

November 16, 2023

The Registrar of Companies,  
"Everest", Marine Lines,  
Mumbai.

Madam/ Dear Sir,

**Subject : Non-availability of the executed version of the Shareholders' agreement dated  
May 11, 2018**

**Ref. CIN : U65910MH1995PLC364635**

We would like to inform you that the Company is in the process of Initial Public Offering (IPO) to the public. As a part of the process, we are required to file the prescribed form GNL2 along with the Red Herring Prospectus (RHP) with ROC, Mumbai seeking approval.

We are submitting all the required documents along with the said form, however we are not able to locate the copy of the executed version of the Shareholders' agreement dated May 11, 2018 as the document is of five years old and the staff has changed since then.

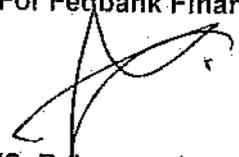
In order to complete the filing, we are submitting the copy of the said agreement duly certified by the undersigned.

Request to kindly consider and take the same on record and oblige.

Thanking you,

Yours Faithfully,

**For Fedbank Financial Services Limited**



(S. Rajaraman)

**Company Secretary**

**TRUE NORTH ENTERPRISE PRIVATE LIMITED**

**THE FEDERAL BANK LIMITED**

**AND**

**FEDBANK FINANCIAL SERVICES LIMITED**

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**SHAREHOLDERS' AGREEMENT**

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THIS AGREEMENT is made on this 11<sup>th</sup> day of May 2018

**BETWEEN:**

1. **TRUE NORTH ENTERPRISE PRIVATE LIMITED**, a company incorporated under Companies Act, 2013 with Corporate Identity Number U74900KA2015PTC082342, having its registered office at Rocklines House, Ground Floor, 9/2, Museum Road Bangalore, Karnataka - 560001, India (hereinafter referred to as **Investor**, which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns) of the **FIRST PART**.

**AND**

2. **FEDBANK FINANCIAL SERVICES LIMITED**, a company incorporated under the Companies Act, 1956 with Corporate Identity Number U65910KL1995PLC008910, having its registered office at Federal Towers, Alwaye, Ernakulam, Kerala - 683101 (hereinafter referred to as "**Company**", which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns) of the **SECOND PART**.

**AND**

3. **FEDERAL BANK LIMITED**, a company incorporated under the Companies Act, 1956 with Corporate Identity Number L65191KL1931PLC000368, having its registered office at Federal Towers, PB-No 103, Alwaye, Ernakulam, Kerala - 683101 (hereinafter referred to as "**Promoter**", which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to include its successors and permitted assigns) of the **THIRD PART**.

**RECITALS:**

- (A) The Company, the Investor and the Promoter have entered into a Share Subscription Agreement on or about the date hereof (**Share Subscription Agreement**) pursuant to which the Investor has agreed to make an investment in the Company by subscribing to the Subscription Shares.
- (B) The Parties are now desirous of entering into this Agreement in order to define their mutual rights and obligations and relationship in relation to the governance and management of the Company.

**1. DEFINITIONS AND INTERPRETATION**

**1.1 Defined Terms**

In this Agreement:

**Acceptance Notice Period** has the meaning given to it in Clause 10.4(e).

**Accepting Shareholders** has the meaning given to it in Clause 8.3(c)

**Accounts** means the audited annual financial statements of the Company comprising the balance sheet, profit and loss statement and cash flow statement together with the auditor's report thereon and notes and statements to them for the Financial Year.



**Accounting Standards** means GAAP and in the event it becomes mandatory for the Company to follow any other accounting standards shall mean such accounting standards.

**Act** means the Companies Act, 1956 and the Companies Act, 2013, each to the extent in force as on the date hereof, and as amended from time to time and shall include any statutory replacement or re-enactment thereof.

**Affiliate** means, in relation to a Person:

- (a) which is an individual:
  - (i) any Person who is a Relative of such Person;
  - (ii) any company or other Person (being an entity) which is Controlled by such Person and/or such Person's Relative(s);
  - (iii) any Person which is a trust:
    - (A) of which such Person and/or such Person's Relative(s) are a beneficiary; or
    - (B) the trustee of which is Controlled by such Person and/or such Person's Relative(s);
- (b) which is a body corporate, limited liability partnership or other partnership, trust, firm, society, Hindu Undivided Family or any other entity or association referred to in the definition of Person, a Person either directly or indirectly through one or more intermediate Persons and whether alone or in combination with one or more other Persons, that Controls, is Controlled by, or is under common Control with such Person, and,
- (c) without prejudice to the generality of the foregoing, where such Person is the Investor, an Affiliate of the Investor includes:
  - (i) any fund, trust, partnership, co-investment entity, subsidiary, special purpose or other vehicle or other Person, which is managed and/or advised by:
    - (A) the Investor;
    - (B) the Investor's investment manager or investment advisor; or
    - (C) any Affiliate (within the meaning of this definition) of a Person referred to at (A) or (B); and
  - (ii) any Affiliates (within the meaning of any other paragraph of this definition) of any Person specified in (i); and
  - (iii) any other Person under common management with the Investor or any of its Affiliates (within the meaning of any other paragraph of this definition).

Provided however that notwithstanding any of the foregoing, "Affiliate" of the Investor shall not include the Company or any other portfolio companies or entities in which any of the Investor or its Affiliates have invested.

**Agreement** means this agreement including all Recitals, Schedules, annexures and exhibits attached hereto, as amended or replaced from time to time.

**Agreement Date** means the date of this Agreement.

**Alterations** has the meaning given to it Clause 11.2(a).

**Alternate Director** has the meaning given to it Clause 3.3.

**Applicable Law(s)** means all applicable constitution, treaties, statutes, laws, enactments, acts of parliament or legislature, codes, regulations, ordinances, rules, notifications, by-laws, policies, directions, directives, guidelines, circulars or other requirements of any Governmental Authority having jurisdiction over the relevant Party, and shall include applicable general law rules (including common law and principles of equity), governmental approvals, any judgment, order, decree, injunction, award (administrative or judicial) or other similar form of decision of, or determination by, or agreements with or any interpretation having the force of law of any of the foregoing, by any Governmental Authority having jurisdiction over the matter in question, whether in effect as at the date of this Agreement or thereafter.

**Arbitration Notice** has the meaning given to it in Clause 20.4 (a).

**Articles** means the articles of association of the Company, from time to time.

**Big Four Accounting Firm** means any of the Indian or overseas affiliates or associates, as the case may be, of: (a) Deloitte Touche Tohmatsu; (b) KPMG; (c) Price Waterhouse Coopers; and (d) EY (formerly, Ernst & Young).

**Board** means the board of directors of the Company, from time to time.

**Board Quorum** has the meaning given to it in Clause 3.8(a).

**Borrowers** has the meaning given to it in the Share Subscription Agreement.

**Business** means business of granting gold loans in India, small ticket loans against property in India, large ticket loans against property and construction and structured finance loans.

**Business Day** means any day other than Saturday, Sunday, or any day on which banks in Mumbai, India are closed for regular banking business.

**Business Plan** means a high level 3 year rolling business plan for the Company, which shall, *inter alia*, specify the maximum wholesale business that the Company can undertake.

**Call Notice** has the meaning given to it in Clause 10.3(b)(vi)(A).

**Call Option Closing Date** has the meaning given to it in Clause 10.3 (b)(vii).

**Call Option Securities** has the meaning given to it in Clause 10.3(b)(i).

**Cap** has the meaning given to it in paragraph 2 of Schedule 5.

**Cap Price** has the meaning given to it in paragraph 2(a) of Schedule 5.

**Charter Documents** means the Memorandum and the Articles.

**Committees** has the meaning given to it in Clause 3.12(a).

**Competitor** means any (i) bank that is listed on any stock exchange in India or elsewhere (**Listed Bank**) and/or (ii) any Holding Company of a Listed Bank and/or (iii) any Subsidiary of a Listed Bank.

**Confidential Information** has the meaning given to it in Clause 22.1 (a).

**Consent Notice** has the meaning given to it in Clause 10.4(e).

**Control** has the meaning ascribed to that term under the Act and also includes (to the extent not covered by the meaning in the Act):

- (a) in relation to a Person, the power to (directly or indirectly):
  - (i) direct or cause the direction of management and policies of such Person, whether through ownership of securities, partnership interests, units or other equity interests, by agreement or otherwise;
  - (ii) elect more than 50% of the directors, partners or other individuals exercising authority or the ability to make decisions on behalf of such Person;
- (b) in relation to a Person which is a trust, the ability to (directly or indirectly) appoint or remove more than 50% of the trustees of the trust;
- (c) in relation to a Person which is a limited partnership, the ability to (directly or indirectly) appoint or remove the general partner of the limited partnership;

the terms **Controlled**, **Controlling** and **under common Control** shall be construed accordingly.

**CP Longstop Date** has the meaning given to it in the Share Subscription Agreement.

**Credit Committee** means the credit committee of the Board, the terms of reference of which are as follows:

- (a) To consider proposals for approval, renewal, or modification of various types of credit facilities to clients within such authority as is delegated to the Committee by the Board from time to time;
- (b) To review the top 100 Loan accounts of above Rs. 1 Cr in each category of NPA i.e. substandard/doubtful/loss assets;
- (c) To ratify the credit proposals sanctioned by the President / Head of the Organisation/ Risk Credit Forum;
- (d) To ratify the compromise proposals/bad debts written off with the approval of the President / Head of the Organisation; and
- (e) To review the Retail loan portfolio on quarterly basis.

or such other terms of reference as may be amended from time to time in accordance with the terms of this Agreement.

**Cure Notice** has the meaning given to it in Clause 16.2(b).

**D&O Policy** has the meaning given to it in Paragraph 1.4 of Schedule 4.

**Deed of Adherence** means the deed of adherence as set out in Schedule 2 required to be executed in accordance with the terms of this Agreement.

**Defaulting Party** has the meaning given to it in Clause 16.2(a).

**Devolved Entitlement Securities** has the meaning given to it in Clause 8.3(c).

**Dilution Instrument** has the meaning given to it in Clause 9.1.

**Director** means a director of the Company from time to time.

**Disclosing Party** has the meaning given to it in Clause 22.1(a).

**Discussion Period** has the meaning given to it in Clause 20.2(a).

**Dispute** has the meaning given to it in Clause 20.1.

**Dispute Notice** has the meaning given to it in Clause 20.1.

**Disputing Party** has the meaning given to it in Clause 20.1.

**Drag Along Right** has the meaning given to it in Clause 11.3(a).

**Drag Notice** has the meaning given to it in Clause 11.3(b).

**Drag Securities** has the meaning given to it in Clause 11.3(b).

**Drag Transfer** has the meaning given to it in Clause 11.3(b).

**Eligible Candidate** has the meaning given to it in Clause 6.2(c).

**Encumbrance** means any form of legal or equitable encumbrance or security interest including a mortgage, charge, pledge, lien, option, equitable interest, restriction or condition, hypothecation, right of pre-emption, first offer or refusal or other right to acquire, an assignment, conditional sales contract, security, title defect, title retention agreement, voting trust agreement, interest, right of any Third Party or other type of preferential arrangement or interest of any nature whatsoever (including, without limitation, a title transfer or retention of title arrangement, restriction on use, voting transfer, receipt of income or exercise of any other attribute of ownership) or any other arrangement having a similar effect and any proxy, power of attorney, voting trust arrangement, tenancy, easement or other occupancy right or any adverse claim as to title, possession or use, and the word **Encumber** is to be construed accordingly.

**Entitlement** means, subject to Clause 8.3(h), with regard to any holder of Equity Securities, the ratio of: (a) the number of Equity Securities owned or deemed to be held by such holder of Equity Securities immediately before the issuance of any Equity Securities (on a Fully Diluted Basis), to (b) the total number of Equity Securities owned or deemed to be held by all holders of Equity Securities (or such holders of Equity Securities, as may be specified in the context) immediately before the issuance of such Equity Securities (on a Fully Diluted Basis).

**ESG** has the meaning given to it in paragraph 1.6 of Schedule 4 (Covenants).

**Equity Securities** means the Shares and any options, warrants, convertible shares, convertible bonds or other securities that are directly or indirectly convertible into, or exercisable or exchangeable for, Shares.

**Event of Default** means the Promoter Event of Default or the Investor Event of Default, as the case may be.

**Event of Default Notice** has the meaning given to it in Clause 16.2(a).

**Existing Independent Directors** has the meaning given to it in Clause 3.2(iv).

**Exit Rights** means, in respect of a Shareholder, the rights of such Shareholder as set out in Clause 10.5 (*Tag Along Right*) and Clause 11 (*Exit Options*).

**Fair Market Value** means the fair market value of Equity Securities to be determined in accordance with the provisions of this Agreement.

**Financial Year** means the fiscal year of the Company beginning on April 1 of each year and ending on March 31 of the subsequent year, or such other period adopted by the Company as its financial year in order to comply with Applicable Law.

**First Adjourned Board Meeting** has the meaning given to it in Clause 3.8(b).

**First Adjourned Shareholders Meeting** has the meaning given to it in Clause 4.3(b).

**First Completion** has the meaning given to it in the Share Subscription Agreement.

**First Completion Date** has the meaning given to it in the Share Subscription Agreement.

**First Tranche Subscription Price** has the meaning given to it in the Share Subscription Agreement.

**Floor** has the meaning given to it in paragraph 2 of Schedule 5.

**Floor Price** has the meaning given to it in paragraph 2(a) of Schedule 5.

**FMV Determination Period** has the meaning given to it in Clause 8.5(b).

**FMV Intimation Period** has the meaning given to it in Clause 10.3(b)(iii).

**FMV Notice** has the meaning given to it in Clause 8.5(b).

**FMV Report** has the meaning given to it in Clause 10.3(b)(iii).

**Fully Diluted Basis** means a basis of calculation that assumes all outstanding Equity Securities having been converted, exercised, or exchanged for the maximum number of Shares that may be issued upon their conversion, exercise or exchange, whether or not the terms any such Equity Securities are then currently convertible, exercisable or exchangeable, provided however that, debt obtained on arm's length commercial terms from Third Party commercial banks and financial institutions which have a right of conversion linked to the occurrence of an event of default and failure to repay the entire outstanding sums, shall be disregarded and not taken into account for the purposes of this definition.

**GAAP** means generally accepted accounting principles and practices as prescribed by the Institute of Chartered Accountants of India applicable from time to time, consistently

applied.

**GM Quorum** has the meaning given to it in Clause 4.3(a).

**Governance Rights** means, in respect of a Shareholder, the rights of such Shareholder as set out in Clause 3 (*Board of Directors*), Clause 4 (*Shareholders Meetings*), Clause 5 (*Reserved Matters*) and Clause 6 (*Management of the Company*).

