

SMC Credits Limited

(CIN: L65910DL1992PLC049566)

Our Company was originally incorporated as “Meetu Finance Private Limited” at New Delhi pursuant to certificate of incorporation dated July 15, 1992 issued by the Registrar of Companies, Delhi and Haryana (“RoC”) under the Companies Act, 1956. Subsequently, the name of our Company changed to ‘SMC Credits Private Limited’ and a fresh certificate of incorporation consequent on change of name dated June 08, 1995, was issued by the RoC. Subsequently, the name of our Company changed to ‘SMC Credits Limited’ and a fresh certificate of incorporation consequent on change of name dated July 12, 1995, was issued by the RoC

Registered Office: 24, Ashoka Chambers, 5-B, Pusa Road, Rajindra Park, New Delhi - 110060, India

Contact Person: Ms. Kaira Dewani, Company Secretary and Compliance Officer

Telephone: +91 11 4501 2820 / 4501 2880, **Email:** dewanikaira30@gmail.com, **Website:** www.smccredits.com

PROMOTERS OF OUR COMPANY: FOCAL LEASING AND CREDITS LIMITED		
FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF SMC CREDITS LIMITED (OUR “COMPANY” OR THE “ISSUER”) ONLY		
ISSUE OF 1,50,33,300 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH OF OUR COMPANY (THE “EQUITY SHARES”) FOR CASH AT A PRICE OF ₹ 10 PER EQUITY SHARE AGGREGATING TO ₹ 1,503 LAKHS ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 3 (THREE) EQUITY SHARES FOR EVERY 2 (TWO) FULLY PAID- UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS [●], [●], [●] (THE “ISSUE”). FOR FURTHER DETAILS, SEE “TERMS OF THE ISSUE” ON PAGE 69.		
GENERAL RISKS		
Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this 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 the Issue including the risks involved. The securities being offered in the Issue have not been recommended or 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 statement of “Risk Factors” given on page 15.		
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 the 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 Draft 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 existing Equity Shares of our Company are listed on BSE Limited (“BSE”) (the “Stock Exchange”). Our Company has received “in-principle” approval from BSE for listing the Equity Shares to be allotted pursuant to the Issue through their letter no. [●] dated [●]. BSE is the Designated Stock Exchange for this issue.		
LEAD MANAGER TO THE ISSUE		REGISTRAR TO THE ISSUE
		
Sundae Capital Advisors Private Limited 3rd Floor, C - 11, Community Centre Janak Puri, New Delhi - 110 058 Telephone: +91 11 4914 9740 E-mail Id: smc.rights@sundaecapital.com Investor grievance e-mail Id: grievance.mb@sundaecapital.com Contact person: Ridima Gulati/ Manisha Sharma Website: www.sundaecapital.com SEBI registration number: INM000012494		Beetal Financial & Computer Services Private Limited Beetal House, 3rd Floor, 99, Madangir, Behind Local Shopping Centre, New Delhi - 110 062 Telephone: +91 11 2996 1281 - 83 Fax: +91 11 2996 1284 E-mail Id: beetalrta@gmail.com Contact person: S P Gupta Website: www.beetalfinancial.com SEBI registration number: INR000000262
ISSUE PROGRAMME #		
ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATIONS @	ISSUE CLOSES ON ^
[●]	[●]	[●]

@ 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 but not exceeding 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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GENERAL DEFINITIONS AND ABBREVIATIONS

This Letter of Offer uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalised terms used in this Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, 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, to the extent applicable, the meaning ascribed to such terms under the Companies Act, 2013, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in “Statement of Special Tax Benefits”, “Financial Statements” and “Outstanding Litigation and Defaults” on pages 36, 53 and 62, respectively, shall have the meaning given to such terms in such sections.

General Terms

Term	Description
“Our Company” or “the Company” or “the Issuer”	SMC Credits Limited incorporated under the Companies Act 1956, with its registered office at 24, Ashoka Chambers, 5-B, Pusa Road, Rajindra Park, New Delhi 110060
“We”, “us”, “our”, “SMCCL”	Unless the context otherwise requires, indicates or implies or unless otherwise specified, our Company

Company Related Terms

Term	Description
Articles of Association	The Articles of Association of our Company, as amended from time to time
Board or Board of Directors	The Board of directors of our Company or a duly constituted committee thereof
Directors	Any or all the Directors on the Board, as may be appointed from time to time
Equity Shares	Equity shares of face value of ₹ 10 each of our Company
Memorandum of Association	The Memorandum of Association of our Company, as amended from time to time
Promoters	The promoters of our Company is Focal Leasing and Credits Limited
Promoter Group	The promoter group of our Company as determined in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations
Registered and Corporate Office	Registered office of our Company situated at 24, Ashoka Chambers, 5-B, Pusa Road, Rajindra Park, New Delhi – 110 060
Statutory Auditors	M/s. AVP & Co., Chartered Accountants

Issue Related Terms

Term	Description
Abridged Letter of Offer	Abridged letter of offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act, 2013
Additional Rights Equity Shares	The Rights Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement.
Allotment/ Allot/ Allotted	Allotment of Rights Equity Shares pursuant to the Issue
Allotment Account(s)	The account(s) opened with the Bankers to this Issue, into which the Application Money lying credit to the Escrow Account(s) 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

Term	Description
Allotment Advice	The note or advice or intimation of Allotment, sent to each successful Investor who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange
Allotment Date	Date on which the Allotment is made pursuant to the Issue
Allottee(s)	Person(s) to whom Rights Equity Shares are issued pursuant to the Issue
Applicant(s) or Investors	Eligible Equity Shareholder(s) and/or Renouncee(s) who are entitled to apply or make an application for the Rights Equity Shares pursuant to the Issue in terms of this Letter of Offer, being an ASBA Investor
Application	Application made through submission of the Application Form or plain paper Application to the Designated Branch(es) of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process 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 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 in respect of the Equity Shares applied for in the Issue at the Issue Price
Application Supported by Blocked Amount/ ASBA	Application (whether physical or electronic) used by an Investor to make an application authorizing the SCSB to block the Application Money in a specified bank account maintained with the SCSB
ASBA Applicant / ASBA Investor	As per the SEBI Circular SEBI/HO/CFD/DIL/2/CIR/P/2020/13 dated January 22, 2020 all investors (including Renouncees) shall make an application for an Issue only through ASBA Facility
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
ASBA Bid	Bid made by an ASBA Bidder including all revisions and modifications thereto as permitted under the SEBI (ICDR) Regulations
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
Banker to the Issue	[●]
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 “ <i>Terms of the Issue</i> ” on page 69
Controlling Branches/ 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 http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
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 ASBA Investors and a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
Designated Stock Exchange	BSE Limited
Eligible	Holder(s) of the Equity Shares of our Company as on the Record Date
Escrow Account(s)	One or more no-lien and non-interest bearing accounts with the Escrow Collection Bank(s) for the purposes of collecting the Application Money
Escrow Collection Bank /Allotment Account Bank(s) / Refund Bank	Banks 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 [●]
FPIs	Foreign portfolio investors as defined under the SEBI FPI Regulations
IEPF	Investor Education and Protection Fund
Investor(s)	Eligible Equity Shareholder(s) of our Company on the Record Date, [●], [●] and the Renouncee(s)

Term	Description
ISIN	International securities identification number
Issue	Issue of 1,50,33,300 Equity Shares of face value of ₹ 10 each of our Company (the “ Equity Shares ”) for cash at a price of ₹ 10 per equity share aggregating to ₹ 1,503 lakhs on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of 3 Equity Share for every 2 fully paid-up Equity Shares held by the Eligible Equity Shareholders on the Record Date, that is [●], [●] (the “ Issue ”).
Issue Agreement	Issue agreement dated August 08, 2022 entered into between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Closing Date	[●], [●]
Issue Material	The Letter of Offer, Abridged Letter of Offer, Application Form, and other applicable Issue material
Issue Opening Date	[●], [●]
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	₹ 10 per Equity Share
Issue Proceeds/ Proceeds	Gross proceeds of the Issue
Issue Size	The issue of 1,50,33,300 Equity Shares aggregating to ₹ 1,503 lakhs, assuming full subscription
Lead Manager	Sundae Capital Advisors Private Limited
Letter of Offer or LOF	This letter of offer dated [●] filed with the Stock Exchange and SEBI
Listing Agreement	The uniform listing agreements entered into between our Company and the Stock Exchange in terms of the SEBI LODR Regulations
Net Proceeds	Issue Proceeds less the Issue related expenses. For further details, see “Objects of the Issue” on page 33
NRE Account	Non-resident external account
NRO Account	Non-resident ordinary account
Off Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor 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
On Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor 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 [●], [●]
Qualified Institutional Buyers or QIBs	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
Record Date	Designated date for the purpose of determining the Eligible Equity Shareholders eligible to apply for Equity Shares, being [●], [●]
Refund Bank	[●]
Registrar to the Issue / Registrar	Beetal Financial & Computer Services Private Limited
Registrar Agreement	Agreement dated [●] entered into among our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue
Renouncee(s)	Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on [●], [●], 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 Entitlement	Number of Equity Shares that an Eligible Equity Shareholder is entitled to, excluding any fractional entitlements, in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date, in this case being 3 Equity Shares for every 2 Equity Shares held by an Eligible Equity Shareholder

Term	Description
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible on the website of our Company
SCSB(s)	Self-certified syndicate banks registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34
SEBI Relaxation Circulars	Together, the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with the SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021
Stock Exchange	Stock exchange where the Equity Shares are presently listed, BSE Limited
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 Account(s) in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange
Wilful Defaulter	Company or person 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 the Reserve Bank of India and includes any company whose director or promoter is categorised as such
Working Day(s)	All days on which commercial banks in Mumbai are open for business; provided however, with reference to (a) Issue Period, “Working Day” shall mean all days, excluding all Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (b) furthermore the time period between the Issue Closing Date and the listing of the Equity Shares on the Stock Exchanges, “Working Day” shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the circulars issued by SEBI

Conventional and General Terms / Abbreviations

Terms	Description
₹ / Rs./ Rupees / INR	Indian Rupees
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
CIN	Corporate identity number
Act / Companies Act, 2013	Companies Act, 2013 along with the rules made thereunder and includes erstwhile Companies Act, 1956, to the extent applicable
Depositories Act	Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996
Depository Participant / DP	A depository participant as defined under the Depositories Act
DP ID	Depository participant’s identification
DIN	Director Identification Number
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
EPS	Earnings per Equity Share
FEMA	Foreign Exchange Management Act, 1999, together with rules and regulations thereunder
FEM Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial Year / Fiscal Year / Fiscal	Period of 12 months ended March 31 of that particular year, unless otherwise stated
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
FVCI	Foreign venture capital investors as defined under and registered with SEBI pursuant to the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
GAAP	Generally accepted accounting principles
GDP	Gross domestic product

Terms	Description
GoI / Government/ Central Government	Government of India
GST	Goods and Service Tax
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
Income Tax Act	Income-Tax Act, 1961
Ind AS	Indian accounting standards as specified under section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended
India	Republic of India
IFRS	International Financial Reporting Standards
ISIN	International Securities Identification Number
ITAT	Income Tax Appellate Tribunal
MCA	Ministry of Corporate Affairs
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of (Mutual Funds) Regulations, 1996
Net Asset Value per Equity Share / NAV per Equity Share	Net Worth/ Number of Equity shares subscribed and fully paid outstanding as at March 31
Net Worth	The aggregate value of the paid up share capital 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/unaudited balance sheet, as the case may be, but does not include reserves created out of revaluation of assets, write back of depreciation and capital reserves.
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
NSDL	National Securities Depository 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
PAN	Permanent account number
PAT	Profit after tax
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
Regulation S	Regulation S under the U.S. Securities Act
RoC	Registrar of Companies, Delhi & Haryana
RTGS	Real Time Gross Settlement
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 ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI LODR Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI PIT Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
SEBI Rights Issue Circulars	Collectively, SEBI circular, bearing reference number EBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, bearing reference 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 circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020)

Terms	Description
SEBI SAST Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
STT	Securities Transaction Tax
UPI	Unified Payments Interface
U.S.\$ / USD / U.S. dollar	United States Dollar, the legal currency of the United States of America
USA / U.S. / United States	United States of America
U.S. SEC	U.S. Securities and Exchange Commission
U.S. Securities Act	U.S. Securities Act of 1933, as amended
VCF	Venture capital fund as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be

NOTICE TO INVESTORS

The distribution of this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter, any other offering material and the issue of the Rights Entitlement and the Equity Shares on a rights basis to persons in certain jurisdictions outside India are 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 be aware of and observe such restrictions.

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Letter of Offer, Abridged Letter of Offer, the Application Form and other applicable Issue materials (a) only to the e-mail addresses of Eligible Equity Shareholders who have provided an Indian address to our Company; and (b) only to the Indian addresses of the Eligible Equity Shareholders whose email addresses are not available with the Company or the Eligible Equity Shareholders who have not provided the valid e-mail address to the Company. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorised representative in India, prior to the date on which we propose to e-mail this Letter of Offer, the Abridged Letter of Offer, the Application Form and other applicable Issue materials shall not be sent this Letter of Offer, the Abridged Letter of Offer, the Application Form and other applicable Issue materials.

Further, this Letter of Offer will be provided, only through e-mail, 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. 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.

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 the Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI and Stock Exchanges. Accordingly, the Rights Entitlement and the 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 offering materials or advertisements in connection with the 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, 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 authorized 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 subscription to Equity Shares and/ or Rights Entitlements 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 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 their respective 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 subscribe to the Equity Shares or 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 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 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 their respective affiliates to make any filing or registration (other than in India).

Our Company, in consultation with the Lead Manager, 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 Equity Shares and/ or the Rights Entitlements 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 not in the United States and eligible to subscribe for the Equity Shares and/ or the Rights Entitlements under applicable securities laws and 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 Equity Shares and/ or the Rights Entitlements in respect of any such Application Form.

Neither the receipt of this Letter of Offer nor any sale/ offer of Equity Shares and/ or the Rights Entitlements 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. The contents of this Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of 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 Equity Shares or Rights Entitlements. In addition, neither our Company nor the Lead Manager are making any representation to any offeree or purchaser of the Equity Shares and/ or the Rights Entitlements regarding the legality of an investment in the Equity Shares and/ or the Rights Entitlements by such offeree or purchaser under any applicable laws or regulations.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE 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 THE TERRITORIES OR POSSESSIONS THEREOF (THE "UNITED STATES" OR "U.S."), EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND EQUITY SHARES REFERRED TO IN THIS LETTER OF OFFER ARE BEING OFFERED AND SOLD IN OFFSHORE TRANSACTIONS OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATIONS UNDER THE US SECURITIES ACT ("REGULATIONS") TO EXISTING SHAREHOLDERS LOCATED IN JURISDICTIONS WHERE SUCH OFFER AND SALE OF THE EQUITY SHARES AND/ OR RIGHTS ENTITLEMENTS ARE PERMITTED UNDER LAWS OF SUCH JURISDICTIONS. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY EQUITY SHARES OR RIGHTS ENTITLEMENT FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY OR TRANSFER ANY OF THE SAID SECURITIES. ACCORDINGLY, YOU SHOULD NOT FORWARD OR TRANSMIT THIS LETTER OF OFFER IN OR INTO THE UNITED STATES AT ANY TIME. THE EQUITY SHARES AND/ OR RIGHTS ENTITLEMENTS AND THE RIGHTS ENTITLEMENTS ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation or purchase of the Equity Shares and/ or Rights Entitlements 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. No Application Form should be postmarked in the United States, electronically transmitted from the United States or otherwise dispatched from the United States 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, the Application Form and other applicable Issue materials primarily to the e-mail addresses of the Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States and is authorized to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws and regulations.

Our Company and the Lead Manager are not making, and will not make, and will not participate or otherwise be involved in any offers or sales of the Rights Entitlements, the Equity Shares or any other security with respect to this Issue in the United States.

The Rights Entitlements and the 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 U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the 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.

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 re.

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

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Conventions

All references herein to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions and "Euro" or "EUR" or "€" are to Euro, the official currency of the European Union. All references herein to 'India' are to the Republic of India and its territories and possessions and the references herein to 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

Financial Data

Unless otherwise stated, references to "we", "us", "our" or "SMCCL" and similar terms are to SMC Credits Limited on a consolidated basis and references to "the Company" and "our Company" are to SMC Credits Limited on a standalone basis.

Unless stated otherwise, financial data in this Letter of Offer is derived from the Audited Financial Statements which have been prepared by our Company in accordance with Indian accounting standards as specified under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended and are also included in this Letter of Offer. Our Company publishes its financial statements in Indian Rupees in lakhs. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

The fiscal year of our Company begins on April 1 of each calendar year and ends on March 31 of the following calendar year. Unless otherwise stated, references in this Letter of Offer to a particular 'Financial Year' or 'Fiscal Year' or 'Fiscal' are to the financial year ended March 31.

In this Letter of Offer, any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding off. Certain figures in decimals have been rounded off and accordingly there may be consequential changes in this Letter of Offer.

Currency of Presentation

Unless otherwise specified or the context otherwise requires, all references to "Rupees", "Rs.", "INR", "₹" are to Indian Rupees, the official currency of the Republic of India. All references to "USD", or "US\$" or "\$" are to United States Dollar, the official currency of the United States of America. All references to "Euro" or "EUR" or "€" are to Euro, the official currency of the European Union. The amounts derived from financial statements included herein are represented in ₹ lakhs, as presented in the Audited Financial Statements.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. Unless stated otherwise, throughout this Letter of Offer, all figures have been expressed in lakhs.

Market and Industry Data

Unless stated otherwise, market, industry and demographic data used in this Letter of Offer has been obtained from market research, publicly available information, industry publications and government sources. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, 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 nor the Lead Manager or 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 liabilities-borrowings (including current maturities) / total equity (excluding non-controlling interest), ratio of total borrowings/total equity (excluding non-controlling interest) and 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 Ind AS and may not be comparable to similarly titled measures presented by other companies.

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 such as ‘aim’, ‘anticipate’, ‘believe’, ‘continue’, ‘can’, ‘could’, ‘estimate’, ‘expect’, ‘intend’, ‘may’, ‘objective’, ‘plan’, ‘potential’, ‘project’, ‘pursue’, ‘shall’, ‘should’, ‘will’, ‘would’, or other words or phrases of similar import. Similarly, statements that describe our strategies, 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 expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, 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 and any projections contained in this Letter of Offer (whether made by our Company or third parties) are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements 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 us 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 be materially different from any of the forward-looking statements include, among others:

1. Our business could be materially and adversely affected by the outbreak of COVID-19 Pandemic;
2. We do not have long-term sale agreements for majority for our products. Any deterioration in demand of any of our key products could have an adverse effect on our business, results of operations, financial condition and cash flows.
3. A shortage or non-availability of electricity or water may affect our manufacturing operations and have an adverse effect on our business, cash flows, results of operations and financial condition.

Additional factors that could cause actual results, performance or achievements of our Company to differ materially include, but are not limited to, those discussed under “*Risk Factors*” on page 15.

By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on our revenue 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 the 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, “*Objects of the Issue*”, “*Outstanding Litigation and Defaults*” and “*Risk Factors*” on pages 33, 62 and 15, respectively.

Summary of Business

We are non-banking finance company duly registered with the Reserve Bank of India and have Investment in Shares & Loans and Advances to corporate entities and source of Income includes Dividend on Investments, Interest on Loans and Profit from Share Trading. Besides this the Company also have rental income on its Fixed Assets/Building. The Company is not accepting public deposits. The Company further have operation in renting of immovable properties as other objective.

Name of the Promoter

Focal Leasing and Credits Limited (“FLCL”)

Focal Leasing and Credits Limited was incorporated as Focal Leasing & Credits Private Limited on March 25, 1994 with Registrar of Companies, Delhi and Haryana. Subsequently, FLCL was converted into public limited company on October 27, 1995. The CIN of FLCL is U74899DL1994PLC058097.

The Company is a Non-Banking Financial Company registered with Reserve Bank of India and is engaged in business of providing finance. The equity shares of FLCL are not listed on any of the stock exchange.

Shareholding pattern of Focal Leasing and Credits Limited is as following:

Name of the Shareholders	No. of Shares	% shares
SMC Credits Limited	4,95,200	9.93
Shuklamber Exports Limited	23,95,900	48.05
AtoZ Securities Limited	4,95,598	9.94
Zeal Impex & Traders Private Limited	6,00,000	12.03
Amity Infotech Private Limited	10,00,000	20.05
Rajesh Goenka	1	0.00
Prashesh Arya*	1	0.00
Total (Equity shares)	4,98,67,00	100.00
List of Preference Shareholders		
Rajesh Goenka	26,000	50.00
Praveen Gupta	26,000	50.00
Total Preference Shares	52,000	100.00

(*) One (1) share of Mr. Prashesh Arya has been transferred to Mr. Praveen Gupta and the same is under process.

Objects of the Issue

Our Company intends to utilize the Net Proceeds from the Issue towards funding of the following objects:

(in ₹ lakhs)

Particulars	Amount (₹ in Lakhs)
OBJECTS OF THE ISSUE	
Augment capital base	1,125.00
General Corporate Purpose*	[•]
Issue Related expenses	[•]
MEANS OF FINANCE	
Rights Issue#	1503.33

* Subject to the finalization of the Basis of Allotment and the Allotment of the Rights Equity Shares. The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds. In case subscription received in the Issue is less than 100% of the Issue, then our Company shall utilise the amount first for augmenting capital base and the remaining Net Proceeds, if any, shall be utilised towards general corporate purposes.

Assuming full subscription and Allotment of the Rights Equity Shares

For further details, see “*Objects of the Issue*” on page 33.

Intention and extent of participation by our Promoters and members of the Promoter Group in the Issue

The Promoter of our Company through its letter dated August 23, 2022 (the "Subscription Letter") have undertaken (i) to subscribe to the full extent of its Rights Entitlement, (ii) that it shall not renounce its Rights Entitlement and (iii) it may also subscribe to the unsubscribed portion in the Issue, if any, subject to compliance with the minimum public shareholding requirements as prescribed under Regulation 38 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Securities and Contract (Regulations) Rules, 1957.

Such subscriptions of Equity Shares over and above its Rights Entitlement, if allotted, may result in an increase in its percentage shareholding above their current percentage shareholding. Any acquisition of additional Equity Shares shall not result in change of control of the management of the Company in accordance with provisions of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 and FLCL will continue to be the Promoter of the Company. Any such increase in the shareholding of the Promoter will be exempt subject to fulfillment of the conditions of Regulation 10 of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011.

In case the rights issue remains unsubscribed and/ or minimum subscription is not achieved, the Board of Directors may dispose of such unsubscribed portion in the best interest of the Company and in compliance with the applicable laws.

Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

Summary of select financial information

A summary of our Company's audited financial information and other financial information derived from Audited Financial Statements of each of the respective years, is set out below:

Particulars	<i>(in ₹ lakhs, unless otherwise specified)</i> As at and for the Fiscal		
	2022	2021	2020
Equity Share capital	1,002.22	1,002.22	1,002.22
Net Worth *	4,890.17	4,631.09	4,181.41
Revenue from operations	426.12	419.39	550.51
Profit/ (loss) after tax	259.08	449.68	319.54
Basic EPS (in ₹)	2.59	4.49	3.19
Diluted EPS (in ₹)	2.59	4.49	3.19
Net asset value per Equity Share (in ₹)	48.79	46.21	41.72

* Net worth has been calculated as per section 2(57) of the Companies Act, 2013.

The summary financial information presented above should be read in conjunction with the Financial Statements and the accompanying notes, schedules and annexures included in "Financial Statements" on Page 53 of the Letter of Offer.

Auditor Qualifications

No reservations, qualifications and adverse remarks have been made by our Auditors in their reports which have not been given effect to in the Financial Statements for Fiscals 2022 and 2021.

Summary of outstanding litigation and defaults

A summary of outstanding legal proceedings against our Company, Directors and Promoters as on the date of this Letter of Offer are set out below:

Litigation involving our Company*(in ₹)*

Type of proceeding	Number of cases	Amount involved, to the extent quantifiable/ determinable
Matters involving issues of Criminal Liability	Nil	Nil
Matters involving direct taxes, in a consolidated manner(E-proceedings)	9	Not Ascertainable
Matters involving indirect taxes, in a consolidated manner(Outstanding Demand including accrued interest)	3	46,78,686
TDS	2	478

Litigation involving our Promoters*(in ₹)*

Type of proceeding	Number of cases	Amount involved, to the extent quantifiable/ determinable
Matters involving direct taxes, in a consolidated manner (E-proceedings)	3	Not Ascertainable
Matters involving indirect taxes, in a consolidated manner (Outstanding Demand including accrued interest)	Nil	Nil
TDS	2	18,184

Litigation involving our Directors*(in ₹)*

Type of proceeding	Number of cases	Amount involved, to the extent quantifiable/ determinable
Matters involving direct taxes, in a consolidated manner (E-proceedings)	2	Not Ascertainable
Matters involving indirect taxes, in a consolidated manner(Outstanding Demand including accrued interest)	1	4,384

For further details, see “*Outstanding Litigation and Defaults*” on page 62.

Risk Factors

Specific attention of the Investors is invited to the section “Risk Factors” on page 15. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue

Contingent Liabilities

There are nil Contingent Liabilities of the Company as on March 31, 2022. For details, please refer “*Financial Information*” on page 53.

Related party transactions

For details regarding our related party transactions for Fiscal 2022, in accordance with Ind AS 24, see “*Financial Information*” on page 53.

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

No Equity Shares have been issued by our Company in the last one year for consideration other than cash as on the date of filing of this Letter of offer.

RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider each of the following risk factors and all other information set forth in this Letter of Offer, including the risks and uncertainties described below, 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 materially adversely affect our business, prospects, financial condition and results of operations and cash flows. If any or some combination of the following risks, or other risks that we do not currently know about or believe to be material, actually occur, our business, financial condition and results of operations and cash flows could suffer, the trading price of, and the value of your investment in our 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 our Company and the terms of this Issue, including the merits and risks involved.

To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with “Financial Information” on page 53 financial, statistical and other information contained in this Letter of Offer. You should consult your tax, financial and legal advisors about the consequences to you of an investment in our Equity Shares.

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.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. Unless the context otherwise requires, references in this section “we”, “us”, “our” or “our Company” are to SMC Credits Limited on a consolidated basis.

A. INTERNAL RISK FACTOR

- 1. As an NBFC, we have to adhere to several regulatory norms prescribed by RBI from time to time. Any non-compliance with such norms or any adverse change in the norms could negatively affect our Company's operations, business, financial condition and the trading price of Equity Shares.***

NBFCs in India are subject to strict regulation and supervision by the RBI. We require certain approvals, licenses, registrations and permissions for operating our business. Such approvals, licenses, registrations and permissions must be maintained / renewed over time and we may have to comply with certain conditions in relation to these approvals. Moreover, the applicable requirements may change and we may not be aware of or may comply with all requirements all of the time. We are required to obtain and maintain a certificate of registration for carrying on business as an NBFC. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. RBI has the authority to change these norms/ criteria as and when required. Inability to meet the prescribed norms/ criteria, can adversely affect the operations and profitability of our Company.

- 2. The objects of the Issue are based on the internal estimates of our management and have not been appraised by any bank or financial institution. Any inability on our part to effectively utilize the Issue Proceeds could adversely affect our financial results.***

The funds raised under this Issue will be used to augment our capital base and provide for our fund requirements for increasing our operational scale with respect to our NBFC activities. The objects of the Issue are based on management estimates and have not been appraised by any bank or financial institution. Any inability on our part to effectively utilize the Issue proceeds could adversely affect our financial results. Utilization of Issue proceeds would be disclosed to our Company's shareholders in the manner required under the SEBI LODR Regulations. For further details, please refer to the section titled “Objects of the Issue” on page no. 33 of this Letter of Offer.

- 3. Our business is vulnerable to interest rate risk and volatility in interest rates which could adversely affect our income from our operations and adversely affect our financial performance and profitability.***

Our business is dependent on interest income from the loans disbursed. Accordingly, we are affected by volatility in interest rates in our lending operations. Interest rates are highly sensitive to many factors beyond our control,

including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. Due to these factors, interest rates in India have historically experienced a relatively high degree of volatility.

If interest rates rise, we may have greater difficulty in maintaining a low effective cost of funds compared to our competitors who may have access to low-cost deposit funds. This could have a material adverse effect on our Company's results of operations and financial condition.

4. There are certain legal proceedings against our Company, Promoter and Directors.

There are certain direct tax related litigations involving our Company, Promoters and Director pending at different stages. There can be no assurance that these legal proceedings will be decided in their favor. However, any adverse decision in any of these cases may not have a material adverse effect on our business, future financial performance and results of operations.

