refer to the Operational Guidelines**

The details of the Issue shall be entered on the BSE EBP platform by the Issuer at least 2 (two) working days prior to the Issue / Bid Opening Date, in accordance with the Operational Guidelines. The Issue will be open for bidding for the duration of the bidding window that would be communicated through the Issuer's bidding announcement on the BSE – EBP platform, at least 1 (one) working day before the start of the Issue / Bid Opening Date. A bidder will only be able to enter the amount while placing their bids in the BSE – EBP platform, since the proposed issue is a fixed rate/coupon issue.

- **Payment Mechanism**

Payment of subscription money for the Bonds should be made by the Identified Investors as notified by the Issuer.

The participants should complete the funds pay-in to the designated bank account of Indian Clearing Corporation Ltd (ICCL)

- **List of Designated Banks is as under:**

	ICICI BANK	YES BANK	HDFC BANK
Beneficiary Name	Indian Clearing Corporation Ltd	Indian Clearing Corporation Ltd	Indian Clearing Corporation Limited
Account Number	ICCLEB	ICCLEB	ICCLEB
IFSC Code	ICIC0000106	YESB0CMSNOC	HDFC0000060
Mode	NEFT/RTGS	NEFT/RTGS	NEFT/RTGS

Successful bidders must do the subscription amount payment to the Designated Bank Account on or before 10:30 a.m. on the Pay-in Date (“**Pay-in Time**”). Identified Investors should ensure to make payment of the subscription amount for the Bonds from their same bank account which is updated by them in the BSE EBP platform while placing the bids. In case of mismatch in the bank account details between BSE - EBP platform and the bank account from which payment is done by the successful bidder, the payment would be returned.

**Note:** In case of failure of any Identified Investor to complete the subscription amount payments by the Pay-in Time or the funds are not received in the Designated Bank Account by the Pay-in Time for any reason whatsoever, the bid will liable to be rejected and the Issuer shall not be liable to issue Bonds to such Identified Investors.

- **Settlement Process**

Upon final allocation by the Issuer, the Issuer or the Registrar on behalf of the Issue shall instruct the Depositories on the Pay In Date, and the Depositories shall accordingly credit the allocated Bonds to the demat account of the successful bidder.

The Company shall give the instruction to the Registrar for crediting the Debentures by 12:00 p.m. on the Pay-In Date. The Registrar shall provide corporate action file along with all requisite documents to Depositories by 12:00 p.m. on the Pay-In Date. On the Pay-In Date, the Depositories shall confirm to the Issuer the transfer of Bonds in the demat account(s) of the successful bidder(s).

- **Post-Allocation Disclosures by the EBP**

Upon final allocation by the Issuer, the Issuer shall disclose the Issue Size, coupon rate, ISIN, number of successful bidders, category of the successful bidder(s), etc., in accordance with the Operational Guidelines. The EBP shall upload such data, as provided by the Issuer, on its website to make it available to the public

Method of Allotment	Uniform Yield
Bid Timing	10.00 am to 2.00 pm
Settlement cycle	T+1
Manner of Bidding	Open
Settlement Through	ICCL & BSE

**Cash Flows per Debenture**

Face value	1,000,000					
Coupon rate	10.50%					
Months	Date	Net Cash Flow	Principal	Interest	Principal O/s	days
	11-Aug-2020	(1,000,000)			1,000,000	
3	11-Nov-2020	26,466	-	26,466	1,000,000	92
6	11-Feb-2021	26,466	-	26,466	1,000,000	92
9	11-May-2021	275,603	250,000	25,603	750,000	89
12	11-Aug-2021	269,849	250,000	19,849	500,000	92
15	11-Nov-2021	263,233	250,000	13,233	250,000	92
18	11-Feb-2022	256,616	250,000	6,616	-	92

**For Arohan Financial Services Ltd**

**Anirudh Singh G Thakur**  
**Head- Legal, Compliance & Company Secretary**