**Governmental Authority** means:

- (a) a government, whether foreign, federal, state, territorial or local or relating to any part or sub-division of any of the foregoing;
- (b) a commission, department, instrumentality, agency, board, tribunal, court or other decision-making body or a governmental, semi-governmental, judicial, quasi-judicial, administrative, monetary, regulatory, or Tax authority or body, whether statutory or not;
- (c) any other body having or purporting to have jurisdiction and exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government or under an Applicable Law including the Securities and Exchange Board of India and RBI;
- (d) any stock or securities exchange having jurisdiction over a Party or its Affiliates and any self-regulatory organisation established under an Applicable Law; or
- (e) a department, office, minister or other official of any of the foregoing, acting in that capacity,

in any jurisdiction.

**Holding Company** has the meaning given to it under Section 2(46) of the Act.

**Independent Director** has the meaning given to it under the Act.

**Insolvency Event** means the happening of any of these events in relation to a Person:

- (a) such Person is or states that it is unable to pay its debts as and when they fall due;
- (b) such Person is deemed to, or is declared to, be unable to pay its debts under any Applicable Law;
- (c) such Person suspends or threatens to suspend making payments on any of its debts;
- (d) other than pursuant to a solvent consolidation, reconstruction, amalgamation or merger on terms approved by the other Parties, such Person:
  - (i) enters into, or resolves to enter into, a general assignment, scheme of arrangement, deed of company arrangement or any other assignment, arrangement, compromise or composition with or for the benefit of its creditors or any class of its creditors;
  - (ii) by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness;

- (iii) is subject to any corporate action, legal proceedings or other procedure in relation to a moratorium with creditors;
- (iv) is dissolved or deregistered or any steps are taken to dissolve or deregister it under the Act, Applicable Law or otherwise;
- (e) (other than pursuant to a solvent consolidation, reconstruction, amalgamation or merger on terms approved by the other Parties), an application is made to a court, or a resolution is passed for the appointment of a resolution professional (interim or otherwise), controller, administrator, liquidator, provisional or interim liquidator, conservator, receiver, trustee, custodian, statutory manager or other similar official for it or for all or any of such Person's assets and such application or resolution is not dismissed, discharged, stayed or restrained within 10 days;
- (f) such Person becomes subject to the appointment of a resolution professional (interim or otherwise), controller, administrator, liquidator, provisional or interim liquidator, conservator, receiver, trustee, custodian, statutory manager or other similar official for it or for all or any of its assets;
- (g) an order is made or a resolution is passed for such Person's winding-up, official management or liquidation (other than pursuant to a solvent consolidation, reconstruction, amalgamation or merger on terms approved by the other Parties);
- (h) such Person becomes an insolvent under administration or action is taken which could result in that event;
- (i) any distress, expropriation, execution, attachment, sequestration or other analogous process affects any asset or assets of such Person having an aggregate value not less than Rs. 50,00,000;
- (j) a security holder enforces security over or takes possession of any asset or assets of such Person; or
- (k) anything analogous or having a substantially similar effect to any of the events specified in paragraphs (a) to (j) inclusive above happens under any Applicable Law.

**Intellectual Property** means copyright, patents, trademarks, service marks, logos, designs, domain names, utility models, inventions, brand names, database rights, software, know-how, programming, customer lists, supplier lists, trade secrets, business names and any similar rights in any country and the benefit (subject to the burden) of each of the foregoing, in each case whether registered or unregistered and including applications for the grant of registration for any of the foregoing and the right to apply for registration for any of the foregoing in any part of the world.

**Interim Arrangement** has the meaning given to it in Clause 6.2(e).

**Investor's Additional Entitlement** has the meaning given to it in Clause 8.3(h)(i).

**Investor's Affirmative Consent** means the prior written consent of the Investor, in respect of a Reserved Matter.

**Investor Director** has the meaning given to it in Clause 3.2(c)(ii).

**Investor Event of Default** has the meaning given to it in Clause 16.1 (b).

**Investor Securities** shall mean, at a given point in time; all of the Equity Securities that are held by the Investor at such time.

**IPO** means an initial public offering of the Shares pursuant to which the Shares shall be listed on any of the Recognised Stock Exchanges.

**IPO Date** has the meaning given to it in Clause 11.1(a).

**IPO Period** has the meaning given to it in Clause 10.3(d)(ii).

**IRR** means the cash on cash aggregate internal rate of return on the Subscription Price received by the Investor (taking into account all gross cash distributions and payments made to the Investor (including any dividends)), specified as a percentage per annum, calculated in respect of the First Tranche Subscription Price, for the period commencing on the First Completion Date and in respect of the Second Tranche Subscription Price, for the period commencing on the Second Completion Date, calculated in accordance with the 'XIRR' function in Microsoft Excel 2016 (or if such program is no longer available, such other software program for calculating IRR agreed in writing between the Investor and the Promoter).

**Issue Closing Date** has the meaning given to it in Clause 10.3 (b)(viii).

**Issue Notice** has the meaning given to it in Clause 10.3 (b)(vi)(B).

**Key Employee** means the chief executive officer, chief financial officer and company secretary of the Company and any person occupying any such position, and all employees directly reporting to the Managing Director.

**Loss** means any and all direct losses, liabilities, claims, demands, fines, penalties, settlements, Taxes, interest, cost or expenses (including reasonable attorney's fees and expenses).

**Listing Cut-off Date** has the meaning given to it Clause 11.2(b).

**Managing Director** means the managing director of the Company appointed in accordance with the provisions of this Agreement.

**Master Directions** means the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016 issued by the RBI.

**Material Contract** means any written contract or other written binding arrangement entered into between the Company with any Person that:

- (a) is a Related Party; and/or
- (b) relates to joint ventures, strategic alliances and other forms of cooperation or similar purposes, other than this Agreement; and/or
- (c) involves payments (other than disbursements by the Company to the Borrowers of the Company) in excess of Rs. 50,00,000 per annum in the aggregate; and/or
- (d) is otherwise material to the Business such that a breach thereof would involve a payment by the Company in excess of Rs. 50,00,000; and/or
- (e) which subjects the Company to a non-compete obligation; and/or

(f) is outside the Ordinary Course of Business.

**MD Notice** has the meaning given to it in Clause 6.2(b).

**Memorandum** means the memorandum of association of the Company, from time to time.

**New Securities** has the meaning given to it in Clause 8.2.

**Nominee Shareholders** has the meaning given to it in Clause 23.5.

**Non Defaulting Party** has the meaning given to it in Clause 16.2(a).

**Notice** has the meaning given to it in Clause 19.1.

**Notice Acceptance Period** has the meaning given to it in Clause 8.3(b).

**Observer** has the meaning given to it in Clause 3.15.

**Ordinary Course of Business** means, in relation to a Person, an action that is recurring in nature and is undertaken in the usual, regular, and ordinary course of such Person's normal day-to-day operations consistent with past practices and customs but only to the extent consistent with Applicable Laws.

**Original Director** has the meaning given to it in Clause 3.3.

**Other Shareholder** has the meaning given to it in Clause 10.4(a).

**Party** means a party to this Agreement.

**Paying Party** has the meaning given to it in Clause 23.8(c).

**Permit** means:

- (a) a permit, permission, license, approval, authorisation, consent, clearance, waiver, exemption, no objection certificate or other authorisation of whatsoever nature and by whatever name called from a Governmental Authority, contractual counterparty or other Third Party; and
- (b) a registration, declaration, lodgement, notice or filing with any Governmental Authority contractual counterparty or other Third Party,

in each case whether required under any Applicable Law or under any contract, agreement, permit, licence, approval, consent or other arrangement.

**Person** means any individual, sole proprietorship, association (including unincorporated association), unincorporated organisation, venture or joint venture, body corporate, corporation (including any non-profit corporation), limited or unlimited liability company), general partnership, limited partnership, limited liability partnership, estate, trust, society, firm, Hindu Undivided Family, Governmental Authority, or any other enterprise or other entity, in each case, whether or not having separate legal personality and whether acting in an individual, fiduciary or other capacity.

**Pro Rata Entitlement** means such number of Equity Securities held by the Other Shareholder as equal the number of ROFO Securities multiplied by a fraction, the numerator of which is the total number of Equity Securities held by the Other Shareholder

and the denominator of which is the total number of Equity Securities held by Transferring Shareholder, (in each case calculated on a Fully Diluted Basis).

**Promoter Directors** has the meaning given to it in Clause 3.2(c)(i).

**Promoter Event of Default** has the meaning given to it in Clause 16.1 (a).

**Promoter's Affirmative Consent** means the prior written consent of the Promoter, in respect of a Reserved Matter.

**Proceeding** means any investigation, prosecution, action, proceeding, dispute, claim, demand, notice, order, direction, declaration, inquiry, mediation, dispute resolution, industrial disputes, prosecutions, litigation or arbitration proceeding.

**RBI** means the Reserve Bank of India.

**RoC** means the Registrar of Companies, Kochi, Kerala.

**Receiving Party** has the meaning given to it in Clause 23.8 (c).

**Recipient** has the meaning given to it in Clause 22.1(a).

**Recognised Stock Exchanges** means the National Stock Exchange of India Limited or the BSE Limited or such other reputed national or international stock exchange as may be mutually agreed in writing between the Promoter, the Company and the Investor.

**Records** means original and copies of all books, documents, files, reports, accounts, plans, correspondence, letters and papers of every description and other material regardless of their form or medium and whether coming into existence before, on or after the Agreement Date, of the Company including certificates of registration, minute books, statutory registers, books of account, Tax returns, deeds, contracts and agreements (including Material Contracts) title deeds and other documents of title, customer lists, price lists, trading, accounting and financial records, insurance documents, employee records and other records relating to the operation of the Business.

**Related Party** means, with respect to a Person, any other Person who is an Affiliate of that Person and (to the extent not already covered by the foregoing) any Person who would be considered a related party of such Person by virtue of:

- (a) the accounting standards in India pertaining to "Related Party Disclosures"; and/or
- (b) Section 2 (76) of the Companies Act, 2013.

**Relative** has the meaning given to it in Section 2 (77) of the Companies Act, 2013.

**Reserved Matters** means the matters listed in Schedule 3.

**Review Committee** has the meaning given to it in Clause 15.3.

**Rights Completion Period** has the meaning given to it in Clause 8.3(d).

**Rights Issue** has the meaning given to it in Clause 8.1.

**Rights Notice** has the meaning given to it in Clause 8.3(a).

**RM Notice** has the meaning given to it in Clause 5(b).

**RM Response Period** has the meaning given to it in Clause 5(c).

**ROFO** has the meaning given to it in Clause 10.4(a).

**ROFO Acceptance Notice** has the meaning given to it in Clause 10.4(c).

**ROFO Notice** has the meaning given to it in Clause 10.4(b).

**ROFO Notice Period** has the meaning given to it in Clause 10.4(c).

**ROFO Price** has the meaning given to it in Clause 10.4(c).

**ROFO Securities** has the meaning given to it in Clause 10.4(b).

**Second Notice** has the meaning given to it in Clause 8.3(c).

**Second Notice Acceptance Period** has the meaning given to it in Clause 8.3(c).

**Second Completion** has the meaning given to it in the Share Subscription Agreement.

**Second Completion Date** has the meaning given to it in the Share Subscription Agreement.

**Second Tranche Subscription Price** has the meaning given to it in the Share Subscription Agreement.

**Share Capital** shall mean the issued, subscribed and paid-up equity share capital of the Company.

**Shares** means equity shares of the Company.

**Share Subscription Agreement** means the subscription agreement entered into by the Investor, the Company and the Promoter on or about the Agreement Date.

**Shareholders** mean the Persons holding Shares in the Company and whose names are entered in the register of members of the Company.

**SIAC Rules** has the meaning given to it in Clause 20.4(a).

**Specific Covenants** (a) of the Promoter and the Company means the covenants of the Promoters and the Company under Clause 5 (*Reserved Matters*), Clause 11.3 (*Drag Along Right*), and indemnity obligations of the Promoter under Clause 14 of the Share Subscription Agreement, and (b) of the Investor means the covenants of the Investor under Clause 11.3 (*Drag Along Right*) and indemnity obligations of the Investor under Clause 14 of the Share Subscription Agreement.

**Specific Covenant Default Notice** has the meaning given to it in Clause 16.2(f).

**Subscription Price** has the meaning given to it in the Share Subscription Agreement.

**Subscription Shares** has the meaning given to it in the Share Subscription Agreement.

**Subsidiary** has the meaning given to it under Section 2(87) of the Act.

**Surviving Rights** means the rights of each Shareholder as set out in Clause 8 (*Further Funding and Rights of Pre-emption*), Clause 9 (*Anti-Dilution*), Clause 10.3(a) (*Transfer to Affiliates*), Clause 15 (*Information and Inspection Rights*), Clause 20 (*Dispute Resolution*), Clause 21 (*Governing Law and Jurisdiction*) and Clause 23 (*Miscellaneous*).

**Tag Acceptance Period** has the meaning given to it in Clause 10.5(d).

**Tag Acceptance Response** has the meaning given to it in Clause 10.5(d).

**Tag Along Price** has the meaning given to it in Clause 10.5(a).

**Tag Along Right** has the meaning given to it in Clause 10.5(b).

**Tag Along Securities** has the meaning given to it in Clause 10.5(d).

**Tag Notice** has the meaning given to it in Clause 10.5(a).

**Target Shareholding** has the meaning given to it in Clause 10.3(b)(i).

**Target Shareholding Notice** has the meaning given to it in Clause 10.3(b)(ii).

**Target Shareholding Right** has the meaning given to it in Clause 10.3(b)(i).

**Target Shareholding Securities** has the meaning given to it in Clause 10.3(b)(i).

**Tax** means any form of taxation, levy, contribution, deduction, withholdings, duties (including stamp duties), imposts, levies, cesses, fees, charges and rates, whether direct or indirect, imposed, levied, collected, withheld or assessed by any Governmental Authority having jurisdiction over the relevant Party, together with any interest, penalty, surcharge or fine in connection therewith and the terms **Taxes** and **Taxation** will be construed accordingly.

**Third Party** means any Person other than the Parties.

**Transaction Documents** has the meaning given to it in the Share Subscription Agreement.

**Transfer** (including the terms **Transferring**, **Transferred** and **Transferability**) means to directly or indirectly, transfer, sell, assign, encumber in any manner, place in trust (voting or otherwise), exchange, gift or transfer by operation of law or in any other way subject to any Encumbrance or dispose of, whether or not voluntarily.

**Transferee** has the meaning given to it in Clause 10.4(d).

**Transferring Shareholder** has the meaning given to it in Clause 10.4(a).

**Upside** means the absolute value of return received by the Investor, pursuant to sale of Subscription Shares acquired at First Completion and Second Completion in excess of 25% IRR on the Subscription Price reduced by the absolute value of the return, if any, received by the Investor in excess of 35% IRR on the Subscription Price.