A summary of outstanding legal proceedings against our Company, Directors and Promoters as on the date of this Letter of Offer are set out below:

Litigation involving our Company

<i>(in ₹)</i>		
Type of proceeding	Number of cases	Amount involved, to the extent quantifiable/ determinable
Matters involving issues of Criminal Liability	Nil	Nil
Matters involving direct taxes, in a consolidated manner (E-proceedings)	9	Not Ascertainable
Matters involving indirect taxes, in a consolidated manner (Outstanding Demand including accrued interest)	3	46,78,686
TDS	2	478

Litigation involving our Promoters

<i>(in ₹)</i>		
Type of proceeding	Number of cases	Amount involved, to the extent quantifiable/ determinable
Matters involving direct taxes, in a consolidated manner (E-proceedings)	3	Not Ascertainable
Matters involving indirect taxes, in a consolidated manner (Outstanding Demand including accrued interest)	Nil	Nil
TDS	2	18,184

Litigation involving our Directors

<i>(in ₹)</i>		
Type of proceeding	Number of cases	Amount involved, to the extent quantifiable/ determinable
Matters involving direct taxes, in a consolidated manner (E-proceedings)	2	Not Ascertainable
Matters involving indirect taxes, in a consolidated manner (Outstanding Demand including accrued interest)	1	4,384

For details of litigations outstanding as on the date of this document, refer to the chapter titled "Outstanding Litigations and Material Developments" on page 62.

5. Any disruption in our sources of funding could adversely affect our liquidity and financial condition

The liquidity and profitability of our business depend, in large part, on our timely access to, and the costs associated with, raising funds. Our funding requirements historically have been met from various sources, including equity funding, secured and unsecured loans, including rupee-denominated term loans and cash credit facilities from banks and financial institutions, external commercial borrowings, securitization and assignment of receivables, secured and unsecured non-convertible debentures, subordinated bonds, commercial paper, fixed deposits and inter-corporate deposits. Our business thus depends and will continue to depend on our ability to

access a variety of funding sources. Our ability to raise funds on acceptable terms and at competitive rates depends on various factors including global and local macroeconomic conditions and the effect of events such as the COVID-19 pandemic, our current and future results of operations and financial condition, our risk management policies, the shareholding of our Promoter in our Company, our credit ratings, India's sovereign credit rating, our brand equity and the regulatory environment and policy initiatives in India. Changes in economic, regulatory and financial conditions or any lack of liquidity in the market could adversely affect our ability to access funds at competitive rates, which could adversely affect our liquidity and financial condition.

6. *We provide unsecured loans to our borrowers. If our customers default in their repayment obligations, our business, results of operations, financial condition and cash flows may be adversely affected.*

Our Company mainly provides unsecured loans i.e., loans without any security. Hence, we run the risk of recovery by defaulters. Further, any deterioration in the quality of our borrowers in terms of their financial worth may also expose us to difficulties in timely recovery of interest and principal amount from such borrowers. In the event of such deterioration in our Company's asset portfolio, there could be an adverse impact on our business and our future financial performance. Further, any default in repayment by our borrowers, will result in losses to our Company. While we have been very selective and conservative in our lending policies and are generally satisfying ourselves with credit worthiness and repayment capacities of our borrowers, there can be no assurance that we will be able to timely recover the interest and / or principal of loans advanced by us.

7. *Our company has had negative cash flows in the past and may continue to have negative cash flows in the future.*

The following table sets forth our cash flow for the period indicated:

Particulars	Fiscal Year ending	
	2022	2021
Net Cash generated/(used) from Operating Activities	(33.86)	(369.60)
Net Cash from/(used in) Investing Activity	141.11	(170.22)
Net Cash generated /(used) from Financing Activities	0	0

For further details, see "Financial Information" on page 53. We cannot assure you that our net cash flows will be positive in the future.

8. *Our Registered Office is located in leased premises and some of our owned properties are not registered with the sub-registrar and could adversely affect our operations.*

Our Registered office is located in leased premises. Further, some of our owned properties are not registered with the sub registrar. If the owner of the leased property does not renew the agreement under which we occupy the premises, or if they seek to renew such agreements on terms and conditions unfavorable to us, or if they terminate the agreement we may suffer a disruption in our operations or increased costs, or both, which may adversely affect our business and results of operations.

9. *Our success depends upon our management team and skilled personnel and our ability to attract and retain such persons.*

Our future performance will be affected by the continued service of our management team and skilled personnel. We face a continuing challenge to recruit and retain a sufficient number of suitably skilled personnel, particularly as we continue to grow. There is significant competition for management and other skilled personnel in the various segments of the financial services industry in which we operate, and it may be difficult to attract and retain the personnel we need in the future. The loss of key personnel may have a material and adverse effect on our business, future financial performance, results of operations and ability to grow in line with our strategy and future plans.

10. *The financing industry is becoming increasingly competitive and our Company's growth and profitability will inter alia depend on its ability to compete effectively.*

Our Company faces increasing competition from public and private sector Indian commercial banks, and from other financial institutions that provide financial products or services. Some of our Company's competitors have greater resources than our Company does. The competition our Company faces from banks is increasing as more banks are targeting products and services similar to ours. Competition in our industry depends on, among other

things, the ongoing evolution of government policies relating to the industry, the entry of new participants in the industry and the extent to which there is consolidation among banks and financial institutions in India.

11. Our ability to pay dividends in the future will depend on a number of factors, including but not limited to our earnings, capital requirements, contractual obligations, applicable legal restrictions and overall financial position.

Our ability to pay dividends in the future will depend on number of factors, including but not limited to our earnings, capital requirements, contractual obligations, applicable legal restrictions and overall financial position. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under loan or financing arrangements that we are currently availing or may enter into to finance out fund requirements for our business activities.

Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and subsequent approval of shareholders and will depend on factors that our Board and shareholders deem relevant. 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 our Equity Shares. The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future. We cannot assure you that we will be able to pay dividends at any point and in the future.

12. 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, 2022.

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.

13. Our Statutory Auditor is not a peer reviewed Auditor.

Our Statutory Auditor, AVP & Co, Chartered Accountants have not obtained the Peer Reviewed certificate from the Institute of Chartered Accountants of India. 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.

14. 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.

15. 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.

16. *Our Company's competitiveness may be adversely affected if it is unable to adequately assess, monitor and manage risks inherent to its business.*

Our Company is exposed to a variety of risks, including liquidity risks, interest rate risks, credit risks, operational risks and legal risks. Our Company's risk management techniques may not be fully effective in mitigating all or most of its business risks.

Some methods of managing risks are based upon observed historical market behavior. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets and customers amongst other factors. This information may not in all cases be accurate, complete, current, and/or properly evaluated. Although our Company has established these policies and procedures, they may not be fully effective. Our Company's future success will depend, in part, on its ability to respond to new technological advances and evolving finance sector standards and practices in a cost-effective and timely manner. The development and implementation of such technology entails significant costs. There can be no assurance that our Company will successfully implement new technologies or adapt its transaction-processing systems to customer requirements in *a timely manner or at all*.

17. *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.

ISSUE SPECIFIC RISKS

18. *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. Renouncee(s) 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 Renouncee(s) prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renouncee will not be able to apply in this Issue with respect to such Rights Entitlements.

19. *Investors will not have the option of getting the Allotment of Rights Equity Shares in physical form and the Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form (“Physical Shareholders”) may lapse in case they fail to furnish the details of their demat account to the Registrar.*

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 dematerialised form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse. For details, refer chapter titled “Terms of the Issue – Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form” on page 83.

20. *There is no guarantee that the Rights Equity Shares issued pursuant to the Issue will be listed on the Stock Exchanges in a timely manner or at all and any trading closures at the Stock Exchanges may adversely affect the trading price of our Equity Shares.*

In accordance with Indian law and practice, permission for listing of the Rights Equity Shares will not be granted until after those Rights Equity Shares have been issued and allotted. In addition, we are required to deliver the Letter of Offer to SEBI and the Stock Exchanges under the applicable provisions of the Companies Act and the SEBI ICDR Regulations. The trading approvals shall be granted subject to the submission of all other relevant documents authorizing the issuing of Rights Equity Shares. There could be a failure or delay in listing the Rights Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval would restrict investors’ ability to dispose of their Equity Shares. Further, a closure of, or trading stoppage on the Stock Exchanges could adversely affect the trading price of the Equity Shares.

21. *The Issue Price of our Rights Equity Shares may not be indicative of the market price of our Equity Shares after the Issue.*

The Issue Price of Rights Equity Share may not be indicative of the market price for our Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. There can be no assurance that the Investors will be able to sell their Equity Shares at or above the Issue Price. The factors that could affect our share price are:

- a) quarterly variations in the rate of growth of our financial indicators such as earnings per share;
- b) changes in revenue or earnings estimates or publication of research reports by analysts;
- c) speculation in the press or investment community;
- d) general market conditions; and,
- e) domestic and international economic, legal and regulatory factors unrelated to our performance.

22. *We will not distribute this Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter to overseas Shareholders who have not provided an address in India for service of documents.*

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, the Rights Entitlement Letter, Application Form and other issue material to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares permitted under laws of such jurisdictions and in each case who make a request in this regard. 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 Issue Materials in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdictions. While we have requested all the shareholders to provide an address in India for the purposes of distribution of Issue Materials, 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.

23. *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, cash flows or financial condition, or other events affecting the Applicant's decision to invest in the 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 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.

24. *Investors may be subjects to Indian taxes arising out of capital gains on the sale of our Equity Shares.*

Under current Indian tax laws, unless specifically exempted capital gains arising from the sale of the Equity Shares are generally taxable in India. Any gain realized on the sale of the Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the securities transaction tax has been paid on the transaction (subject to section 112A of the Income Tax Act, 1961). The securities transaction tax will be levied on and collected by an Indian stock exchange on which the Equity Shares are sold. Any gain realized on the sale of the Equity Shares held for more than 12 months, which are sold other than on a recognized stock exchange and on which no securities transaction tax has been paid, will be subject to capital gains tax in India. Further, any gain realized on the sale of the Equity Shares held for a period of 12 months or less will be subject to capital gains tax in India. Capital gains arising from the sale of the 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 the Equity Shares.

Additionally, in terms of the Finance Act, 2018, which has been notified on March 29, 2018 with effect from April 1, 2018, the tax payable by an assessee on the capital gains arising from transfer of long term capital asset (introduced as section 112A of the Income-Tax Act, 1961) shall be calculated on such long-term capital gains at the rate of 10%, where the long-term capital gains exceed ₹ 100,000, subject to certain exceptions in case of a resident individuals and HUF.

Further, the Finance Act, 2019 has made various amendments in the taxation laws and has also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. These amendments have been notified on December 10, 2019, however these amendments came into effect from July 1, 2020.

25. *Fluctuations in the exchange rate between the Rupee and the U.S. dollar could have an adverse effect on the value of our Equity Shares, independent of our operating results.*

Our Equity Shares are quoted in Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will be paid in Rupees and subsequently converted into U.S. dollars for repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by shareholders. The exchange rate between the Rupee and the U.S. dollar has changed substantially in the last two decades and could fluctuate substantially in the future, which may have an adverse effect on the value of our Equity Shares and returns from our Equity Shares, independent of our operating results.

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

The Equity Shares that you may be allotted in the 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 Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

27. *Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely affect the trading price of our Equity Shares.*

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If the transfer of shares is not in compliance with such requirements or falls under any of the specified exceptions, then prior approval of the RBI will be required. In addition, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Indian government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

28. *Any future issuance of Equity Shares by us or sales of our Equity Shares by any of our significant shareholders may adversely affect the trading price of our Equity Shares.*

Any future issuance of our Equity Shares by us could dilute your shareholding. Any such future issuance of our Equity Shares or sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. We cannot assure you that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

29. *Your ability to acquire and sell the Equity Shares offered in the Issue is restricted by the distribution, solicitation and transfer restrictions set forth in this Letter of Offer.*

No actions have been taken to permit a public offering of the Equity Shares offered in the Issue in any jurisdiction except India. As such, our Equity Shares have not and will not be registered under the US Securities Act, any state

securities laws or the law of any jurisdiction other than India. Further, your ability to acquire Equity Shares is restricted by the distribution and solicitation restrictions set forth in this Letter of Offer. For further information, see “*Notice to Investors*” on page 7. You are required to inform yourself about and observe these restrictions. Our representatives, our agents and us will not be obligated to recognize any acquisition, transfer or resale of the Equity Shares made other than in compliance with applicable law.

B. EXTERNAL RISK FACTORS

Risks Relating to India

- 1. The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.***

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years, and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

- 2. Political instability or changes in the Government in India or in the Government of the states where we operate could cause us significant adverse effects.***

The Central Government has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Further, our business is also impacted by regulation and conditions in the various states in India where we operate. Our business, and the market price and liquidity of our Equity Shares may be affected by interest rates, changes in central or state Government policies, taxation and other political, economic or other developments in or affecting India. Since 1991, successive Central Governments have pursued policies of economic liberalisation and financial sector reforms. Any slowdown in these demand drivers or change in Government policies may adversely impact our business and operations. Generally, a significant adverse change in the Central Government’s policies could adversely affect our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline.

- 3. If there is a change in policies related to tax, duties or other such levies applicable to us, it may affect our results of operations.***

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.

- 4. We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect our business.***

The Competition Act regulates practices having an appreciable adverse effect on competition in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an appreciable adverse effect on competition is considered void and results in the imposition of substantial monetary penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services, shares the market or source of production or provision of services by way of allocation of geographical area, type of goods or services or number of customers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits abuse of a dominant position by any enterprise.

The Competition Act aims to, among others, prohibit all agreements and transactions which may have an appreciable adverse effect on competition in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. However, we cannot predict the impact of the provisions of the Competition Act on the agreements entered into by us at this stage. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements entered into by us. However, if we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, results of operations and prospects.

5. *It may not be possible for you to enforce any judgment obtained outside India against us, our management or any of our respective affiliates in India, except by way of a suit in India on such judgment.*

We are incorporated under the laws of India and a majority of our Directors and executive officers reside in India. A substantial 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:

- effect service of process outside of India upon us and such other persons or entities; or
- enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Civil Procedure Code, on a statutory basis. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and does not include arbitration awards.

Among other jurisdictions, the United Kingdom of Great Britain and Northern Ireland, United Arab Emirates, Republic of Singapore and Hong Kong have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the Civil Procedure Code, but the USA has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign 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. 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 public policy of India. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax in accordance with applicable laws.

6. *Any downgrading of India's debt rating by an international rating agency could adversely affect our business and the price of our Equity Shares.*

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our business, our future financial performance, our shareholders' funds and the price of our Equity Shares.

7. *The restrictions imposed on NBFCs by RBI through a Master Circular – Bank Finance to Non- Banking Financial Companies dated July 1, 2015 (the “Master Circular”) may restrict our ability to obtain bank financing for specific activities.*

Pursuant to the Master Circular, RBI has imposed certain restrictions on banks providing financing to NBFCs. Under this Master Circular, certain NBFC activities are ineligible for financing by banks, such as certain types of discounting and rediscounting of bills, investments of current and long term nature by way of shares, debentures, loans and advances by NBFCs to their subsidiaries and group companies, or lending by NBFCs to individuals for subscribing to public offerings and purchasing shares from the secondary market, unsecured loans, inter-corporate deposits provided by the NBFCs and subscription to shares or debentures by NBFCs. In addition, the Master Circular prohibits:

- banks from granting bridge loans of any nature, provide interim finance against capital or debenture issues and/or in the form of loans of a temporary nature pending the raising of long-term funds from the market by way of capital, deposits, or other means to any category of NBFCs;
- banks from accepting shares and debentures as collateral for secured loans granted to NBFCs; and
- banks from executing guarantees covering inter-company deposits or loans that guarantee refund of deposits or loans accepted by NBFCs. The Master Circular also requires that guarantees not be issued by banks for the purpose of indirectly enabling the placement of deposits with NBFCs.

These restrictions may adversely affect our access to or the availability of bank finance, which may in turn adversely affect our financial condition and results of operations.

THE ISSUE

The Issue has been authorized by way of a resolution passed by our Board on June 29, 2022, pursuant to section 62(1)(a) of the Companies Act, 2013 and other applicable provisions.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, detailed information included in “Terms of Issue” on page 69.

Particulars	Equity Shares
Equity Shares being offered by our Company	1,50,33,300 Equity Shares
Rights Entitlement	3 Equity Share for every 2 fully paid-up Equity Share(s) held on the Record Date
Record Date	[●], [●]
Face Value	₹ 10 each
Issue Price	₹ 10 per Equity Share
Dividend	Such dividend as may be recommended by our Board and declared by our Equity Shareholders
Issue Size	Aggregating to ₹ 1,500 lakhs (Assuming full subscription)
Equity Shares paid-up and outstanding prior to the Issue	1,00,22,200 Equity Shares. For details, see “Capital Structure” on page 31
Equity Shares subscribed, paid-up and outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	2,50,55,500 Equity Shares
Security Codes for the Equity Shares	ISIN: INE440E01012 BSE Code: 532138 ISIN for Rights Equity Shares: [●] ISIN for Rights Entitlement: [●]
Terms of the Issue	For details, see “Terms of Issue” on page 69
Use of Issue Proceeds	For details, see “Objects of the Issue” on page 33

Terms of Payment

Due Date	Amount payable per Equity Shares
On application	Full amount of the Issue Price of ₹ 10 per Equity Share

GENERAL INFORMATION

Our Company was originally incorporated on July 15, 1992 under the provisions of the Companies Act, 1956 by the name 'Meetu Finance Private Limited' and was granted a certificate of incorporation by the Registrar of Companies, N.C.T. of Delhi & Haryana. A fresh certificate of incorporation was issued consequent upon change of name of the Company from 'Meetu Finance Private Limited' to 'SMC Credits Private Limited' on June 08, 1995 by Registrar of Companies, N.C.T. of Delhi & Haryana. A fresh certificate of incorporation was issued consequent upon change of name of the Company from 'SMC Credits Private Limited' to 'SMC Credits Limited' on July 12, 1995 by Registrar of Companies, N.C.T. of Delhi & Haryana. The CIN of the Target Company is L65910DL1992PLC049566.

Registered Office & Head Office

24, Ashoka Chambers, 5-B, Pusa Road,
Rajindra Park, New Delhi 110060
Telephone: +91 11 4501 2820 / 4501 2880
Website: www.smccredits.com
E-mail Id: simplecs011@gmail.com

Address of the RoC

Our Company is registered with the RoC, which is situated at the following address:

Registrar of Companies, Delhi & Haryana

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	Age	Designation	DIN	Address
Mr. Prasahesh Arya	60	Director	00006507	B-98, South City-I, Gurgaon-122 001
Mr. Rajesh Goenka	58	Director	00298227	158-D, J&K Pocket, Dilshad Garden, East Delhi, Delhi 110 095
Ms. Jyoti	54	Independent Director	09311715	B-470, Pandav Nagar, Near Shadipur Depot, Patel Nagar, Delhi – 110 008
Mr. Rajesh Ramnani	54	Independent Director	00533679	D-44, Second Floor, Naraina Vihar, New Delhi – 110 028

For further details of our Directors, see "Our Management" on page 40.

Company Secretary and Compliance Officer

Ms. Kaira Dewani

24, Ashoka Chambers, 5-B, Pusa Road,
Rajindra Park, New Delhi 110060
Telephone: +91 11 4501 2820 / 4501 2880
E-mail Id: dewanikaira30@gmail.com

Legal Advisor to the Issue

MV Kini & Co

6/39, Kini House, Near Rajdoot Hotel
Jangpura, Block - C
Jangpura B, New Delhi - 110 014
Telephone: +91 11 2437 1039
E-mail Id: raj@mvkini.com
Contact person: Mrs. Raj Rani Bhalla
Website: www.mvkini.com

Lead Manager to the Issue



Sundae Capital Advisors Limited

3rd Floor, C - 11, Community Centre

Janak Puri, New Delhi - 110 058

Telephone: +91 11 4914 9740

E-mail Id: smc.rights@sundaecapital.com

Investor grievance e-mail Id: grievance.mb@sundaecapital.com

Contact person: Ridima Gulati/Manisha Sharma

Website: www.sundaecapital.com

SEBI registration number: INM000012494

Registrar to the Issue

Beetal Financial & Computer Services Private Limited

Beetal House, 3rd Floor, 99, Madangir,

Behind Local Shopping Centre,

New Delhi 110062

Telephone: +91 (11) 2996 1281 - 83

Fax: +91 (11) 2996 1284

E-mail Id: beetalrta@gmail.com

Contact person: S P Gupta

Website: www.beetalfinancial.com

SEBI registration number: INR000000262

The list of Registrar to an issue and share Transfer Agents that have been notified by SEBI and is provided on the website of SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=10> and updated from time to time. Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre- Issue or post-Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB (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 of Equity Shares applied for, amount blocked (in case of ASBA process), ASBA Account number and the Designated Branch of the SCSB where the Application Forms, 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). For details on the ASBA process, see “*Terms of the Issue*” on page 69.

Bankers to the Company

Canara Bank Limited

Parliament Street,

New Delhi – 110 001

Contact Person : Mr. Sanjay

Email Id: cb1098@canarabank.com

Phn : 011 -23719543

Banker to the Issue

[•]

Self-Certified Syndicate Banks

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 <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34> and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link or any such other website as may be prescribed by SEBI from time to time.

Statutory Auditors of our Company

M/s AVP & Co.
201, Sitaram Mansion, 718,
Joshi Road, Karol Bagh,
New Delhi – 110 005
Firm registration number: 025193N

There has been no change in the Statutory Auditors of our Company during the last three financial years.

Experts

Our Company has received a written consent dated August 01, 2022 from our AVP & Co, Chartered Accountants, to include their name in this Letter of Offer, to the extent and in their capacity as a statutory auditor, and in respect of the reports issued by them, included in this Letter of Offer. Such consent has not been withdrawn as on the date of this Letter of Offer.

Issue Schedule

Last Date for credit of Rights Entitlements	[●]
Issue Opening Date	[●]
Last date for On Market Renunciation	[●]
Issue Closing Date	[●]
Finalization of Basis of Allotment (on or about)	[●]
Date of Allotment (on or about)	[●]
Date of credit (on or about)	[●]
Date of listing (on or about)	[●]

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., [●], [●] 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., [●], [●].

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 Equity Shares may also apply in this Issue during the Issue Period.

Investors are advised to ensure that the Application Forms are submitted on or before the Issue Closing Date. Our Company, the Lead Manager or the Registrar will not be liable for any loss on account of non-submission of Application Forms 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.

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.beetalfinancial.com after keying in their respective details along with other security control measures implemented thereat. For further details, see “*Terms of the Issue- Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*” on page 70.

Inter-se allocation of responsibilities

Sundae Capital Advisers Limited, is the sole Lead Manager to the Issue and accordingly, there is no inter se allocation of responsibilities in the Issue

Credit Rating

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

Debenture Trustee

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

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.

Monitoring Agency

Since the Issue size does not exceed Rs. 10,000 Lakhs, the appointment of a monitoring agency as per Regulation 82(1) of the SEBI Regulations is not required.

Minimum Subscription

In accordance with Regulation 86(1) of the SEBI ICDR Regulations, our Company is not required to achieve minimum subscription for the Rights Issue on account of the following reason:

1. Objects of the Issue involve financing other than financing of capital expenditure for a project; and
2. Our Promoter has undertaken to subscribe to the full extent of its Rights Entitlement and has also confirmed that it shall not renounce its Rights Entitlement.

The above is subject to the terms mentioned under “*Terms of the Issue*” beginning on page 69 letter of offer.

The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds. For further details on utilisation of Net Proceeds, see “*Objects of the Issue*” on page 33. If there is delay in the refund of the subscription amount beyond such period as prescribed by applicable laws, our Company and Directors who are “officers in default” will pay interest for the delayed period, as prescribed under applicable laws.

Underwriting

The Issue of Equity Shares is not being underwritten and no standby support is being sought for the said Issue.

Filing

This Letter of Offer is being filed with the Designated Stock Exchange as per the provisions of the SEBI ICDR Regulations. Further, in terms of SEBI ICDR Regulations, our Company will simultaneously do an online filing with SEBI 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 e-mail address: cfddil@sebi.gov.in.

CAPITAL STRUCTURE

The share capital of our Company as at the date of this Letter of Offer is set forth below:

<i>(In ₹, except share data)</i>			
S. No.	Particulars	Aggregate value at face value	Aggregate value at Issue Price
A	AUTHORIZED SHARE CAPITAL		
	1,10,00,000 Equity Shares of Rs. 10/- each*	11,00,00,000	
B	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE		
	Issued Capital before the Issue		
	1,00,22,200 Equity Shares of Rs. 10/- each	10,02,22,000	
	Subscribed Capital Before the Issue		
	1,00,22,200 Equity Shares of Rs. 10/- each	10,02,22,000	
	Paid-up Capital before the Issue		
	1,00,22,200 Equity Shares of Rs. 10/- each	10,02,22,000	
C	PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER		
	1,50,33,300 Equity Shares of Rs. 10/- each	15,03,33,000	15,03,33,000
D	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE		
	2,50,55,500 Equity Shares of Rs. 10/- each	25,05,55,000	25,05,55,000

(1) The Issue has been approved by our Board of Directors vide its resolution dated June 29, 2021 pursuant to section 62(1)(a) and other applicable provisions of Companies Act, 2013.

(2) Assuming full subscription and Allotment of the Rights Entitlement.

(*) The Company is under the process of increasing its Authorised Share Capital in the ensuing General Meeting.

Notes:

1. Details for subscription of Rights Equity Shares by Promoter & Promoter Group/ Intention and extent of participation by our Promoter & Promoter Group

The Promoter of our Company through its letter dated August 23, 2022 (the "Subscription Letter") have undertaken (i) to subscribe to the full extent of its Rights Entitlement, (ii) that it shall not renounce its Rights Entitlement and (iii) it may also subscribe to the unsubscribed portion in the Issue, if any, subject to compliance with the minimum public shareholding requirements as prescribed under Regulation 38 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the Securities and Contract (Regulations) Rules, 1957.

Such subscriptions of Equity Shares over and above its Rights Entitlement, if allotted, may result in an increase in its percentage shareholding above their current percentage shareholding. Any acquisition of additional Equity Shares shall not result in change of control of the management of the Company in accordance with provisions of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 and FLCL will continue to be the Promoter of the Company. Any such increase in the shareholding of the Promoter will be exempt subject to fulfillment of the conditions of Regulation 10 of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011.

In case the rights issue remains unsubscribed and/ or minimum subscription is not achieved, the Board of Directors may dispose of such unsubscribed portion in the best interest of the Company and in compliance with the applicable laws.

Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

2. The ex-rights price of the Equity Shares as per regulation 10(4)(b) of the SEBI Takeover Regulations is ₹ [●].

3. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Letter of Offer. Further, the Equity Shares allotted pursuant to the Issue, shall be fully paid up. For further details on Terms of Issue please refer to “Terms of Issue” on Page 69 of the Letter of Offer.
4. **Shareholding Pattern of our Company as per the last filing with the Stock Exchanges in compliance with the provisions of the SEBI LODR Regulations:**

The shareholding pattern of our Company as on June 30, 2022, can be accessed on the website of the BSE at <https://www.bseindia.com/stock-share-price/smc-credits-ltd/smcredit/532138/shareholding-pattern/>

The statement showing holding of Equity Shares of persons belonging to the category “Promoter and Promoter Group” including the details of lock-in, pledge of and encumbrance thereon, as on June 30, 2022, can be accessed on the website of the BSE at <https://www.bseindia.com/stock-share-price/smc-credits-ltd/smcredit/532138/shareholding-pattern/>.

The statement showing holding of securities (including Equity Shares, warrants, convertible securities) of persons belonging to the category “Public” including Equity Shareholders holding more than 1% of the total number of Equity Shares as on June 30, 2022, as well as details of shares which remain unclaimed for public can be accessed on the website of the BSE, at <https://www.bseindia.com/stock-share-price/smc-credits-ltd/smcredit/532138/shareholding-pattern/>.

5. 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.
6. None of the securities were acquired by Promoter and Promoter Group in last one year preceding date preceding date of this Draft letter of Offer.
7. None of the shares were issued during the preceding twelve months from the date of this Letter of Offer for a consideration other than cash
8. At any given time, there shall be only one denomination of the Equity Shares.

