

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 5th 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 5th August 2020.

Broad terms of the Issue

Issuer	Arohan Financial Services Limited (Issuer/Company/AFSL)
Type of Instrument	Secured Senior Rated Redeemable Listed Non-Convertible Debentures (NCDs/Debentures)
Nature of the Instrument	Secured
Mode of Issue	Private placement
Objects & Details of the utilization of the Proceeds	The Issuer shall utilise the moneys received towards subscription of the Debentures for on-lending purposes, towards various classes of loan products of the Company, including micro loans, term loans to other MFIs, MSME loans, various other classes of loan products of the Company, et cetera. Up to 90 days (from the deemed date of allotment) will be allowed for utilization.
Rating of Instrument	“ICRA A- (Outlook Stable)” by ICRA Ltd <i>The Issuer/Investor(s) reserves the right to obtain an additional credit rating from any SEBI registered Credit Rating Agency for full or part of the issue size, as it may deem fit, which shall be at least equivalent to the prevailing credit rating to the issue</i>
Debenture Trustee	IDBI Trusteeship Services Limited
Registrar & Transfer Agent	Link Intime India Pvt Limited
Eligible Investors	As mentioned in this Shelf Disclosure Document under captioned “Eligible Investor”
Face Value	INR. 10,00,000/- (Rupees Ten Lakhs only) each.
Series	B
Self-Disclosure Document	INR. 10,00,00,00,000/- (Rupees One Thousand Crores Only)
Tranche Issue Size	INR 100,00,00,000/- (Rupees One Hundred Crores Only)
Issue Price	INR. 10,00,000/- (Rupees Ten Lakhs only) each.
Tenor	15 Months from the Deemed Date of Allotment
Upfront Fees	INR 28,25,000/- plus taxes
Coupon Type	Fixed
Coupon Rate	10.25%
Coupon Payment Frequency	Annually and at the Maturity
Coupon Payment dates	11 th August 2021 and 11 th November 2021
Coupon Reset Process	N.A.
Step Up/Step Down	N.A.
Redemption Date	11 th November 2021

Redemption Amount	INR 100,00,00,000/- (Rupees One Hundred Crores Only)
Redemption	Bullet, At Par
Redemption Premium/ Discount	N.A.
Discount at which security is issued and the effective yield as a result of such discount.	N.A.
Put Date	N.A.
Put Price	N.A.
Put Option Notice	N.A.
Call Date	N.A.
Call Price	N.A.
Call Option Notice	N.A.
Put Notification Time	N.A.
Call Notification Time	N.A.
Security & Security Cover	<p>The outstanding debentures amount together with interest, default interest, remuneration of the Trustee, charges, fees, expenses and all other monies dues from the Company shall be secured by exclusive charge via deed of hypothecation on the specific standard asset portfolio of receivables (“Company’s Receivables”) to be executed between the Company and the Debenture Trustee as described herein. The said receivables or assets would be created out of the proceeds of the issue to the extent of 1.25 times of NCD outstanding. The said assets would include various classes of loan assets of the Company including micro loans, term loans to other MFIs, MSME loans, various other classes of loan products of the Company, etcetera. Up to 90 days to be allowed for creation of said loan assets. No other security (fixed deposits, cash collateral, personal guarantee, corporate guarantee, etcetera)</p> <p>The Issuer undertakes:</p> <ol style="list-style-type: none"> i. Company’s Receivables must be standard ii. Company’s Receivables are existing at the time of selection, and have not been terminated or prepaid iii. Company’s Receivables should not have been restructured or rescheduled iv. Company’s Receivables are free from all Encumbrances and are not subject to any lien or charge; v. All loans hypothecated under the deed of hypothecation should comply with RBI norms and guidelines. vi. The Company’s Specific Receivables being charged must comply with all extant ‘know your customer’ norms specified by RBI; vii. The Company’s Receivables generated from lending to Issuer’s associate/s & subsidiary/s and/or Related Party shall not be considered for asset cover calculation for this issuance. No drawing power for shall be provided for Company’s Specific Receivables generated from the lending to Issuer’s associate/s /subsidiary/s/ Related Party. <p>The Company undertakes to maintain a Security Cover of 1.25 times on the outstanding NCD amount of the Debentures, as per applicable law, at all times during the tenure of the NCDs.</p> <p>Non-Maintenance of minimum-security cover as mentioned above will attract 1% p.a. penalty over and above the coupon rate as specified in the term sheet, for the period of non-maintenance of cover. However, in no case reinstatement of such security cover shall exceed 30 days from the day such cover falls below the required cover.</p> <p>The Company shall have option for providing additional /replacement of security at any time during the tenure of the Debentures to ensure the Minimum-Security Cover</p>