**Upside Threshold** means the higher of (a) 25% IRR on the Subscription Price, and (b) 3 times the Subscription Price.

**Valuation Report** has the meaning given to it in Clause 8.5(c).

## 1.2 Interpretation

In this Agreement, unless the context otherwise requires:

- (a) the terms holding company and subsidiary will be accorded the same meaning as given in the Act when used in this Agreement;
- (b) a reference to any Applicable Law or any other statutory or legislative provision includes a reference to the statutory provision as modified or re-enacted or both from time to time whether before or after the Agreement Date and any subordinate legislation made or other thing done under the statutory provision whether before or after the Agreement Date;
- (c) a reference to the singular includes the plural and vice-versa;
- (d) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (e) words referring to a particular gender include all other genders;
- (f) a reference to any document is a reference to that document as amended, assigned, novated or otherwise modified or replaced in accordance with its terms, from time to time;
- (g) a reference to a document being in agreed form is a reference to a document in a form approved in writing by the Parties;
- (h) a reference to a Party or Person generally includes a reference to that Party or Person's successors and permitted assigns;
- (i) a reference to a Recital, Clause, Schedule or Paragraph is a reference to a recital, clause or schedule to this Agreement or paragraph of a Schedule, and the Recitals and Schedules form part of and have the same force and effect as if expressly set out in the main body of this Agreement;
- (j) the expression "this Clause", "this Schedule", "this Paragraph" or similar expressions shall, unless followed by reference to a specific provision, be deemed to refer to the whole Clause, Schedule, Paragraph or other section of text (as applicable) and not merely the sub-Clause, part of a Schedule, sub-Paragraph or other provision in which the expression occurs;
- (k) where one or more examples are given of items covered by a general word or phrase, that is not to be read as limiting the meaning of that general word or phrase to those examples or similar items;
- (l) the words "including" and "in particular" are to be read as if the words "but not limited to" were inserted immediately after them;
- (m) save as expressly provided for in this Agreement, the rights and obligations of each Party are several (and not joint and several) and may be exercised independently of the other Parties and no Party shall be responsible or liable for any obligations or liabilities of any other Party
- (n) an obligation to "procure" or "ensure" or "cause" any act or forbearance, shall be deemed to include an obligation to exercise all rights and powers (including

voting rights) available to the Parties undertaking such obligation to procure or ensure, as the case may be, such act or forbearance;

- (o) a reference to something being "in writing" includes writing, typing, printing, lithography, letter, e-mail or other electronic record reduced to a visual form. A "notice" shall, where it is not specifically mentioned, be deemed to refer to a notice in writing;
- (p) references to acting "directly or indirectly" includes (without prejudice to the generality of that expression) acting alone or jointly with or by means of or through any other Person, including by the exercise of voting or any other rights in another Person;
- (q) a reference to a time of day is a reference to the time in India, unless a contrary indication appears;
- (r) unless otherwise specified, any time period specified for performance by any Party, shall be deemed to stand extended to include any time period required by such Party for obtaining any consent/ approval from any Governmental Authority;
- (s) wherever an Affiliate of a Party holds any Shares, other shares, securities or other equity interests in the Company, any reference to such Party's Shares, other shares, securities or other equity interests shall be deemed to include a reference to the Shares, other shares, securities or other equity interests held by such Affiliate; and
- (t) a reference to INR or Rs. is to Indian rupees, the lawful currency of the Republic of India.

### **1.3 Construction**

This Agreement has been jointly drafted by the Parties to give effect to their commercial intentions. Any rule requiring that the construction of a document least favourable to the Party who was responsible for its preparation or who seeks to rely on it or who seeks to benefit from it should be preferred, is expressly excluded and is not applicable to this Agreement.

### **1.4 Business Day**

Where something is required by this Agreement to be done on a day which is not a Business Day, it must be done on the next day which is a Business Day.

### **1.5 Headings**

Headings used in this Agreement are for convenience only and do not affect the interpretation of this Agreement.

## **2. CAPITAL STRUCTURE OF THE COMPANY**

As of the First Completion Date, the Share Capital of the Company shall be as set out in Schedule 1 Part A. As of the Second Completion Date, the Share Capital of the Company shall be as set out in Schedule 1 Part B.

## **3. BOARD OF DIRECTORS**

3.1 Subject to the provisions of this Agreement and the Act, the Board shall be responsible for the management, supervision, direction and control of the Company.

3.2 **Size and Composition of the Board and Appointment of Directors**

- (a) The Board shall consist of not less than 3 Directors and not more than 6 Directors.
- (b) The Directors shall not be required to hold any qualification Shares.
- (c) Subject to the terms of this Agreement, the Board composition shall be as follows:
  - (i) 2 Directors nominated by the Promoter (**Promoter Directors**), who shall be non-retiring, non-executive Directors and shall not be involved in the day-to-day management and operations of the Company;
  - (ii) 1 Director nominated by the Investor (**Investor Director**), who shall be a non-retiring, non-executive Director and shall not be involved in the day-to-day management and operations of the Company;
  - (iii) A Managing Director; and
  - (iv) 2 Independent Directors, appointed by the Board from amongst candidates proposed by the Investor and the Promoter where the Investor and the Promoter shall each have a right to propose candidates for appointment of 1 Independent Director to the Board. The candidates so proposed by the Investor and the Promoter shall not be (A) an employee of the Company, (B) a Related Party (as defined under the Act), or (C) an Affiliate of any Party. Notwithstanding the above, the Parties agree that, as on the Agreement Date, there are 2 Independent Directors on the Board ("**Existing Independent Directors**"), and they shall not be required to resign prior to expiry of the term of their appointment by virtue of this Clause. Any Existing Independent Director who first resigns or whose term first expires, shall be replaced by a new Independent Director appointed from amongst the candidates proposed by the Investor.

3.3 **Alternate Director**

Subject to the provisions of the Act, in the event that the Promoter or the Investor proposes to appoint an alternate Director (**Alternate Director**) to any Director nominated by any of them (**Original Director**), the Board shall, upon receipt of notice to that effect from the relevant Shareholder, appoint such Alternate Director in place of such Original Director. Upon the appointment of the Alternate Director, the Company shall ensure compliance with the provisions of the Act, including by filing necessary forms with the RoC. Each Party shall also have a right to withdraw its nominated Alternate Director and nominate another Alternate Director in its place. The Alternate Director shall be entitled to receive notice of all meetings and to attend and vote at such meetings in place of the Original Director and generally to perform all functions of the Original Director in the absence of such Original Director.

3.4 **Casual Vacancy**

In the event of a casual vacancy arising on the Board on account of the resignation of a Director or the office of a Director becoming vacant for any reason, the Shareholder who has appointed such Director shall be entitled to nominate another person, in accordance with Applicable Law, to be appointed as a Director to fill such vacancy, and the other Shareholders shall exercise its rights to ensure the appointment of the individual nominated as aforesaid.

### **3.5 Removal, Replacement and Retirement of Directors**

- (a) Each Shareholder may remove a Director nominated by it by a written notice issued to the Company and the other Shareholder. Each Shareholder shall exercise its vote in relation to the Shares controlled by it for the removal of a Director upon the written request of the Shareholder that nominated such Director.
- (b) In the event of retirement of a nominee Director by rotation in accordance with Applicable Law and if such nominee is being nominated again by the Shareholder concerned, each Shareholder shall exercise its vote in relation to the Shares controlled by it for the re-appointment of such Person as a Director upon the request of the Shareholder that nominated such Director.

### **3.6 Frequency of Meetings of the Board**

The Board shall meet at such frequency as may be necessary to discharge its duties, provided that, at least 4 meetings of the Board shall be held in every calendar year in accordance with the Act in such a manner that not more than 120 days shall intervene between 2 consecutive meetings of the Board.

### **3.7 Notice for Meetings of the Board**

- (a) A meeting of the Board may be called by the chairperson of the Board or any other Director by giving notice in writing to the company secretary of the Company specifying the date, time and agenda for such meeting. Any notice for a meeting of the Board shall include an agenda, in writing, identifying in reasonable detail the matters to be discussed at the meeting of the Board together with copies of any relevant papers to be discussed at the meeting of the Board. Such written notice shall be given at the usual residential address of each Director in India and in case of Directors not ordinarily residing in India or currently out of India, the same shall be given at such address as notified by the concerned Director as a valid address for the service of notices for the time being. Notices may also be provided by electronic mail at such address notified by the concerned Director to the Company.
- (b) The Board shall not take up or discuss any matter in any meeting of the Board that is not expressly specified in the agenda for such meeting unless a majority of the Directors present at such meeting, which shall always include the Investor Director and at least 1 Promoter Director, agree to discuss and vote on such matter at such meeting. However, a Reserved Matter shall not be taken up or discussed in any meeting of the Board unless it is expressly specified in the agenda for such meeting. If any Reserved Matter which has received the Promoter's Affirmative Consent and the Investor's Affirmative Consent in accordance with Clause 5 (*Reserved Matters*) below is proposed to be placed or tabled before the Board, then the agenda shall specifically identify such Reserved Matter as having been approved by the Promoter and the Investor.

- (c) At least 7 days' prior written notice shall be given to each of the Directors of any meeting of the Board. Provided that, such notice period: (i) shall not apply in the case of an adjourned meeting pursuant to Clause 3.8(b); and (ii) subject to Applicable Law, may be reduced with the written consent of a majority of the Directors, provided, however, that such majority shall include a Promoter Director and an Investor Director. The notice of any meeting of the Board shall also provide confirmation to the Directors regarding availability of participation through video conference and provide necessary information to enable the Directors to effectively use such video conferencing facility.

### **3.8 Quorum for Meetings of the Board**

- (a) Subject to the provisions of the Act, the quorum for all meetings of the Board shall be 3 Directors, provided that, at least 1 Promoter Director and 1 Investor Director shall be required to be present at the start of and throughout the meeting (**Board Quorum**). Provided however that the Investor may waive the requirement of an Investor Director for Board Quorum and the Promoter may waive the requirement of a Promoter Director for Board Quorum as set forth in this sub-clause (a) any time prior to the commencement of the Board meeting, in writing.
- (b) If, within 30 minutes of the time specified for a meeting of the Board, the Board Quorum is not present, the meeting of the Board shall be adjourned and reconvened to the date that falls 7 Business Days after the original meeting and at the same time and place as the original meeting (**First Adjourned Board Meeting**). The quorum requirement set out in Clause 3.8(a) above shall also be applicable at such First Adjourned Board Meeting. If, within 30 minutes of the time specified for the First Adjourned Board Meeting, the Board Quorum is not present, then the Directors present at the First Adjourned Board Meeting shall, subject to Applicable Law, constitute quorum for matters to be discussed at such meeting, provided that (i) no decision with respect to any Reserved Matter shall be taken at such First Adjourned Board Meeting, unless the Promoter's Affirmative Consent and the Investor's Affirmative Consent has been obtained in accordance with Clause 5 (*Reserved Matters*), and it formed part of the agenda for such Board meeting, and (ii) no matter, which is not specified in the notice of the originally convened Board meeting, shall be taken up for discussion or voting at such First Adjourned Board Meeting.

### **3.9 Voting at Meetings of the Board; Chairperson**

Each Director shall be entitled to cast 1 vote at any meeting of the Board. Subject to the provisions of Clause 5 (*Reserved Matters*), the adoption of any resolution of the Board shall require the affirmative vote of a majority of the Directors present at a duly constituted meeting of the Board.

The chairperson of the Board shall be appointed from amongst the Promoter Directors present in the meeting of the Board and shall not have a casting vote.

### **3.10 Circular Resolutions of the Board**

Subject to Clause 5 (*Reserved Matters*), the Board may act either in a meeting or through written circular resolution, or in any other legally permissible manner, on any matter, except matters, which pursuant to the requirements of Applicable Law are required to be acted upon only at a meeting of the Board or exclusively at a meeting of the Shareholders. Subject to Applicable Laws and the provisions of Clause 5 (*Reserved Matters*), no written

circular resolution shall be deemed to have been duly passed by the Board, unless the resolution has been approved in writing by a majority of Directors.

### **3.11 Telephonic and Video Participation at Meetings of the Board**

The Directors may participate in meetings of the Board by telephone conferencing, video conferencing or any other means of audio – visual communication in accordance with the provisions of the Act, provided that each Director must acknowledge his presence for the purpose of the meeting and any Director not doing so shall not be entitled to speak or vote at the meeting. The quorum and other requirements applicable to meetings of the Board shall also apply to such meetings undertaken by audio – video participation. The Company shall provide participation for the Directors at meetings of the Board through video conference and provide necessary information to enable the Directors to effectively use such video conferencing facility for the meetings of the Board.

### **3.12 Committees**

- (a) The Board may constitute such committees as required under Applicable Law, and as it may deem fit and proper, to assist with the management of specific aspects of the business of the Company (**Committees**). The Promoter and Investor shall each have the right to appoint their respective nominee Directors as members on each such Committee.
- (b) Subject to Applicable Law and Clause 5 (*Reserved Matters*), the Board shall determine the terms of reference for each of the Committees with respect to their scope of work and powers. Provisions relating to meetings and decisions of the Board as set out in this Clause 3.12 (including those pertaining to the notice, agenda, quorum, voting and circular resolutions) shall apply *mutatis mutandis* to meetings of any Committee, provided however that, in relation to the Credit Committee: (i) a meeting of the Credit Committee may be convened and/or adjourned at any time at such notice period as may be required by Applicable Law from time to time, and in this regard, no prior approval of any Promoter Director and/or Investor Director would be required, and (ii) the Credit Committee may, to the extent permissible under Applicable Law, act through written circular resolutions.

### **3.13 Sitting fees**

Subject to Applicable Law, the Investor Director shall be entitled to all the rights and privileges of other Directors including sitting fees; provided that if the Investor Director is an officer of the Investor and the Investor so advises the Company, the sitting fees in relation to the Investor Director shall accrue to the Investor and the same shall accordingly be paid by the Company directly to the Investor and the Investor shall obtain such Investor Director's consent for the same.

### **3.14 Expenses**

All Directors of the Company shall be paid all out-of-pocket-expenses (including travel within India, boarding and lodging expenses) by the Company for attending any Shareholders' meeting, meetings of the Board and any other reasonable expenses incurred by the Directors in the course of fulfilling their duties and obligations as directors of the Company.

### **3.15 Observer**

If at any time the Investor has not exercised its right to nominate an Investor Director on

the Board as provided in Clause 3.2 above, then the Investor shall be entitled to appoint 1 observer to the Board (**Observer**). The Observer shall have the right to receive all notices, documents and information provided to the Directors and be entitled to attend all meetings of the Board and the Committees. The Observer shall not be considered for quorum, and the Observer shall not be entitled to vote on any resolution proposed to be passed at a meeting of the Board or the Committees. All costs incurred by an Observer in attending a meeting of the Board or Committees (including the costs of travel and attendance) shall be borne by the Investor.