OBJECTS OF THE ISSUE

The Net Proceeds from the Issue are proposed to be utilised by our Company for the following objects (collectively referred to as “Objects”):

1. Augment of our capital base; and
2. General corporate purpose

The details of the proceeds of the Issue are summarized below:

Particulars	Amount (₹ in Lakhs)
OBJECTS OF THE ISSUE	
Augment capital base	1,125.00
General Corporate Purpose	[•]
Issue Related expenses	[•]
MEANS OF FINANCE	
Rights Issue	1503.33

Details of objects of the Issue:

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

1. Augment Capital Base:

We are a Non Deposit taking Non-Banking Financial Company (NBFC-ND) registered with RBI. Our Company’s business model is centered around lending activities (granting of loans & advances). As an NBFC, we operate in the business of providing loans to individual and corporate. Our company intends to utilize approximately 1,125 Lakhs from the Issue Proceeds towards the expansion of the financing business and /or to provide for funding of fresh loans to our customers.

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.

OUR PRODUCTS

The company operates as non-banking finance company and its product portfolio mainly includes lending loans to Corporate and retail clients.

As of March 31, 2022, our portfolio of loans and advances relating to financing activity was 4,189.46 lakhs.

Following table indicates details of our loan portfolio:

Particulars	(Rs. in lakhs)	
	As on March 31, 2022	As on March 31, 2021
Corporate Clients	1,142.53	1,021.81
Retail Clients	3,046.93	2,834.35
Total	4,189.46	3,856.16

If the Net Proceeds are not completely utilized for the objects stated above by Financial Year 2022-23, the same would be utilized (in part or full) in Financial Year 2023-24 or a subsequent period as may be determined by our Company in accordance with applicable law.

The augmentation of our capital base would provide us an opportunity to reduce our existing leverage. None of the issue proceeds will be directly or indirectly provided to or utilized by our promoters / promoter group / natural persons behind the corporate promoter of our Company.

The main objects clause of our Company's Memorandum of Association enables us to undertake our existing activities and the activities for which funds are being raised by our Company pursuant to the Issue.

The fund requirement and deployment are based on internal management estimates and have not been appraised by any banks or financial institutions. These are based on current conditions and are subject to change in light of changes in external circumstances and costs.

2. General Corporate Purpose:

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.

Issue Expenses

The Issue related expenses consist of fees payable to the Lead Manager, Legal Counsel, processing fee to the SCSBs, Registrars to the Issue, printing and stationery expenses, advertising expenses and all other incidental and miscellaneous expenses for listing the Rights Equity Shares on the Stock Exchange. Our Company will need approximately [•] towards these expenses, a break-up of the same is as follows:

(₹ in Lakhs)			
Activity	Estimated Expense	% of Total Expense	As a % of Issue Size
Lead Manager's Fee	[•]	[•]	[•]
Selling Commission and upload fees	[•]	[•]	[•]
Registrar to the Issue fees	[•]	[•]	[•]
Legal Advisors fees	[•]	[•]	[•]
Advertising fees	[•]	[•]	[•]
Statutory, Regulations fees including Stock Exchange fees	[•]	[•]	[•]
Printing and distribution of issue stationary	[•]	[•]	[•]
Miscellaneous Expenses	[•]	[•]	[•]

Proposed schedule of implementation and deployment of the Net Proceeds

The Net Proceeds are currently expected to be deployed in Fiscal Year 2022-2023.

Means of Finance

The entire requirement of funds towards the Objects of the Issue is proposed to be met from the Net proceeds. Accordingly, we confirm that there is no requirement for us to make firm financial arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue.

Strategic and/ or Financial Partners

There are no Strategic and Financial partners to the objects of the issue.

Bridge Financing Facilities

We have not availed any bridge financing facilities for meeting the expenses as stated under the Objects of the Issue.

Interim Use of Funds

The Issue Proceeds pending utilization for the objects described above shall be deposited with scheduled commercial banks included in second schedule of Reserve Bank of India Act, 1934.

Monitoring of Utilization of Funds

Our Board of Directors will monitor the utilization of the Issue Proceeds. The Company will disclose the utilization of the Issue Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized. The Company will indicate investments, if any, of unutilized Issue Proceeds in the Balance Sheet of the Company for the relevant Financial Years subsequent to receipt of listing and trading approvals from the Stock Exchange.

Pursuant to Regulation 32 of the SEBI Listing Regulation, the Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Issue Proceeds. In accordance with Regulation 32 of the SEBI Listing Regulation, the Company shall furnish to the Stock Exchange, on a quarterly basis, a statement on material deviations, if any, in the utilization 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.

Variation in Objects

In accordance with Section 13(8) and Section 27 of the Companies Act, 2013 and applicable rules, our Company shall not vary the Objects of the Issue without our Company being authorized to do so by the Shareholders by way of a special resolution through postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution (the "Postal Ballot Notice") shall specify the prescribed details as required under the Companies Act and applicable rules. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Hindi, the vernacular language of the jurisdiction where the Registered Office is situated. Our Promoters will be required to provide an exit opportunity to such Shareholders who do not agree to the proposal to vary the Objects, at such price, and in such manner, as may be prescribed by SEBI, in this regard.

Other Confirmations

No part of the proceeds from the Issue will be paid by the Company as consideration to our Promoters, Promoter Group Companies, our Directors, or Key Managerial Personnel

STATEMENT OF SPECIAL TAX BENEFITS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

The Board of Directors
SMC Credits Limited
24, Ashoka Chambers, 5-B
Pusa Road, Rajindra Park
New Delhi 110060

Dear Sirs,

Sub: Proposed Right Issue of Equity Shares (the “Issue”) by SMC Credits Limited (the “Company”)

We report that there are no possible special direct tax benefits available to the Company and its shareholders under the Income-tax Act, 1961, presently in force in India. Several of these 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 and its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.

This 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. Neither we are suggesting nor advising the investor to invest money based on this statement.

We do not express any opinion or provide any assurance as to whether:

- 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;
- iii. the revenue authorities/courts will concur with the views expressed herein.

The contents of this statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

No assurance is given that the revenue authorities / courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We would not assume responsibility to update the view, consequence to such change.

We hereby give consent to include this statement of tax benefits in the Draft Letter of Offer, the Letter of Offer and in any other material used in connection with the Issue.

Yours faithfully,

For AVP & Co
F. R. N.: 025193N
Chartered Accountants

Arvind Sharma
M. No. : FCA 525962
Partner

Date : 07-08-2022
Place : New Delhi
ICAI UDIN: 22525962AOMLOO8939

BUSINESS OVERVIEW

We are a Non-Deposit taking Non-Banking Financial Company (NBFC-ND) registered with RBI to carry on the NBFI activities under Section 45IA of the Reserve Bank of India Act, 1934 bearing Registration no. 14.00573. We are engaged in catering to the financial services to our customers directly through our own Company.

Our Company was incorporated on July 15, 1992 as Meetu Finance Private Limited under the Companies Act, 1956. The name of our Company was change from Meetu Finance Private Limited to SMC Credits Private Limited on June 08, 1995. Subsequently the name of our Company was change from SMC Credits Private Limited to SMC Credits Limited on July 12, 1995. We have got certificate of Commencement of Business as an NBFC from RBI on March 27, 1998.

Our Company is promoted by Focal Leasing and Credits Limited. As an NBFC we involved in providing financial services and not accepting any public deposits.

Our company's net-worth as on March 31, 2022 was INR 4,890.17 Lakhs, compared to INR 4,631.09 Lakhs for year ending March 31, 2021.

BUSINESS MODEL

We are non-banking finance company duly registered with the Reserve Bank of India and have Investment in Shares & Loans and Advances to corporate entities and source of Income includes Dividend on Investments, Interest on Loans and Profit from Share Trading. Besides this the Company also have rental income on its Fixed Assets/Building. The Company is not accepting public deposits. The Company further have operation in renting of immovable properties as other objective.

OUR PRODUCTS

The company operates as non-banking finance company and its product portfolio mainly includes lending loans to Corporate and retail clients.

As of March 31, 2022, our portfolio of loans and advances relating to financing activity was 4,189.46 lakhs.

Following table indicates details of our loan portfolio:

Particulars	(Rs. in lakhs)	
	As on March 31, 2022	As on March 31, 2021
Corporate Clients	1,142.53	1,021.81
Retail Clients	3,046.93	2,834.35
Total	4,189.46	3,856.16

Our total revenue in Fiscal year 2022 is Rs. 523.85 Lakhs as compared to Rs. 516.33 Lakhs in fiscal Year 2021.

OUR OPERATIONS

Our business broadly involves the following processes which have been briefly discussed as under:

1. Customer Origination

The company looks for the corporate and individual who are in needs of funds to meet their financial requirement either through general enquiries or through existing clients referral.

2. Customer Evaluation

We follow certain procedures for the evaluation of the customers based on a set of qualitative and quantitative factors for determining the creditworthiness of our potential borrowers. Upon sourcing a customer, a marketing executive assesses the customer based on several parameters.

3. Credit Appraisal and approval

We carry out credit appraisal of every application as per our organizational and credit policies and the credit assessment and evaluation is conducted in accordance with our terms and condition. After the credit evaluation, approval is accorded to the prospective customers.

4. Loan Disbursement

Post execution of satisfactory documentation by the borrower, disbursement of the loan, in one or more tranches, takes place.

5. Loan administration and monitoring

Our tenure for financial assistance varies dependent on customers' profile and their business model. We track loan repayment schedules of our customers on a regular basis.

BUSINESS STRENGTH

1. Strong professional and experienced execution/ management team allows the Company to develop a strong business

Our Company's business is supported by an experienced and professional management team with strong background in Financial services.

Our management team is backed by our Promoters who are having more than a decade of experience in varied business segments like Project Finance, Loan syndication, Capital Restructuring and Banking. We believe that the relevant experience of our management and KMPs would provide us a competitive advantage as compared to other unorganized players in the financial sector.

2. Focus on a disciplined business philosophy with internal controls and risk management

Our Company does not give industry specific loans but gives weightage to the borrowers' repayment capacity. Our Company believes that it has necessary internal controls and risk management systems to assess and monitor risks.

3. Grievance Redressal Policy

We have formulated a grievance redressal policy setting out the procedure for receiving, registering and disposing of the complaints and grievances of the customers with respect to the products and services of our Company. This policy has been implemented with a view to inter alia, provide a framework to deal with the complaints of the customers in a fair and transparent manner and inform the customers about the processes to be followed to lodge a complaint with the Company and/ or opt for alternative remedies.

OUR STRATEGIES

Our key strategic priorities are as follows:

1. Leverage on our experience and relationships

We have steadily grown our business in recent years. We intend to continue to leverage our experience and relationships with our customers to expand and diversify.

2. Focus on customer services by efficient use of technology

We believe that our customer service initiatives coupled with the effective use of technology can help us enhance our recognition and business operations. We intend to continue investing in technology to improve our operational efficiencies, functionality, reduce errors and improve our productivity. We also believe in deploying strong technology systems that will enable us to respond to market opportunities and challenges swiftly, improve the quality of services to our customers, and improve our risk management capabilities. We intend to remain committed to technological innovation to ensure our ability to respond to our increasingly sophisticated and competitive market and to mitigate the risks we face as a NBFC.

3. Maintain and expand long term relationship with client

Our Company believes that business is a by-product of relationship. The business model is based on client relationships that are established over period of time. Our Company believes that a long-term relationship with clients fetches better dividends.

4. Attract and retain experienced professionals

Our Company believes in recruiting qualified professionals with experience in financial services sector, credit evaluation, risk management, technology and marketing.

Property

Address of Property	Rent/Owned	Purpose	Lease Amount/Sale Consideration (in Rupees)
24, Ashoka Chamber, 5-B, Rajendra Park, Pusa Road, New Delhi 110060	Rent	Registered Office	9,000/-
Flat no 1702A,B,C 17 th Floor of Building Odyssey, Village Powai, Taluka Kurla, Mumbai, Maharashtra	Owned	Investment	55,80,000/-
Beharampur Industrial Area, Begampur Khatola Road, Village Khandsa, Gurgaon, Haryana	Owned	Investment	50,00,000/-
Office at Gee Shroff Centre, Chennai, Tamil Nadu	Owned	Investment	15,04,920/-

OUR MANAGEMENT

Board of Directors

The Articles of Association provide that our Company shall not have less than three Directors and not more than 12 Directors. As on the date of this Letter of Offer, our Board of Directors consists of 4 Directors. The composition of the Board and the various committees of the Board are in conformity with Section 149 of the Companies Act, 2013 and the SEBI LODR 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 up to five years each.

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

Sr. No.	Details of Directors	Age (in years)	Other Directorships
1.	Mr. Prasahesh Arya Designation: Director Category: Non-Executive Director B-98, South City-I, Gurgaon-122001 DIN: 00006507 Date of Birth: 05/03/1961 Term: Liable to retire by rotation from date of Appointment, i.e September 08, 2021 Occupation: Service	61	1. Royal InfraReality Private Limited 2. A to Z Securities Limited 3. Zeal Impex and Traders Private Limited 4. Amity Infotech Private Limited 5. Focal Leasing and Credits Limited 6. Samman Properties Private Limited 7. Valour Construction Limited 8. Sukhlamber Exports Limited 9. Vaibhavi Agro Limited
2.	Mr. Rajesh Ramnani Designation: Additional Director Category: Independent Director D-44, Second Floor, Naraina Vihar, New Delhi - 110 028 DIN: 00533679 Date of Birth: 15/08/1968 Period of Directorship: Five consecutive years from date of appointment Occupation: Service	54	1. Fourth Dimension Solutions Limited 2. GKC Management Services Private Limited 3. Dawn Insolvency Professionals Private Limited
3.	Ms. Jyoti Designation: Additional Director Category: Independent Director B-470, Pandav Nagar, Near Shadipur Depot, Patel Nagar, Delhi – 110 008 DIN: 09311715 Date of Birth: 16/09/1982 Term: Upto 5 Consecutive years w.e.f September 08, 2021 Occupation: Service	40	1. NIL
4.	Mr. Rajesh Goenka Designation: Whole Time Director Category: Executive Director 158-D, J&K Pocket, Dilshad Garden, East Delhi, Delhi - 110 095 DIN: 00298227 Date of Birth: 17/07/1964 Term: liable to retire by rotation for a period of Three (3) years with effect from September 08, 2021 Occupation: Service	58	1. Valour Construction Limited 2. Sukhlamber Exports Limited 3. Gurera Udhyog Limited 4. Amity Infotech Private Limited 5. Zeal Impex and Traders Private Limited 6. NAP Investment and Leasing Private Limited 7. Faridabad Presswell Private Limited 8. Focal Leasing and Credits Limited

Profile of Directors

Mr. Prasahesh Arya aged 61 years, is a B.Com graduate and has an experience of more than 30 Years in the field of financial matters and is currently responsible in our Company as a Non-Executive Director on the Board in addition to discharging the functions of the member of the Audit Committee, Nomination and remuneration Committee and Investors Grievance Committee.

Mr. Rajesh Ramnani aged 54 years, hold degree of Company Secretary and is having 32 years of experience in Company Secretarial Functions and has a knowledge and expertise in the matters relating to Insolvency & Bankruptcy Code, 2016, Corporate & Legal Affairs, Meetings & Reviews, Project Management, Finance and Banking operations, Corporate Restructuring, Administration Strategic Planning.

Ms. Jyoti aged 40 years, is Practicing as an Independent Lawyer since 2010 and possess experience in the field of Law. She has a specialization in handling civil & criminal cases. She is also part of Litigation panel of Punjab & Sind Bank, Indian Bank and Delhi Nagrik Sahkari Bank.

Mr. Rajesh Goenka aged 58 Years, is a B.Com graduate and has an experience of more than 30 Years in the field of Secretarial matters, financial matters and administration. He was previously employed in Sukhlamber Exports Limited and currently serving as the Director and Chief Financial Officer of the Company and is responsible for handling accounts and financial matters of the Company.

Confirmations

1. None of our 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 our 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 except the following:

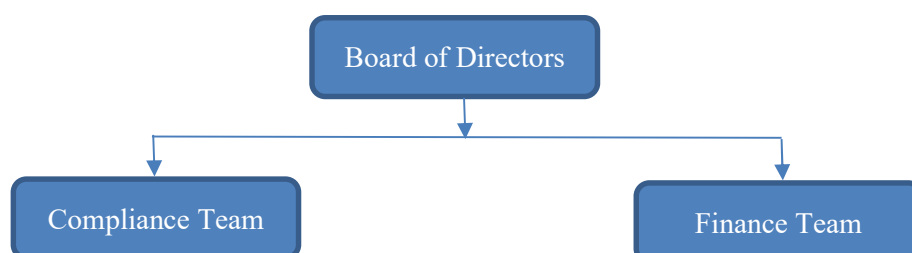
S. No.	Name of Director	Companies Delisted	Listed on	Date of Delisting	Type of Delisting	Reason for delisting	Term of Directorship
1.	Prasahesh Arya	Sukhlamber Exports Limited	Delhi Stock Exchange	19.11.2018	Voluntary Delisting	Exit Option	01-03-2001 to till date
		A to Z Securities Limited	Ludhiana S.E U.P S.E Delhi S.E Ahmedabad S.E	31.12.2018	Voluntary Delisting	Exit Option	30-05-2015 to till date

Relationship with other Directors

None of the Directors of our Company are related to each other.

Management Organisation Structure

The Organization structure comprise of Board of Directors heading the CFO and CS of the Company for regulating the business operations.



Corporate Governance

The issuer has complied with the requirements of corporate governance relating to the composition of its board of directors, constitution of committees such as audit committee, nomination and remuneration committee, stakeholders relationship committee, Corporate Governance Committee etc., as provided under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Our Company has constituted the following Committees in compliance with the corporate governance norms:

1. Audit Committee

The Audit Committee was re-constituted by our Board in their meeting held on July 18, 2022 in accordance with the requirements of Section 177 of the Companies Act, 2013 read with Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014, and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations) and Part C of Schedule II of SEBI LODR Regulations (including any statutory or other modification(s) or re-enactment thereof, for the time being in force). The Audit Committee presently comprises of:

Sr. No.	Name of Member	Designation	Remarks
1.	Jyoti	Chairman	Independent Director
2.	Prasahesh Arya	Member	Non- Executive Director
3.	Rajesh Ramnani	Member	Independent Director

2. Nomination and Remuneration Committee

The Nomination and Remuneration Committee was re-constituted by our Board in their meeting held on July 18, 2022 in accordance with the requirements of Section 178 of the Companies Act, 2013, Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014, Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations) and Part D of Schedule II of SEBI LODR Regulations (including any statutory or other modification(s) or reenactment thereof, for the time being in force). The Nomination and Remuneration Committee presently comprises of:

Sr. No.	Name of Member	Designation	Remarks
1.	Jyoti	Chairman	Independent Director
2.	Prasahesh Arya	Member	Non- Executive Director
3.	Rajesh Ramnani	Member	Independent Director

3. Stakeholder's Relationship cum Share Transfer Committee

The Stakeholder's Relationship cum Share Transfer Committee was re-constituted by our Board through circular resolution on July 18, 2022 in accordance with the terms of reference as provided in Section 178 of the Companies Act, 2013 read with Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 20 and Part D of the Schedule II of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as (including any statutory or other modification(s) or re-enactment thereof. The Stakeholder's Relationship Committee presently comprises of:

Sr. No.	Name of Member	Designation	Remarks
1.	Jyoti	Chairman	Independent Director
2.	Prasahesh Arya	Member	Non- Executive Director
3.	Rajesh Ramnani	Member	Independent Director

Key Managerial Personnel

The following are the Key Managerial Personnel of the Company:

Name of KMP	Designation	Date of Joining	Qualification	Current CTCs (₹ in lakhs)	Previous Employment
Rajesh Goenka	Chief Financial Officer	24/04/2019	B.com Graduate	9,01,500/-	Shuklamber Exports Limited
Kaira Dewani	Company Secretary	01/02/2022	Company Secretary	1,80,000/-	NA

None of the Key Managerial Personnel are related to each other and all the employees are permanent employees. Our Company has not entered into any specific employment contract with any of the KMP and no termination / retirement benefit is payable to them except the normal policy of the Company.

Service contracts with Directors for Benefits upon termination

No service agreements have been entered into by the Directors with our Company providing for benefits upon termination of employment as of the date of this Letter of Offer.

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

There are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which our Company has appointed a Director as of the date of this Letter of Offer.

KEY INDUSTRY REGULATIONS AND POLICIES

Except as otherwise specified in this Draft Letter of Offer, the Companies Act, 2013, we are subject to several central and state legislations which regulate substantive and procedural aspects of our business.

Additionally, our operations require sanctions from the concerned authorities, under the relevant Central and State legislations. The following is an overview of some of the important laws, policies and regulations which are pertinent to our business pertaining to non-banking financial activities. Taxation statutes such as the I.T. Act, and applicable Labour laws, contractual laws, intellectual property laws as the case may be, apply to us as they do to any other Indian company. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. The regulations set out below may not be exhaustive and are only intended to provide general information to Investors and is neither designed nor intended to be a substitute for professional legal advice.

APPROVALS

For the purpose of the business undertaken by our Company, its required to comply with various laws, statutes, rules, regulations, executive orders, etc. that may be applicable from time to time. The details of such approvals have more particularly been described for your reference in the chapter titled “Government and Other Statutory Approvals” beginning on page number 65 of this Draft Letter of Offer.

APPLICABLE LAWS AND REGULATIONS

BUSINESS/TRADE RELATED LAWS/REGULATIONS

The Reserve Bank of India Act, as amended (the “RBI Act”)

The RBI Act defines an NBFC as: (a) a financial institution which is a company; (b) a non-banking institution which is a company and which is in the principal business of receiving deposits, under any scheme or arrangement or in any other manner, or lending in any manner; or (c) such other non-banking institution or class of institutions, as the RBI may, with the previous approval of the Central Government and by notification in the Official Gazette, specify.

A company categorized as an NBFC is required to have a net owned fund of ₹0.25 crores or such other amount, not exceeding ₹100 crore, as the RBI may, by notification in the official gazette specify from time to time. Further, NBFCs are required to obtain a certificate of registration from the RBI prior to commencement of the business as an NBFC.

Every NBFC is required to create a reserve fund and transfer thereto a sum not less than 20% of its net profit every year, as disclosed in the profit and loss account and before any dividend is declared. No appropriation can be made from such fund by the NBFC except for the purposes specified by the RBI from time to time and every such appropriation is required to be reported to the RBI within 21 days from the date of such withdrawal.

Master Directions – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as amended (the “Master Directions”).

An NBFC-ND-SI has been defined under the Master Directions to mean an NBFC not accepting or holding public deposits and having total assets of ₹500 crore and above as shown in the last audited balance sheet and a minimum net owned fund of ₹2 crore.

The Master Directions consolidate the various other regulations and notifications as issued by Department of Non-Banking Regulation, RBI from time to time. NBFCs are required to separately disclose in their balance sheets the provisions made as per Master Directions, without netting them from the income or against the value of assets. Such provisions are required to be distinctly indicated under separate heads of account as: (i) provisions for bad and doubtful debts; and (ii) provisions for depreciation in investments. The board of directors of NBFCs shall also lay down the appropriate grievance redressal mechanism within the organization.

Acquisition or Transfer of Control

Applicable NBFCs are required to obtain prior written permission of RBI for (a) any takeover or acquisition of control, which may or may not result in change in management, (b) any change in the shareholding, including progressive increases over time, which would result in acquisition or transfer of shareholding of 26% or more of the paid-up equity

capital (no prior approval is required if the shareholding going beyond 26% is due to buy-back of shares or reduction in capital where it has approval of a competent court but must be reported to the RBI within one month of the occurrence), and (c) any change in the management of the Applicable NBFCs, which results in change in more than 30% of the directors, excluding independent directors, provided that no prior approval is required in case of directors who get re-elected on retirement by rotation. Additionally, applicable NBFCs are required to inform the RBI regarding any changes in their board of directors or management on an ongoing basis.

Prudential Norms

All NBFCs are required to maintain capital adequacy ratio consisting of Tier I and Tier II capital which shall not be less than 15% of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. The Tier I capital in respect of applicable NBFCs, at any point of time, shall not be less than 10%.

Fair Practices Code

All Applicable NBFCs having customer interface are required to adopt a fair practices code in line with the guidelines prescribed under the Master Directions. The Master Directions stipulate that such fair practices code should cover, inter alia, the form and manner of processing of loan applications; loan appraisal and terms and conditions thereof; and disbursement of loans and changes in terms and conditions of loans. The Master Directions also prescribe general conditions to be observed by Applicable NBFCs in respect of loans and requires the board of directors of applicable NBFCs to lay down a grievance redressal mechanism. Such fair practices code should preferably be in vernacular language or language understood by borrowers of the applicable NBFCs. Further, all applicable NBFCs are to frame internal guidelines on corporate governance, enhancing the scope of the guidelines without sacrificing the underlying spirit of the guidelines stipulated in the Master Directions. The guidelines framed are required to be published on the NBFC's website for the information of various stakeholders.

Money Laundering Act, 2002 ("PMLA")

The PMLA was enacted to prevent money laundering and to provide for confiscation of property derived from, or involved, in money laundering, and for incidental matters connected therewith. Section 12 of the PMLA inter alia casts certain obligations on reporting entities (as defined under the PMLA) in relation to preservation of records and reporting of transactions.

Master Direction (Know Your Customer) Directions, 2016 dated February 25, 2016, as amended (the "KYC Directions")

The KYC Directions require regulated entities (as defined in such directions) to follow certain customer identification procedures while undertaking a transaction. These directions are applicable to every entity regulated by RBI, including scheduled commercial banks, regional rural banks, local area banks, primary (urban) cooperative banks, state and central co-operative banks, all India financial institutions, NBFCs, miscellaneous nonbanking companies and residuary non-banking companies, amongst others. Every entity regulated thereunder is required to adopt a 'know your customer' ("KYC") policy, duly approved by its board of directors, which has four elements, namely, customer acceptance policy; risk management; customer identification procedures; and monitoring of transactions. Regulated entities are required to ensure compliance with the KYC policy through identifying 'senior management' for the purposes of KYC compliance; allocation of responsibility for effective implementation of policies and procedures; independent evaluation of compliance with KYC and anti-money laundering policies and procedures, including legal and regulatory requirements; concurrent/internal audit system for compliance to verify compliance with KYC and anti-money laundering; and submission of quarterly audit notes and compliance to the audit committee of the board of directors of the regulated entity. Further, regulated entities are required to ensure that decision making functions of determining compliance with KYC norms are not outsourced. The KYC Directions additionally require regulated entities to frame a customer acceptance policy. The KYC Directions also prescribe detailed instructions in relation to, inter alia, record management and reporting requirements.

Master Direction – Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 dated September 29, 2016 ("Monitoring of Frauds Directions")

The Monitoring of Frauds Directions are applicable to all deposit taking NBFCs and NBFC-Non Deposit taking-Systematically Important and requires them to put in place a reporting system for recording of frauds. All frauds are required to be reported to the RBI. Fraud reports are required to be submitted to the Central Fraud Monitoring Cell of the RBI in case amount of fraud is ₹1 crore and above. In cases where the amount of fraud is less than ₹1 crore, reports are required to be sent to the regional office of the Department of Non-Banking Supervision of the RBI, under whose jurisdiction the registered office of the NBFC falls. The amounts involved in frauds reported by the entity are required to be disclosed in its balance sheet for the year of such reporting. The Monitoring of Frauds Directions also requires

submission of a copy of quarterly reports on frauds outstanding to the regional office of the RBI within 15 days of the end of each quarter to which it relates, in the format prescribed.

Master Direction – Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016, dated September 29, 2016 (“Returns Master Directions”)

The Returns Master Directions list detailed instructions in relation to submission of returns prescribed by the RBI for various categories of NBFCs, including their periodicity, reporting time, due date, and the purpose of filing such returns.

Master Direction - Information Technology Framework for the NBFC Sector Directions, dated June 8, 2017 (“IT Framework Directions”)

The IT Framework Directions have been notified with the view of benchmarking the information technology/information security framework, business continuity planning, disaster recovery management, information technology (“IT”) audit and other processes to best practices for the NBFC sector. Systemically important NBFCs (i.e., NBFCs with an asset size of above ₹500 crore) were required to comply with the IT Framework Directions by June 30, 2018. The IT Framework Directions require all systemically important NBFCs to undertake IT governance through formation of an IT strategy committee and formulation of a board approved IT policy. They also require systemically important NBFCs to conduct an information system audit at least once in a year.

In addition to the above IT Framework Directions, we are also required to comply with the Information Technology Act, 2000, as amended, and the rules framed thereunder.

Master Direction – Non- Banking Financial Companies Auditor’s Report (Reserve Bank) Directions, 2016 dated September 29, 2016 (“Auditor’s Report Directions”)

The Auditor’s Report Directions set out disclosures that are to be included in every auditor’s report on the accounts of an NBFC such as: (i) the validity of such NBFC’s certificate of registration and whether the NBFC is entitled to continue to hold such certificate of registration in terms of its principal business criteria as of March 31 of the applicable year; and (ii) compliance with net owned fund requirements as laid down in the Master Directions.

Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs, 2017 dated November 9, 2017 (“Outsourcing Directions”)

The Outsourcing Directions specify the activities that cannot be outsourced and provide the basis for deciding materiality of outsourcing. It mandates the regulatory and supervisory requirements and risk management practices to be complied with by every NBFC before outsourcing its activities. Further, an NBFC intending to outsource any of the permitted activities under the Outsourcing Directions is required to formulate an outsourcing policy which is to be approved by its board of directors.

Circular dated June 24, 2021 on Declaration of Dividends by NBFCs (“Dividend Circular”)

The Dividend Circular specifies, inter alia, certain minimum prudential requirements (relating to its capital adequacy, net NPA and other criteria) for an NBFC to be eligible to declare dividend, the maximum permissible dividend payout ratio, the considerations to be taken into account by the board of directors of an NBFC while considering the proposal to declare dividend and the manner of reporting details of dividends declared. The Dividend Circular will be applicable to NBFCs for the declaration of dividends from the profits of the financial year ending March 31, 2022 and onwards.

The Ombudsman Scheme for Non-Banking Financial Companies, 2018 (the “Ombudsman Scheme”)

The Ombudsman Scheme was introduced by the RBI with the object of enabling resolution of complaints in respect of certain services rendered by particular categories of NBFCs, to facilitate the satisfaction or settlement of such complaints, and matters connected therewith.

Further, the RBI through its ‘Statement on Developmental and Regulatory Policies’ dated February 5, 2021, proposed the integration of the Ombudsman Scheme with the Banking Ombudsman Scheme, 2006 and the Ombudsman Scheme for Digital Transactions, 2019 under the ‘One Nation One Ombudsman’ approach for grievance redressal. This is intended to make the process of redressal of grievances easier by enabling the customers of the banks, NBFCs and non-bank issuers of prepaid payment instruments to register their complaints under the integrated scheme, with one centralized reference point. The scheme was rolled out in June, 2021.

COVID-19 Regulatory Framework

In view of the outbreak of the COVID-19 pandemic, the RBI issued various circulars and prescribed other regulatory frameworks and relaxations governing NBFCs to deal with the disruptions caused by the COVID-19 pandemic.

- ***Circular dated March 16, 2020***

Pursuant to its circular dated March 16, 2020 (Reference No. RBI/2019-20/172DoS.CO.PPG.BC.01 /11.01.005/2019-20), the RBI provided an indicative list of actions to be taken by NBFCs as part of their operations and business continuity plans. Among others, the actions included taking steps to share important instructions/strategy with the staff members at all levels and sensitizing the staff members about preventive measures/steps to be taken in suspected cases, based on the instructions received from health authorities from time-to-time, taking stock of critical processes and revisiting business continuity plan in the emerging situations/scenarios with the aim of continuity in critical interfaces and preventing any disruption of services, due to absenteeism either driven by the individual cases of infections or preventive measures.

- ***Circulars dated March 27, 2020 and April 17, 2020***

The RBI, vide its circular dated March 27, 2020 (Reference No. RBI/2019-20/186 DOR.No.BP.BC.47 /21.04.048/2019-20), announced certain regulatory measures, including, inter alia, to mitigate the burden of debt servicing brought about by disruptions on account of the COVID-19 pandemic and to ensure the continuity of viable businesses. In furtherance of such circular, lending institutions were permitted to grant a moratorium of three months on payment of all instalments (including all (i) principal and/or interest components; (ii) bullet repayments; (iii) equated monthly instalments; and (iv) credit card dues) falling due between March 1, 2020 and May 31, 2020 in respect of all term loans (including agricultural term loans, retail and crop loans) ("Moratorium Period"). Additional relaxations were granted in relation to the calculation of 'drawing power' in respect of working capital facilities sanctioned in the form of cash credit/overdraft ("CC/OD") to borrowers. Under the circular, such measures were not to be treated as a concession or change in terms and conditions of loan agreements due to financial difficulty of the borrower under paragraph 2 of the Annexure to the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 ("Prudential Framework") and availing of such measures, by itself, was not to result in asset classification downgrade. The rescheduling of payments, including interest, did not qualify as a default for the purposes of supervisory reporting and reporting to credit information companies ("CICs") by the lending institutions. CICs were instructed to ensure that the actions taken by lending institutions pursuant to the above announcements do not adversely impact the credit history of the beneficiaries. The circular also stated that wherever the exposure of a lending institution to a borrower is ₹5 crores or above as on March 1, 2020, the lending institution was required to develop an MIS on the reliefs provided to its borrowers which was required to, inter alia, include borrower-wise and credit-facility wise information regarding the nature and amount of relief granted. Further, vide its circular dated April 17, 2020 (Reference No. RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20), the RBI provided detailed instructions in relation to (i) asset classification under the prudential norms on income recognition, asset classification and (ii) provisioning requirements.

- ***Circular dated May 23, 2020***

Vide its circular dated May 23, 2020 (Reference No. RBI/2019-20/244DOR.No.BP.BC.71 /21.04.048/2019-20), the RBI further permitted lending institutions (including NBFCs) to extend the Moratorium Period on payment of all instalments in respect of term loans (including agricultural term loans, retail and crop loans) by another three months, i.e., from June 1, 2020 to August 31, 2020. Such circular also permitted certain relaxations in respect of working capital facilities sanctioned in the form of cash credit/overdraft, lending institutions, subject to certain conditions. The measures in relation to working capital facilities under the RBI circular dated May 23, 2020, were contingent on the lending institutions satisfying themselves that such measures are necessitated on account of the economic fallout from COVID-19. Further, accounts provided relief under this relaxation were subject to subsequent supervisory review with regard to their justifiability on account of the economic fallout from COVID-19. Lending institutions accordingly, could put in place a board approved policy to implement the above measures.

- ***Emergency Credit Line Guarantee Scheme dated May 23, 2020***

The Government of India, through the Ministry of Finance, Department of Financial Services introduced the emergency credit line guarantee scheme ("ECLGS"). Pursuant to the ECLGS, the National Credit Guarantee Trustee Company, a wholly-owned trustee company of the Government of India, provided a 100% credit guarantee with respect to eligible credit facilities extended by NBFCs in the form of additional term loans.

- ***Statement on Development and Regulatory Policies dated August 6, 2020***

The RBI, through its 'Statement on Developmental and Regulatory Policies' dated August 6, 2020, stated that with the intent to facilitate revival of real sector activities and mitigate the impact on the ultimate borrowers, provided a window under the Prudential Framework to enable the lenders to implement a resolution plan in respect of eligible

corporate exposures without change in ownership, and personal loans, while classifying such exposures as standard (as set out under the Prudential Framework) subject to specified conditions.

- ***Resolution Framework for COVID-19-related Stress dated August 6, 2020***

The RBI has also issued a notification on August 6, 2020 titled ‘Resolution Framework for COVID-19-related Stress’ (“COVID-19 Resolution Framework”, Reference No. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/ 2020-21). Under the COVID-19 Resolution Framework, lending institutions were required to frame policies, as approved by their board of directors, for implementation of viable resolution plans for eligible borrowers pursuant to the COVID-19 Resolution Framework and ensure that the resolution plans under this facility were extended only to borrowers bearing stress on account of the COVID-19 pandemic. The resolution plan extended to eligible borrowers could be invoked anytime till December 31, 2020 and was to be implemented within 180 days from the date of invocation (within 90 days in case of personal loans.).

- ***Restructuring of Advances to Micro, Small and Medium Enterprises***

The RBI, vide its circular dated August 6, 2020 titled ‘Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances’ (“August 2020 Circular”, Reference No. RBI/2020-21/17DOR.No.BP.BC/4/21.04.048/2020-21), had permitted the classification of loans to MSMEs as ‘standard’ pursuant to their restructuring subject to certain conditions mentioned under such circular and the circular dated February 11, 2020 titled ‘Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances’ (Reference No. RBI/2019-20/160 DOR.No.BP.BC.34/21.04.048/2019-20). The RBI, vide its circular dated May 5, 2021 titled ‘Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs)’ (Reference No. RBI/2021-22/32DOR.STR.REC.12/21.04.048/2021-22) has extended the applicability of the August 2020 Circular, subject to certain conditions, including, that: (i) the borrower should be classified as a micro, small or medium enterprise as on March 31, 2021 in terms of the notification dated June 26, 2020 published by the Ministry of Micro, Small and Medium Enterprises; (ii) the aggregate exposure, including non-fund based facilities, of all lending institutions to such borrower should not exceed ₹25 crores as on March 31, 2021; (iii) the borrower’s account should have been a ‘standard asset’ as of March 31, 2021; and (iv) restructuring of the borrower’s account is invoked by September 30, 2021. All the measures under the circular are contingent on lending institutions satisfying themselves that this is necessitated on account of the economic fallout from COVID-19.

- ***Circular dated September 7, 2020***

The RBI, pursuant to its circular dated September 7, 2020 (Reference No. RBI/2020-21/34DOR.No. BP. BC/13/21.04.048/2020-21) on “Resolution Framework for COVID-19-related Stress – Financial Parameters”, set out key ratios to be mandatorily considered while finalizing the resolution plans in respect of COVID-19 Resolution Framework. Further, it also prescribed sector specific thresholds to be considered by the lending institutions, intended as floors or ceilings. The resolution plans were required to take into account the pre COVID-19 operating and financial performance of the borrower and impact of COVID-19 on its operating and financial performance at the time of finalizing the resolution plan, to assess the cash flows in subsequent years, while stipulating appropriate ratios in each case. Lending institutions were free to consider other financial parameters as well while finalizing the resolution assumptions in respect of eligible borrowers apart from the above mandatory key ratios and the sector-specific thresholds that have been prescribed.

- ***Targeted Long-Term Repo Operations on Tap Scheme***

The targeted long-term repo operations on tap scheme of the RBI (“TLTRO on Tap Scheme”), announced on October 9, 2020 focuses on liquidity measures and revival of activity in specific sectors and, allows banks to avail liquidity to be deployed in corporate bonds, commercial paper and non-convertible debentures issued by entities in such specified sectors. The liquidity availed by banks could also be used to extend bank loans and advances to these sectors. The RBI through its ‘Statement on Developmental and Regulatory Policies’ and its press release dated February 5, 2021 stated that NBFCs are well recognised conduits for reaching out last mile credit and act as a force multiplier in expanding credit to various sectors and accordingly, permitted funds from banks under the TLTRO on Tap Scheme to be provided to NBFCs for incremental lending to these sectors until March 31, 2021. The TLTRO on Tap Scheme has further been extended by a period of six months i.e., up to September 30, 2021 with a view to increasing the focus of liquidity measures on revival of activity in specified sectors.

- ***Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts***

On October 23, 2020, the Ministry of Finance, Government of India announced a scheme for grant of ex-gratia payment of difference between compound interest and simple interest by way of reliefs for the six months period from March 1, 2020 to August 31, 2020, to borrowers in specified loan accounts (“October 2020 Scheme”), benefits of which would be routed through lending institutions. The October 2020 Scheme was applicable to all lending institutions, including, inter alia, banking companies, NBFCs and housing finance companies. Borrowers who had

loan accounts with sanctioned limits and outstanding amounts not exceeding ₹2 crores as on February 29, 2020 were eligible under the October 2020 Scheme, subject to certain conditions. Borrowers of the following classes of loans were eligible, namely (i) MSME loans; (ii) education loans; (iii) housing loans; (iv) consumer durable loans; (v) credit card dues; (vi) automobile loans; (vii) personal loans to professionals; and (viii) consumption loans.

- ***Circular dated April 7, 2021 on Asset Classification and Income Recognition***

The RBI, pursuant to the decision of the Supreme Court of India in *Small Scale Industrial Manufacturers Association v. Union of India*, dated March 23, 2021, has issued a circular dated April 7, 2021 (the “April 2021 Circular”, Reference No. RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22). The April 2021 Circular stipulates that all lending institutions (including NBFCs) are required to implement a board-approved policy to refund/adjust the “interest on interest” charged to the borrowers during the moratorium period, i.e., March 1, 2020 to August 31, 2020 in conformity with the above judgement. In order to ensure that the above judgement is implemented uniformly in letter and spirit by all lending institutions, the methodology for calculation of the amount to be refunded/adjusted for different facilities is required to be finalised by the Indian Banks Association in consultation with other industry participants/bodies, which shall be adopted by all lending institutions. The above reliefs shall be applicable to all borrowers, including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed, in terms of the circulars dated March 27, 2020 and May 23, 2020.

Further, in relation to asset classification, the April 2021 Circular stipulates that, (i) in respect of accounts which were not granted any moratorium in terms of the COVID-19 regulatory relief provided, asset classification is to be undertaken in terms of the criteria laid out in the Master Circular – Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated July 1, 2015 (Reference No. RBI/2015-16/101 DBR.No.BP.BC.2/21.04.048/2015-16) or other relevant instructions as applicable to the specific categories of lending institutions; and (ii) in respect of accounts in relation to which a moratorium was granted in terms of the COVID-19 regulatory relief, the asset classification for the period from March 1, 2020 to August 31, 2020 shall be governed in terms of the circular dated April 17, 2020 (Reference No. RBI/2019-20/220 DOR.No.BP.BC.63/ 21.04.048/2019-20), read with circular dated May 23, 2020 (Reference No. RBI/2019-20/244 DOR.No.BP. BC.71/21.04.048/2019-20). For the period commencing September 1, 2020, asset classification for all such accounts shall be as per the applicable income recognition and asset classification norms.

- ***Priority Sector Lending Classification***

Pursuant to its ‘Statement on Developmental and Regulatory Policies’ and notification dated April 7, 2021, the RBI with a view to ensure continued availability of credit to specified sectors to aid faster economic recovery, decided to extend the priority sector lending (“PSL”) classification for lending by banks to NBFCs for on-lending by six months i.e., up to September 30, 2021. Previously, the PSL classification, allowing banks to classify lending to NBFCs for on-lending to agriculture/MSME/housing as PSL, was permitted till March 31, 2021.

- ***Circular dated May 5, 2021 on Resolution Framework for Advances to Individuals and Small Businesses***

Through its circular dated May 5, 2021 (amended as on June 04, 2021) titled ‘Resolution Framework – 2.0: Resolution of COVID-19 related stress of Individuals and Small Businesses’ (Reference No. RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22), the RBI has permitted lending institutions to offer a limited window to individual borrowers and small businesses to implement resolution plans in respect of their credit exposures while classifying such credit exposures as ‘standard’ upon implementation of the resolution plan, subject to certain conditions specified under the circular. The lending institutions are required to frame policies, approved by the board of directors, pertaining to the implementation of viable resolution plans for eligible borrowers ensuring that the resolution under this facility is provided only to the borrowers having stress on account of COVID-19. The last date for invocation of resolutions under the window provided is September 30, 2021. The resolution plans implemented under this window may, inter alia, include rescheduling of payments, conversion of any interest accrued or to be accrued into another credit facility, revisions in working capital sanctions, and granting of moratorium, based on income streams of the borrower.

LAWS RELATING TO SPECIFIC STATE WHERE ESTABLISHMENT IS SITUATED

Delhi Shops and Establishments Act, 1954 (the “Act”)

Under the provisions of the Act, establishments are required to be registered. Such laws regulate the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees.

Indian Stamp (Delhi Amendment) Act, 1899

The purpose of Stamp Act was to streamline and simplify transactions of immovable properties and securities by the State Government. The Stamp Act provides for the imposition of stamp duty at the specified rates on instruments listed in Schedule IA of the Stamp Act. Stamp duty is payable on all instruments/ documents evidencing a transfer or creation or extinguishment of any right, title or interest in immoveable property. However, under the Constitution of India, the states are also empowered to prescribe or alter the stamp duty payable on such documents executed within the state.

GENERAL CORPORATE COMPLIANCE

Companies Act, 2013 (the ‘Companies Act’)

The Companies Act, 2013, has replaced the Companies Act, 1956 in a phased manner. The Act received the assent of President of India on 29th August 2013.

The Companies Act deals with incorporation of companies and the procedure for incorporation and post incorporation. The conversion of private company into public company and vice versa is also laid down under the Companies Act, 2013. The procedure related to appointment of Directors. The procedure relating to winding up, voluntary winding up, appointment of liquidator also forms part of the Act.

Further, Schedule V (read with sections 196 and 197), Part I lays down the conditions to be fulfilled for the appointment of a managing or whole-time director or manager. It provides the list of Acts under which if a person is prosecuted, he cannot be appointed as the director or Managing Director or Manager of a Company. The provisions relating to remuneration of the directors payable by the companies is under Part II of the said schedule.

The Registration Act, 1908 (“Registration Act”)

The Registration Act was passed to consolidate the enactments relating to the registration of documents. The main purpose for which the Registration Act was designed was to ensure information about all deals concerning land so that correct land records could be maintained. The Registration Act is used for proper recording of transactions relating to other immovable property also. The Registration Act provides for registration of other documents also, which can give these documents more authenticity. Registering authorities have been provided in all the districts for this purpose.

EMPLOYMENT AND LABOUR LAWS

The Code on Wages, 2019 (the “Code”)

The Code received the assent of the President of India on August 8, 2019. The Code is yet to be notified in the Official Gazette. The Code will replace the four existing ancient laws namely (i) the Payment of Wages Act, 1936, (ii) the Minimum Wages Act, 1948, (iii) the Payment of Bonus Act, 1965, and (iv) the Equal Remuneration Act, 1976. The Code will apply to all employees and allows the Central Government to set a minimum statutory wage.

The four existing laws are as follows:

- **The Payment of Wages Act, 1936**

Payment of Wages Act, 1936, as amended, Payment of Wages (Amendment) Act, 2017 is aimed at regulating the payment of wages to certain classes of persons employed in certain specified industries and to ensure a speedy and effective remedy for them against illegal deductions or unjustified delay caused in paying wages to them. The Act confers on the person(s) responsible for payment of wages certain obligations with respect to the maintenance of registers and the display in such factory/establishment, of the abstracts of this Act and Rules made there under.

- **The Minimum Wages Act, 1948**

The Minimum Wages Act, 1948 came into force with an objective to provide for the fixation of a minimum wage payable by the employer to the employee. Every employer is mandated to pay the minimum wages to all employees engaged to do any work skilled, unskilled, and manual or clerical (including out-workers) in any employment listed in the schedule to this Act, in respect of which minimum rates of wages have been fixed or revised under the Act.

- **The Payment of Bonus Act, 1965 (the “PoB Act”)**

The PoB Act provides for payment of minimum bonus to factory employees and every other establishment in which 20 or more persons are employed and requires maintenance of certain books and registers and filing of monthly returns showing computation of allocable surplus, set on and set off of allocable surplus and bonus due.

- **The Equal Remuneration Act, 1976**

The Equal Remuneration Act 1979 provides for payment of equal remuneration to men and women workers and for prevention discrimination, on the ground of sex, against female employees in the matters of employment and for matters connected therewith. The Act was enacted with the aim of state to provide Equal Pay and Equal Work as envisaged under Article 39 of the Constitution.

Employees' Deposit Linked Insurance Scheme, 1976

The scheme shall be administered by the Central Board constituted under section 6C of the EPF Act. The provisions relating to recovery of damages for default in payment of contribution with the percentage of damages are laid down under Section 8A of the Act. The employer falling under the scheme shall send to the Commissioner within fifteen days of the close of each month a return in the prescribed form. The register and other records shall be produced by every employer to Commissioner or other officer so authorized shall be produced for inspection from time to time. The amount received as the employer's contribution and also Central Government's contribution to the insurance fund shall be credited to an account called as "Deposit-Linked Insurance Fund Account."

The Employees' Pension Scheme, 1995

Family pension in relation to this Act means the regular monthly amount payable to a person belonging to the family of the member of the Family Pension Fund in the event of his death during the period of reckonable service. The scheme shall apply to all the employees who become a member of the EPF or PF of the factories provided that the age of the employee should not be more than 59 years in order to be eligible for membership under this Act. Every employee who is member of EPF or PF has an option of the joining the scheme. The employer shall prepare a Family Pension Fund contribution card in respect of the all the employees who are members of the fund.

Payment of Gratuity Act, 1972 (the "Act")

The Act shall apply to every factory, mine plantation, port and railway company; to every shop or establishment within the meaning of any law for the time being in force in relation to shops and establishments in a State, in which ten or more persons are employed, or were employed, on any day of the preceding twelve months; such other establishments or class of establishments, in which ten or more employees are employed, on any day of the preceding twelve months, as the Central Government, may by notification, specify in this behalf. A shop or establishment to which this Act has become applicable shall be continued to be governed by this Act irrespective of the number of persons falling below ten at any day. The gratuity shall be payable to an employee on termination of his employment after he has rendered continuous service of not less than five years on superannuation or his retirement or resignation or death or disablement due to accident or disease. The five year period shall be relaxed in case of termination of service due to death or disablement.

Maternity Benefit Act, 1961 (the "Act")

The Act provides for leave and right to payment of maternity benefits to women employees in case of confinement or miscarriage etc. The Act is applicable to every establishment which is a factory, mine or plantation including any such establishment belonging to government and to every establishment of equestrian, acrobatic and other performances, to every shop or establishment within the meaning of any law for the time being in force in relation to shops and establishments in a state, in which ten or more persons are employed, or were employed, on any day of the preceding twelve months; provided that the state government may, with the approval of the Central Government, after giving at least two months' notice shall apply any of the provisions of this Act to establishments or class of establishments, industrial, commercial, agricultural or otherwise.

The Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013 (the "Act")

In order to curb the rise in sexual harassment of women at workplace, this Act was enacted for prevention and redressal of complaints and for matters connected therewith or incidental thereto. The terms sexual harassment and workplace are both defined in the Act. Every employer should also constitute an "Internal Complaints Committee" and every officer and member of the company shall hold office for a period of not exceeding three years from the date of nomination. Any aggrieved woman can make a complaint in writing to the Internal Committee in relation to sexual harassment of female at workplace. Every employer has a duty to provide a safe working environment at workplace which shall include safety from the persons coming into contact at the workplace, organising awareness programs and workshops, display of rules relating to the sexual harassment at any conspicuous part of the workplace, provide necessary facilities to the internal or local committee for dealing with the complaint, such other procedural requirements to assess the complaints.

TAX RELATED LEGISLATIONS

Income Tax Act, 1961 (“IT Act”)

The IT Act is applicable to every Company, whether domestic or foreign whose income is taxable under the provisions of the IT Act or Rules made thereunder depending upon its Residential Status and Type of Income involved. The IT Act provides for the taxation of persons resident in India on global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arising in India. Every Company assessable to income tax under the IT Act is required to comply with the provisions thereof, including those relating to Tax Deduction at Source, Advance Tax, Minimum Alternative Tax and like. Every such Company is also required to file its returns by September 30 of each assessment year.

Central Goods and Services Tax Act, 2017 (the "GST Act")

The GST Act levies indirect tax throughout India to replace many taxes levied by the Central and State Governments. The GST Act was applicable from July 1, 2017 and combined the Central Excise Duty, Commercial Tax, Value Added Tax (VAT), Food Tax, Central Sales Tax (CST), Introit, Octroi, Entertainment Tax, Entry Tax, Purchase Tax, Luxury Tax, Advertisement Tax, Service Tax, Customs Duty, Surcharges. GST is levied on all transactions such as sale, transfer, purchase, barter, lease, or import of goods and/or services. India has adopted a dual GST model, meaning that taxation is administered by both the Union and State Governments. Transactions made within a single state is levied with Central GST (CGST) by the Central Government and State GST (SGST) by the government of that state. For inter-state transactions and imported goods or services, an Integrated GST (IGST) is levied by the Central Government. GST is a consumption-based tax; therefore, taxes are paid to the state where the goods or services are consumed and not the state in which they were produced.

ANTI-TRUST LAWS

Competition Act, 2002 (the “Act”)

The Act is to prevent practices having adverse effect on competition, to promote and sustain competition in markets, to protect interest of consumer and to ensure freedom of trade in India. The Act deals with prohibition of anti-competitive agreements. No enterprise or group shall abuse its dominant position in various circumstances as mentioned under the Act.

GENERAL LAWS

Apart from the above list of laws – which is inclusive in nature and not exhaustive - general laws like the Negotiable Instrument Act 1881, Employment Exchanges (Compulsory Notification Of Vacancies) Act, 1959, Consumer Protection Act 2019, Indian Contract Act, 1872, Transfer of Property Act, 1882, Information Technology Act, 2000 etc.

FINANCIAL STATEMENTS

Sr. No.	Particulars	Page number
1.	Audited Financial Statement for the financial year ended March 31, 2022 and March 31, 2021	F-1 to F-36

INDEPENDENT AUDITORS' REPORT
To The Members of SMC CREDITS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of SMC CREDITS LIMITED ("the Company"), which comprise the Balance Sheet as at 31 March 2022, and the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and profit/(loss) (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the 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 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 is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the Key Audit Matters to be communicated:

SN	Key audit matter	Auditor's response
1.	Impairment of Loan Assets The company is having outstanding loan asset to corporates under its NBFC business. The company has classified such loan asset as standard asset and doubtful asset and provision thereof as per the RBI Prudential Norms on Asset Classification.	Our procedure includes: Review of loan agreements and management representation on recoverability of these loans. Our Results: We did not find any material risk in recoverability of the loans.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the Financial Statements and our auditors' report thereon.

Our opinion on the 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 Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the state of affairs, profit / loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes 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 Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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 SAs 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.

As part of an audit in accordance with SAs, 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 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 Company's ability 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 auditors' report. However, future events or conditions may cause the Company 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.

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.



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.

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 auditors' 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government in terms of Section 143(11) of the Act, we give in the "Annexure – A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. A As required by section 143(3) of the Act, we report 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;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - (d) in our opinion, the aforesaid financial statement comply with the Indian Accounting Standards specified in section 133 of the Act;
 - (e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure – B".
- B. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (a) The Company does not have any pending litigations which would impact its financial position as on March 31, 2022.
 - (b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - (d)
 - (i) The management has represented that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (ii) The management has represented, that, to the best of it's knowledge and belief, other than



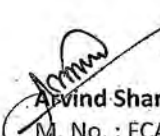
as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- (iii) Based on audit procedures which we considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.
- (e) The company has not declared or paid any dividend during the year in contravention of the provisions of section 123 of the Companies Act, 2013.
3. With respect to the matter to be included in the Auditors' Report under section 197(16):
In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For AVP & Co

F. R. N.: 025193N

Chartered Accountants


Arvind Sharma

M. No. : FCA 525962

Partner

Date : 28-05-2022

Place : New Delhi

ICAI UDIN: 22525962ANTB456155



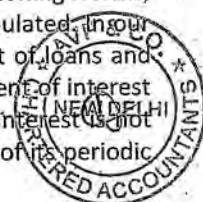
SMC CREDITS LIMITED

ANNEXURE – A

to the independent auditors' report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of the Property, plant and equipments of the Company:
 - (a) (A) The company is maintaining proper records, showing full particulars including quantitative details and situation of property, plant and equipment.
 - (B) The Company has no intangible asset and therefore clause (i)(a)(B) of paragraph 3 of the Order is not applicable.
 - (b) All the Fixed Assets have been physically verified by the Management during the year based on a phased program of verifying the assets which in our opinion is reasonable having regard to the size of the company and the nature of its Fixed Assets. No discrepancy has been noticed on such verification.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, title deeds of immovable properties are held in the name of the Company.
 - (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, plant and equipment (including Right-of-use assets) or Intangible assets or both during the year.
 - (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) In our opinion and according to the information and explanations given to us, the nature of the Company's business/activities during the year has been such that clause (ii)(a) of paragraph 3 of the Order is not applicable to the Company for the year.
 - (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no working capital loan has been taken by the Company. Therefore, reporting under clause (ii)(b) of paragraph 3 is not applicable.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, during the year, in the ordinary course of its business, the Company has made investments in, provided guarantee / security to and granted loans and advances in the nature of loans, secured and unsecured, to companies, firms, limited liability partnerships and other parties. With respect to such investments, guarantees / security and loans and advances:
 - (a) The principal business of the Company is to give loans and hence reporting under clause (iii)(a) of the Order is not applicable;
 - (b) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the terms and conditions of the guarantee given are, prima facie, not prejudicial to the interest of the Company.
 - (c) The Company, being a Non-Banking Financial Company ('NBFC'), registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors repayments of principal and payment of interest by its customers as stipulated. In our opinion and according to the information and explanations given to us, in respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and in cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic



regulatory reporting. Refer notes 4 and 26 to the Financial Statements for summarized details of such loans/advances which are not repaid by borrowers as per stipulations. According to the information and explanation made available to us, reasonable steps are taken by the Company for recovery thereof.