	<p>as provided hereinabove in consultation with Debenture Trustee.</p> <p>The Issuer shall execute Debenture Trust Deed and Deed of Hypothecation within 3 months from the Issue Closure Date. In case of delay in execution of the Debenture Trust Deed the company will refund the subscription with agreed rate or will pay penal interest of 2% p.a. over and above the Coupon Rate for the delayed period till the execution is complete, at the option of the debenture holders.</p>
Material Adverse Effect definition	<p>Means the effect or consequence of an event, circumstance, occurrence or condition which has caused, as of any date of determination, or could reasonably be expected to cause a material and adverse effect on (a) the financial condition, business or operation of the Company, environmental, social or otherwise or prospects of the Company; (b) the ability of the Company to perform its obligations under the Transaction Documents; or (c) the validity or enforceability of any of the Transaction Documents (including the ability of any party to enforce any of its remedies thereunder); or (d) the rights or remedies of the Debenture Trustee acting for the benefit of the Debenture Holders hereunder or under any other Transaction Document</p>
Day Count Basis	Actual / Actual
Interest on Application Money	<p>At the Initial Coupon rate (subject to deduction of tax at source, as applicable) from the date of realization of cheque (s)/ demand draft(s)/ RTGS up to one day prior to the Deemed Date of Allotment. Where pay-in Date and Deemed date of Allotment are the same, no interest on Application money is to be paid.</p>
Listing	<p>The Debentures are proposed to be listed on the WDM Segment of the BSE</p> <p>In case of delay in listing of the debt securities beyond 20 (Twenty) calendar days from the Deemed Date of Allotment, the Issuer will pay penal interest of at least 1 % p.a. over the Coupon Rate from the expiry of 30 (Thirty) calendar days from the Deemed Date of Allotment till the listing of such Debentures.</p>
Representations and Warranties of the Issuer	<p>As mentioned in the caption titled "Representations and Warranties of the Issuer" in the Shelf Disclosure document to the Issue. The Representations and Warranties shall be continuous in nature and shall be deemed to occur on every day till redemption of the Debentures.</p>
Minimum Application size and in multiples Debt Security thereafter	<p>The minimum application size for the Issue shall be 10 Debentures and in multiples of 1 Debenture thereafter.</p>
Issuance mode of the Instrument	Demat only
Trading mode of the Instrument	Demat only
Settlement mode of the Instrument	RTGS/ Any other electronic mode
Depositories	NSDL/CDSL
Business Day	Any being a day excluding Saturdays, Sundays or public holiday in Mumbai or Kolkata.
Business Day Convention	<p>If any Coupon Payment Date or the due date for the performance of any event falls on a day that is not a Business Day, then the succeeding Business Day will be considered as the effective date. The interest for such additional period shall be adjusted and paid in the next coupon cycle. Hence the subsequent coupon payment period remains intact.</p> <p>If the Redemption Date (also being the last Coupon Payment Date) of the Debentures falls on a day that is not a Business Day, the redemption proceeds shall be paid on the immediately preceding Business Day, along with coupon/interest accrued on the Debentures until but excluding the date of such payment.</p>
Record Date	<p>The date which will be used for determining the Debenture Holder(s) who shall be entitled to receive the amounts due on any Due Date, which shall be the date falling</p>

	15 (Fifteen) calendar days prior to any Due Date.
Transaction Documents	<ul style="list-style-type: none"> i. Debenture Trustee Agreement ii. Debenture Trust Deed, iii. Deed of Hypothecation iv. Shelf Disclosure Document and Issue Addendums for each tranche/series; v. PAS-4 vi. Undertaking from the Issuer mentioning all the borrowing facilities of the Company are standard in nature. <p>Such other documents as agreed between the Issuer and the Debenture Trustee.</p>
Conditions Precedent to Disbursement	<ul style="list-style-type: none"> 1. Execution of Shelf Disclosure Document 2. Credit Rating Letter & Rationale 3. Trustee Consent Letter 4. BSE In-principle Approval for Listing 5. Resolution of the Company's board of directors authorizing the issuance of debentures; 6. Resolution of the shareholders of the Company under 180(1)(c) of the Act 7. Resolution of the shareholders of the Company under Section 42 of the Act 8. Execution of the Debenture Trustee Agreement
Conditions Subsequent to Disbursement	<p>The Company shall fulfil the following conditions subsequent, to the satisfaction of the Debenture Trustee, pursuant to the Deemed Date of Allotment:</p> <ul style="list-style-type: none"> 1. the Issuer shall ensure that the Debentures are credited into the demat account(s) of the Debenture Holders within 2 (two) Business Days from the Deemed Date of Allotment of the respective Series; 2. the Company will ensure listing of Debentures on the BSE within stipulated timelines; 3. the Company shall, inter alia, file a copy of Form PAS-3 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 with the ROC within 15 (fifteen) days of the allotment of Debentures along with a list of the Debenture Holders and PAS 5; 4. the Company shall file a copy of Form PAS-5 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 in respect of the issue of the relevant series of Debentures along with a copy of the Private Placement Offer Letter with SEBI within 30 (thirty) days from the date of the Private Placement Offer Letter 5. Execution of Deed of Hypothecation & Debenture Trust Deed within the stipulated timelines 6. Filing CHG-9 Form with ROC within stipulated timelines 7. Execution of any other documents as customary for transaction of a similar nature and size.
Default Interest Rate /Additional Interest Rate	<p>Without prejudice to any other rights and remedies available to the Debenture Trustee pursuant to the terms of Transaction Documents:</p> <ul style="list-style-type: none"> i. If, at any time, a Payment Default occurs, the Company agrees to pay additional interest at the rate of 2% (Two Percent) per annum over and above the applicable Coupon Rate on all amounts outstanding under the relevant series of Debentures (including the Outstanding Principal Amounts and any accrued but unpaid interest) from the date of occurrence of such a Payment Default until such Payment Default is cured or the Debentures are fully redeemed. ii. If the Company fails to execute the Debenture Trust Deed and Deed Of Hypothecation within the stipulated timelines, then the Issuer shall, at the option of the Debenture Holders, either (i) return the subscription amount with the agreed rate of interest or (ii) pay additional interest at the rate of 2% (Two Percent) per annum over and above the applicable Coupon Rate on all amounts outstanding under the NCDs (including the Outstanding Principal Amounts and any accrued interest) from the Issue Closure Date until such time the deed is executed and the conditions prescribed by Debenture Holders (if any) have been complied with.
Event of Defaults	As mentioned in this Shelf Disclosure Document under captioned "Event of Defaults"