#### **4. SHAREHOLDER MEETINGS**

##### **4.1 Notice for Meetings of the Shareholders**

- (a) At least 21 days prior written notice of every general meeting shall be given to the Shareholders of any meeting of the Shareholders. Provided that, such notice period: (i) shall not apply in the case of an adjourned meeting pursuant to Clause 4.3(b); and (ii) subject to Applicable Law, may be reduced with the written consent of majority of the Shareholders, provided, however, that such majority shall include the Promoter and the Investor.
- (b) Every notice convening a meeting of the Shareholders shall set out the agenda with details of the business to be transacted, and matters to be voted on, at such meeting and no item or business shall be transacted at such meeting unless the same has been stated in the notice convening the meeting, unless otherwise agreed in writing by the Promoter and the Investor. If any Reserved Matter which has received Promoter's Affirmative Consent and the Investor's Affirmative Consent in accordance with Clause 5 (*Reserved Matters*) below is proposed to be placed or discussed at a meeting of the Shareholders, then the agenda shall specifically identify such Reserved Matter as having been approved by the Promoter and the Investor.
- (c) A copy of any documents to be reviewed or discussed at such meeting shall accompany such notice.

##### **4.2 Voting and Resolutions at Meetings of the Shareholders**

- (a) A Shareholder shall be entitled to exercise its right to vote at general meetings by proxy and/or by an authorized representative, and such proxy or authorized representative need not be a Shareholder.
- (b) Subject to Applicable Law and Clause 5 (*Reserved Matters*), all decisions of the Shareholders shall be made by ordinary or special resolutions, as required under the Act.
- (c) The chairperson of any meeting of the Shareholders shall not have a casting vote.

##### **4.3 Quorum for Meetings of the Shareholders**

- (a) Subject to the provisions of the Act, the quorum for all general meetings of the Company shall be as required by Applicable Laws, provided that at least 1 representative of the Investor and 1 representative of the Promoter should be present at the start of and throughout each general meeting (**GM Quorum**). Provided however that the Investor may waive the requirement of an Investor representative for GM Quorum and the Promoter may waive the requirement of a

Promoter representative for GM Quorum as set forth in this sub-clause (a) any time prior to the commencement of the general meeting, in writing.

- (b) If a GM Quorum is not present for a meeting of the Shareholders within 30 minutes of the time specified for the meeting, in such a case, the meeting will be adjourned to a date that is 7 Business Days after the original meeting and at the same time and place as the original meeting (**First Adjourned Shareholders Meeting**). The quorum requirement set out in Clause 4.3(a) shall also be applicable at such First Adjourned Shareholders Meeting. If no quorum is present at the First Adjourned Shareholders Meeting within 30 minutes of the time specified for the First Adjourned Shareholders Meeting, the Shareholders present at the First Adjourned Shareholders Meeting, shall subject to Applicable Law, constitute quorum for matters to be discussed at such meeting, provided that (i) no decision with respect to any Reserved Matter shall be taken at such First Adjourned Shareholders Meeting, unless such Reserved Matter has received the Promoter's Affirmative Consent and the Investor's Affirmative Consent in accordance with Clause 5 (*Reserved Matters*), and it formed part of the agenda for such general meeting, and (ii) no matter, which is not specified in the notice of the originally convened Shareholders Meeting, shall be taken up for discussion or voting at such First Adjourned Shareholders Meeting.

## 5. **RESERVED MATTERS**

- (a) No action or decision relating to any of the Reserved Matters in respect of the Company shall be taken (whether by the Board, any Committee, the Shareholders or any of the employees, officers or managers of the Company) without the Promoter's Affirmative Consent and the Investor's Affirmative Consent.
- (b) The Company shall inform the Promoter and the Investor before any Reserved Matter is acted upon or taken up for discussion or voting at a meeting of the Board, Committee or at a meeting of the Shareholders, by giving a notice in writing (**RM Notice**) to the Promoter and the Investor. The RM Notice shall set out the reasons for proposing the Reserved Matter and shall be accompanied with all necessary information and materials for the Promoter and the Investor to make a decision relating to the Reserved Matter.
- (c) The Promoter and the Investor may respond to the RM Notice within the following time periods (each a **RM Response Period**)
  - (i) 7 Business Days of receipt of their respective RM Notice in relation to matter specified in paragraph 3 of Schedule 3; and
  - (ii) 20 Business Days of receipt of their respective RM Notice in relation to all other Reserved Matters.
- (d) Failure of the Promoter to respond within the RM Response Period shall be deemed as a grant of Promoter's Affirmative Consent for the Reserved Matter specified in the RM Notice.
- (e) Failure of the Investor to respond within the RM Response Period shall be deemed as a grant of the Investor's Affirmative Consent for the Reserved Matter specified in the RM Notice.
- (f) If the Promoter or the Investor communicates in writing its dissent in respect of the Reserved Matter within the RM Response Period specifying its reasons for

dissent, then the Company may not proceed with such Reserved Matter or bring up such Reserved Matter at a meeting of the Board, Committee or the Shareholders.

- (g) If the Promoter's Affirmative Consent and the Investor's Affirmative Consent are granted (or deemed to be granted as per Clause 5(d) or Clause 5(e)), then the Company may proceed to implement such Reserved Matter after obtaining necessary Board, Committee or Shareholders approval, as required under Applicable Law and in accordance with the terms of this Agreement.

## 6. MANAGEMENT OF THE COMPANY, MANAGING DIRECTOR AND KEY EMPLOYEES

### 6.1 Management of the Company

The day-to-day management of the Company shall be carried out by the Managing Director and Key Employees under the general superintendence, guidance and control of the Board. The Board shall discuss at their meetings, all material matters in connection with the Company including matters relating to material litigation, significant contracts and hiring of Key Employees. The Board may exercise all such powers of the Company and do all such lawful acts and things as are permitted under Applicable Law and the Charter Documents, provided that the Board shall not exercise any power or do any act, deed or thing which is in relation to a Reserved Matter or is otherwise directed or required, whether by the Act, this Agreement or the Articles, to be exercised or done by the Company, in a meeting of the Shareholders.

### 6.2 Managing Director

- (a) Subject to Section 167 of the Act, the Managing Director shall continue in his position for as long as the Investor and the Promoter are in agreement on his continuity as the Managing Director. The Shareholders' right to remove the Managing Director shall be subject to the process set out in Clause 6.2(b) to Clause 6.2(g) below.
- (b) In the event either of the Promoter or the Investor is of the view that the Managing Director should not continue in his position, then such Shareholder shall notify the Investor or the Promoter (as applicable) of the same (**MD Notice**).
- (c) Upon receipt of the MD Notice, the Investor and the Promoter shall cooperate with each other and do all such acts as may be necessary, including appointment of a recruitment firm of national repute and/ or proposing names of suitable candidates, for identifying a candidate acceptable to them both for appointment as the new Managing Director (**Eligible Candidate**).
- (d) Once the Eligible Candidate has been identified, the Investor and the Promoter shall call upon the Board to undertake all such actions as may be required to remove the Managing Director and appoint the Eligible Candidate as the new Managing Director.
- (e) In case the Investor and the Promoter fail to identify an Eligible Candidate within 90 days of the date of the MD Notice, then the Shareholder delivering the MD Notice shall have the right to call upon the Board to undertake all such actions as may be required to procure the resignation of or remove the Managing Director. Upon the resignation or removal of the Managing Director, the Board shall establish an interim arrangement for discharging the duties of the Managing

Director, and this arrangement shall continue till such time the Eligible Candidate is appointed as the new Managing Director of the Company (**Interim Arrangement**).

- (f) The Investor and the Promoter agree to co-operate with each other and to take all necessary steps, including exercising voting rights at meetings of the Shareholders and procuring that their respective nominee Directors exercise voting rights at meetings of the Board and the Committees, as may be required to give effect to removal of a Managing Director and appointment of an Eligible Candidate as Managing Director in accordance with this Clause 6.2.
- (g) It is hereby clarified that this Clause 6.2 shall be applicable to any Managing Director including a new Managing Director appointed in accordance with Clause 6.2. The procedure for selection of a new Managing Director set out in Clause 6.2(c) to Clause 6.2(f) shall be applicable in the event any Managing Director voluntarily resigns from his position.

### **6.3 Key Employees and Employee Compensation**

- (a) Subject to Clause 5 (*Reserved Matters*), the Company shall empower the Managing Director to appoint additional Key Employees, as may be required from time to time.
- (b) The Company shall undertake all such actions as may be required to ensure that the Key Employees:
  - (i) spend substantial amount of their time and remain actively involved in the day-to-day management and operations of the Company;
  - (ii) are wholly involved in the affairs of the Company and comply with the terms of their employment arrangements; and
  - (iii) shall report to the Managing Director and be subject to the superintendence, control and direction of the Managing Director.
- (c) The Board shall have the discretion to offer market level compensation to existing and new employees of the Company. However, any decision of the Board with respect to (i) compensation of the Managing Director and Key Employees; and (ii) employee share option or share awards shall be subject to Clause 5 (*Reserved Matters*).

## **7. COVENANTS**

The Promoter and the Company shall comply with their respective covenants and undertakings set out in Schedule 4.

## **8. FURTHER FUNDING AND RIGHT OF PRE-EMPTION**

### **8.1 Further Funding**

Any anticipated further funding requirements of the Company may be specified in the Business Plan, provided however that until Second Completion has occurred, no such further funding requirement will be met by issue of Equity Securities. After Second Completion Date, if the Managing Director recommends to the Board that any such further funding requirement should be met by way of an issue of Equity Securities, then,

if such recommendation is approved by the Board, such issue shall be undertaken by the Company by way of a rights issue (**Rights Issue**). The Company and each Shareholder shall take and cause to be taken, all actions, and do, or cause to be done, all things necessary (including exercise of voting rights), to undertake such Rights Issue (a) irrespective of whether (as a Shareholder) it intends to subscribe to Equity Securities in such Rights Issue; and (b) to ensure that the Company is able to maintain a capital adequacy ratio which would enable the Company to achieve a growth rate of 24% per annum.

### 8.2 Right of Pre-emption

Each Shareholder shall have a pre-emption right with respect to each issue of Equity Securities in a Rights Issue as specified in Clause 8.3 and accordingly, the procedure set out in Clause 8.3 shall apply to each and every issuance of any Equity Securities (such Equity Securities, the **New Securities**) by the Company.

### 8.3 Procedure

- (a) If the Company proposes to issue any New Securities, it shall give each Shareholder prior written notice (a **Rights Notice**) of its intention, describing the New Securities proposed to be so issued, the number of New Securities proposed to be issued, the price (determined in accordance with Clause 8.5) at which such New Securities are proposed to be issued, total quantum of the proposed fund raise, the proposed closing date for the issuance which shall not be less than 60 days from the date of the Rights Notice, and the general terms upon which the Company proposes to issue the New Securities.
- (b) Subject to Clause 8.5(b) to (e), within 15 days from delivery of a Rights Notice (the **Notice Acceptance Period**), each Shareholder shall have the right to agree to subscribe to such New Securities up to its Entitlement on the same terms and conditions including as to price per New Security specified in the Rights Notice, by giving written notice to the Company setting forth the number of New Securities (not exceeding its Entitlement) to which it agrees to subscribe.
- (c) If a Shareholder declines, or fails or omits to notify the Company of its election to subscribe to its Entitlement of the New Securities or any portion thereof within the Notice Acceptance Period, the unsubscribed portion of the New Securities (collectively, the **Devolved Entitlement Securities**) shall automatically devolve on the Shareholders, if any, who have agreed to subscribe to their full Entitlement of the New Securities (the **Accepting Shareholders**). The Company will issue a notice containing details of such Devolved Entitlement Securities (a **Second Notice**) to the Accepting Shareholders forthwith upon expiry of the Notice Acceptance Period and each Accepting Shareholder shall have the right to agree to subscribe to the Devolved Entitlement Securities up to its Entitlement within a period of 15 days from the receipt of the Second Notice (the **Second Notice Acceptance Period**) on the same terms and conditions including as to price per New Security specified in the Rights Notice, where the 'Entitlement' of each Accepting Shareholder in the Devolved Entitlement Securities shall be computed on a pro-rata share basis as between the Accepting Shareholders, assuming they have respectively acquired all their Entitlement of New Securities.
- (d) The Shareholders who have agreed to subscribe to any New Securities pursuant to notices delivered in accordance with this Clause 8 shall remit the subscription consideration for such New Securities to the Company and the Company shall complete the process of issuance and allotment of all such New Securities to such

Shareholders within 30 days from the expiry of the Acceptance Notice Period or if there are any Devolved Entitlement Securities, the expiry of the Second Notice Acceptance Period (**Rights Completion Period**).

- (e) Subject to Clause 9 (*Anti Dilution*), any decline or failure by any Shareholder to exercise its pre-emptive right in respect of its Entitlement to the New Securities (or any portion thereof) shall result in a corresponding and consequential dilution of such Shareholder's shareholding in the Company in accordance with the foregoing provisions of this Clause 8.
- (f) If the Shareholders, collectively, after following the process prescribed in the foregoing provisions of this Clause 8, subscribe to fewer New Securities than the number of New Securities set forth in the Rights Notice or do not subscribe to any New Securities, in each case within the Rights Completion Period, the Company shall have 45 days from the expiry of the Rights Completion Period, to issue and allot the unsubscribed portion of the New Securities to such Third Party as the Board may determine at a price and upon general terms no more favourable to such Third Party subscriber than specified in the Rights Notice.
- (g) Any New Securities that have not been issued and allotted by the Company within the period specified in Clause 8.3(f) above, shall not thereafter be issued to any Person without first offering such New Securities to the Shareholders in the manner and as per the procedure set out in this Clause 8.
- (h) **Investor's Additional Entitlement**
  - (i) Notwithstanding anything to the contrary in the foregoing provisions of this Clause 8.3, in case New Securities are issued at any time between the Second Completion Date and until the earlier of the following ("**Investor's Additional Entitlement Period**"):
    - (A) the expiry of 30 months from the Second Completion Date, or
    - (B) the Investor becoming the holder of 45% of the Share Capital of the Company on a Fully Diluted Basis,

the Investor shall have the right (but not the obligation) to agree to subscribe such number of Equity Securities which shall in the aggregate constitute such percentage of the New Securities offered under the Rights Notice, as specified in the table below (the difference between the Investor's Entitlement and such higher number, the **Investor's Additional Entitlement**).

<b>Rights Notice</b>	<b>Percentage of New Securities</b>
For the first Rights Notice issued during the Investor's Additional Entitlement Period	35% of the New Securities
For the second Rights Notice issued during the Investor's Additional Entitlement Period	45% of the New Securities
For any subsequent Rights Notice(s) issued during the	50% of the New Securities

Investor's Additional Entitlement Period	
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- (ii) In order to facilitate the exercise of the Investor's right in respect of the Investor's Additional Entitlement, within 15 days of receipt of a Rights Notice, the Investor may, by giving written notice to the Company and the Promoter, specify: (A) whether the Investor agrees to subscribe to its full Entitlement, and (B) if the Investor is entitled to the Investor's Additional Entitlement at such time and agrees to subscribe to its full Entitlement, the number of New Securities from the Investor's Additional Entitlement, if any, that the Investor agrees to subscribe. Within 10 days of receipt of such notice from the Investor, the Promoter hereby agrees to devolve in favour of the Investor from the Promoter's Entitlement, the number of New Securities from the Investor's Additional Entitlement, if any, that the Investor agrees to subscribe.
- (iii) Upon exercise by the Investor of its right to subscribe any New Securities from the Investor's Additional Entitlement, the meaning of the term 'Entitlement' in respect of the Promoter and the Investor under this Clause 8 shall stand modified accordingly.