- (d) The Company, being a NBFC, registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors and report total amount overdue including principal and/or payment of interest by its customers for more than 90 days. In cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting. Refer notes 12 and 63 to the Financial Statements for summarized details of such loans/advances which are not repaid by borrowers as per stipulations. According to the information and explanation made available to us, reasonable steps are taken by the Company for recovery thereof.
- (e) The principal business of the Company is to give loans and hence reporting under clause (iii)(e) of the Order is not applicable;
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans either repayable on demand or without specifying any terms or period of repayment.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities.
- (v) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause (v) of paragraph 3 of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 for the products manufactured by it (and/or services provided by it). Accordingly, clause (vi) of paragraph 3 of the Order is not applicable.
- (vii) In respect of statutory dues:
- (a) According to the records of the Company, undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and any other material statutory dues have been *generally* regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2022 for a period of more than six months from the date of becoming payable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company did not have dues which have not been deposited as on March 31, 2022, except for the following:

Name of the statute	Nature of disputed dues	Amount under dispute *	Amount paid	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2580861	Nil	FY 2017-18	Commissioner of Income-tax (Appeals)
Income Tax Act, 1961	Income Tax	1086375	Nil	FY 2016-17	-do-

* amount as appearing online in the income tax portal.

- (viii) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, we confirm that we have not come across any transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.



- (ix) (a) In our opinion, the Company has not defaulted in repayment of loans or other borrowings to financial institutions, banks, government and dues to debenture holders or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a willful defaulter by any bank or financial institution or government or government authority.
- (c) In our opinion and according to the information and explanations given to us, the Company has utilized the money obtained by way of term loans from financial institution during the year for the purposes for which they were obtained, other than temporary parking in current account for a few days, pending utilization towards purpose for which the same are obtained.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds have been raised on short-term basis by the Company. Accordingly, clause (ix)(d) of paragraph 3 of the Order is not applicable.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company does not have any subsidiary, associate or joint venture as defined under the Companies Act, 2013. Accordingly, clause (ix)(e) of paragraph 3 of the Order is not applicable.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company does not have any subsidiary. Accordingly, clause (ix)(f) of paragraph 3 of the Order is not applicable.
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause (x)(a) of paragraph 3 of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly or optionally convertible debentures during the year. Accordingly, clause (x)(b) of paragraph 3 of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) According to the information and explanations given to us, there were no whistle blower complaints received during the year by the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of paragraph 3 of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company's transactions with its related party are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and details of related party transactions have been disclosed in the financial statements etc. as required by the applicable Indian Accounting Standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have taken into consideration, the reports of the Internal Auditors received by the Company during the year and provided to us while determining the nature, timing and extent of audit



procedures.

- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and the Company has obtained the required registration.
- (b) According to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid CoR from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Companies Act, 2013 pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For AVP & Co

F. R. N.: 025193N

Chartered Accountants


Arvind Sharma
M. N.: FCA 525962
Partner



Date : 28-05-2022

Place : New Delhi

ICAI UDIN: 22525962 ANT BSCG/55

ANNEXURE – B

to the independent auditors' report

Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of SMC CREDITS LIMITED ('the Company') as of 31st March, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended and as on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 issued by the Institute of Chartered Accountants of India (the 'Guidance Note'). 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 its business, including adherence to 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act and the Guidance Note, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 auditors' judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 control over financial reporting includes 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial



reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

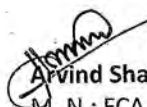
Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For AVP & Co

F. R. N.: 025193N

Chartered Accountants


Arvind Sharma
M. N.: FCA 525962
Partner



Date : 28-05-2022

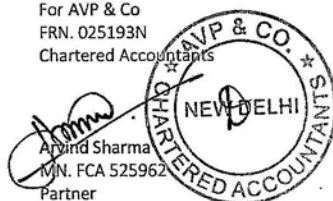
Place : New Delhi

ICAI UDIN: 22525962 ANT 456155

Particulars	Note No	As at 31 March 2022	As at 31 March 2021
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	2	1,37,23,546	29,98,362
(b) Receivables	3		
(I) Trade Receivables		46,50,030	14,49,360
(c) Loans	4	41,89,45,703	38,56,16,116
(d) Investments	5	4,74,02,49,623	4,68,43,46,961
(e) Other Financial assets	6	3,95,366	17,97,382
		<u>5,17,79,64,268</u>	<u>5,07,62,08,181</u>
(2) Non-financial Assets			
(a) Current tax assets (Net)	7	23,84,235	20,64,816
(b) Deferred tax Assets (Net)	8	2,36,90,277	2,36,62,877
(c) Property, Plant and Equipment	9	2,10,37,970	2,13,85,376
(d) Other non-financial assets	10		
		<u>4,71,12,482</u>	<u>4,71,13,069</u>
TOTAL ASSETS		<u>5,22,50,76,750</u>	<u>5,12,33,21,250</u>
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial Liabilities			
(a) Payables	10		
(I) Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises			
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		4,72,152	1,36,832
(b) Borrowings (Other than Debt Securities)	11	21,64,56,701	21,08,78,341
(c) Other financial liabilities	12		
		<u>21,69,28,853</u>	<u>21,10,15,173</u>
(2) Non-Financial Liabilities			
(a) Current tax liabilities (Net)	12		9,54,699
(b) Other non-financial liabilities	13	28,85,858	19,40,432
		<u>28,85,858</u>	<u>28,95,131</u>
(3) Equity			
(a) Equity share capital	14	10,02,22,000	10,02,22,000
(b) Other equity	15	4,90,50,40,039	4,80,91,88,946
		<u>5,00,52,62,039</u>	<u>4,90,94,10,946</u>
TOTAL EQUITY AND LIABILITIES		<u>5,22,50,76,750</u>	<u>5,12,33,21,250</u>
Significant accounting policies	1		
Notes to the financial statements	2 - 36		

In terms of our Audit Report

For AVP & Co
FRN. 025193N
Chartered Accountants



Date: 28-05-2022
Place: New Delhi

For and on behalf of the Board

Prasanna Arya
DIN 00006507
Director

Kaira Dewani
Company Secretary

Rajesh Goenka
DIN 00298227
Director

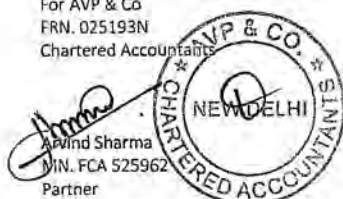
SMC Credits Limited
CIN L65910DL1992PLC049566
Statement of Profit and loss for the year ended 31 March 2022

Amount in ₹

Particulars	Note No	For the year ended 31 March 2022	For the year ended 31 March 2021
REVENUE FROM OPERATIONS			
Interest Income	16	2,16,58,203	2,25,96,990
Dividend Income	17	2,01,97,814	1,45,77,557
Net gain on fair value changes	18	7,55,860	47,64,814
Other income	19	97,72,875	96,93,939
Total Income		5,23,84,752	5,16,33,300
Expenses			
Employee benefit expense	20	7,90,343	6,10,666
Financing expenses	21	1,53,87,523	1,48,85,044
Depreciation and amortization expense	22	3,47,408	3,47,408
Other expenses	23	25,49,530	58,80,460
Total expenses		1,90,74,804	2,17,23,578
Profit before tax		3,33,09,948	2,99,09,722
Tax expense:			
Current tax		74,29,273	72,00,000
Deferred tax		(27,400)	(2,22,57,644)
Total tax expense		74,01,873	(1,50,57,644)
Profit after tax for the year		2,59,08,075	4,49,67,366
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Fair value changes on equity Instruments through OCI		6,95,58,303	2,28,82,14,472
Income tax impact thereon		(70,727)	-
Items that will be reclassified to profit or loss			
Fair value changes on debt instruments through OCI		43,282	14,790
Income tax impact thereon		-	-
Total other comprehensive income		6,95,30,858	2,28,82,29,262
Total Comprehensive Income for the year		9,54,38,933	2,33,31,96,628
Earnings per equity share:	24		
Basic		2.59	4.49
Diluted		2.59	4.49
Significant accounting policies	1		
Notes to the financial statements	2 - 36		

In terms of our Audit Report:

For AVP & Co
FRN. 025193N
Chartered Accountants



Date: 28-05-2022
Place: New Delhi

For and on behalf of the Board

Prasanna Arya
DIN 00006507
Director

Kaydon

Kaira Dewani
Company Secretary

Rajesh Goenka
DIN 00298227
Director

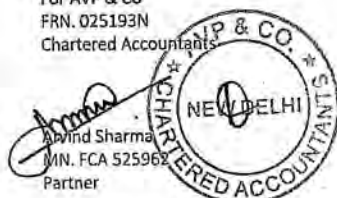
SMC Credits Limited
CIN L65910DL1992PLC049566
Cash flow statements for the year ended 31 March 2022

Amount in ₹

Particulars	Note No	For the year ended 31 March 2022	For the year ended 31 March 2021
A Cash flows from operating activities			
Profit before tax		3,33,09,948	2,99,09,722
Adjustment to reconcile profit before tax to net cash flows			
Depreciation		3,47,406	3,47,408
Operating profit before working capital changes		3,36,57,354	3,02,57,130
Movements in working capital:			
Other bank balance		-	-
Receivables		(32,00,670)	(11,74,348)
Loans		(3,33,29,587)	(1,32,36,327)
Other financial assets		14,02,016	(10,72,869)
Other non-financial assets		-	-
Trade Payable		3,35,320	5,297
Financial liabilities		55,78,360	(4,58,33,099)
Other financial liabilities		-	-
Other non-financial liabilities		9,45,426	3,60,115
Cash generated from operations		53,88,219	(3,06,94,101)
Direct taxes paid (net of refunds)		(87,74,118)	(62,65,551)
Net cash flow from operating activities		(33,85,899)	(3,69,59,652)
B Cash flows from investing activities			
Proceed from Sale/Redemption of Investments		1,66,36,976	-
Purchase of Investments (Net)		(25,25,893)	(1,70,22,234)
Net cash flow (used in) investing activities		1,41,11,083	(1,70,22,234)
C Cash flows from financing activities			
Net cash flow from financing activities		-	-
Net increase in cash and cash equivalents		1,07,25,184	(5,39,81,886)
Cash and cash equivalents at the beginning of the year		29,98,362	5,69,80,248
Cash and cash equivalents at the end of the year		1,37,23,546	29,98,362

In terms of our Audit Report

For AVP & Co
FRN. 025193N
Chartered Accountants



Avind Sharma
MN. FCA 525962
Partner

Date: 28-05-2022
Place: New Delhi

For and on behalf of the Board

Prasanna Arya
DIN 0006507
Director

Rajesh Goenka
DIN 00298227
Director

Kaira Dewanl
Company Secretary

SMC Credits Limited
CIN L65910DL1992PLC049566
Statement of Change in Equity for the year ended 31 March 2022

Amount in ₹

Particulars	Note No	A. Equity	B. Other Equity					Total
			Retained Earnings	Statutory Reserves	Impairment Reserve	Other Comprehensive Income through OCI	Debt instruments through OCI	
Balance as at 31 March 2020		10,02,22,000	25,56,31,959	5,62,68,312	60,18,884	2,15,83,48,019	(2,74,856)	2,47,59,92,318
Changes in Equity Share Capital due to prior period errors		-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period		10,02,22,000	25,56,31,959	5,62,68,312	60,18,884	2,15,83,48,019	(2,74,856)	2,47,59,92,318
Profit for the year		-	4,49,67,366	-	-	-	-	4,49,67,366
Transfer to Statutory Reserve		-	(89,93,473)	89,93,473	-	-	-	-
Transfer to Impairment Reserve		-	(9,72,95,733)	-	9,72,95,733	-	-	-
Gain on sale/redemption of Investment		-	-	-	-	-	-	-
OCI for the year before income tax		-	-	-	-	-	-	-
Balance as at 31 March 2021		10,02,22,000	19,43,10,119	6,52,61,785	10,33,14,617	2,28,82,14,472	14,790	2,28,82,29,262
Changes in Equity Share Capital due to prior period errors		-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period		10,02,22,000	19,43,10,119	6,52,61,785	10,33,14,617	4,44,65,62,491	(2,60,066)	4,80,91,88,946
Profit for the year		-	2,59,08,075	-	-	-	-	2,59,08,075
Transfer to Statutory Reserve		-	(51,81,606)	51,81,606	-	-	-	-
Transfer to Impairment Reserve		-	(1,33,318)	-	1,33,318	-	-	-
Gain on sale/redemption of Investment		-	-	-	-	-	-	-
Income tax impact on gain		-	-	-	-	4,12,160	-	4,12,160
OCI for the year before income tax		-	-	-	-	(70,727)	-	(70,727)
Balance as at 31 March 2022		10,02,22,000	21,49,03,270	7,04,43,391	10,34,47,935	6,95,58,303	43,282	6,96,01,585
						4,51,64,62,227	(2,16,784)	4,90,50,40,039
Significant accounting policies	1							
Notes to the financial statements	2 - 36							

In terms of our Audit Report

For AVP & Co

FRN: 025193N

Chartered Accountants



(Signature)
Anand Sharma
M.N. FCA 525962
Partner

Date: 28-05-2022

Place: New Delhi

For and on behalf of the Board

(Signature)
Prasanna Arya
DIN 00006507
Director

(Signature)
Rajesh Goenka
DIN 00298227
Director

(Signature)
Kaira Dewani
Company Secretary

General Information

SMC Credits Limited (the 'Company') is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956. The Company is primarily engaged in the business of non-banking financial services. The Company's registered office is at 24 Ashoka Chambers, 58 Rajinder Park, Pusa Road, New Delhi - 110060. Its shares are listed on Bombay stock exchanges in India.

The Company has been recognised as a Non-banking Financial Company as Investment Company by the Reserve Bank of India (RBI) in terms of the regulations governing Non-Banking Financial Companies and is registered thereunder.

1. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

A. BASIS OF PREPARATION OF FINANCIAL STATEMENT

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 ('the Act') read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, Schedule III of the Act and other relevant provisions of the Act read with the RBI guidelines/regulations to the extent applicable.

The financial statements have been prepared on a historical cost basis, except for following assets and liabilities which have been measured at fair value:

- i) fair value through other comprehensive income (FVOCI) instruments,
- ii) derivative financial instruments,
- iii) other financial assets held for trading,
- iv) financial assets and liabilities designated at fair value through profit or loss (FVTPL)

The financial statements are presented in Indian Rupees (INR) which is also its functional currency and all values are rounded to the nearest rupee.

B. PRESENTATION OF FINANCIAL STATEMENTS

The Company presents its Balance Sheet in order of liquidity.

The Company generally reports financial assets and financial liabilities on a gross basis in the Balance Sheet. They are offset and reported net only when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically unless they are material in nature.

The financial statements are presented in Indian Rupees (INR) which is also its functional currency and all values are rounded to the nearest rupee.

C. SIGNIFICANT AREAS OF ESTIMATION UNCERTAINTY, CRITICAL JUDGEMENTS AND ASSUMPTIONS IN APPLYING ACCOUNTING POLICIES

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities and assets) as on the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

D. REVENUE RECOGNITION AND EXPENSES

Interest Income: The Company 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 all costs and incomes attributable to acquisition of a financial asset or assumption of a financial liability and it represents a rate that exactly discounts estimated future cash payments/receipts through the expected life of the financial asset/financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. Interest on financial assets subsequently measured at fair value through profit or loss (FVTPL) is recognised at the contractual rate of interest.

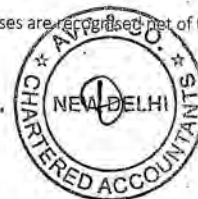
Dividend Income: Dividend income on equity shares is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Net gain on fair value changes: Financial assets are subsequently measured at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI), as applicable. The Company recognises gains/losses on fair value change of financial assets measured as FVTPL and realised gains/losses on derecognition of financial asset measured at FVTPL and FVOCI.

Recoveries of financial assets written off: The Company recognises income on recoveries of financial assets written off on realisation or when the right to receive the same without any uncertainties of recovery is established.

Taxes: Incomes are recognised net of the Goods and Services Tax, wherever applicable. Expenses are recognised net of the Goods and Services Tax, except where credit for the input tax is not statutorily permitted.

Other Income: All other items of income are accounted for on accrual basis.



E. FINANCIAL INSTRUMENTS

I. Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

II. Classifications

Financial assets

A financial asset is classified as subsequently measured at either amortised cost or fair value through other comprehensive income ('FVTOCI') or fair value through profit and loss (FVTPL), depending on the contractual cash flow characteristics of the financial assets and the Company's business model for managing the financial assets.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

Financial instruments at Amortised Cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- It is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest (SPPI test).

Financial assets at Fair Value through Other Comprehensive Income ('FVTOCI')

A financial asset is measured at FVTOCI only if both of the following conditions are met:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest (SPPI test).

Financial assets at Fair Value through Profit and Loss (FVTPL)

Any financial instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVTPL.

Equity Investments

All equity investments other than equity investments in subsidiaries / associates / joint ventures are measured at FVTOCI. These include all equity investments in scope of Ind AS 109.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost or fair value through profit or loss, as appropriate.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity Instruments issued by the Company is recognised at the proceeds received, net of directly attributable transaction costs.

III) Subsequent measurement

Amortised cost

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the EIR method of discount or premium on acquisition and fees or costs that are an integral part of the EIR and, for financial assets, adjusted for any loss allowance.

Fair Valuation

Fair value is the price that is expected to be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date or, in its absence, the most advantageous market to which the Company has access at that date.

In the absence of quoted price in an active market, the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

IV) De-recognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has



transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. The Company continues to recognise the assets on finance on books which has been securitized under pass through arrangement and does not meet the de-recognition criteria.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de-recognised) and the sum of the consideration received (including the value of any new asset obtained less any new liability assumed).

Financial liabilities

The Company de-recognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

V) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when the Company has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

VI) Impairment of Financial Assets

The Company recognises impairment allowances for Expected Credit Loss (ECL) on all the financial assets that are not measured at FVTPL:

ECL are probability weighted estimate of future credit losses based on the staging of the financial asset to reflect its credit risk. They are measured as follows:

- Stage 1: financial assets that are not credit impaired – as the present value of all cash shortfalls that are possible within 12 months after the reporting date.
- Stage 2: financial assets with significant increase in credit risk but not credit impaired – as the present value of all cash shortfalls that result from all possible default events over the expected life of the financial asset.
- Stage 3: financial assets that are credit impaired – as the difference between the gross carrying amount and the present value of estimated cash flows.

Financial assets are fully provided for or written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised as income in profit or loss.

F. FINANCIAL INSTRUMENTS

Investment in subsidiaries, associates and joint ventures The Company accounts for its investments in subsidiaries, associates and joint ventures at cost less accumulated impairment, if any.

G. LEASES

Leases are recognised as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as a Lessee

Assets used under finance leases are recognised as property, plant and equipment in the balance sheet for an amount that corresponds to the lower of fair value and the present value of minimum lease payments determined at the inception of the lease and a liability is recognised for an equivalent amount. The minimum lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Statement of Profit and Loss.

Rentals payable under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalized within property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

H. TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively



enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and incurred tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are also recognised in other comprehensive income or directly in equity respectively.

J. PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment (PPE) is recognised at cost of acquisition. PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress".

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

Transition to Ind AS

The Company has elected to continue with the carrying value of all of its property, plant and equipment and investment property recognised as of 1 April, 2018 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

J. INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost of acquisition and are stated net of accumulated amortization and accumulated impairment losses, if any.

The cost of an intangible asset includes purchase cost (net of rebates and discounts), including any import duties and non-refundable taxes, and any directly attributable costs on making the asset ready for its intended use.

K. IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

At the end of each reporting period, the Company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

L. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are translated into the functional currency of the Company at the exchange rates prevailing on the date of the transaction. The foreign currency borrowing being a monetary liability is restated to INR (being the functional currency of the Company) at the prevailing rates of exchange at the end of every reporting period with the corresponding exchange gain/loss being recognised in profit or loss.

M. PROVISIONS AND CONTINGENCIES

Provisions: Provisions are recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Provisions are determined based on best management estimate required to settle the obligation at balance sheet date.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.



Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent asset: Contingent asset being a possible asset that arises from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, is not recognized but disclosed in the financial statements.

N. CASH AND CASH EQUIVALENT

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

O. CASH FLOW STATEMENT

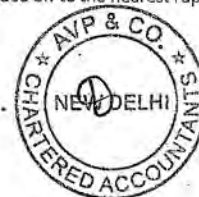
Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash future, any deferrals or accruals of past or future operating cash receipts or payments and item of expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

P. EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for the effects of dividend, interest and other charges relating to the dilutive potential equity shares by weighted average number of shares plus dilutive potential equity shares.

Q. ROUNDING OF AMOUNTS

All amounts disclosed in the financial statements and the accompanying notes have been rounded off to the nearest rupee as per the requirement of Schedule III of the Companies Act 2013, unless otherwise stated.

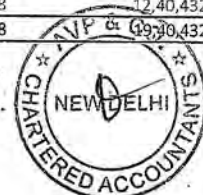


Note No	Particulars	As at 31 March 2022	As at 31 March 2021
2	Cash and cash equivalents		
	Cash in hand	21,662	21,862
	Balances with banks		
	In current accounts	7,01,884	29,76,500
	In deposits with original maturity of 3 months or less	1,30,00,000	
		<u>1,37,23,546</u>	<u>29,98,362</u>
3	Receivables		
	(Unsecured, considered good, unless stated otherwise)		
	Trade Receivables	46,50,030	14,49,360
		<u>46,50,030</u>	<u>14,49,360</u>
	* also refer Note No 33		
4	Loans (at amortised cost)		
A	Term loan	41,89,45,703	38,56,16,116
		<u>41,89,45,703</u>	<u>38,56,16,116</u>
B	Unsecured Loan	41,89,45,703	38,56,16,116
C	Loans in India		
	Public Sector		
	Others	41,89,45,703	38,56,16,116
5	Investments (other than Subsidiaries and Joint-ventures)		
A.	Investment in equity instruments (at FVTOCI)		
	Quoted		
	Fully paid up of face value ₹ 10 each		
	43 shares of Reliance Power Ltd	581	187
	Fully paid up of face value ₹ 5 each		
	822800 shares of Jay Bharat Maruti Ltd.	11,66,73,040	18,74,33,840
	7734861 shares of JBM Auto Ltd.	3,38,24,54,715	3,25,13,48,821
		<u>3,49,91,28,336</u>	<u>3,43,87,82,848</u>
	Unquoted		
	Fully paid up of face value ₹ 10 each		
	840000 shares of A to Z securities Ltd	2,86,52,400	3,58,93,200
	233000 shares of Shuklamber Exports Ltd	3,80,34,920	3,62,05,870
	3200 shares of Gurera Udyog Ltd.	35,136	35,296
	495200 shares of Focal Leasing & Credits Ltd	2,87,66,168	2,93,60,408
	1930000 shares of Neel Metal Products Ltd.	93,35,21,700	92,88,89,700
	30000 shares of Prasha Technologies Ltd	3,00,000	3,00,000
	85000 shares of Neel Industries Pvt Ltd	1,67,90,900	1,64,57,700
	217633 shares of JBM Industries Ltd.	15,55,55,363	14,79,96,969
	89300 shares of Shreeaumji Infrastructure & Projects Pvt. Ltd.	52,60,663	38,11,324
	Fully paid up of face value ₹ 100 each		
	3808 shares of NAP Investment & Leasing Pvt. Ltd	3,50,907	3,01,632
		<u>1,20,72,68,157</u>	<u>1,19,92,52,099</u>
		<u>4,70,63,96,493</u>	<u>4,63,80,34,947</u>
B.	Investment in preference shares (at FVTOCI)		
	1% non cummulative redeemable preference shares of ₹ 10 each		
	1287900 shares of Shreeaumji Infrastructure & Projects Pvt. Ltd.	78,90,785	76,10,126
	16469 shares of JBM Corporate Services Pvt. Ltd.	92,304	89,278
	2500000 shares of Faridabad Presswell Pvt. Ltd.	1,40,11,805	1,35,52,406
	1% compulsory convertible non-cumulative redeemable preference shares of ₹ 10 each		
	250000 shares of JBM Projects & Infrastructure Pvt. Ltd	14,01,180	13,55,241
		<u>2,33,96,074</u>	<u>2,25,07,051</u>



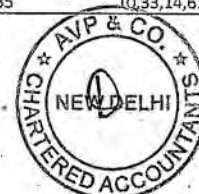
Amount in ₹

Note No	Particulars	As at 31 March 2022	As at 31 March 2021
C.	Investment in debentures (at FVTOCI) 0.001% compulsory convertible debentures of ₹ 10 each 100000 debentures of Satish Buildwell Private Limited	7,83,216 7,83,216	7,39,934 7,39,934
D.	Investment in units of Mutual Fund (at FVTPL) 48,387 (PY 46,920) units of Nippon India Liquid Fund 146,423 (PY 140,036) units of Nippon India Low Duration Fund Investment in units of Mutual Fund (at FVTOCI) Nil (PY 11402.589) units of HDFC Focused 30 Fund-Growth Nil (PY 127617.893) units of Mirae Assets Focused Fund-Growth 9557.682 units of UTI Flexi Cap Fund-Growth 6846.14 units of UTI Mid Cap Fund-Growth Nil (PY 2948.343) units of UTI Ultra Short Term Fund-Growth	73,971 1,47,750 - - 23,41,374 12,39,006 38,02,101	71,747 1,41,526 10,26,347 20,26,572 20,43,719 10,10,353 1,00,65,655 1,63,85,919
E.	Investment through PMS (at FVTPL) In Equity Shares Investment at FVTOCI Investment at FVTPL	58,71,739 58,71,739 4,74,02,49,623 4,73,07,97,504 94,52,119	65,79,110 65,79,110 4,68,43,46,961 4,66,15,95,205 2,27,51,756
6	Other Financial assets Interest receivable on loans Security deposits Inventories of Stock of Shares (at FVTPL) Other balance with PMS	- 5,280 2,300 3,87,786 3,95,366	3,68,099 5,280 2,300 14,21,703 17,97,382
7	Current tax assets (Net) Non-Current tax assets (Net)	21,67,967 23,84,235	20,64,816 20,64,816
8	Deferred tax assets (net) On account of timing difference in Property, plant and equipment Impairment reserve Movement in deferred tax Charged to Profit and Loss Statement	21,389 2,36,68,888 2,36,90,277 (27,400) (27,400)	24,493 2,36,38,384 2,36,62,877 (2,22,57,644) (2,22,57,644)
10	Trade payables Due to micro enterprises and small enterprises (also refer Note 33) Due to others	4,72,152 4,72,152	1,36,832 1,36,832
11	Borrowings (Other than Debt Securities) Loans repayable on demand (at amortised cost) From bank and financial institution From Others	5,73,35,442 15,91,21,259 21,64,56,701	4,60,71,112 16,48,07,229 21,08,78,341
12	Current tax liabilities (Net) Current tax liabilities (Net)	- -	9,54,699 9,54,699
13	Other non-financial liabilities Security Deposit Payable to statutory authorities	7,00,000 21,85,858 28,85,858	7,00,000 12,40,432 49,30,432

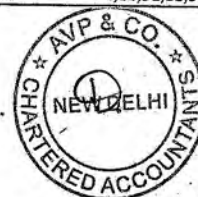


Note No	Particulars	As at 31 March 2022	As at 31 March 2021
14	Equity Share capital		
a	Authorised 1,10,00,000 Equity Shares of ₹ 10 each	11,00,00,000	11,00,00,000
b	Issues, subscribed and fully paid-up in cash: 1,00,22,200 Equity Shares of ₹ 10 each	10,02,22,000	10,02,22,000
c	Reconciliation of Shares Outstanding	10,02,22,000	10,02,22,000
	Particulars	Number of Shares	Amount in ₹
	As at 31 March 2021	1,00,22,200	10,02,22,000
	Issued during the financial year 2021-2022		
	As at 31 March 2022	1,00,22,200	10,02,22,000
d	Equity Shares held by shareholders holding more than 5% shares		
	Name of Shareholder	No. of Shares held	%age of Holding
	As at 31 March 2022		
	Shuklamber Exports Limited	14,93,300	14.90%
	Focal Leasing & Credits Limited	14,01,200	13.98%
	A To Z Securities Ltd.	14,03,100	14.00%
	Amity Infotech Pvt. Ltd.	14,03,100	14.00%
	Zeal Impex & Traders Private Limited	13,59,900	13.57%
	IBM International Ltd.	9,52,100	9.50%
	There is no change in shareholders and their shareholding during the financial year.		
e	Terms/Rights attached to Equity Shares		
	The Company has only one class of Equity Shares having a par Value of ₹ 10 per Share. In the event of Liquidation of the company, the holders of Equity Shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
g	Shareholding of Promoters		
	Promoter name	No. of Shares	% of total shares
	As at 31 March 2022		% Change during the year
	Focal Leasing & Credits Limited	14,01,200	13.98%
	As at 31 March 2021		
	Focal Leasing & Credits Limited	14,01,200	13.98%
15	Other equity		
a	Retained Earnings/(Deficit)		
	Opening Balance	19,43,10,119	25,56,31,959
	Add: Profit for the year	2,59,08,075	4,49,67,366
	Less: Transfer to Impairment Reserve	(1,33,318)	(9,72,95,733)
	Less: Transfer to Statutory Reserve	(51,81,606)	(89,93,473)
	Closing Balance	21,49,03,270	19,43,10,119
b	Statutory reserve u/s 45-IC of RBI Act		
	Opening Balance	6,52,61,785	5,62,68,312
	Addition during the Year	51,81,606	89,93,473
	Closing Balance	7,04,43,391	6,52,61,785
c	Impairment Reserve *		
	Opening Balance	10,33,14,617	60,18,884
	Addition during the Year	1,33,318	9,72,95,733
	Closing Balance	10,34,47,935	10,33,14,617