EBP Process

- **Bidding Process**

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.

- **Who can bid?**

All Eligible Participants comprising of investors specifically mapped by the Issuer on the BSE EBP platform, are eligible to bid for this Issue.

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.

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.

- **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

	<p>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.</p> <p>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).</p> <ul style="list-style-type: none"> • Post-Allocation Disclosures by the EBP <p>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</p>
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
Role and Responsibilities of Debenture Trustee	To oversee and monitor the overall transaction for and on behalf of the Debenture Holder(s).
Indemnification	The Issuer will indemnify, and hold harmless the Debenture Holder, Investment Manager of Debenture Holders, and their respective shareholders, officers, directors, employees, representatives and attorneys from and against any claim, liability, demand, loss, damage, judgment or other obligation or right of action which may arise as a result of breach of this Term Sheet by the Issuer.
Arbitration	In the event of any dispute or difference between the Parties to this agreement in respect of or concerning or connected with the interpretation or implementation of this Agreement or arising out of this Agreement, such dispute or difference shall be referred to arbitration by a sole arbitrator, appointed by the Investor in its sole discretion, in accordance with the (Indian) Arbitration and Conciliation Act, 1996, or any modification or amendment thereof. The arbitration shall be held in Mumbai / Kolkata. The language of the arbitration proceedings shall be English. The expenses of the arbitration shall be borne by the Issuer. The decision of such arbitration shall be binding and conclusive upon the Parties and may be enforced in any court of competent jurisdiction.
Governing Law	The Debentures / and documentation will be governed by and construed in accordance with the laws of India and the parties submit to the exclusive jurisdiction of the courts in Mumbai / Kolkata and as more particularly provided for in the Debenture Trust Deed.
Transaction Costs	<p>The Issuer shall bear all transaction related costs incurred by the Debenture Holder with respect to legal counsel, valuers and auditors/ consultants. Such costs include:</p> <ul style="list-style-type: none"> • Trustee fees • Rating fees • Stamping and registration costs in relation to all Transaction Documents <p>Any other reasonable transaction related expense incurred by the Debenture Holders</p>
Taxes, Duties, Costs and Expenses	<ul style="list-style-type: none"> • Relevant taxes, duties and levies are to be borne by the Issuer. • The charges/ fees and any amounts payable under this Debentures by the Issuer as mentioned herein do not include any applicable taxes, levies including service tax etc. and all such impositions shall be borne by the Issuer additionally.

Issue Timing & Tranche Amount	INR 100,00,00,000 (Rupees One Hundred Crores Only)
Issue Opening Date	10 th August 2020
Issue Pay-In Date	11 th August 2020
Issue Closing Date	10 th August 2020
Issue Deemed Date of Allotment	11 th August 2020

Cash Flows per Debenture

Face Value		10,00,000				
Coupon Rate		10.25%				
Months	Date	Net Cash Flow	Principal	Interest	Principal O/s	Days
	11 th August 2020	(10,00,000)			10,00,000	
12	11 th August 2021	1,02,500	-	1,02,500	10,00,000	365
15	11 th November 2021	10,25,836	10,00,000	25,836	-	92

For Arohan Financial Services Ltd

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