#### 8.4 Exceptions

- (a) For purposes of this Clause 8, the reference therein to Equity Securities of the Company shall not include:
  - (i) the issuance of Equity Securities pursuant to any employee share option or share award scheme of the Company, the terms of which are approved in advance as a Reserved Matter;
  - (ii) Shares issued in an IPO the terms of which are approved in advance as a Reserved Matter; and
  - (iii) the issuance of Shares at Second Completion.

#### 8.5 Calculation of Fair Market Value

- (a) Subject to Clause 8.5(e), the price of the New Securities that will be set out in any Rights Notice shall be the Fair Market Value as determined by a Big Four Accounting Firm appointed by the Board.  
 Provided however that at any time during 42 months following the First Completion Date, the price of the New Securities shall not be:
  - (i) higher than 3 times the price to book ratio as on the end of the financial quarter immediately preceding the date of issuance of the Rights Notice; and
  - (ii) lower than the Subscription Price.
- (b) In case the Investor or the Promoter disputes the Fair Market Value set out in the Rights Notice, it may, within 15 days of receipt of the Rights Notice, notify the Company and the other Shareholder of the reasons for the dispute, and specifying another Big Four Accounting Firm, appointed by it to determine the fair market

value of the Equity Securities (**FMV Notice**) within 30 days from the date of receipt of the Rights Notice (**FMV Determination Period**).

- (c) If the valuation report of the Big Four Accounting Firm appointed pursuant to Clause 8.5(b) and specifying the Fair Market Value (each, a **Valuation Report**) is delivered by the Investor or the Promoter to the Company and the other Shareholder on or prior to the end of the FMV Determination Period, the Fair Market Value for the purpose of Clause 8 shall be determined as follows:
  - (i) in the event only one of the Promoter or the Investor has obtained a Valuation Report, then the Fair Market Value for the purposes of Clause 8 shall be the average of: (A) the Fair Market Value set out in the Rights Notice, and (B) the Fair Market Value determined by the Big Four Accounting Firm as specified in the sole Valuation Report; and
  - (ii) in the event both the Investor and the Promoter have obtained Valuation Reports, then the Fair Market Value for the purposes of Clause 8 shall be the average of the Fair Market Values determined by Big Four Accounting Firms (appointed by each of the Investor and the Promoter) as specified in their respective Valuation Reports
- (d) If no Valuation Report is delivered to the Company and the other Shareholder (as specified in Clause 8.5(c)) on or prior to the end of the FMV Determination Period, the Fair Market Value for the purpose of Clause 8 shall be the Fair Market Value specified in the Rights Notice.
- (e) If any FMV Notice has been issued, on the Business Day immediately following expiry of the FMV Determination Period, the Company shall issue a fresh Rights Notice (which shall replace the Rights Notice in relation to which the FMV Notice was issued) to the Shareholders specifying the Fair Market Value determined in accordance with the foregoing provisions of this Clause 8.5, and the procedure set out under Clause 8.3 shall be followed in respect of such Rights Notice, without being again subject to Clause 8.5(b) to (d).
- (f) The Promoter and the Company shall facilitate and co-operate with the Big Four Accounting Firm appointed by the Promoter and/ or the Investor and provide all necessary information relating to the Company in relation to calculation of the Fair Market Value.
- (g) All fees and expenses required to be paid in respect of the determination of the Fair Market Value under this Clause 8.5, including payment of all costs relating to the Big Four Accounting Firms appointed by the Board, the Investor and/ or the Promoter, as the case may be, shall be borne and paid for by the Party appointing such Big Four Accounting Firm.

## 9. ANTI DILUTION

- 9.1 Without prejudice to the rights of the Promoter and the Investor under Clause 5 (*Reserved Matters*) of this Agreement, in the event that the Company proposes to issue any Equity Securities to any Third Party entitling such Third Party to receive, subscribe, convert into and/or exchange for Shares at a price less than the Subscription Price (**Dilution Instrument**), then such issuance shall not be made unless prior to or simultaneously with such issuance;

- (a) the Subscription Price has been adjusted on a Fully Diluted Basis (prior to the issuance of such Dilution Instrument) such that the adjusted Subscription Price is equal to the price of the Dilution Instrument; and
- (b) in order to give effect to the adjustment referred to in Clause 9.1(a) above, the Company has issued additional Shares to the Investor by way of bonus issue at the lowest price permissible under Applicable Law or in such other manner as may be prescribed by the Investor which is in compliance with Applicable Law provided however, nothing contained in this Clause 9.1 shall result in the Investor acquiring in excess of 45% of the Share Capital.

**9.2** The provisions of this Clause 9 shall not apply to:

- (a) the issuance of Equity Securities pursuant to any employee share option or share award scheme of the Company, the terms of which are approved in advance as a Reserved Matter;
- (b) Shares issued in an IPO the terms of which are approved in advance as a Reserved Matter; and
- (c) the issuance of any Equity Securities after (i) the date on which the Investor first acquires 45% of the Share Capital; or (ii) the expiry of 3.5 years from the First Completion Date, whichever is earlier.

## **10. TRANSFER RESTRICTIONS**

### **10.1 Transfer**

No Shareholder shall Transfer or attempt to Transfer any Equity Securities or any right, title or interest therein or thereto, except as expressly permitted by the provisions of this Clause 10 and Clause 11 (*Exit Options*). Any Transfer or attempt to Transfer any Equity Securities in violation of this Clause 10 shall be null and void *ab initio*, and the Company shall not register any such Transfer.

### **10.2 Transfer Procedure**

No Transfer may be made pursuant to this Clause 10 unless: (i) the transferee of Equity Securities has executed a Deed of Adherence; (ii) the Transfer complies in all respects with the other applicable provisions of this Agreement, and (iii) the Transfer complies in all respects with Applicable Laws.

### **10.3 Permitted Transfers**

- (a) Transfers to Affiliates
  - (i) Any Transfer by the Investor and/or the Promoter to an Affiliate may be made at any time without compliance with the provisions of Clause 10, subject to such Affiliate complying with the provisions of Clause 10.2(i) and Clause 10.2(iii). Notwithstanding the Transfer of Equity Securities by the Promoter and/or the Investor to an Affiliate in accordance with this Clause 10.3(a), the Promoter and the Investor shall continue to remain liable in accordance with the terms of this Agreement as if the Promoter and/or the Investor, as the case may be, continues to be the holder of such Transferred Equity Securities.

- (ii) If the Affiliate to whom the Investor or the Promoter has Transferred Equity Securities in accordance with Clause 10.3(a)(i) above either (A) ceases to be an Affiliate of the Investor or Promoter (as the case may be) as per Clause 10.3(a)(i), or (B) becomes subject to any Insolvency Event, in such a case, subject to any restrictions under Applicable Law, the relevant Shareholder shall cause such Affiliate to Transfer all, but not less than all, of the Equity Securities held by such Affiliate to another Affiliate of such Shareholder in compliance with the requirements of Clause 10.3(a)(i) or to the Shareholder itself, notwithstanding that such Affiliate has executed a Deed of Adherence.
- (b) Target Shareholding Right of the Investor
- (i) If the Investor will hold less than 45% of the Share Capital on a Fully Diluted Basis (**Target Shareholding**) upon expiry of 42 months from the First Completion Date, then the Investor shall have the right, but not the obligation, to acquire such additional number of Equity Securities by way of purchase of Equity Securities from the Promoter (**Call Option Securities**) or by way of subscription to Equity Securities issued by the Company in a preferential allotment) (**Target Shareholding Securities**) so that upon completion of such purchase or allotment, the Investor would hold in aggregate the Target Shareholding (**Target Shareholding Right**) upon completion of the processes specified in this Clause 10.3(b).
  - (ii) In the event the Investor intends to exercise the Target Shareholding Right, it shall notify the Promoter at any time during the 60 days immediately preceding the expiry of 42 months from the First Completion Date that it intends to exercise the Target Shareholding Right at the Fair Market Value calculated as per Clause 10.3(b)(iii) below (**Target Shareholding Notice**).
  - (iii) Upon issue of the Target Shareholding Notice, the Investor and the Promoter shall both have the right to appoint a Big Four Accounting Firm for determining the Fair Market Value of the Call Option Securities or the Target Shareholding Securities. Within 30 days from the date of the Target Shareholding Notice (**FMV Intimation Period**), the Investor and the Promoter shall have the right to deliver to each other the valuation report of their respective Big Four Accounting Firm appointed pursuant to this Clause 10.3(b)(iii) and specifying the Fair Market Value of the Call Option Securities and the Target Shareholding Securities (each, a **FMV Report**). The Fair Market Value for the purpose of this Clause 10.3(b) shall be determined as follows:

- (A) in the event both the Investor and the Promoter have delivered an FMV Report on or prior to the expiry of FMV Intimation Period, then the Fair Market Value for the purposes of Clause 10.3(b) shall be the average of the Fair Market Values determined by both Big Four Accounting Firms as specified in the respective FMV Reports; and
  - (B) in the event only one of the Promoter or the Investor has delivered a FMV Report on or prior to the expiry of FMV Intimation Period, then the Fair Market Value for the purposes of Clause 10.3(b) shall be the Fair Market Value set out in such FMV Report.
- (iv) The Promoter and the Company shall facilitate and co-operate with the Big Four Accounting Firms appointed by the Investor and/ or the Promoter and provide all necessary information relating to the Company in relation to calculation of the Fair Market Value. All fees and expenses required to be paid in respect of the determination of the Fair Market Value under this Clause 10.3(b), including payment of all costs relating to the Big Four Accounting Firms appointed by the Investor and/ or the Promoter, as the case may be, shall be borne and paid for by the relevant Party.
  - (v) Within 5 days from the expiry of the FMV Intimation Period (**Promoter Election Period**), the Promoter shall notify the Investor in writing its decision to either: (a) sell the Call Option Securities to the Investor; or (b) procure that the Company will make a preferential allotment of the Target Shareholding Securities to the Investor.
  - (vi) The Investor may, within 5 days from the expiry of the Promoter Election Period, notify the Promoter and the Company in writing:
    - (A) if the Promoter elects to transfer the Call Option Securities or fails to notify the Investor as required under sub-clause (v) above, the number of Call Option Securities that the Promoter is required to sell and the price of each Call Option Security, being the Fair Market Value of the Call Option Securities as determined in accordance with Clause 10.3(b)(iii) (**Call Notice**), or
    - (B) if the Promoter elects to procure that the Company will make a preferential allotment of the Target Shareholding Securities to the Investor, the number of Target Shareholding Securities that the Company is required to issue and the price of each Target Shareholding Security, being the Fair Market Value of the Target Shareholding Securities as determined in accordance with Clause 10.3(b)(iii) (**Issue Notice**).
  - (vii) The Call Notice shall constitute a valid and binding agreement between the Investor and the Promoter for the Promoter to sell the Call Option Securities to the Investor at the Fair Market Value determined in accordance with the foregoing provisions of this Clause 10.3(b) on the Business Day falling 10 days from the receipt of the Call Notice (**Call Option Closing Date**). Accordingly, the Promoter shall sell the Call Option Securities and the Investor shall purchase the Call Option

Securities on the Call Option Closing Date.

- (viii) The Issue Notice shall constitute a valid and binding agreement between the Investor, the Promoter and the Company for the Company to make a preferential allotment of Target Shareholding Securities to the Investor at the Fair Market Value determined in accordance with the foregoing provisions of this Clause 10.3(b) within 15 days of the receipt of the Issue Notice (**Issue Closing Date**) and for the Promoter to procure that such preferential allotment is made. Accordingly, the Company and the Promoter shall take and cause to be taken, all actions, and do, or cause to be done, all things necessary (including voting any Shares which it owns) so that the Company issues and allots the Target Shareholding Securities to the Investor on or before the Issue Closing Date.
- (c) The Promoter or the Company, as applicable, shall be deemed to provide to the Investor the Fundamental Warranties specified in Schedule 9 of the Share Subscription Agreement in relation to itself and the title to the Target Shareholding Securities on the Call Option Closing Date or the Issue Closing Date, as applicable. Subject to issue of the Call Notice or the Issue Notice, as applicable, the Promoter hereby agrees to indemnify the Investor for breach of such Fundamental Warranties on the terms set forth in the Share Subscription Agreement. The Investor shall bear all costs and expenses for the sale and transfer of the Call Option Securities/ issue of the Target Shareholding Securities, as the case may be, including any amounts payable under Applicable Law as stamp duty on any documents to which it is a party executed for or in relation to the sale and transfer of the Call Option Securities / issue of the Target Shareholding Securities, as the case may be.
- (d) Transfers to a Competitor
  - (i) The Parties hereby agree that the Promoter and the Investor shall not, without the prior written consent of the Investor or the Promoter, as applicable, Transfer any Equity Securities to any Competitor.
  - (ii) The restriction set out in Clause 10.3(d)(i) above shall cease to apply if the IPO has not occurred until the expiry of 7 years from the First Completion Date (**IPO Period**).

**10.4 Right of First Offer**

- (a) If a Shareholder (**Transferring Shareholder**) intends to Transfer any or all of its Equity Securities to a Third Party then the other Shareholder (**Other Shareholder**) shall have a right of first offer with respect to the Equity Securities proposed to be Transferred, which may be exercised in the manner set out below (**ROFO**). Provided however, that this ROFO right shall not apply in case of Transfer of Equity Securities under Clause 11 (**Exit Options**) or upon occurrence of an Event of Default.
- (b) The Transferring Shareholder shall send a written notification to the Other Shareholder providing the number of Equity Securities (**ROFO Securities**) intended to be Transferred (**ROFO Notice**).
- (c) The Other Shareholder may exercise the ROFO with respect to a Transfer proposed in a ROFO Notice within a period of 30 days from the date of receipt of the same (**ROFO Notice Period**) by offering to acquire all of the ROFO

Securities for full cash consideration by delivering to the Transferring Shareholder, a written notice of exercise of ROFO (**ROFO Acceptance Notice**). The ROFO Acceptance Notice shall set out the price per ROFO Security offered by the Other Shareholder (**ROFO Price**) and the mechanism for payment of the ROFO Price. Such ROFO Acceptance Notice shall be irrevocable.