* also refer Note No. 26



Note No	Particulars	As at	As at
		31 March 2022	31 March 2021
d	Other reserves		
	Debt Instrument FVTOCI		
	Opening Balance	(2,60,066)	(2,74,856)
	OCI for the year before income tax	43,282	14,790
	Closing Balance	(2,16,784)	(2,60,066)
	Equity Instrument FVTOCI		
	Opening Balance	4,44,65,62,491	2,15,83,48,019
	OCI for the year before income tax	6,95,58,303	2,28,82,14,472
	Gain on sale/redemption of Investment	4,12,160	
	Income tax impact on gain	(70,727)	
	Closing Balance	4,51,64,62,227	4,44,65,62,491
		4,90,50,40,039	4,80,91,88,946



SMC Credits Limited
CIN L65910DL1992PLC049566
Notes to financial statements

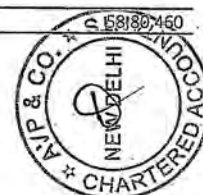
Note No. 9: Property, plant and equipment

Current Year		Gross Block		Depreciation		Net Block	
Particulars	As at 01 April 2021	As at 31 March 2022	As at 01 April 2021	for the year adjustment	As at 31 March 2022	As at 31 March 2021	As at 31 March 2021
Tangible Assets							
Land	56,38,400	56,38,400	-	-	-	56,38,400	56,38,400
Building	2,18,15,378	2,18,15,378	-	-	-	1,53,48,236	1,56,91,500
Furniture & Fixture	5,63,195	5,63,195	61,23,878	3,43,264	64,67,142	35,501	39,645
Office Equipment	3,16,605	3,16,605	5,23,550	4,144	5,27,694	15,831	15,831
			3,00,774	-	3,00,774		
Total	2,83,33,578	2,83,33,578	69,48,202	3,47,408	72,95,610	2,10,37,968	2,13,85,376
Previous Year	2,83,33,578	2,83,33,578	66,00,794	3,47,408	69,48,202	2,13,85,376	2,17,32,784

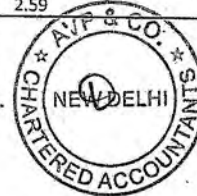


Amount in ₹

Note	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
16	Interest Income		
	Interest on loans (at amortised cost)	2,16,36,958	2,23,33,185
	Interest on deposits with banks (at amortised cost)	21,245	2,63,805
		<u>2,16,58,203</u>	<u>2,25,96,990</u>
17	Dividend Income		
	Dividend Income	2,01,97,814	1,45,77,557
		<u>2,01,97,814</u>	<u>1,45,77,557</u>
18	Net gain/(loss) on fair value changes		
	Net gain/(loss) on financial instruments at fair value through profit or loss		
	On trading portfolio		11,257
	On financial instruments designated at FVTPL	7,55,860	47,53,557
		<u>7,55,860</u>	<u>47,64,814</u>
	Fair Value changes:		
	Realised	32,51,629	18,47,125
	Unrealised	(24,95,769)	*29,17,689
		<u>7,55,860</u>	<u>47,64,814</u>
19	Other Income		
	Rent Received	97,72,875	96,93,939
	Interest on Income Tax Refund		
		<u>97,72,875</u>	<u>96,93,939</u>
20	Employee benefit expense		
	Salaries and wages	6,44,375	6,09,954
	Staff welfare	4,368	712
	Directors sitting fees	1,41,600	
		<u>7,90,343</u>	<u>6,10,666</u>
21	Financing expenses		
	Interest on loans	1,53,87,523	1,48,85,044
		<u>1,53,87,523</u>	<u>1,48,85,044</u>
22	Depreciation and amortization expense		
	Depreciation on tangible assets	3,47,408	3,47,408
		<u>3,47,408</u>	<u>3,47,408</u>
23	Other expenses		
	Travelling and conveyance	5,39,087	67,798
	Printing and stationery	1,207	
	Rent	1,08,000	1,08,000
	Rates and taxes	1,77,508	1,99,239
	Property Tax	1,43,986	1,02,361
	Advertisement	19,908	28,728
	Legal and professional	8,96,602	12,16,780
	Computer & data processing expenses	4,012	4,000
	Office Repairs and maintenance	1,89,549	1,77,232
	Depository charges		25,546
	Listing Fee	3,54,000	38,94,000
	Bank charges	2,261	6,280
	Miscellaneous	14,638	10,140
	Website expenses	14,160	14,160
	Auditors remuneration		
	As audit fee	64,900	26,196
		<u>25,49,530</u>	<u>25,88,460</u>

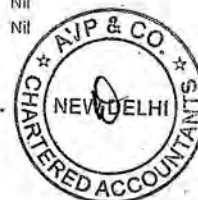


Note	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
24	Earning Per Share		
	Net profits attributable to Equity Shareholders (₹)		
	Weighted Average No. of Equity Shares	2,59,08,075	4,49,67,366
	For Basic EPS	1,00,22,200	1,00,22,200
	For Diluted EPS	1,00,22,200	1,00,22,200
	Nominal Value per share (₹)	10	10
	Basic EPS (₹)	2.59	4.49
	Diluted EPS (₹)	2.59	4.49



- 25 (A) Statement in pursuance of NBFC Auditor's Report (Reserve Bank) Directions, 2016:
- The Company has obtained a Certificate of Registration (CoR) from the Reserve Bank of India.
 - The Company has financial assets and financial income more than 50% of total assets and total income respectively and therefore it is entitled to continue to hold CoR.
 - The Company has met the requirement of minimum Net Owned Fund (NFO) of Rs. 2 crore.
 - (i) The Board of Directors has passed a resolution for the non-acceptance of any public deposits.
 - (ii) The Company has not accepted any public deposit during the year and
 - (iii) The Company has complied with the prudential norms relating to income recognition, accounting standard, assets classification and provisioning for bad and doubtful debts as applicable to it.
- (B) Schedule in terms of paragraph 13 of Non-Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

Particulars		Amount in ₹	
Liabilities Side;		Amount Outstanding	Amount Overdue
(1)	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid :		
a)	Debentures		
	: Secured	Nil	Nil
	: Unsecured	Nil	Nil
	(other than falling within the meaning of public deposits)		
b)	Deferred credits	Nil	Nil
c)	Term loans	Nil	Nil
d)	Inter-corporate loans & borrowings	21,64,56,701	Nil
e)	Commercial paper	Nil	Nil
f)	Public deposits	Nil	Nil
g)	Other loans –		
	i) Working capital loans from banks	Nil	Nil
	ii) Security deposit for corporate guarantee	Nil	Nil
	iii) Unsecured loans	5,73,35,442	Nil
(2)	Break-up of (1)(f) above (outstanding public deposits inclusive of interest accrued thereon but not paid) :		
a)	In the form of unsecured debentures :	Nil	Nil
b)	In the form of partly secured debentures i.e., debentures where there is a shortfall in the value of security	Nil	Nil
c)	Other public deposits	Nil	Nil
Assets Side;		Amount Outstanding	
(3)	Break-up of Loans and advances including bills receivables [other than those included in (4) below :]		
a)	Secured	Nil	
b)	Unsecured	41,89,45,703	
(4)	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
i)	Lease assets including lease rentals under sundry debtors		
a)	Financial lease	Nil	
b)	Operating lease	Nil	
ii)	Stock on hire including hire charges under sundry debtors :		
a)	Assets on hire	Nil	
b)	Repossessed assets	Nil	
iii)	Hypothecation loans counting towards EL / HP activities		
a)	Loans where assets have been repossessed	Nil	
b)	Loans other than (a) above	Nil	

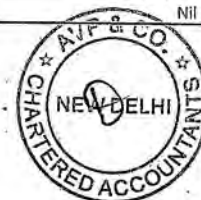


Assets Side;		Amount Outstanding
(5)	Break-up of Investments :	
1.	Quoted:	
i)	Shares:	
	a) Equity	3,49,91,28,336
	b) Preference	Nil
ii)	Debtentures and Bonds	Nil
iii)	Units of mutual funds	38,02,101
iv)	Government Securities	Nil
v)	Others (please specify)	
	PMS	58,71,739
2.	Unquoted	
i)	Shares:	
	a) Equity	1,20,72,68,157
	b) Preference	2,33,96,074
ii)	Debtentures and Bonds	7,83,216
iii)	Units of mutual funds	Nil
iv)	Government Securities	Nil
v)	Others (please specify)	Nil

(6) Borrower group-wise classification of all leased assets, stock-on hire and loans and advances		Amount net of provisions		
Category		Secured	Unsecured	Total
1.	Related Parties			
a)	Subsidiaries	Nil	Nil	Nil
b)	Companies in the same group	Nil	Nil	Nil
c)	Other related parties	Nil	Nil	Nil
2.	Other than related parties		41,89,45,703	41,89,45,703
Total		Nil	41,89,45,703	41,89,45,703

(7) Investor group-wise classification of all investments in shares and securities (both quoted and unquoted)		Market Value / Break up or fair value or NAV	Book value (net of provision)
Category			
1.	Related Parties		
a)	Subsidiaries	Nil	Nil
b)	Companies in the same group	Nil	Nil
c)	Other related parties	Nil	Nil
2.	Other than related parties	4,74,02,49,623	4,74,02,49,623
Total		4,74,02,49,623	4,74,02,49,623

(8) Other Information		Amount
Particulars		
i)	Gross Non-Performing Assets	
	a) Related parties	Nil
	b) Other than related parties	10,21,80,876
ii)	Net Non-Performing Assets	
	a) Related parties	Nil
	b) Other than related parties	10,21,80,876
iii)	Assets acquired in satisfaction of debt	Nil



- 26 The Company has recognised impairment loss on loans and other financial assets based on the expected credit loss (ECL) model as required by Ind AS 109 read with notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/ 2019-20 Dated 13 March 2020 issued by Reserve Bank of India on Implementation of Indian Accounting Standards. Vide para 2(b) of annexure to the notification, where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), NBFCs/ARCs shall appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'. Consequently, loans and other financial assets have been stated at fair value adjusted with impairment loss, if any, and short/excess amount has been debited/credited to

Comparison between provisions required under Income recognition, asset classification and provisioning (IRACP) and impairment allowances as per Ind AS 109 'Financial Instruments' as of 31 March 2022

Asset classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowance (Provisions) as required under Ind AS 109	Net carrying amount	Provision required as per IRACP norms	Difference between Ind AS 109 provision and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3) - (4)	(6)	(7) = (4) - (6)
(a) Performing Assets Standard	Stage 1	31,67,64,827	-	31,67,64,827	12,67,059	(12,67,059)
(b) Non Performing Assets (NPA) Doubtful upto 1 year	Stage 1	10,21,80,876	-	10,21,80,876	10,21,80,876	(10,21,80,876)
Total (a+b)		41,89,45,703	-	41,89,45,703	10,34,47,935	(10,34,47,935)

- 27 Contingent liabilities and commitments (to the extent not provided for):-

Particulars	As at 31 March 2022	As at 31 March 2021
Income Tax matters	42,14,184	42,14,184

- 28 Fair values

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The management assessed that investments, cash and cash equivalents, trade receivables, short term borrowings, trade payables and short term financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

- 29 Financial risk management objectives and policies

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include cash and cash equivalents that derive directly from its operations.

The Company is exposed to various financial risk such as market risk, credit risk and liquidity risk. The Company's senior management has assigned the responsibility to oversee the management of these risks to its treasury team. The treasury team assesses the financial risks and takes appropriate action to mitigate those risks. The treasury team provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

- a. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include loans and borrowings and security deposits.

The sensitivity analyses in the following sections relate to the position as at 31 March 2022 and 31 March 2021.



The analyses exclude the impact of movements in market variables on: the carrying values of gratuity, other post-retirement obligations and other provisions.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2022 and 31 March 2021.

b. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any obligations with floating rate of interest. Accordingly, the Company is not exposed to interest

c. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). The Company do not have any significant exposure to foreign currency risks as there are no significant foreign currency denominated assets / liabilities.

d. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its financing activities, including deposits with banks and financial institutions and other financial instruments.

Balances with banks

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2022 and 31 March 2021 is the carrying amounts of balances with banks.

e. Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of long term bank loans, short term borrowings and finance leases etc. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade payables						
Year ended 31 Mar 2022	-	4,72,152	-	-	-	4,72,152
Year ended 31 Mar 2021	-	1,36,832	-	-	-	1,36,832
Borrowings						
Year ended 31 Mar 2022	21,64,56,701	-	-	-	-	21,64,56,701
Year ended 31 Mar 2021	21,08,78,341	-	-	-	-	21,08,78,341

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A.

Capital management

Objectives, policies and processes of capital management

For the purpose of the Company's capital management, capital includes issued equity capital and other equity attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a debt-equity ratio, which is net debt divided by total equity. The Company includes within net debt, interest bearing loans and borrowings less cash and cash equivalents.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.



No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 31 March

B. Analytical Ratios

The Company is a Non Core Investment Company (CIC), not accepting deposit from public and is a non-systemically important NBFC. The company is not exposed to any regulatory imposed capital requirements. Thus, the following analytical ratios are not applicable to the Company:

- i) Capital to risk-weighted assets ratio (CRAR)
- ii) Tier I CRAR
- iii) Tier II CRAR
- iv) Liquidity Coverage Ratio

31 Related Party Transactions

A. List of Related Parties

Name of Related Parties	Nature of Relationship
Prasahesh Arya	Director
Rajesh Goenka	Director
Harsh Priya Arya	Director
Jyoti Rajshree	Director
Kaira Dewani	Company Secretary

B. Significant Transactions with Related Parties:

Nature of Transaction	For the year ended 31 March 2022	For the year ended 31 March 2021
Salary Expenses Rajesh Goenka	5,90,519	
Sitting Fees Jyoti Rajshree	1,20,000	
Legal and Professional Fees Kaira Dewani	30,000	

C. Balance Outstanding:

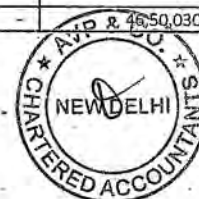
Nature of Transaction	As at 31 March 2022	As at 31 March 2021
Trade Payable (also refer Note No 10)	12,000	

32 The company has initiated the process of identification of suppliers registered under Micro, Small and Medium Enterprise Development Act, 2006, by obtaining confirmations from all suppliers. Information has been collected only to the extent of information received as at balance sheet date. Based on the information available with the company, there are no suppliers who are registered as micro, small or medium enterprise under "The Micro, Small and Medium Enterprises Development Act 2006" as at 31 March 2022.

33 Ageing for trade receivables and trade payables

A. Trade Receivables as on 31 March 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered	46,50,030					46,50,030
(ii) Undisputed Trade Receivables – which have significant increase in credit	-					
(iii) Undisputed Trade Receivables – credit	-					
(iv) Disputed Trade Receivables – considered	-					
(v) Disputed Trade Receivables – which have significant increase in credit risk	-					
(vi) Disputed Trade Receivables – credit impaired	-					
Total	46,50,030					46,50,030



Trade Receivables as on 31 March 2021

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered	14,49,360	-	-	-	-	14,49,360
(ii) Undisputed Trade Receivables – which have significant increase in credit	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Total	14,49,360	-	-	-	-	14,49,360

B Trade Payable as on 31 March 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Amount not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-
(ii) Others	-	4,64,402	7,750	-	-	4,72,152
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	-	4,64,402	7,750	-	-	4,72,152

Trade Payable as on 31 March 2021

Particulars	Outstanding for following periods from due date of payment					Total
	Amount not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-
(ii) Others	-	1,36,832	-	-	-	1,36,832
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	-	1,36,832	-	-	-	1,36,832

34 Additional Regulatory Information

- All the title deeds of the immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) is held in the name of the company.
- The Company has not granted Loans or Advances in the nature of loans are granted to promoters, Directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, that are repayable on demand or without specifying any terms or period of repayment.
- The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- The company does not have any borrowings from banks or financial institutions on the basis of security of current assets or otherwise.
- The Company is not declared as a willful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof or other lender in accordance with the guidelines on willful defaulters issued by the Reserve Bank of India.
- The Company does not have any transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the financial year.
- The Company does not have any charges or satisfaction which is yet to be registered with The Registrar of Companies (ROC) beyond the statutory period.



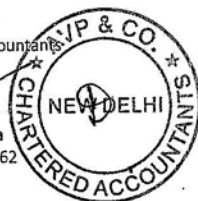
- viii) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- ix) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- x) The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- xi) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- 35 Significant accounting judgements, estimates and assumptions
- The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. These include recognition and measurement of financial instruments, estimates of useful lives and residual value of Property, Plant and Equipment and intangible assets, valuation of inventories, measurement of recoverable amounts of cash-generating units, measurement of employee benefits, actuarial assumptions, provisions etc.
- Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The Company continually evaluates these estimates and assumptions based on the most recently available information. Revisions to accounting estimates are recognized prospectively in the Statement of Profit and Loss in the period in which the estimates are revised and in any future periods affected.
- Judgments**
- In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:
- Estimates and assumptions**
- The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.
- 36 Previous year's figures have been rearranged and re-grouped wherever found necessary to make comparable with those of the current year and the figures has been rounded off to the nearest to rupee.

In terms of our Audit Report

For AVP & Co
FRN. 025193N
Chartered Accountants

Arvind Sharma
MN. FCA 525962
Partner

Date: 28-05-2022
Place: New Delhi



For and on behalf of the Board

Prasanna Arya
DIN 0006507
Director

Rajesh Goenka
DIN 00298227
Director

Kaira Dewani
Company Secretary

MATERIAL DEVELOPMENTS

Except as stated in this Letter of Offer and as disclosed below, to our knowledge, no circumstances have arisen since March 31, 2022 which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities.

ACCOUNTING RATIO AND CAPITALISATION STATEMENT

ACCOUNTING RATIO

Following are the Key Accounting Ratios for the Financial year ended March 31, 2022 and March 31, 2021

Brief Financial Information:

Particulars	March 31, 2022 (audited)	March 31, 2021 (audited)
Earnings per share (Basic and Diluted) (in ₹)	2.59	4.49
Return on Net worth (%)	5.30%	9.71%
Net Asset Value per share (in ₹)	48.79	46.21
EBITDA (in ₹ lakhs)	490.45	451.42
EBITDA (in %)	115%	107.64%

Formula:

- Earnings Per Share (₹):** Net Profit after tax for the year attributable to Equity Shareholders divided by weighted average no of equity shares outstanding during the period.
- Return on Net Worth (%):** Net Profit after tax for the year attributable to Equity Shareholders divided by Net Worth at the end of the period multiplied by 100.
- Net Asset Value Per Share (₹):** Net Assets as at the yearend/ period end divided by total number of equity shares outstanding at the end of the period.
- EBITDA (in lacs):** Profit before tax plus finance costs plus depreciation and amortisation expense less interest income.
- EBITDA (%):** $[\text{EBITDA} / (\text{Revenue})] * 100$

CAPITALISATION STATEMENT

The following table sets forth the capitalisation statement of our Company (i) derived from the Audited Financial Statements; and (ii) as adjusted for the Issue:

(₹ in lakhs)		
Particulars	Pre issue as at March 31, 2022	Adjusted for the proposed Issue
Total Borrowings		
Current liabilities borrowings (A)	4.72	[●]
Non-current liabilities borrowings (B)	2,164.57	[●]
Current maturities of long-term borrowings (C)	0.00	[●]
Total Borrowings (D) [A + B + C]	2,169.3	[●]
Total equity		
Equity share capital (E)	1,002.22	[●]
Other equity (F)	49,050.40	[●]
Minority Interest (G)	0.00	[●]
Total equity (H) [E + F + G]	50,052.62	[●]
Total equity and borrowings [D + H]	52,221.92	[●]
Ratio: Non-current liabilities-borrowings (including current maturities of long-term borrowings)/ Total equity [(B + C) / H]	0.0432:1	[●]
Ratio: Total Borrowings / Total equity [D / H]	0.0433:1	[●]

STOCK MARKET DATA FOR SECURITIES OF OUR COMPANY

The Equity Shares are listed on BSE. The Equity Shares being issued pursuant to this Issue, have not been listed earlier and will be listed on the Stock Exchange pursuant to this Issue. For further details, see “*Terms of the Issue*” on page 69. We have received in-principle approvals for listing of the Equity Shares to be issued pursuant to this Issue from BSE by letter dated [●]. Our Company will also make applications to BSE to obtain the trading approval for the Rights Entitlements as required under the SEBI Rights Issue Circulars. For the purposes of the Issue, the Designated Stock Exchange is BSE.

For the purpose of this section, unless otherwise specified:

- A year is a Financial year;
- Average price is the average of the daily closing prices of the Equity Shares for the year, or the month, as the case may be;
- High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares, as the case may be, for the year, or the month, 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 shares are not traded on the BSE Limited for the previous three calendar years i.e. 2022, 2021 and 2020

The shares are not traded on the BSE Limited for the last six months preceding the date of filing of this Letter of Offer

The shares are not traded on the BSE Limited for the last four weeks preceding the date of filing of this Letter of Offer

The equity shares were not traded on BSE Limited one day prior to the date of the meeting in which the Board has approved issue of shares on Rights Basis.

The Issue Price of ₹ 10/- per Equity Share has been arrived at in consultation between our Company and the Lead Manager prior to the determination of the Record Date.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS

Unless otherwise specifically mentioned, the following discussion should be read together with the information in the section titled "Summary Financial Information", and our financial statements for the fiscal years ended March 31, 2022 and 2021 along with the related schedules thereto, included in the section titled "Financial Information" beginning on page 53.

Our summary statements of assets and liabilities as at March 31, 2022 and March 31, 2021 and the statements of profit and loss (including other comprehensive income), cash flow statement and changes in equity for the year ended March 31, 2022 and March 31, 2021 of the Company together with the summary statement of significant accounting policies, and other explanatory information thereon, derived from audited financial statements as at and for the year ended March 31, 2022 and March 31, 2021 prepared in accordance with the Ind AS, read with the Companies (Indian Accounting Standards) Rules, 2015 and the Guidance Note on "Reports in Company Prospectuses (Revised 2019)" issued by ICAI. Ind AS differs in certain respects from IFRS and U.S. GAAP and other accounting principles with which prospective investors may be familiar. Accordingly, the degree to which the financial statements included in this Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. 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 year ends on March 31 of each year. Accordingly, references to "Fiscal 2022" and "Fiscal 2021", are to the 12-month period ended March 31 of the relevant year.

Statements contained in this discussion that are not historical facts may be forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions that could cause actual results to differ materially from those forward-looking statements. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by us or any other person, or that these results will be achieved or are likely to be achieved. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors and contingencies that could affect our financial condition, results of operations and cash flows. You are also advised to read the sections titled "Forward-looking Statements" and "Risk Factors" on pages 11 and 15, respectively, which discuss a number of factors or contingencies that could affect our business, financial condition and results of operations. You are cautioned not to place undue reliance on these forward-looking statements.

OVERVIEW

We are a Non-Deposit taking Non-Banking Financial Company (NBFC-ND) registered with RBI to carry on the NBFI activities under Section 451A of the Reserve Bank of India Act, 1934 bearing Registration no. 14.00573. We are engaged in catering to the financial services to our customers directly through our own Company.

Our Company was incorporated on July 15, 1992 as Meetu Finance Private Limited under the Companies Act, 1956. The name of our Company was change from Meetu Finance Private Limited to SMC Credits Private Limited on June 08, 1995. Subsequently the name of our Company was change from SMC Credits Private Limited to SMC Credits Limited on July 12, 1995. We have got certificate of Commencement of Business as an NBFC from RBI on March 27, 1998.

Our Company is promoted by Focal Leasing and Credits Limited. As an NBFC we involved in providing financial services and not accepting any public deposits.

PRESENTATION OF FINANCIAL INFORMATION

Our Ind AS summary statements of assets and liabilities as at March 31, 2022 and March 31, 2021, and the Ind AS summary statement of profit and loss (including other comprehensive income), cash flows and changes in equity for the years ended March 31, 2022 and March 31, 2021, together with the summary of significant accounting policies and explanatory information thereon (collectively, the "**Financial Statements**"), have been derived from our audited financial statements as at and for the year ended March 31, 2022 and March 31, 2021 are prepared in accordance with Ind AS and the ICAI Guidance Note.

Significant Factors affecting our Results of Operations

To our knowledge and belief, no circumstances other than as those disclosed in this Letter of Offer have arisen since

the date of the last financial statements contained in this Letter of Offer which materially affect or are likely to affect, the trading and profitability of our Company, or the value of our assets or our ability to pay material liabilities within the next 12 months.

Factors that may affect results of the operations

The following important factors could cause actual results to differ materially from the expectations include among others:

- Impact of COVID-19 on our results of operations and financial condition;
- General economic and business conditions;
- Volatility in financial market;
- Increasing Competition in the Industry;
- Changes in the value of the Indian rupee and other currencies;
- Changes in laws and regulations that apply to the industry;
- Changes in fiscal, economic and political conditions in India;
- Changes in the foreign exchange control regulations, interest rates, and tax laws in India

Results of Operation

Particulars	Fiscal			
	2022		2021	
	(Rs.in lakhs)	% of total Income	(Rs.in lakhs)	% of total Income
INCOME				
Interest Income	216.58	41.34	225.97	43.76
Dividend Income	201.98	38.56	145.78	28.23
Net gain on fair value changes	7.56	1.44	47.65	9.23
Revenue from Operations	426.12	81.34%	419.40	81.23%
Other Income	97.73	18.66	96.94	18.77
Total Revenue	523.85	100.00	516.34	100.00
EXPENDITURE				
Employee Costs	7.90	1.51	6.11	1.18
Finance Costs	153.88	29.37	148.85	28.83
Depreciation and Amortisation Expense	3.47	0.66	3.47	0.67
Other Expenses	25.50	4.87	58.80	11.39
Total Expenses	190.75	36.41	217.23	42.07
Profit/(Loss) before exceptional item	333.10	63.59	339.15	65.68
Profit/(Loss) after exceptional item	333.10	63.59	339.15	65.68
Tax Expenses	74.02	14.13	-150.58	-29.16
Current Tax	74.29	14.18	72.00	13.94
Deferred Tax	-0.27	-0.05	-222.58	-43.11
Profit/(Loss) for the year after Tax	259.08	49.46	489.73	94.85
Other Comprehensive Income	695.31	132.73	22,882.29	4,431.63
Total Comprehensive Income for the year	954.39	182.19	23,372.02	4,526.48

Discussion on the Results of Operation

Fiscal Year 2022 compared to Fiscal Year 2021

Revenue from Operations

Our revenue from operations increased by ₹ 6.72 lakhs or 0.12%, from ₹ 419.40 lakhs in Fiscal 2021 to ₹ 426.12 in Fiscal 2022 due to the investments made and dividends received, maturity of Fixed Deposits and utilization of same.

Other Income

Our other income increased by ₹ 0.79 lakhs from ₹ 96.94 lakhs in Fiscal 2021 to ₹ 97.73 lakhs in Fiscal 2022, has increased due to periodical rental increase as per terms of the agreement.

Employees benefits expense

Our employees benefits expense increased by ₹ 1.79 lakhs or 0.32%, from ₹ 6.11 lakhs in Fiscal 2021 to ₹ 7.90 lakhs in Fiscal 2022. During the Fiscal 2022, new Independent Director has been appointed which increased the expense and the impact is due to annual increment.

Finance Cost

Our finance cost increased by ₹ 5.03 lakhs or 0.55%, from ₹ 148.85 lakhs in Fiscal 2021 to ₹ 153.88 lakhs in Fiscal 2022 due to increase in borrowings which resulted in higher interest cost.

Depreciation and Amortisation Expense

Our Depreciation and Amortisation Expense has remain same in both the financial years, i.e ₹ 3.7 lakhs. During the Fiscal 2022, Depreciation is charged on Building and Furniture on Straight Line Method basis and hence the cost is same.

Other Expenses

Our other expense decreased by ₹ 33.30 lakhs or 6.52%, from ₹ 58.50 lakhs in Fiscal 2021 to ₹ 25.50 lakhs in Fiscal 2022. During the Fiscal 2022, shares were suspended and the cost incurred for re-instatement and start of trading approx 34 Lakhs.

RELATED PARTY TRANSACTIONS

For Related Party Transactions please refer Financial Statements on page 53 of the Letter of Offer.

Significant factors affecting our results of operations

The World Health Organization declared the 2019 novel coronavirus (“COVID-19”) outbreak a public health emergency of international concern on January 30, 2020, and a pandemic on March 11, 2020.

Several countries’ governments imposed increasingly stringent restrictions to help avoid, or slow down, the spreading of COVID-19.

In India, the Government of India initially announced a 21-day country-wide lockdown starting from March 24, 2020, in a bid to contain the spread of the novel coronavirus. This was further extended in several phases with certain modifications and relaxations, till date, and there can be no assurance that this lockdown will not be extended further or re-intensified on one or more occasions. While various parts of the world, including India, have commenced calibrated easing of lockdown measures, the effects of the eventual outcome remain uncertain and contingent on the future path of the pandemic and the effectiveness of the measures to counter it.

Due to COVID-19 pandemic, our Business was severely affected, because most of the principal lenders i.e. Banks and other Financial Institutions had drastically reduced their business. However, most of the companies have now resumed their operations and we expect to extend our business at Pre COVID level very soon.

In an effort to contain the effect of COVID-19, the RBI issued guidelines on March 27, 2020 and April 17, 2020, which had a higher impact on the financial services sector. Under these guidelines, all standard loans, whose instalments were due during a period of three months, i.e. from March 1, 2020 to May 31, 2020, were eligible for moratorium. This was subsequently extended by another period of three months, i.e. until August 31, 2020.

Accordingly, banks and other financial institutions were permitted to provide a moratorium of three months to be extended for another three months for all term loan instalments which were due for payment. In line with these guidelines, we provided an option of moratorium to eligible borrowers, even if overdue, as on February 29, 2020, on the payment of all principal amounts and/ or interest, as applicable, falling due between March 1, 2020 to August 31, 2020. This resulted in a decline in our collections during such period.

For further details in relation to the impact of COVID 19, see “Risk Factors” beginning on page 15.

Apart from the significant impact of COVID-19 factors on our operations as mentioned above, an analysis of reasons for the changes in significant items of income and expenditure is given hereunder:

- 1) **Seasonality of Business** - Our business is not seasonal in nature.
- 2) **Unusual or infrequent events or transactions** - There have been no other events or transactions that, to our knowledge, may be described as “unusual” or “infrequent”.
- 3) **Significant economic/regulatory changes that materially affected or are likely to affect income from continuous operations** - Our business of giving loans & advances and acting as Direct Selling Agent are dependent on the conditions in the Capital Market as well as Debt Market, the regulatory environment & on general economic conditions in the market we operate.
- 4) **Known trends or uncertainties** - To our knowledge, there are no other known factors, which we expect to have a material adverse impact on our revenues or income from continuing operations.
- 5) **Future relationship between costs and revenues** - There are no known factors affecting the future relationship between expenditure and income that will have a material adverse impact on the operations and finances of our Company.
- 6) **Dependence on a single or few customers** - Our revenue is dependent on few customers.
- 7) **Competitive Conditions** - Please refer to the sections “Business Overview” and “Risk Factors” on pages 37 and 15 respectively, of this Letter of Offer, for discussions regarding competition.

COMPETITIVE CONDITIONS

We operate in a competitive environment. See sections, “*Business overview*” and “*Risk Factors*” on pages 37 and 15 respectively of the Letter of Offer.

SIGNIFICANT DEVELOPMENTS AFTER MARCH 31, 2022 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS

Except as disclosed in the section titled “*Material Developments*” on page 54 and elsewhere in this Letter of Offer, to our knowledge no circumstances have arisen since March 31, 2022, that could materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months

FINANCIAL INDEBTEDNESS

Our Company avails of credit facilities in the ordinary course of business for the purposes of refinancing of existing loans and working capital requirements. Pursuant to a Shareholders' resolution dated December 28, 2020, the Board has been authorised to make borrowing from time to time as they may think fit, any sum or sums of money, together with the money already borrowed by the Company, in Indian rupees or equivalent thereof in any foreign currency(ies), on such terms and conditions as the Board may deem fit, (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid up capital of the Company and its free reserves provided that the total amount so borrowed or raised shall not at any time exceed ₹ 500 crores, whether domestic or international, whether the same may be secured or unsecured and if secured, whether by way of mortgage, charge, hypothecation, pledge or otherwise in any manner whatsoever, on, over in any respect of all, or any of the Company's assets and effects or properties, movable and / or immovable, (both present and future) and/or any other assets or properties, either tangible or intangible), including stock in trade.

Set forth below is a brief summary of the Company's aggregate borrowings, on a consolidated basis, as of March 31, 2022:

(Rs. In lakhs)						
Name of Lender	Nature of Loan	Amount Sanctioned	Amount Outstanding	Date of Agreement/Sanction Letter	Rate of Interest	Terms of Repayment
A to Z Securities Limited	Inter Corporate Deposit	100.00	318.20	October 01, 2019	7.5%	Repayable on demand
Focal Leasing & Credits Limited	Inter Corporate Deposit	70.00	16.22	October 10, 2019	7.5%	Repayable on demand
NAP investment & Leasing Private Limited	Inter Corporate Deposit	70.00	76.15	December 18, 2019	7.5%	Repayable on demand
Radhika Compusoft Private Limited	Inter Corporate Deposit	500.00	273.65	February 14, 2022	7.5%	12 months
Satish Buildwell Private Limited	Inter Corporate Deposit	1,200.00	68.18	February 14, 2022	7.5%	12 months
Shuklamber Exports Limited	Inter Corporate Deposit	200.00	162.79	October 07, 2019	7.5%	Repayable on demand
Zeal Impex and Traders Private Limited	Inter Corporate Deposit	540.00	1,249.38	October 07, 2019	7.5%	Repayable on demand
Total		2,680.00	2,164.57			

This is an indicative list and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by us from time to time. Additionally, we are required to ensure the aforementioned events of default and other events of default as specified in the respective facility agreements are not triggered.

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Our Company, our Directors and our Promoter 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 Promoter /Directors with respect to (i) issues of moral turpitude or criminal liability on the part of our Company and/or our Promoters/Directors, (ii) material violations of statutory regulations by our Company and/or our Promoters/Directors, (iii) economic offences where proceedings have been initiated against our Company and/or our Promoters/Directors, (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 Promoters/Directors.

A. LITIGATIONS INVOLVING OUR COMPANY

(I) Litigations filed against our Company

a. Pending matters, which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position of our Company:

Tax Proceedings

The following tax proceedings are pending against the Company:

(i) Direct Tax

As per website of Income Tax, the following e-proceedings are shown as pending with “open” or “pending” status. However, the amount has not been mentioned and cannot be crystallized:

Assessment Year	Proceeding Name	Proceeding Status
2016-2017	Issue Letter	Open
2017-2018	Penalty Proceeding	Open
2017-2018	Issue Letter	Open
2017-2018	First Appeal Proceedings	Open
2018-2019	Penalty Proceeding	Open
2018-2019	Defective Notice u/s 139(9)	Pending
2018-2019	First Appeal Proceedings	Open
2019-2020	Defective Notice u/s 139(9)	Pending
Not Available	Issue Letter	Open

(ii) Income Tax:

As per website of Income Tax Department for outstanding tax demand, following defaults in the payment of Income Tax by the Company are still outstanding:

Assessment Year	Section Code	Demand Number	Identification	Date which demand is raised	No. of Defaults	Outstanding Demand (in Rupees)	Interest Accrued
2013	153A	2019201340403718192C		December 23, 2019	(1)	-	Rs. 1,31,256
2017	153A	2019201740403718576C		December 23, 2019	(1)	Rs.10,86,375	Rs. 2,60,712
2018	143(3)	2019201840403899381C		December 23, 2019	(1)	Rs.25,80,861	Rs. 6,19,392
Total						36,67,326	10,11,360

(iii) Tax Deducted at Source (TDS)

Sr. No	Financial Year	Total Default (in Rupees)
1.	Prior Years	142.00
2.	2020-2021	336.00
Total		478.00

- 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.

II. Litigations filed by our Company.

NIL

B. LITIGATIONS INVOLVING OUR DIRECTORS

- a. *Pending matters, which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position of our Directors:*

Tax Proceedings

The following tax proceedings are pending against the Directors:

(i) Direct Tax

As per website of Income Tax, the following e proceedings are shown as pending with 'open' status. However, the amount has not been mentioned and cannot be crystallised:

Assessment Year	Proceeding Name	Opt for E- Proceeding	Proceeding Status
Prashesh Arya			
2016-2017	Defective Notice u/s 139(9)	Pending	2016-2017
2016-2017	Defective Notice u/s 139(9)	Pending	2016-2017

(ii) Income Tax:

As per website of Income Tax Department for outstanding tax demand, following defaults in the payment of Income Tax by the Company are still outstanding:

Assessment Year	Section Code	Demand Identification Number	Date on which demand is raised	No. of Defaults	Outstanding Demand (in Rupees)	Final Interest
Rajesh Ramnani						
2020	154	2021202037011282382T	July 27, 2021	(1)	1,490	2,894
Total					1,490	2,894

- b. *Matters involving issues of moral turpitude or criminal liability on the part of our Directors.*
There are no issues of moral turpitude or criminal liability on part of our Directors.
- c. *Matters involving material violations of Statutory Regulations by our Directors.*
There are no material violations of Statutory Regulations by our Directors.
- d. *Economic Offences where proceedings have been initiated against our Directors.*
There are no matters involving economic offences where proceedings have been initiated against our Directors.

C. LITIGATIONS INVOLVING OUR PROMOTER COMPANY

- i) **Pending matters, which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position of our Promoter Company:**

Tax Proceeding

The following tax proceedings are pending against Promoter:

(i) **Direct Tax**

As per website of Income Tax, the following e proceedings are shown as pending with 'open' status. However, the amount has not been mentioned and cannot be crystallized:

Assessment Year	Proceeding Name	Opt for E- Proceeding	Proceeding Status
2017-2018	Defective Notice u/s 139(9)	Yes	Pending
2018-2019	Adjustment u/s 143(1)(a)	Yes	Pending
2019-2020	Adjustment u/s 143(1)(a)	Yes	Pending

(ii) **Tax Deducted at Source (TDS)**

Sr.no	Financial Year	Total Default (in Rupees)
1.	2021-22	Rs. 18,034
2	2020-21	150
Total		Rs. 18,184

a. Matters involving issues of moral turpitude or criminal liability on the part of our Promoter Company.

There are no issues of moral turpitude or criminal liability on part of our Promoter Company.

b. Matters involving material violations of Statutory Regulations by our Promoter Company.

There are no material violations of Statutory Regulations by our Promoter Company.

c. Economic Offences where proceedings have been initiated against our Promoter Company.

There are no matters involving economic offences where proceedings have been initiated against our Promoter Company.

GOVERNMENT AND OTHER STATUTORY APPROVALS

Our Company has obtained necessary consents, licenses, permissions and approvals from governmental and regulatory authorities that are material for carrying on our present business activities. Some of the approvals and licenses that our Company requires for our business operations may expire in the ordinary course of business, and our Company will apply for their renewal from time to time.

We are not required to obtain any licenses or approvals from any government or regulatory authority for the objects of this Issue. For further details, please refer to the chapter titled “*Objects of the Issue*” at page 33 of this Draft Letter of Offer

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for this Issue

This Issue of Equity Shares to the Eligible Equity Shareholders is being made in accordance with the:

1. Resolution passed by our Board of Directors under Sections 62(1)(a) and other provision of the Companies Act, at their meeting held on June 29, 2022 and August 08, 2022.
2. In-principle approval from BSE pursuant to their letter dated [●], 2022.

The Board of Directors in their meeting held on August 08, 2022 have determined the Issue Price as ₹ 10/- per Equity Share and the Rights Entitlement as 3 Rights Equity Share for every 2 Equity Share held on the Record Date.

Our Company will also make application to BSE to obtain its trading approval for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Prohibition by SEBI and various agencies/ other regulatory bodies

Our Company, Promoters, members of Promoter Group and directors, have not been or are not prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

None of the companies with which our Promoter or our directors are associated as promoter or directors have been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

None of our Company, Promoter or director has been identified as wilful Defaulters by the RBI. None of our Directors are associated with the securities market in any manner. Neither our Promoter nor our directors are declared as Fugitive Economic Offenders.

None of our Directors hold current or have held directorship(s) in the last five years in a listed company whose shares have been or were suspended from trading on BSE or the NSE or in a listed company which has been / was delisted from any stock exchange.

We confirm that there are no proceedings initiated by SEBI, Stock Exchange or ROC, etc. on our Company/Promoters/Directors/Group Companies.

Eligibility for the Issue

Our Company is a listed company incorporated under the Companies Act, 1956. Our Equity Shares are presently listed on the BSE Limited. Our Company undertakes to make an application to the Stock Exchange for listing of the Rights Equity Shares to be issued pursuant to this Issue.

Compliance with Regulation 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with requirements of Regulation 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 undertakes to make an application to stock exchanges for listing of the Rights Equity Shares to be issued pursuant to the Issue.

Compliance with 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 as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the Listing Agreement or the SEBI Listing Regulations, as applicable for the last one year immediately preceding the date of filing of the Letter of Offer with the SEBI and until date.
2. The reports, statements and information referred to above are available on the websites of stock exchanges.
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.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, disclosures in this Letter of Offer have been made in terms of Clause (4) of Part B of Schedule VI of SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SEBI

The Letter of Offer has not been filed with SEBI in terms of SEBI ICDR Regulations as the size of issue is less than Rs. 5,000.00 Lakhs, however the final letter of offer will be filed with SEBI for dissemination purpose.

Disclaimer clauses from our Company

Our Company 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 anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in this Issue will be deemed to have represented by our Company and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company, and are relying on independent advice / evaluation as to their ability and quantum of investment in this Issue.

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 New Delhi, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue will be BSE Limited.

Disclaimer Clause of BSE

As required, a copy of the Letter of Offer has been submitted to the BSE. The Disclaimer Clause as intimated by the BSE to us, post scrutiny of the Letter of Offer

[•]

Filing

The Draft Letter of Offer shall not be filed with SEBI, nor will SEBI issue any observation on the Draft Letter of Offer as the size of issue is less than Rs. 5,000.00 lakhs.

The Draft Letter of Offer has been filed with BSE (the Designated Stock Exchange having nationwide terminal) for obtaining in-principle approval.

However, a copy of the Letter of Offer shall be filed with the SEBI for the purpose of their information and dissemination on its website through the SEBI intermediary portal at <https://siportal.sebi.gov.in> in terms of the SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018 issued by the SEBI and with the Designated Stock Exchanges. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of the Letter of Offer to the e-mail address: cfdil@sebi.gov.in.

Investor Grievances and Redressal System

We have adequate arrangements for redressal of investor complaints in compliance with the corporate governance requirements under the SEBI LODR Regulations as well as a well-arranged correspondence system developed for letters of routine nature. The share transfer and dematerialization for our Company is being handled by the Registrar and Share Transfer Agent, Beetal Financial & Computer Services Pvt. Ltd. The Redressal norm for response time for all correspondence including shareholders complaints is within 7 (seven) to 10 (ten) days.

The Stakeholders' Relationship Committee consists of Independent Director Ms. Jyoti as Chairperson and independent Director Mr. Rajesh Ramnani and Non-executive Director Mr. Prashesh Arya as members of the said committee. All investor grievances received by our Company have been handled by the Registrar and Share Transfer agent in consultation with the Compliance Officer.

Investor grievances arising out of this Issue

Our Company's investor grievances arising out of the Issue will be handled by Beetal Financial & Computer Services PPrivate Limited, who is the Registrar to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence.

The agreement between our Company and the Registrar will provide for retention of records with the Registrar for a period of at least one year from the last date of dispatch of Allotment Advice to enable the Registrar to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar to the Issue giving full details such as folio no., name and address, contact telephone / cell numbers, email id of the first applicant, number and type of shares applied for, Application Form serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar for attending to routine grievances will be 7-10 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. Our Company undertakes to resolve the Investor grievances in a time bound manner.

Investors may contact the compliance officer and/ or Registrar to the Issue at the below mentioned address in case of any pre-Issue/ post -Issue related problems such as non-receipt of allotment advice/ demat credit etc.

Additionally, 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. This would enable investors to lodge and follow up their complaints and track the status of redressal of such complaints from anywhere. For more details, investors are requested to visit the website www.scores.gov.in

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 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, 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. For details on the ASBA process, see "Terms of the Issue" on page 69. The contact details of the Registrar to the Issue and Company Secretary & Compliance Officer are as follows:

Company Secretary and Compliance Officer Ms. Kaira Dewani 24, Ashoka chambers, 5-B, Rajindra Park, Pusa Road, New Delhi-110060 Ph : +91 11 4501 2880 Email: dewanikaira30@gmail.com	Beetal Financial & Computer Services Pvt. Ltd Beetal House, 3rd Floor, 99, Madangir, Behind Local Shopping Centre, New Delhi - 110 062 Telephone: +91 (11) 2996 1281 - 83 Fax: +91 (11) 1996 1284 E-mail Id: beetalrta@gmail.com Contact person: S P Gupta Website: www.beetalfinancial.com SEBI registration number: INR000000262
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OFFERING INFORMATION

TERMS OF THE ISSUE

This Section applies to all Investors. ASBA Investors should note that the ASBA process involves procedures that may be different from that applicable to other Investors and should carefully read the provisions applicable to such Applications, in the Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlement Letter, before submitting an Application Form. Our Company and the Lead Manager are not liable for any amendments, modifications or changes in applicable law which may occur after the date of the Letter of Offer. Investors who are eligible to apply under the ASBA process, are advised to make their independent investigations and to ensure that the Application Form and the Rights Entitlement Letter is correctly filled up.

Please note that in accordance with the provisions of the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 (“SEBI – Rights Issue Circular”), all investors (including renouncee) shall make an application for a rights issue only through ASBA facility.

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, including the Application Form and the Rights Entitlement Letter, the MOA and AOA of our Company, the provisions of the Companies Act, the terms and conditions as may be incorporated in the FEMA, applicable guidelines and regulations issued by SEBI or other statutory authorities and bodies from time to time, the SEBI Listing Regulations, terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time.

OVERVIEW

The 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 Application Form and the Rights Entitlement Letter, the Memorandum of Association and the Articles of Association, the provisions of Companies Act, 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, approvals, if any, from the SEBI, the RBI or other regulatory authorities, the terms of Listing Agreements entered into by our Company with the Stock Exchange and terms and conditions as stipulated in the Allotment Advice.

Important:

1) *Dispatch and availability of Issue materials:*

In accordance with the SEBI ICDR Regulations, our Company will at least three days before the Issue Opening Date, dispatch the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material, only to the Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Investors can also access the 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:

- a) Our Company at www.smccredits.com;
- b) the Registrar to the Issue at www.beetalfinancial.com;
- c) the Lead Manager at www.sundaecapital.com; and
- d) the Stock Exchange at www.bseindia.com.

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar at (i.e., www.beetalfinancial.com) by entering their DP ID and Client ID or Folio Number (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., www.smccredits.com).

Our Company, Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form. Resident Eligible Shareholders, who are holding Equity Shares in physical form as on the Record Date, can obtain details of their respective Rights Entitlements from the website of the Registrar by entering their Folio Number.

2) 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 Resident Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, “**SMC Credits Limited – Rights Suspense Escrow Account**”) opened by our Company, for the Resident 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 Resident 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) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings.

Resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date i.e. [●], [●], 2022 are requested to provide relevant details (such as copies of self-attested PAN and details of address proof by way of uploading on Registrar website the records confirming the legal and beneficial ownership of their respective Equity Shares) not later than two Working Days prior to the Issue Closing Date i.e. [●], [●], 2022 in order to be eligible to apply for this Issue. Such Resident 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.

In accordance with the SEBI Rights Issue Circular, the 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 i.e. [●], [●], 2022 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.

3) Application by Resident 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 Circular, 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.

Such resident Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in “Procedure for Application by Resident Eligible Equity Shareholders holding Equity Shares in physical form” on page 83.

4) Application for Additional Equity Shares

Investors are eligible to apply for additional Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional 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 Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in “Basis of Allotment” beginning on page 88.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Equity Shares. Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Equity Shares.

5) Investors to kindly note that after purchasing the Rights Entitlements through On Market Renunciation / Off Market Renunciation, an Application has to be made for subscribing to the Rights Equity Shares. If no such Application is made by the renouncee on or before Issue Closing Date, then such Rights Entitlements will get lapsed and shall be extinguished after the Issue Closing Date and no Rights Equity Shares for such lapsed Rights Entitlements will be credited. For procedure of Application by shareholders who have purchased the Right Entitlement through On Market Renunciation / Off Market Renunciation, please refer to the heading titled “*Procedure for Application through the ASBA process*” on page 77 of this Letter of Offer.

6) *Other important links and helpline:*

The Investors can visit following links for the below-mentioned purposes:

- a) Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: www.beetalfinancial.com
- b) Updation of Indian address/ email address/ mobile number in the records maintained by the Registrar or our Company: www.beetalfinancial.com
- c) Updation of demat account details by resident Eligible Equity Shareholders holding shares in physical form: www.beetalfinancial.com

Renouncees

All rights or obligations of the Eligible Equity Shareholders in relation to Applications and refunds relating to the Issue shall, unless otherwise specified, apply to the Renouncee(s) as well.

Authority for the Issue

The Board of Directors in its meeting dated June 29, 2022 has authorised this Issue under Section 62(1) (c) of the Companies Act, 2013.

The Board of Directors in their meeting held on August 08, 2022 have determined the Issue Price at ₹ 10/- per Equity Share and the Rights Entitlement as 3 Rights Equity Share(s) for every 2 fully paid-up Equity Share(s) held on the Record Date. The Issue Price has been arrived at in consultation with the Lead Manager.

Our Company has received in-principle approval from BSE in accordance with Regulation 28 of the SEBI Listing Regulations for listing of the Rights Equity Shares to be Allotted in the Issue pursuant to letter dated [●].

Basis for the 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 the Equity Shares held dematerialized form and on the register of members of our Company in respect of the Equity Shares held in physical form at the close of business hours on the Record Date, decided in consultation with the Designated Stock Exchange, but excludes persons not eligible under the applicable laws, rules, regulations and guidelines.

Rights Entitlement (“REs”) (Rights Equity Shares)

Eligible Equity Shareholders whose names appear as a beneficial owner in respect of the Equity Shares held in dematerialized form or appear in the register of members as an Equity Shareholder of our Company in respect of the Equity Shares held in physical form as on the Record Date, i.e., [●], [●], 2022, are entitled to the number of Rights Equity Shares as set out in the Application Form.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar to the Issue (<https://rights.integratedindia.in>) by entering their DP ID and Client ID or Folio Number (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 (www.smccredits.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 the 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, 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. 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.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form to the Applicants who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

The Letter of Offer, the Abridged Letter of Offer and the Application Form may also be accessed on the websites of the Registrar, 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's websites. The distribution of the 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 the Letter of Offer will be filed with SEBI and the Stock Exchange. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and the 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 the 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, the 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 the 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 the 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 the 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 the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who acquires Rights Entitlements or makes and Application will be deemed to have declared, warranted and agreed, by accepting the delivery of the 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.

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

PRINCIPAL TERMS OF THE RIGHTS EQUITY SHARES ISSUED UNDER 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 ₹ 10 per Rights Equity Share in the Issue. The Issue Price has been arrived at by our Company in consultation with the Lead Manager prior to the determination of the Record Date.

The Rights Equity Shares issued in this Issue will be fully paid-up. The Issue Price and other relevant conditions are in accordance with Regulation 10(4) of the SEBI Takeover Regulations.

The Board, at its meeting held on August 08, 2022, has determined the Issue Price, in consultation with the Lead Manager.

Rights Entitlement Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of 3 Rights Equity Share(s) for every 2 Equity Share(s) held on the Record Date.

Rights of instrument holder

Each Rights Equity Share shall rank *pari passu* with the existing Equity Shares of the Company.

Terms of Payment

The entire amount of the Issue Price of ₹ 10 per Rights Equity Share shall be payable at the time of Application.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of 3 Rights Equity Share(s) for every 2 Equity Share(s) held on the Record Date. For Rights Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 2 Equity Share(s) or not in the multiple of 2, the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored as above will be given preferential consideration for the Allotment of one Additional Rights Equity Share each if they apply for Additional Rights Equity Shares over and above their Rights Entitlement.

For example, if an Eligible Equity Shareholder holds 1 Equity Shares, such Shareholder will be entitled to 1.5 Rights Equity Shares on a rights basis and will also be given a preferential consideration for the Allotment of one Additional Rights Equity Share if the Shareholder has applied for additional Rights Equity Shares.

Also, those Equity Shareholders holding less than 2 Equity Shares and therefore entitled to 'Zero' Rights Equity Share under this Issue shall be dispatched an Application Form with 'Zero' entitlement. Such Eligible Equity Shareholders are entitled to apply for Additional Rights Equity Shares and would be given preference in the Allotment of 3 (Three) Additional Rights Equity Share, if such Equity Shareholders have applied for the Additional Rights Equity Shares. However, they cannot renounce the same to third parties. **Application Forms with zero entitlement will be non-negotiable/non-renounceable.**

Ranking

The Rights Equity Shares to be issued and allotted pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and the Articles of Association. The Rights Equity Shares to be issued and Allotted pursuant to the Issue shall rank *pari passu* with the existing Equity Shares of our Company, in all respects including dividends.

Mode of payment of dividend

In the event of declaration of dividend, our Company shall pay dividend to the Eligible Equity Shareholders as per the provisions of the Companies Act and the provisions of the Articles of Association.

Listing and trading of the Rights Equity Shares to be issued pursuant to the Issue

As per the SEBI - Rights Issue Circular, the Rights Entitlements with a separate ISIN would be credited to the demat

account of the respective Eligible Equity Shareholders before the issue opening date. On the Issue Closing date the depositories will suspend the ISIN of REs for transfer and once the allotment is done post the basis of allotment approved by the designated stock exchange, the separate ISIN no. [●] for REs so obtained will be permanently deactivated from the depository system.

The existing Equity Shares of our Company are listed and traded under the ISIN: INE440E01012 on BSE (Scrip Code: 532138). Our Equity Shares are not listed on National Stock Exchange of India Limited. 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 Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on BSE subject to necessary approvals. Our Company has received in-principle approval from BSE through letter no. [●] dated [●]. All steps for completion of necessary formalities for listing and commencement of trading in the equity shares will be taken within 7 working days from the finalisation of the Basis of Allotment. Our Company will apply to BSE for final approval 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 the Issue will trade after the listing thereof.

Upon receipt of such listing and trading approval, the Rights Equity Shares proposed to be issued pursuant to the Issue shall be debited from such temporary ISIN and credited in the existing ISIN and thereafter be available for trading under the existing ISIN as fully paid-up Equity Shares of our Company. The temporary ISIN shall be kept blocked till the receipt of final listing and trading approval from the Stock Exchange.

The Rights Equity Shares allotted pursuant to the Issue will be listed as soon as practicable and all steps for completion of the necessary formalities for listing and commencement of trading of the Rights Equity Shares shall be taken within the specified time.

If permissions to list, deal in and for an official quotation of the Rights Equity Shares are not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of the Letter of Offer. If such money is not repaid beyond eight days after our Company becomes liable to repay it, then our Company and every Director who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as applicable.

For details of trading and listing of Rights Equity Shares, please refer to the heading “Terms of Payment” at page 73 of this Letter of Offer.

Subscription to the Issue by our Promoters and Promoter Group

For details of the intent and extent of the subscription by our Promoters and Promoter Group, see “Capital Structure – Intention and extent of participation by our Promoters and Promoter Group in the Issue” on page 31.