- (d) In the event the Other Shareholder does not respond to the ROFO Notice within the ROFO Notice Period as set out above, or responds in writing within the ROFO Notice Period that it shall not exercise the ROFO, then the Other Shareholder shall cease to have the ROFO in respect of the ROFO Securities and the Transferring Shareholder shall, subject to Clause 10.5, have the right to freely Transfer their ROFO Securities to any Third Party (the **Transferee**) at any price and on any terms acceptable to the Transferee. Provided that any such sale of ROFO Securities to a Transferee under this Clause shall be consummated within a period of 180 days from the expiry of the ROFO Notice Period (excluding any Tag Acceptance Period), failing which the proposed Transfer of any ROFO Securities shall once again be subject to ROFO under this Clause, including the requirement to issue a fresh ROFO Notice.
- (e) In the event the Other Shareholder issues a ROFO Acceptance Notice and the ROFO Price is acceptable to the Transferring Shareholder, the Transferring Shareholder shall, within 15 Business Days of the date of receipt of the ROFO Acceptance Notice (**Acceptance Notice Period**), communicate such acceptance to the Other Shareholder by sending a written notice signifying the Transferring Shareholder's irrevocable acceptance (**Consent Notice**).
- (f) If a Consent Notice is issued, the Transferring Shareholder and the Other Shareholder shall consummate the sale of ROFO Securities within 30 days from the expiry of the Acceptance Notice Period and Transfer the ROFO Securities to the Other Shareholder at the ROFO Price and subject to Clause 10.5(g).
- (g) In the event that the Transferring Shareholder does not indicate its acceptance to the ROFO Acceptance Notice by delivering the Consent Notice in accordance with Clause 10.4(e) above or provides a written notice rejecting the ROFO Acceptance Notice, then subject to Clause 10.5 below, the Transferring Shareholder shall have a right to freely Transfer all the ROFO Securities to the Transferee at a price that is greater than the ROFO Price. Any sale to a Transferee shall be consummated within 180 days from the expiry of the Acceptance Notice Period (excluding any Tag Acceptance Period), failing which any proposed Transfer of the ROFO Securities shall once again be subject to the ROFO, including the requirement to issue a fresh ROFO Notice.

#### **10.5 Tag Along Right**

- (a) In the event that the Transferring Shareholder receives a bona fide offer to acquire ROFO Securities from a Transferee, the Transferring Shareholder shall give notice to the Other Shareholder (**Tag Notice**), setting forth: (i) the name, address and identity of the Transferee; (ii) the number of the ROFO Securities that the Transferee has offered to purchase; (iii) the price per ROFO Security that the Transferee has offered to pay for such Transfer (**Tag Along Price**); (iv) any other terms and conditions with respect to such Transfer; and (v) a confirmation that the Transferee has been informed of the Tag Along Right (*as defined hereinafter*).

- (b) The Other Shareholder shall have the right (but not the obligation) to require the Transferring Shareholder to cause the Transferee to acquire up to its Pro-Rata Entitlement (**Tag Along Right**). Pursuant to exercise of the Tag Along Right, the Transferee shall acquire the Equity Securities of the Other Shareholder at the Tag Along Price and on the same terms and conditions as agreed between the Transferring Shareholder and the Transferee (except the representations, warranties and indemnities for such Transfer which shall be governed by Clause 10.5(g)).
- (c) In the event the Transferring Shareholder is the Promoter, and a Transfer of the ROFO Securities by the Promoter would result in (i) the aggregate ownership of the Promoter falling below 50.1% of the Share Capital, or (ii) a change of Control of the Company, then the Investor shall be entitled to sell to the Transferee, up to all the Investor Securities in accordance with the provisions of this Clause 10.5.
- (d) In the event the Other Shareholder elects to exercise its Tag-Along Right, it shall, within a period of 21 Business Days following the receipt of the Tag Notice (**Tag Acceptance Period**), issue a written notice of such election to the Transferring Shareholder (**Tag Acceptance Response**) specifying the number of Equity Securities that the Other Shareholder proposes to Transfer to the Transferee in accordance with Clause 10.5(b) above (**Tag Along Securities**). Such notice shall be irrevocable and shall constitute a binding agreement by the Other Shareholder to sell the Tag Along Securities on the terms and conditions set forth in the Tag Notice.
- (e) Where the Other Shareholder has exercised its Tag Along Right in accordance with Clause 10.5(b) and the Transferee fails to purchase the Tag Along Securities from the Other Shareholder, the Transferring Shareholder shall not Transfer any ROFO Securities to the Transferee and if such Transfer is purported to be made, such Transfer shall be void and the Company shall not register any such Transfer of Equity Securities.
- (f) The closing of any Transfer of the Tag Along Securities shall occur within 60 days from the date of the Tag Acceptance Response, failing which the process set out in Clause 10.4 and this Clause 10.5 shall be repeated. The closing for the Transfer of the Tag Along Securities shall take place simultaneously with the closing of the Transfer of the ROFO Securities or at such other time and place as the Other Shareholder, the Transferring Shareholder and the Transferee may agree in writing. At such closing, all of the parties to the transaction shall execute such additional documents as may be necessary or appropriate to effect Transfer of the ROFO Securities and the Tag Along Securities to the Transferee and the Transferee shall execute a Deed of Adherence pursuant to such Transfer.
- (g) Notwithstanding anything stated in Clause 10.4 or Clause 10.5, the Parties hereby agree that:
  - (i) in the event the Promoter Transfers its Equity Securities to (A) Other Shareholder under Clause 10.4; or (B) a Transferee in its capacity as Transferring Shareholder or the Other Shareholder, the Promoter shall provide representations, warranties and indemnities with respect to (I) good title to their Equity Securities; (II) absence of Encumbrance with respect to such Equity Securities; (III) their power and authority to undertake the proposed Transfer of such Equity Securities; and (IV) the business or operations of the Company and indemnities, as may be required by Transferee or the Other Shareholder (as applicable); and

- (ii) in the event the Investor Transfers its Investor Securities to (A) Other Shareholder under Clause 10.4; or (B) a Transferee in its capacity as Transferring Shareholder or the Other Shareholder, the Investor shall only provide representations, warranties and indemnities with respect to (I) good title to their Equity Securities; (II) absence of Encumbrance with respect to such Equity Securities; and (III) its power and authority to undertake the proposed Transfer of such Equity Securities.

10.6 The Company shall facilitate and co-operate with respect to any Transfer under this Clause 10, including conduct of any due diligence that may be required by a Transferee and provide all necessary information relating to the Company.

## 11. EXIT OPTIONS

### 11.1 Initial Public Offering

- (a) At any time after the expiry of 4 years from the First Completion Date (**IPO Date**), each of the Promoter and the Investor shall have the right to require the Company to undertake an IPO.
- (b) In the event an IPO is required to be undertaken pursuant to Clause 11.1(a), all matters with respect to the IPO (including, the timing of undertaking such IPO, offer price per Share, the mode of the issue, the size of the issue, the merchant bankers, underwriters and the legal counsel to be appointed and such related matters) in relation to the IPO shall, subject to Clause 5 (*Reserved Matters*), be determined by the Board.
- (c) The Company shall take all such steps, and extend all necessary co-operation to the lead managers, underwriters and others as may be required for the purpose of undertaking the IPO, including (i) preparing and signing the relevant offer documents; (ii) conducting road shows with the necessary participation of senior management; (iii) entering into appropriate and necessary agreements; (iv) providing all information and documents necessary to prepare the offer documents; (v) making the relevant filings with appropriate Governmental Authorities; and (vi) obtaining any approvals from Governmental Authorities or other approvals as may be required for the purposes of undertaking the IPO.
- (d) Any IPO shall necessarily include an offer for sale component, which shall be determined by the Board. Based on the determination of the total number of Shares to be included in the offer for sale component of the IPO, one-third of the Investor Securities ("**Investor Priority Securities**"), shall be the first Shares offered for sale, and the Investor shall have the right to first offer all or part of the Investor Priority Securities, to the extent required by Applicable Law. In the event that the offer for sale component determined by the Board is greater than the Investor Priority Securities, then, after the offer of the Investor Priority Securities in such offer for sale, the Promoter and the Investor shall have the right to offer their Shares in such offer for sale in proportion to their respective shareholding in the Company.
- (e) As part of the IPO, if any Equity Securities of the Company are required to be locked-in or required to be subject to any Encumbrance as applicable to 'promoters' in respect of any IPO, the Promoter and/or its Affiliates shall be responsible for meeting such lock-in and/or Encumbrance requirements. In this regard, the Investor shall not be required to offer or make available Equity Securities held by them in the Company for the purposes of any mandatory lock-

in and/or creation of Encumbrance as applicable to 'promoters' in respect of any IPO. The Investor and any of its Affiliates shall not be named as a 'promoter' or part of the 'promoter group' of the Company in the offer documents or any other documents related to an IPO nor shall any declaration be made by the Company or the Promoter to this effect.

- (f) Subject to Applicable Law, all fees and expenses required to be paid in respect of the IPO including statutory filings, approvals and registration fees, and fees payable to merchant banker, underwriters, book-runners, issue registrars or other intermediaries involved in any manner in relation to the IPO shall be pro rata borne and paid for by the Company, the Investor and the Promoter on the basis of the number of Equity Securities that are issued by the Company or sold by the Investor and/or the Promoter in the offer for sale in accordance with Clause 11.1(d), as the case may be.
- (g) The Investor shall not be required to give any representation, warranty or indemnity in connection with the IPO, other than in case of any offer for sale of Shares held by the Investor in such IPO, such customary representations and warranties that may be required to be provided by the Investor including in relation to (i) the Shares, if any, offered for sale by the Investor in the IPO being free from Encumbrances and that the Investor has legal and valid title to such Shares; and (ii) the authority and capacity of the Investor to participate in such offer for sale.

## 11.2 Reinstatement of Rights

Notwithstanding anything provided elsewhere in this Agreement and subject to Applicable Law, in the event that:

- (a) SEBI or any other Governmental Authority mandates alteration of any of the rights of the Parties under this Agreement prior to IPO (such alterations being, the **Alterations**); and
- (b) the Board decides to cancel or discontinue or postpone the IPO process at any time or the IPO does not complete for any reason whatsoever within 6 months of the filing of the draft red herring prospectus or within 1 month of the filing of the red herring prospectus (each, a **Listing Cut-off Date**),

then the Alterations will become void and this Agreement will stand reinstated in its entirety on the Listing Cut-off Date and consequently within 10 Business Days of the Listing Cut-off Date, the Parties shall undertake all necessary actions to ensure such reinstatement of this Agreement and to void the Alterations including causing the alteration of the Charter Documents and entering into agreements that may be necessary in this regard.

## 11.3 Drag Along Right

- (a) If the IPO has not occurred within the IPO Period and the Investor has not been able to transfer its entire shareholding in the Company during the IPO Period, then without prejudice to the right of a Transferring Shareholder to sell any or all of its Equity Securities to a Third Party at any time after expiry of the IPO Period (subject to exercise of the ROFO and the Tag Along Right of the Other Shareholder on such sale), the Transferring Shareholder shall, provided the Transferring Shareholder is Transferring all the Equity Securities held by it to the Transferee, also have the right to require the Other Shareholder to sell all or any

of its Equity Securities to such Transferee and upon exercise of such right, the Other Shareholder shall be bound to sell the number of Equity Securities specified by the Transferring Shareholder to the Transferee simultaneously with and on the same terms as the Transferring Shareholder (the **Drag Along Right**).

- (b) If the Transferring Shareholder desires to exercise its Drag Along Right, then, simultaneously with the Tag Notice, the Transferring Shareholder shall send a written notice (**Drag Notice**) to the Other Shareholder setting out details in addition to those set out in the Tag Notice, which shall include (i) the total number of Equity Securities of the Other Shareholder (**Drag Securities**) that are proposed to be sold to the Transferee on exercise of the Drag Along Right; and (ii) the other terms and conditions of the proposed Transfer (**Drag Transfer**). Further, pursuant to the receipt of the Drag Notice, the Transferring Shareholder shall provide such other information as may be reasonably requested by the Other Shareholder to the extent that such information is available with the Transferring Shareholder.
- (c) The sale of the Drag Securities to the Transferee shall be consummated within a period of 60 days from the Drag Notice. In the event the sale is not consummated within the stipulated 60 day period, any sale by the Transferring Shareholder of its Equity Securities shall once again be subject to the provisions of Clause 10.4, 10.5 and this Clause 11.3, including the requirement to issue a fresh Drag Notice.
- (d) All fees and expenses required to be paid in respect of the exercise of Drag Along Right under this Clause 11.3, including payment of all costs relating to finders' fee, banker's fees and any other additional costs and expenses that may be incurred in relation thereto shall be borne and paid for by the Promoter and the Investor in proportion to the Equity Securities being Transferred by them to the Transferee pursuant to this Clause 11.3.
- (e) The Company shall facilitate and co-operate with respect to any Transfer under this Clause 11.3, including conduct of any due diligence that may be required to be conducted by a Transferee and providing all necessary information relating to the Company.
- (f) The provisions of Clause 10.5(g) apply *mutatis mutandis* to this Clause 11.3.

## **12. UPSIDE SHARING**

If pursuant to the sale of all the Subscription Shares the Investor realizes a return on the Subscription Price in excess of the Upside Threshold, then the Investor will share 20% of the Upside with the Promoter in cash, within 15 days from the receipt of consideration by the Investor pursuant to the sale of Subscription Shares. Provided that if the return realized by the Investor after sharing such Upside would be less than the Upside Threshold, then the Investor shall share such lower percentage of the Upside with the Promoter that, after such sharing, will enable the Investor to realize a return that is equal to the Upside Threshold. An illustration with respect to sharing of Upside in certain circumstances is set out in Schedule 5.

## **13. NON SOLICITATION**

### **13.1 Non-solicitation**

- (a) During the term of this Agreement and for a period of 12 months from the termination of the Agreement each of the Promoter and the Investor undertakes

that it will not and will procure that none of its Affiliates will,

- (i) solicit, induce or contact with a view to engagement or employment by any Person (other than by the Company) or engage or employ, the Managing Director, any Person who is a Key Employee of the Company or a Person who was a Key Employee of the Company at any time during the 12 months prior to the Agreement Date, in either case where the Person in question either has Confidential Information or would be in a position to exploit the Company's trade secrets, customer lists or connections;
- (ii) solicit or induce the Managing Director and/ or any Person who is a Key Employee of the Company to terminate or vary the terms of their existing employment, advisory or consultancy relationship (as relevant) with the Company; or
- (iii) assist, induce or facilitate any Person to undertake any of the foregoing, and

whether directly or indirectly, alone or in partnership, joint venture or syndicate with anyone else in any capacity, including as trustee, principal, agent, shareholder, unit-holder, partner, consortium member or as a consultant or contractor of, any Person.

- (b) Nothing in Clause 13.1(a) will exclude, prevent or restrict a Shareholder or its Affiliates from:
  - (i) employing or retaining any Person who responds, unsolicited, to a published advertisement for a position which is targeted to a wide audience of potential applicants or a Person who was an officer, employee, manager or consultant of the Company, but who has been made redundant or otherwise whose employment/ engagement has been terminated following the First Completion; or
  - (ii) undertaking any matter which has been consented to in writing by or on behalf of the Company and the other Shareholder.

### **13.2 Non-disparagement**

Each Shareholder hereby agrees that it will not do or say anything which is harmful to the Company's goodwill (as subsisting at the Agreement Date) or which may lead a Person who has dealt with the Company at any time during the 12 months prior to the Agreement Date to cease to deal with the Company on substantially equivalent terms to those previously offered or at all.

### **13.3 Reasonableness and operation of restraint**

The Parties agree that each of the restraints imposed under this Clause 13 are reasonable in their extent (as to all of duration, geographical area and restraint conduct) having regard to the interest of each Party to this Agreement.