Compliance with SEBI (ICDR) Regulations

Our Company shall comply with all requirements of the SEBI (ICDR) Regulations. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of holders of Equity Shares

Subject to applicable laws, the Equity Shareholders shall have the following rights:

- The right to receive dividend, if declared;
- The right to vote in person, or by proxy;
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive surplus on liquidation;
- The right of free transferability of Equity Shares;
- The right to attend general meetings and exercise voting powers in accordance with law, unless prohibited by law; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act, the Memorandum of Association and the Articles of Association

General terms of the Issue

Market Lot

The Equity Shares of our Company are tradable only in dematerialized form. The market lot for Equity Shares in dematerialized 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 such Equity Share as the joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association. Application Forms would be required to be signed by all the joint holders to be considered valid.

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 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014. An Investor can nominate any person by filling the relevant details in the Application Form in the space provided for this purpose.

Since the Allotment of Rights Equity Shares is in dematerialized form only, there is no need to make a separate nomination for the Rights Equity Shares to be Allotted in the Issue. Nominations registered with respective Depository Participant of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform its respective Depository Participant.

Arrangements for Disposal of Odd Lots

Our Equity Shares are traded in dematerialized form only and therefore the marketable lot is one Equity Share and hence, no arrangements for disposal of odd lots are required.

New Financial Instruments

There are no new financial instruments like deep discount bonds, debentures with warrants, secured premium notes etc. issued by our Company.

Restrictions on transfer and transmission of shares and on their consolidation/splitting

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this Issue.

However, the Investors should note that pursuant to provisions of the SEBI Listing Regulations, with effect from April 1, 2019, except in case of transmission or transposition of securities, the request for transfer of securities shall not effected unless the securities are held in the dematerialized form with a depository

Notices

In accordance with the SEBI ICDR Regulations and SEBI Rights Issue Circular, our Company and will send the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form to the Applicants who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

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 and one (1) English language daily newspaper with wide circulation at the place where our Registered Office is situated.

The Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchange for making the same available on their websites.

PROCEDURE FOR APPLICATION

How to Apply

In accordance with Regulation 76 of the SEBI ICDR Regulations and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA. Further, the resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date can apply for this Issue through ASBA facility. 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 Resident Eligible Equity Shareholders holding Equity Shares in physical form*” on page 83.

Our Company, its directors, its employees, affiliates, associates and their respective directors and officers, the Lead Manager, 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 or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.

The Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email and speed post 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 or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.

Our Company, Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the 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 delay in the receipt of the 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.

Investors can access the 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:

- a) Our Company at www.smccredits.com
- b) the Registrar to the Issue at www.beetalfinancial.com
- c) the Lead Manager at www.sundaecapital.com; and
- d) the Stock Exchange at www.bseindia.com.

The Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., www.beetalfinancial.com) by entering their DP ID and Client ID or Folio Number (in case of resident 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., www.smccredits.com). The Application Form can be used by the Investors, Eligible Equity Shareholders as well as the Renouncees, 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. Further, in accordance with the SEBI Rights Issue Circular, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date can apply through this Issue by first furnishing the details of their demat account along with their self-attested PAN and details of address proof by way of uploading on Registrar website the records confirming the legal and beneficial ownership of their respective Equity Shares at least two Working Days prior to the Issue Closing Date i.e. [●], [●], after which they can apply through ASBA facility.

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 by 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.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein, the ASBA Account in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB;.

Please note that Applications without depository account details shall be treated as incomplete and shall be rejected. 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). Incorrect depository account details or PAN number could lead to rejection of the Application. For details see “Grounds for Technical Rejection” on page 87. Our Company, 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 77.

Options available to the Eligible Equity Shareholders

Details of each Eligible Equity Shareholders RE will be sent to the Eligible Equity shareholder separately along with the Application Form and would also be available on the website of the Registrar to the Issue at www.beetalfinancial.com and link of the same would also be available on the website of our Company at (www.smccredits.com). Respective Eligible Equity Shareholder can check their entitlement by keying their requisite details therein.

The Eligible Equity Shareholders will have the option to:

- Apply for his Rights Entitlement in full;
- Apply for his Rights Entitlement in part (without renouncing the other part);
- Apply for his Rights Entitlement in full and apply for additional Rights Equity Shares;
- Apply for his Rights Entitlement in part and renounce the other part of the Rights Equity Shares; and
- Renounce his Rights Entitlement in full.

In accordance with the SEBI Rights Issue Circular, the 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 i.e. [●], [●], desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period through ASBA mode. Such resident Eligible Equity Shareholders must check the procedure for Application in “*Procedure for Application by Resident Eligible Equity Shareholders holding Equity Shares in physical form*” on page 83.

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.

Acceptance of this Issue

Investors may accept this Issue and apply for the Rights Equity Shares by 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. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

Applications submitted to anyone other than the Designated Branches of the SCSB 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 80.

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. Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to applicable sectoral caps, and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under the section titled “Terms of the Issue” on page 69. 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 88.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Rights Equity Shares.

Applications by Overseas Corporate Bodies

By virtue of the 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 OCBs) Regulations, 2003.

Accordingly, the existing Eligible Equity Shareholders of our Company who do not wish to subscribe to the Rights Equity Shares being offered but wish to renounce the same in favour of Renouncee shall not be able to renounce the same (whether for consideration or otherwise), in favour of OCB(s). The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003, that OCBs which are incorporated and are not and were not at any time subject to any adverse notice from the RBI, are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000, under the foreign direct investment scheme with the prior approval of Government of India if the investment is through the government approval route and with the prior approval of RBI if the investment is through automatic route on case by case basis. Eligible Equity Shareholders renouncing their rights in favour of such OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such RBI approval to our Company at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the Application Form.

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 Exchange; 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.

In accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date shall be required to provide their demat account details to our Company or the Registrar to the Issue for credit of REs not later than two working days prior to issue closing date, such that credit of REs in their demat account takes place at least one day before issue closing date, thereby enabling them to renounce their Rights Entitlements through Off Market Renunciation.

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.

(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 Exchange 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 Circular, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchange under ISIN [●] subject to requisite approvals. The details for trading in Rights Entitlements will be as specified by the Stock Exchange from time to time. The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is [●] ([●]) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., [●] to [●] (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 [●] 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 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 Exchange 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 [●], 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.

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.

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.

Applications on Plain Paper under ASBA process

An Eligible Equity Shareholder who has neither received the Application Form nor is in a position to obtain the Application Form either from our Company, Registrar to the Issue, Manager to the Issuer or from the website of the Registrar, can make an Application to subscribe to the Issue on plain paper through ASBA process. Eligible Equity Shareholders shall submit the plain paper application to the Designated Branch of the SCSB for authorizing such SCSB to block an amount equivalent to the amount payable on the application 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, may make an Application to subscribe to the Issue on plain paper, along with an account payee cheque or demand draft drawn at par, net of bank and postal charges, payable at Bengaluru and the Investor should send such plain paper Application by registered post directly to the Registrar to the Issue. For details of the mode of payment, see “*Modes of Payment*” on page 81.

The envelope should be super scribed “SMC Credits Limited – Rights Issue” and should be postmarked in India. The application on plain paper, duly signed by the Eligible Equity Shareholders including joint holders, in the same order and as per the specimen recorded with our Company/Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of our Issuer, being SMC Credits Limited;
- 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);
- Registered Folio Number/ DP and Client ID No.;
- Number of Equity Shares held as on Record Date;
- Allotment option preferred - only Demat form;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of Additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for within the Right Entitlements;
- Total amount paid at the rate of ₹ 10 per Rights Equity Share;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- 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;
- Except for Applications on behalf of the Central or State Government, the residents of Sikkim and 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 the Issue. Documentary evidence for exemption to be provided by the applicants;
- Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
- 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);
- Additionally, all such Applicants are deemed to have accepted the following:

“I/We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (“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 the territories or possessions thereof (“United States”) or to, or for the account or benefit of a United States person as defined in the Regulation S of the US Securities Act (“Regulation S”). I/ we understand the Rights Equity Shares referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement 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 Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we confirm that I/ we are not in the United States and understand that neither us, 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 a resident of the United States "U.S. Person" (as defined in Regulation S) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.

"I/ We will not offer, sell or otherwise transfer any of the 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 except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We understand and agree that the Rights Entitlement 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 (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement, and/or the Equity Shares, is/are outside the United States or a Qualified Institutional Buyer (as defined in the US Securities Act), and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S or in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act.

I/We acknowledge that the Company, the Lead Manager, their 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, 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. 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.

Last date for Application

The last date for submission of the duly filled in Application Form is [●], [●]. 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 provisions of the Articles of Association, and subject to the Issue Period not exceeding 30 days from the Issue Opening Date.

If the Application together with the amount payable is either (i) not blocked with an SCSB; or (ii) not received by the Bankers to the Issue or the Registrar on or before the close of banking hours on the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in the 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 Equity Shares hereby offered, as provided under "Terms of the Issue - Basis of Allotment" on page 88.

Modes of Payment

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

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.

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, 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 finalization 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.

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

Mode of payment for Resident Investors

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

Mode of payment for Non-Resident Investors

As per Rule 7 of the FEMA Rules, RBI has given general permission to Indian companies to issue Equity Shares to non-resident shareholders including additional Equity Shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by 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 Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of 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 beetalrta@gmail.com.

As regards Applications by Non-Resident Investors, the following conditions shall apply:

- 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 or the Lead Manager.

Note: In case of non-resident Eligible Equity Shareholders, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form shall be sent to their email addresses if they have provided their Indian address to our Company or if they are located in certain jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. The Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard.

- 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.
- 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.
- Eligible Non-Resident Equity Shareholders applying on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External ("NRE") accounts, or Foreign Currency Non-Resident ("FCNR") Accounts, and Eligible Non-Resident Equity Shareholders applying on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary ("NRO") accounts for the full amount payable, at the time of the submission of the Application Form to the SCSB.

Applications received from NRIs and non-residents for allotment of the Rights Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the FEMA in the matter of refund of Application Money, allotment of Rights Equity Shares and issue of letter of allotment. If an NR or NRI Investors has specific approval from RBI, in connection with his shareholding, he should enclose a copy of such approval with the Application Form.

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act. In case Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Equity Shares in the Issue.

Procedure for application by Resident 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 Circular, 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.

Resident 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:

1. The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and selfattested client master sheet of their demat account either by e-mail, 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;
2. 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;
3. The remaining procedure for Application shall be same as set out in “*Application on Plain Paper under ASBA process*” beginning on page 80.

In accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date shall be required to provide their demat account details to our Company or the Registrar to the Issue for credit of REs not later than two working days prior to Issue Closing Date, such that credit of REs in their demat account takes place at least one day before Issue Closing Date, thereby enabling them to renounce their Rights Entitlements through Off Market Renunciation.

PLEASE NOTE THAT THE 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.

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 OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE.

FOR DETAILS, SEE “ALLOTMENT ADVICES/ REFUND ORDERS” ON PAGE 89.

General instructions for Investors

- (a) Please read this Letter of Offer, Letter of Offer and Application Form carefully to understand the Application process and applicable settlement process.
- (b) In accordance with the SEBI Rights Issue Circular, the 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, 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.

- (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 Renouncees.
- (e) Application should be made only through the ASBA facility.
- (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 Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected.
- (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 80.
- (h) In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circular and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.
- (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) Applications should be 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. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.
- (k) 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 and the Lead Manager.
- (l) 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 equal to the Application Money in the ASBA Account mentioned in the Application Form.
- (m) 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.
- (n) In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. 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.
- (o) 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.
- (p) 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.
- (q) 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, Physical folio number and Application Form number, as applicable. In case of any change in address of the Eligible Equity Shareholders, the Eligible Equity Shareholders should send the intimation for such change to the respective depository participant for shares held in electronic form, and to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
- (r) Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Rights Equity Shares under applicable securities laws are eligible to participate.
- (s) 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.

- (t) 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.
- (u) 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.

Additional general instructions for Investors in relation to making of an Application

- (a) Please read the instructions on the Application Form sent to you. 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 the 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.
- (b) 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. Investors applying under this Issue should note that on the basis of name of the Investors, DP ID and Client ID 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. Therefore, 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. The Allotment Advice and the e-mail intimating unblocking of ASBA Account or refund (if any) would be e-mailed to the address of the Investor as per the e-mail 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 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) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.
- (c) By signing the Application Forms, 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.
- (d) Investors are required to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
- (e) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- (f) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (g) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- (h) Do not pay the Application Money in cash, by money order, pay order or postal order.
- (i) Do not submit multiple Applications.
- (j) No investment under the FDI route (*i.e.* any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the

government is valid in order to make any investment in the Issue. The Lead Manager and our Company will not be responsible for any allotments made by relying on such approvals.

- (k) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as a incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.

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.

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.

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 does not match with the DP ID and Client ID records available with the Registrar.
- (b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.
- (c) Sending an Application to our Company, the Lead Manager, Registrar, Escrow Collection Bank(s) (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.
- (d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- (e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
- (f) Account holder not signing the Application or declaration mentioned therein.
- (g) Submission of more than one Application Form for Rights Entitlements available in a particular demat account.
- (h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
- (i) 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).
- (j) 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.
- (k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- (l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Letter of Offer.
- (m) Physical Application Forms not duly signed by the sole or joint Investors, as applicable.
- (n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
- (o) 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.
- (p) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (other than from persons in the United States who are U.S. QIBs and QPs) or other jurisdictions where the offer and sale of the 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) both a U.S. QIB and a QP, if in the United States or a U.S. Person or (b) outside the United States and is a non- U.S. Person, and in each case such person is eligible to subscribe for the Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; and our Company shall not be bound to issue or allot any Equity Shares in respect of any such Application Form.
- (q) Applications which have evidence of being executed or made in contravention of applicable securities laws.
- (r) Application from Investors that are residing in U.S. address as per the depository records (other than from persons in the United States who are U.S. QIBs and QPs).

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS, TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED 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.

Multiple Applications

A separate Application can be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Applications shall not be treated as multiple applications. For details, see *“Investment by Mutual Funds”* below on page 93.

In cases where multiple Applications 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 the Promoters or members of the Promoter Group as described in *“Capital Structure – Intention and extent of participation by our Promoters and Promoter Group in the Issue”* on page 31).

Underwriting

The Issue is not underwritten.

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. However, no Investor, applying through ASBA facility, may withdraw their Application post the Issue Closing Date.

Issue schedule

Last date for credit of Rights Entitlements	
Issue Opening Date	
Last date for on Market Renunciation*	
Last date for receiving requests for Application Form and Rights Entitlement Letter	
Issue Closing Date	
Finalising the basis of allotment (on or about)	
Date of Allotment (on or about)	
Initiation of refunds	
Date of credit (on or about)	
Date of listing (on or about)	

**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).*

***Investors are advised to ensure that the Application Forms are submitted on or before the Issue Closing Date. Our Company, the Lead Manager and/or the Registrar to the Issue will not be liable for any loss on account of non-submission of Application Forms or on before the Issue Closing Date.*

Basis of Allotment

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter, the Articles of Association of our Company 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 Entitlement either in full or in part and also to the Renouncee(s) who has/have applied for Rights Equity Shares renounced in its/their favor, in full or in part, as adjusted for fractional entitlement.
- (b) As per SEBI Rights Issue Circular, the fractional entitlements are to be ignored, therefore those Equity Shareholders holding less than 2 (TWO) Equity Shares would be entitled to 'Zero' Rights Equity Shares under this Issue, Application Form with 'Zero' entitlement will be sent to such shareholders. Such Eligible Equity Shareholders are entitled to apply for Additional Rights Equity Shares and would be given preference in the allotment of 1 (One) Rights Equity Share if, such Equity Shareholders have applied for the Additional Rights Equity Shares, subject to availability of Rights Equity shares post allocation towards Rights Entitlement applied for. Allotment under this head shall be considered if there are any un-subscribed Equity Shares after Allotment under (a) above. If the number of Rights Equity Shares required for Allotment under this head is more than 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.
- (c) Allotment to the Eligible Equity Shareholders who have applied for the full extent of their Rights Entitlement and have also applied for Additional Rights Equity Shares shall 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 unsubscribed Rights Equity Shares after making full Allotment under (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of the 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 and also 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 shall be made on a proportionate basis as part of the 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.
- (f) After taking into account Allotment to be made under (a) to (e) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose of Regulation 3(1)(b) of the SEBI Takeover Regulations.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Designated Branches, a list of the ASBA Investors who have been Allotted Rights Equity Shares in the Issue, along with:

- (a) The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA Application;
- (b) The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- (c) The details of rejected ASBA Applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

In the event of over subscription, Allotment shall be made within the overall size of the Issue.

Allotment Advices/Refund Orders

Our Company will issue and dispatch Allotment advice, refund instructions 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 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.

Investors residing at centers where clearing houses are managed by the RBI will get refunds through National Automated Clearing House ("NACH") except where Investors have not provided the details required to send electronic refunds or where the investors are otherwise disclosed as applicable or eligible to get refunds through direct credit and real-time gross settlement ("RTGS").

In case of those investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, and the Allotment advice regarding their credit of the Rights Equity Shares shall

be sent at the address recorded with the Depository. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post or email intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In accordance with the SEBI ICDR Regulations, the option to receive the Rights Equity Shares in physical form was available only for a period of six months from the date of coming into force of the SEBI ICDR Regulations, i.e., until May 10, 2019.

The letter of allotment or refund order would be sent by registered post, email or speed post to the sole/ first Investor's address or the email address provided by the Eligible Equity Shareholders to our Company. Such refund orders would be payable at par at all places where the Applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favor of the sole/ first Investor. Adequate funds would be made available to the Registrar for this purpose.

In the event, our Company fails to obtain listing or trading permission from the Stock Exchange, we shall refund the entire proceeds of the Issue within four days of receipt of intimation from the Stock Exchange rejecting the application for listing of Equity Shares, and if any such money is not repaid within four days after our Company becomes liable to repay we shall, on and from the expiry of the fourth day, be liable to repay that money with interest at the rate of fifteen per cent. per annum.

Payment of Refund

Mode of making refunds

In case of Applicants not eligible to make an application through ASBA process, 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:

1. Unblocking amounts blocked using ASBA facility;
2. **National Automated Clearing House ("NACH")** - NACH 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 centers 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 centers 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 the Applicant is otherwise disclosed as eligible to get refunds through NEFT, Direct Credit or RTGS.
3. **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, such MICR number and the bank account number 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.
4. **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 such refund would be borne by our Company.
5. **RTGS** - If the refund amount exceeds ₹ 200,000, 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 such IFSC Code is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for such refund would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

6. For all other Investors, the refund orders will be dispatched through speed post or registered post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favor of the sole/first Investor and payable at par.
7. Credit of refunds to Investors in any other electronic manner, permissible under the banking laws, which are in force, and is permitted by SEBI from time to time.

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.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders or refund warrants which can then be deposited only in the account specified. Our Company will, in no way, be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice or Demat Credit

The demat credit of securities to the respective beneficiary accounts or the demat suspense account (pending 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.

Option to receive Right Equity Shares in Dematerialised 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 RESIDENT ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED/REVERSED/FAILED.

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in the Issue in the electronic form is as under:

- 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 each such holding. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
- 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.
- 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.
- 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.

- 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 whose Equity Shares are 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.
- Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in the Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.
- Non-transferable allotment advice/ refund orders will be sent directly to the Investors by the Registrar to the Issue.
- Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

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, shall not be able to apply in this Issue for further details, please refer to “*Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*” on page 83.

Investment by FPIs

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the multiple entities having common ownership, directly or indirectly, of more than 50% or common control) must be below 10% of our post- Issue Equity Share capital. Further, in terms of FEMA Rules, the total holding by each FPI shall be below 10% of the total paid-up equity share capital of a company on a fully-diluted basis and the total holdings of all FPIs put together shall not exceed 24% of the paid-up equity share capital of a company on a fully diluted basis.

Further, pursuant to the FEMA Rules the investments made by a SEBI registered FPI in a listed Indian company will be reclassified as FDI if the total shareholding of such FPI increases to more than 10% of the total paid-up equity share capital on a fully diluted basis or 10% or more of the paid up value of each series of debentures or preference shares or warrants.

FPIs are permitted to participate in the 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 Issue are advised to use the ASBA 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, only Category I FPIs, 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 eligible to be registered as Category I FPIs; and (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms. An FPI may transfer offshore derivative instruments to persons compliant with the requirements of Regulation 21(1) of the SEBI FPI Regulations and subject to receipt of consent, except where pre-approval is provided.

All non-resident investors should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Investment by Systemically Important Non-Banking Financial Companies (NBFC – SI)

In case of an application made by Systemically Important NBFCs registered with the RBI, (a) the certificate of registration issued by the RBI under Section 45 -IA 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.

Investment by AIFs, FVCIs and VCFs

The SEBI (Venture Capital Funds) Regulations, 1996, as amended (“**SEBI VCF Regulations**”) and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended (“**SEBI FVCI Regulations**”) prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI (Alternative Investments Funds) Regulations, 2012 (“**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 SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection

Applications will not be accepted from FPIs in restricted jurisdictions.

FPIs which are QIBs, Non-Institutional Investors or whose application amount exceeds ₹ 2 lacs can participate in the Rights Issue only through the ASBA process. Further, FPIs which are QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2 lacs.

Investment by NRIs

Investments by NRIs are governed by Rule 12 of FEMA Rules. Applications will not be accepted from NRIs in Restricted Jurisdictions.

NRIs may please note that only such Applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the reserved category. The NRIs who intend to make payment through NRO accounts shall use the Application form meant for resident Indians and shall not use the Application forms meant for reserved category.

As per Rule 12 of the FEMA Rules read with Schedule III of the FEMA Rules, an NRI or 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.

Investment by Mutual Funds

Applications made by asset management companies or custodians of Mutual Funds should clearly and specifically state names of the concerned schemes for which such Applications are made.

In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Procedure for applications by Systemically Important NBFCs

In case of application made by Systemically Important NBFCs registered with the RBI, (i) the certificate of registration issued by the RBI under Section 45 -IA of the RBI Act, 1934 and (ii) networth 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.

Payment by stock invest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest Scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

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:

- (i) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (ii) 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*
- (iii) 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, 2013 for fraud involving an amount of at least ₹ 10 lacs or 1% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to ten 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. Where such fraud (i) involves an amount which is less than ₹ 10 lacs or 1% of the turnover of the Company, whichever is lower, and (ii) does not involve public interest, then such fraud is punishable with imprisonment for a term extending up to five years or fine of an amount extending up to ₹ 50 lacs or with both.

Dematerialised Dealing

Our Company has entered into tripartite agreements dated December 28, 2001 and October 06, 2020 with NSDL and CDSL, respectively, and our Equity Shares bear the ISIN: INE440E01012.

Disposal of Applications 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. 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. 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 unblocked in the respective ASBA Accounts of the Investor within a period of 15 days from the Issue Closing Date.

For further instructions, please read the Application Form carefully.

Utilization of Issue Proceeds

Our Board of Directors declares that:

- (a) All monies received out of the Issue shall be transferred to a separate bank account;
- (b) Details of all monies utilized out of the Issue shall be disclosed, and shall continue to be disclosed until the time any part of the Issue Proceeds remains unutilized, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized;
- (c) Details of all unutilized monies out of the Issue, 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;
and
- (d) Our Company may utilize the funds collected in the Issue only after final listing and trading approvals for the Rights Equity Shares Allotted in the Issue is received.

Undertakings by our Company

Our Company undertakes the following:

- (i) The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
- (ii) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchange where the Rights Equity Shares are to be listed will be taken within the time prescribed by the SEBI.
- (iii) The funds required for making refunds to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
- (iv) 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.
- (v) No further issue of securities affecting our Company's Equity Share capital shall be made until the Rights Equity Shares are listed or until the Application Money is refunded on account of non-listing, under subscription etc.
- (vi) In case of unblocking of the application amount for unsuccessful Applicants or part of the application amount in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
- (vii) Adequate arrangements shall be made to collect all ASBA Applications and to consider them similar to non-ASBA Applications while finalizing the Basis of Allotment.
- (viii) At any given time, there shall be only one denomination for the Rights Equity Shares of our Company.
- (ix) Our Company shall comply with all disclosure and accounting norms specified by the SEBI from time to time.
- (x) Our Company accepts full responsibility for the accuracy of information given in this Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

Minimum subscription

In accordance with Regulation 86(1) of the SEBI ICDR Regulations, our Company is not required to achieve minimum subscription for the Rights Issue on account of the following reason:

1. Objects of the Issue involve financing other than financing of capital expenditure for a project; and
2. Our Promoter has undertaken to subscribe to the full extent of its Rights Entitlement and have also confirmed that it shall not renounce its Rights Entitlement.

Filing

SEBI *vide* the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for rights issues has been increased. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from Rupees ten crores to Rupees fifty crores. Since the size of this Issue falls below this threshold, the Draft Letter of Offer was filed with BSE Limited and not with SEBI. However, this Letter of Offer has been submitted with SEBI for information and dissemination and filed with the Stock Exchange.

Withdrawal of the Issue

Subject to provisions of the SEBI ICDR Regulations, the Companies Act and other applicable laws, Our Company in consultation with the Lead Manager, reserves the right not to proceed with the Issue at any time before the Issue Opening Date without assigning any reason thereof.

If our Company withdraws the Issue anytime after the Issue Opening Date, a public notice within two (2) Working Days of the Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue shall be issued by our Company. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisement has appeared and the Stock Exchange will also be informed promptly.

The Lead Manager, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one (1) working Day from the day of receipt of such instruction. Our Company shall also inform the same to the Stock Exchange.

If our Company withdraws the Issue at any stage including after the Issue Closing Date and subsequently decides to proceed with an Issue of the Equity Shares, our Company will file a fresh offer document with the stock exchange where the Equity Shares may be proposed to be listed.

Important

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 the Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected. It is to be specifically noted that this Issue of Rights Equity Shares is subject to the risk factors mentioned in “Risk Factors” on page 15.

All enquiries in connection with this Letter of Offer or Application Form and the Rights Entitlement Letter must be addressed (quoting the Registered Folio Number or the DP 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 “**SMC Credits Limited – Rights Issue**” on the envelope to the Registrar at the following address:

Beetal Financial & Computer Services Private Limited

Beetal House, 3rd Floor, 99, Madangir,
Behind Local Shopping Centre,
New Delhi - 110 062

Telephone: +91 11 2996 1281 - 83

Fax: +91 11 2996 1284

E-mail Id: beetalrta@gmail.com

Contact person: S P Gupta

Website: www.beetalfinancial.com

SEBI registration number: INR000000262

The Issue will remain open for a minimum period of 7 (seven) 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 (thirty) days from the Issue Opening Date (inclusive of the Issue Closing Date).

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts (not being contracts entered into in the ordinary course of business carried on by our Company) which are, or may be deemed material, have been entered or to be entered into by our Company. Copies of the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate Office between 10 a.m. and 5 p.m. on all working days from the date of this Letter of Offer until the Issue Closing Date. Additionally, any person intending to inspect the abovementioned contracts and documents electronically, may do so, by writing an email to dewanikaira30@gmail.com.

A. Material Contracts for the Issue

1. Issue Agreement dated August 08, 2022 between our Company and the Lead Manager.
2. Registrar Agreement dated [●] between our Company and the Registrar to the Issue.
3. Banker to the Issue Agreement dated [●] amongst our Company, the Lead Manager, the Registrar to the Issue and the Banker to the Issue.

B. Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association of our Company, as amended.
2. Certificate of Incorporation of our Company and certificates of incorporation consequent upon change in name of our Company.
3. Resolution passed by our Board on [●] approving this Letter of Offer.
4. Resolution passed by our Board dated August 08, 2022 finalizing the terms of the Issue including the Rights Entitlement Ratio.
5. Resolution passed by our Board dated [●] for finalizing the Record date.
6. Consents of our Directors, Company Secretary and Compliance Officer, Statutory Auditor, the Lead Manager, Banker to the Issue, Legal Advisor to the Issue, for inclusion of their names in this Letter of Offer to act in their respective capacities.
7. Annual Reports of our Company for Fiscals 2022, 2021 and 2020
8. Statement of special tax benefits dated August 01, 2022 available to our Company and its Equity Shareholders under the applicable laws in India issued by AVP & Co., Chartered Accountants.
9. Tripartite Agreement dated December 28, 2001 between our Company, Registrar to the Issue and NSDL.
10. Tripartite Agreement dated October 06, 2020 between our Company, Registrar to the Issue and CDSL.
11. In principle approval dated [●] issued by BSE under Regulation 28(1) of the SEBI LODR Regulations.

Any of the contracts or documents mentioned in this Draft 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

We hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines / regulations issued by Government of India or the guidelines / regulations issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in the Letter of Offer is contrary to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued there under, as the case may be.

We further certify that all statements in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Sd/-
Prasahesh Arya
Chairman

Sd/-
Rajesh Goenka
Director and CFO

Sd/-
Jyoti
Director

Sd/-
Rajesh Ramnani
Director

Date: August 08, 2022

Place: New Delhi