## **14. TRANSFER AND FALL AWAY OF SHAREHOLDERS' RIGHTS**

- (a) Transfer of Shareholders' Rights

- (i) Each Shareholder is entitled to transfer the Equity Securities held by it along with all the rights and/or obligations attached thereto to any proposed transferee in accordance with the procedure set out in Clause 10.2.
- (ii) Upon execution by a proposed transferee of a Deed of Adherence, subject to transfer of the Equity Securities to such proposed transferee having been completed, such proposed transferee shall become a party to this Agreement as a Shareholder and be entitled to all of the rights of the transferor Shareholder under this Agreement and the Charter Documents of the Company.
- (iii) In case of transfer only of part of the Equity Securities held by a Shareholder, for as long as both the transferor and the transferee are Shareholders and collectively hold in excess of 5% of the Share Capital on a Fully Diluted Basis irrespective of the level of their individual shareholding after such transfer, the Governance Rights and the Exit Rights, shall be exercisable (in accordance with any agreement between the transferor Shareholder and the transferee Shareholder) by one among the transferor Shareholder and the transferee Shareholder on the basis that:
  - (A) the transferor Shareholder and the transferee Shareholder together shall not have more Governance Rights and Exit Rights than the rights available to the transferor Shareholder prior to such transfer, and
  - (B) the Exit Rights shall be exercisable qua all the Equity Securities held by the transferor Shareholder and the transferee Shareholder.

(b) Fall Away of Rights

Each Shareholder shall be entitled to exercise all its rights under this Agreement for so long as such Shareholder holds at least 5% of the Share Capital on a Fully Diluted Basis. Subject to Clause 14(a), in the event the shareholding of a Shareholder in the Company falls below 5% of the Share Capital on a Fully Diluted Basis, such Shareholder shall continue to be entitled to exercise only the Surviving Rights and all other rights of such Shareholder shall fall away.

(c) Fall Away of Tag Along Rights

In the event a Shareholder whose shareholding in the Company has fallen below 5% of the Share Capital on a Fully Diluted Basis is a Transferring Shareholder, then the obligation of such Shareholder under Clause 10.5 (*Tag Along Right*), including the obligation to provide a Tag Notice shall fall away.

## 15. INFORMATION AND INSPECTION RIGHTS

- 15.1 Subject to Applicable Law, each Shareholder and their nominees on the Board shall, in addition to such information that any Shareholder (including through its nominee Director) of the Company is entitled to obtain, be entitled to receive from the Company the following information:

- (a) audited accounts of the Company, together with the auditor's report thereon within 90 days from the end of each Financial Year for the immediately preceding Financial Year;
- (b) unaudited annual accounts of the Company within 45 days after the end of each Financial Year for the immediately preceding Financial Year;
- (c) for Financial Year 2018-19, quarterly unaudited accounts of the Company as on June 30 and December 31 and quarterly limited review accounts of the Company as on September 30, within 20 days of the end of such financial quarter;
- (d) for Financial Year 2019-20 and each Financial Year thereafter, quarterly limited review accounts of the Company, within 20 days from the end of each financial quarter;
- (e) the minutes of Board and Committee meetings and general meetings of the Company within 15 days of the relevant meeting and immediately upon finalization of the same in accordance with Applicable Law;
- (f) monthly management information reports (in a format mutually agreed in writing between the Promoter and the Investor) within 10 Business Days from the end of each month;
- (g) latest capitalization table of the Company with detailed shareholding pattern of the Company (on both Fully Diluted Basis and otherwise) within 15 days from the end of each quarter;
- (h) copies of any material communication with the RBI, legal notices or material notices from Governmental Authorities received by the Company, in each case, within 5 days of such receipt and copies of any material reports or correspondence filed by the Company with any Governmental Authority in this regard; provided however that all communication with the RBI shall be placed before and taken on record in the meeting of the Board held immediately after delivery of such communication;
- (i) information in relation to any event that is likely to cause a material adverse impact on the Company no later than 7 days from the date of receipt of such information;
- (j) information and copies of documents in relation to any Proceedings made, by or against the Company in respect of an amount exceeding Rs. 50,00,000 or which is not in the Ordinary Course of Business.
- (k) resignation of any Key Employee and/ or the Managing Director, immediately upon such resignation and in any event not later than 7 Business Days from the date of resignation;
- (l) compliance certificates in a form agreed between the Investor and the Promoter within 30 days of September 30 and March 31 of every year; and
- (m) any other information relating to the Business, as may be reasonably requested in writing by a Shareholder within 5 days of such request by such Shareholder or within such reasonable period as may be required for providing the information.

## **15.2 Inspection Rights**

- (a) Without prejudice to the rights available to a Shareholder under Applicable Law, the Company shall allow full access to the Shareholders and their authorised representatives upon providing reasonable prior notice to: (i) visit and inspect the properties and facilities of the Company, (ii) to examine and take copies or abstracts of the Records of the Company, and (iii) to discuss and consult with the Key Employees regarding business, actions plans, budgets, and finances of the Company.
- (b) All costs for inspection specified in Clause 15.2(a) shall be borne by the Company, unless such inspection occurs more than once per calendar year, in which event, the costs of the second or any subsequent inspection shall be borne by the Shareholder seeking such inspection.

### 15.3 Review Committee

On the First Completion Date, the Company shall constitute a committee (**Review Committee**), which shall conduct monthly performance / management review meetings to monitor the Company's progress. The Review Committee shall comprise of the representatives of each of the Investor and the Promoter, the Managing Director, the Key Employees and any other officers of the Company mutually agreed between the Investor and the Promoter, from time to time. It is hereby clarified that the Review Committee shall not be a Committee constituted under Clause 3.12.

## 16. EVENT OF DEFAULT

### 16.1 Event of Default

- (a) The occurrence of any of the following events shall be an event of default of the Promoter (**Promoter Event of Default**):
  - (i) any breach by the Company or the Promoter of its Specific Covenants, Clause 7 read with Schedule 4 (*Covenants*), Clause 8 (*Further Funding and Right of Pre-Emption*), Clause 10 (*Transfer Restrictions*), Clause 13 (*Non Solicitation*) or Clause 22 (*Confidentiality*) in so far as it relates to information relating to customers, suppliers or distributors of the Company; or
  - (ii) the Company and/ or the Promoter being subject to an Insolvency Event; or
  - (iii) the Company ceasing to carry on the Business; or
  - (iv) any fraud or wilful misconduct committed by the Promoter, directly or indirectly, with respect to the affairs of the Company.
- (b) The occurrence of any of the following events shall be an event of default of the Investor (**Investor Event of Default**):
  - (i) any breach by the Investor of its Specific Covenants, Clause 13 (*Non Solicitation*), Clause 10 (*Transfer Restrictions*) or Clause 22 (*Confidentiality*) in so far as it relates to information relating to customers, suppliers or distributors of the Company; or
  - (ii) the Investor being subject to an Insolvency Event; or

- (iii) any fraud or wilful misconduct committed by the Investor, directly or indirectly, with respect to the affairs of the Company.

## 16.2 Consequences of an Event of Default

- (a) Upon becoming aware of the occurrence of an Event of Default, the non-defaulting Shareholder (**Non Defaulting Party**) may issue a written notice to the Shareholder who has committed the Default (**Defaulting Party**), setting out the details of such Event of Default (**Event of Default Notice**).
- (b) If such Event of Default is capable of cure, the Event of Default Notice will require the Defaulting Party to cure such Event of Default and the Defaulting Party shall have a period of 30 days from the date of receipt of the Event of Default Notice to remedy such Event of Default, and to provide evidence to the satisfaction of the Non Defaulting Party of having cured such Event of Default (**Cure Notice**).
- (c) If the Event of Default is not, in the opinion of the Non Defaulting Party, capable of being remedied or cured, then upon receipt of the Event of Default Notice by the Defaulting Party, the provisions of Clause 16.2(e) shall apply.
- (d) Where the Event of Default is capable of cure and the Defaulting Party does not deliver the Cure Notice within the 30 day period specified in Clause 16.2(b) or if the Defaulting Party delivers the Cure Notice to the Non Defaulting Party but the Event of Default has not been remedied to the satisfaction of the Non Defaulting Party, then the Non Defaulting Party may issue a notice to the Defaulting Party stating that the Event of Default has not been satisfactorily remedied, in which case, the provisions of Clause 16.2(e) shall apply.
- (e) In the event this Agreement provides for this Clause to apply upon occurrence of an Event of Default:
  - (i) all the obligations and restrictions imposed on the Non Defaulting Party in relation to the Governance Rights and Exit Rights of the Defaulting Party shall automatically lapse without the requirement of any further action by any Party and the rights of the Non Defaulting Party under this Agreement as against the Defaulting Party shall continue in full force and effect in accordance with the provisions of this Agreement;
  - (ii) the obligations and restrictions imposed on the Defaulting Party, under this Agreement shall continue in full force and effect in accordance with the provisions of this Agreement and the Governance Rights and the Exit Rights of the Defaulting Party shall automatically lapse without the requirement of any further action by any Party; and
  - (iii) on the terms agreed in the Share Subscription Agreement, the Non Defaulting Party shall be entitled to seek indemnification from the Defaulting Party with respect to any Loss suffered or incurred by the Non Defaulting Party, insofar as such Loss arises out of or results from such Event of Default.
- (f) On occurrence of an Event of Default due to breach of Specific Covenants, in addition to the rights available to the Non Defaulting Party under Clause 16.2(e), the Non Defaulting Party shall be entitled to, by written notice to the Defaulting Party (**Specific Covenant Default Notice**), either:

- (i) exercise its rights under Clause 11.3 of this Agreement, provided however that (I) the Defaulting Party shall be obliged to sell its Equity Securities in any such sale at a discount of 25% on the price received by the Non Defaulting Party on exercise of the Drag Along Right, and (II) for the avoidance of doubt, the exercise by the Non Defaulting Party of the Drag Along Right shall not be subject to the right of the Defaulting Party under Clause 10.4 and Clause 10.5. Provided further that if at any time within 30 days from the Drag Notice, the Defaulting Party procures a bona fide third party offer to purchase the Equity Securities at a price which is higher than the price set out in the Drag Notice, then the sale of Equity Securities pursuant to exercise of the Drag Along Right shall be made to such third party buyer as proposed by the Defaulting Party in accordance with Clause 11.3 but subject to the discount specified in this Clause 16.2(f)(i); or
- (ii) require the Defaulting Party to sell all Equity Securities held by it to the Non Defaulting Party at a discount of 25% on the Fair Market Value (determined in accordance with Clause 10.3(b)(iii)), in which case the Specific Covenant Default Notice shall constitute a valid and binding agreement between the Defaulting Party and the Non Defaulting Party for the Defaulting Party to sell all its Equity Securities to the Non Defaulting Party at a discount of 25% on the Fair Market Value determined in accordance with Clause 10.3(b)(iii) on the Business Day falling 10 days from the expiry of the FMV Intimation Period. Accordingly, the Defaulting Party shall sell all its Equity Securities and the Non Defaulting Party shall purchase all the Defaulting Party's Equity Securities on the Business Day falling 10 days from the expiry of the FMV Intimation Period.

## 17. TERM AND TERMINATION

- 17.1 This Agreement shall become effective and binding on the Parties on the First Completion Date, except for Clause 1 (*Definitions and Interpretation*), Clause 18 (*Representations and Warranties*), Clause 19 (*Notices*), Clause 20 (*Dispute Resolution*), Clause 21 (*Governing Law and Jurisdiction*), Clause 22 (*Confidentiality and Announcements*) and Clause 23 (*Miscellaneous*), which shall become effective and binding on and from the date hereof.
- 17.2 This Agreement shall terminate upon the earlier of the following:
- (a) by the mutual written agreement of the Parties; or
  - (b) automatically, if the Investor ceases to be a Shareholder; or
  - (c) automatically, in case the First Completion does not occur by the CP Longstop Date or if the Share Subscription Agreement is terminated prior to the First Completion.
- 17.3 Except as otherwise specifically provided herein, the termination of this Agreement for any reason whatsoever shall be without prejudice to any rights or obligations accrued to or in respect of the Parties prior to the date of termination.
- 17.4 If this Agreement is terminated pursuant to Clause 17.2 above, this Agreement shall have no further force or effect from the date of termination and no Party shall have any further liability or obligation with respect to this Agreement, provided however that:

- (a) the provisions of Clause 1 (*Definitions and Interpretation*), Clause 19 (*Notices*), Clause 20 (*Dispute Resolution*), Clause 21 (*Governing Law and Jurisdiction*), Clause 22 (*Confidentiality and Announcements*), Clause 23 (*Miscellaneous*) and this Clause 17.4 shall survive the termination of this Agreement; and
- (b) nothing herein shall relieve any Party from any obligations or liabilities incurred prior to such termination.

## **18. REPRESENTATIONS AND WARRANTIES**

**18.1** Each Party represents and warrants that:

- (a) it is duly established and validly exists under the laws of the place of its incorporation or formation; and
- (b) the execution, delivery and performance by it of this Agreement complies with its constituent documents;

**18.2** All necessary authorisations, consents and Permits for the execution, delivery and performance by it of this Agreement have been obtained.

**18.3** This Agreement:

- (a) constitutes its legal, valid and binding obligations, enforceable in accordance with its terms (except to the extent limited by Applicable Law affecting creditors' rights generally), subject to any necessary stamping or registration; and
- (b) does not constitute a breach of any Applicable Law, or cause or result in default under any agreement or other arrangement by which it is bound.

**18.4** It has full power, authority and capacity to own assets and to enter into and perform the obligations incumbent upon it under this Agreement;

**18.5** It is not:

- (a) subject to or suffering an Insolvency Event; or
- (b) a party to any litigation, arbitration, mediation, conciliation or administrative proceeding which is taking place whose outcome is reasonably likely to have a material adverse effect on its ability to perform its obligations under this Agreement.

**18.6** In entering into and performing this Agreement, it is acting in its personal capacity and not in the capacity as trustee of any trust, general partner of a limited partnership or as agent for any other person; and

**18.7** Each person who executes this Agreement on its behalf as an authorised signatory or under a power of attorney is duly authorised to do so.

## **19. NOTICES**

**19.1** **Method of service**

A notice given or to be given to a Party under or in connection with this Agreement (**Notice**) must be in writing, in the English language and:

- (a) delivered personally by hand; or
- (b) if being sent to a destination within the same country, by prepaid registered post or a recognised pre-paid courier service; or
- (c) if being sent to a destination overseas, by internationally recognised pre-paid airmail courier service; or
- (d) sent by email, in which case the notice, must be in the form of an attached pdf file or other scanned image of an original communication that includes a handwritten signature and the accompanying email must state that the attachment is Notice under this Agreement,

to the Party due to receive the Notice to its address or email address (as the case may be) and marked to the attention of the person set out for such Party in Clause 19.2 or to an alternative address or email address specified by that Party by not less than 5 Business Days' written notice to each other Party, received before the Notice was despatched.

## 19.2 Address for service

The initial address and email address to which Notices must be sent are as follows:

(a) If to the **Investor**:

Name: True North Enterprise Private Limited  
 Address: Rocklines House, Ground Floor, 9/2, Museum Road Bangalore, Karnataka - 560001, India  
 Email: paras@truenorthco.in  
 Attention: Paras Nayyar, Chief Financial Officer

(b) If to the **Company**:

Name: Fedbank Financial Services Limited  
 Address: Corporate Avenue, 1st Floor, E/2 Wing, Unit no.105,  
 Andheri Ghatkopar Link Road, Guru Hargovindaji Marg,  
 Andheri (East), Mumbai - 400 093  
 Email: shardul.kadam@fedfina.com  
 Attention: Shardul Kadam

(c) If to the **Promoter**:

Name: Federal Bank Limited  
 Address: Federal Towers, PB No 103, Alwaye, Ernakulam, Kerala - 683101  
 Email: shyamsrinivasan@federalbank.co.in

Attention: Shyam Srinivasan

With a CC to:

Email: chsec@federalbank.co.in

### 19.3 Deemed service

- (a) A Notice is deemed to have been given (provided it has been sent in accordance with Clause 19.1):
- (i) if delivered personally, when left at the relevant address and upon provision of acknowledgement of receipt by a person at the relevant address;
  - (ii) if sent by post to a destination within the same country, 5 Business Days after sending it;
  - (iii) if sent by airmail to a destination in a different country, 10 Business Days after sending it;
  - (iv) if sent by email, when sending is recorded on the sender's computer, unless the sender receives a message from its internet service provider or the recipient's mail server indicating that it has not been successfully transmitted,

but if the delivery or receipt is after 5:00 pm on a Business Day or on a day which is not a Business Day, the notice is to be taken as having been received at 9:00 am on the next Business Day.

- (b) In the event that a Party refuses delivery or acceptance of a Notice delivered in accordance with this Agreement (including under Clause 19.3(a)(i)), it shall be deemed to have been delivered at the time of such refusal, provided there is evidence that the Notice was sent in accordance with this Agreement and that delivery was refused.

## 20. DISPUTE RESOLUTION

### 20.1 Dispute Notice

In the event of any dispute, controversy, difference or claim arising between the Parties or any of them in relation to or connected with the Transaction Documents (including one regarding the existence, validity, interpretation or termination of the Transaction Documents or the consequences of its nullity (a **Dispute**), any Party (**Disputing Party**) may, at any time while the Dispute subsists, give Notice of such Dispute in writing to the other Parties (**Dispute Notice**).

### 20.2 Good faith discussions

- (a) Subject to Clause 20.4(a), the Parties interested in the Dispute must, for a period of 30 Business Days from deemed receipt of the Dispute Notice (or such other period as they may agree in writing) (**Discussion Period**), use their respective reasonable endeavours to resolve such Dispute in good faith. Without limitation to the foregoing, each Party interested in the Dispute must nominate one of their senior officers to assist to resolve the Dispute and procure that such senior officer

uses his or her reasonable endeavours to discuss and negotiate resolution of the Dispute with each other senior officer appointed by a Party under this Clause 20.2.

- (b) If the Parties (or their senior officers on their behalf) agree upon a resolution or disposition of the Dispute within the Discussion Period, the Parties interested in the Dispute must jointly execute a statement setting out the terms of such resolution or disposition and must exercise the respective voting rights and any other powers of control respectively available to them (including in relation to the Company, if applicable) to procure that such resolution or disposition is fully and promptly carried into effect.

### 20.3 Where Dispute remains unresolved

In the event that:

- (a) the Parties interested in the Dispute have not agreed upon a resolution or disposition of the Dispute within the Discussion Period; or
- (b) the Parties interested in the Dispute have agreed on a resolution or disposition of the Dispute within the Discussion Period, but one or more of them fail to procure that such resolution or disposition is fully and promptly carried into effect after being requested by another Party to do so on not less than [10] Business Days' Notice,

then, for so long as the Dispute continues to subsist, the following provisions of this Clause 20 will apply.

### 20.4 Arbitration

- (a) Where this Clause 20.4 applies, any Party interested in the Dispute may by Notice in writing (**Arbitration Notice**) to the other Parties refer the Dispute for resolution arbitration under the Singapore International Arbitration Centre Rules ("**SIAC Rules**") in force at the relevant time.
- (b) The arbitral tribunal will, subject to the following provisions, consist of 1 arbitrator who is to be agreed by the Parties interested in the Dispute in writing within 10 Business Days of deemed receipt of the Arbitration Notice.
- (c) If the Parties interested in the Dispute fail to agree on the arbitrator within 10 Business Days of deemed receipt of the Arbitration Notice, then the arbitral tribunal will be comprised of 3 arbitrators, with 1 arbitrator to be collectively appointed jointly by the Company and the Promoter, 1 arbitrator appointed by the Investor and the arbitrators so appointed jointly appointing the third arbitrator who shall be the chairman of the proceedings. Such appointment of the arbitral tribunal must be made as soon as reasonably practicable and in any event within the minimum time (if any) specified under the SIAC Rules.
- (d) The seat of the arbitration will be Mumbai, and the venue for all hearings will be Mumbai. The governing law of the arbitration will be the same as that prescribed in Clause 21.1.
- (e) The arbitration must be conducted in English and in confidence.

- (f) The Parties must procure that the determination of the sole arbitrator (or the determination of the arbitral tribunal where there is more than one arbitrator) is given in writing and sets out the reasons for the determination.
- (g) The determination of the sole arbitrator (or the determination of the arbitral tribunal where there is more than one arbitrator) will be final and binding on all Parties for all purposes and, subject to Clause 20.4(a), the Parties waive any and all rights to appeal to the courts, to the extent that such waiver can validly be made.
- (h) Each Party must bear its own costs in connection with any Dispute, provided however that:
  - (i) all interim expenses or fees payable to arbitrators or institutions conducting an arbitration must be shared equally by the Parties to the Dispute (and to the extent that where more than one Party to the Dispute are Affiliates, they shall be deemed to be one Party for the purposes of allocation of such interim expenses); and
  - (ii) insofar as the rules of the arbitration permit, the sole arbitrator (or the arbitral tribunal where there is more than one arbitrator) may award costs as part of his, her or its determination, in which case such determination will (notwithstanding the foregoing) prevail.
- (i) Notwithstanding any provision of this Clause 20, nothing in this Clause 20 prevents any Party from applying to a court of competent jurisdiction:
  - (i) for injunctive relief, a preservation order or seek other interim relief; or
  - (ii) to seek enforcement and judgement on any arbitral award or determination made under this Agreement.
- (j) Notwithstanding any of the foregoing provisions of this Clause 20, in the event that a Dispute subsists and, at that time, there also subsists another dispute, controversy, difference or claim arising between those same Parties in relation to or connected with this Agreement or another Transaction Document and which is already the subject of existing arbitration proceedings, the Parties must (unless they otherwise agree in writing) procure (including by the exercise of rights and discretions available to them under this Agreement) that the Dispute is referred to and heard by the sole arbitrator (or arbitral tribunal, as the case may be) hearing the existing arbitration proceedings. Notwithstanding the existence of any Dispute or the conduct of any arbitration proceedings pursuant to this Agreement, this Agreement shall remain in full force and effect and the Parties must continue to perform their obligations hereunder.

## 21. GOVERNING LAW AND JURISDICTION

### 21.1 Governing law

This Agreement and all non-contractual or other obligations arising out of or in connection with it are governed by the laws of India.

### 21.2 Jurisdiction

Subject to the provisions of Clause 20.1 above, for reference to arbitration or to settle any

matter arising in relation to this Agreement which is described under Clause 20.4(a), the Parties hereby submit to the exclusive jurisdiction of the courts of Mumbai and no Party shall claim that any such court is not a convenient or appropriate forum.

## 22. CONFIDENTIALITY AND ANNOUNCEMENTS

### 22.1 Confidentiality

- (a) In this Agreement, **Confidential Information** means the terms of this Agreement, the Transaction Documents, the contents of arbitration proceedings conducted under this Agreement and any determination made in such proceedings and all information of a confidential and/or commercially sensitive nature made available (whether in writing, orally or by another means and whether directly or indirectly) by or on behalf of a Party (the **Disclosing Party**) to another Party (the **Recipient**) whether before or after the Agreement Date including, without limitation, information relating to the Disclosing Party's products, operations, processes, customers, suppliers, distributors, plans or intentions, product information, know-how, design rights, trade secrets, market opportunities, business affairs, commercial intentions and any analyses, compilations, studies and other material (whether in hard copy or electronic form) prepared by or on behalf of a the Recipient which contains or otherwise reflects or is generated from such information, but does not include information which:
- (i) is publicly available at the time it is made available to the Recipient or subsequently becomes generally available to the public, other than as a result of disclosure or other act or omission by the Recipient or its Affiliates; or
  - (ii) was available (as can be demonstrated by its written records) to the Recipient either:
    - (A) independently, prior to disclosure of the information by the Disclosing Party; and/or
    - (B) from another source,in each case, free of any restrictions as to its use or disclosure; or
  - (iii) the Disclosing Party has agreed in writing not to treat as Confidential Information.
- (b) Subject to Clause 22.1(c), during the term of this Agreement and after termination or expiration of this Agreement for any reason, the Recipient:
- (i) may not use Confidential Information for a purpose other than the performance of its obligations under this Agreement or another Transaction Document;
  - (ii) may not disclose Confidential Information to a person except:
    - (A) with the prior written consent of the Disclosing Party where such information relates only to the Disclosing Party and notwithstanding the foregoing, in the case of Confidential Information comprised in this Agreement or a Transaction Document, all the parties to such Agreement; or

- (B) in accordance with Clause 22.1(c); and
  - (iii) must make every reasonable effort to prevent the misuse or unauthorised disclosure of Confidential Information.
- (c) The Recipient may disclose Confidential Information:
- (i) to its legal and other professional advisors and/or auditors, provided that the legal or other professional advisor and/or auditor is under a contractual, professional or other legal obligation to keep the information confidential;
  - (ii) to any of its:
    - (A) holding companies;
    - (B) investors; and
    - (C) directors, officers or employees of itself or of its holding company or investors,

on a "need to know" basis provided such recipient is under a binding professional obligation of confidentiality, or otherwise bound, to the Recipient or its affiliates by a confidentiality obligation similar to that contained in this Agreement;
  - (iii) where the Recipient is the Investor, to:
    - (A) its Affiliates and direct and indirect upstream investors (including direct and indirect shareholders, partners, consortium members, co-investors and trustees);
    - (B) its bankers, third party lenders and other finance providers their respective directors, officers and employees;
    - (C) the directors, officers, employees, investment committees, advisory boards, investment advisors and/or managers of it or any Person referred to at (A) or (B), above,

in each case, whether current or prospective, on a "need to know" basis provided such recipient is under a binding professional obligation of confidentiality, or otherwise bound, to the Recipient or its affiliates by a confidentiality obligation similar to that contained in this Agreement; and/or
  - (iv) where such information is reasonably required to be disclosed by the Recipient:
    - (A) pursuant to an Applicable Law and, to the extent permitted by Applicable Law:
      - (1) prior to such disclosure the Recipient must intimate the proposed disclosure to the Disclosing Party; and
      - (2) at the Disclosing Party's request, the Recipient must (to the extent permitted by Applicable Law) co-operate with

the Disclosing Party to secure confidential treatment of any information disclosed to meet the requirements of such Applicable Law;

- (B) to the RBI, so long as the Recipient is the Promoter and the information pertains solely to the Company and is required to be submitted by the Promoter to the RBI in the Ordinary Course of Business;
- (C) to an arbitrator or arbitral tribunal established for the purposes of determining a Dispute under this Agreement, where the disclosure of such information is reasonably necessary or desirable for the determination of the Dispute;
- (D) to enforce any right or obligation under this Agreement or a Transaction Document; and/or
- (E) to enforce a court order, arbitral award or other determination made under or in connection with any of them.

## **22.2 Announcements**

- (a) Subject to Clause 22.2(b), no Party may, before First Completion, make or issue or permit or assist a person to make or issue a public announcement, communication or circular concerning the transactions referred to in this Agreement or the Transaction Documents unless it has first obtained the other Parties' written consent (not to be unreasonably withheld or delayed).
- (b) Clause 22.2(a) does not apply to a public announcement, communication or circular required by Applicable Law, by a Governmental Authority or other authority with relevant powers to which any Party is subject or submits, whether or not the requirement has the force of law, provided that the public announcement, communication or circular will be made after consultation with the other Parties and after taking into account the requirements of the other Parties as to its timing, content and manner of making or despatch.

## **23. MISCELLANEOUS**

### **23.1 Entire agreement**

This Agreement and the Transaction Documents;

- (a) constitute the entire agreement between the Parties with respect to their subject matter; and
- (b) supersede any and all previous agreements (whether oral or in writing), including any letter of intent or term sheet, between the Parties and parties to the Transaction Documents (or any of them) relating to their subject matter.

### **23.2 Prevailing clause**

If a provision of this Agreement is inconsistent with the Charter Documents, then subject to Applicable Law, this Agreement shall prevail to the extent of the inconsistency. The Parties shall take all steps to amend the Charter Documents to conform to the provisions of this Agreement.

### **23.3 Applicability of this Agreement to subsidiaries and joint ventures**

It is expressly agreed between the Parties that subject to Applicable Law, the Shareholders' rights in Clause 3 (*Board of Directors*), Clause 4 (*Shareholder Meetings*) and Clause 5 (*Reserved Matters*) with respect to the Company shall apply *mutatis mutandis* to any existing and/or future subsidiary or joint venture and the Parties shall do all such acts and things as may be necessary or required for the Shareholders to exercise such rights in relation to any existing and/or future subsidiary or joint venture.

### **23.4 Amendment**

An amendment, modification or variation of this Agreement is valid only if it is in writing and signed by or on behalf of each Party.

### **23.5 Nominee Shareholders**

The Promoter represents and warrants that it has nominated certain individuals to hold Shares in the Company in order to comply with the provisions of the Act (**Nominee Shareholders**). The Promoter agrees that the rights and obligations of the Nominee Shareholders shall at all times be subject to the following:

- (a) The shareholding of the Promoter and Nominee Shareholders shall be reckoned collectively with respect to rights and obligations of the Promoter under this Agreement (except for right to receive dividends).
- (b) Any notice provided to the Promoter under this Agreement shall be deemed to have also been provided to the Nominee Shareholders.
- (c) Any consent or waiver accorded by the Promoter under this Agreement, shall be deemed to mean and include the consent or waiver (as the case may be) of the Nominee Shareholders; and any decision arrived at by the Promoter, with respect to any matter covered under this Agreement and the Charter Documents, shall be deemed to be the decision of the Nominee Shareholders as well.
- (d) The Promoter shall ensure that the Nominee Shareholders comply with all the provisions of this Agreement and the Charter Documents.
- (e) Notwithstanding anything contained in the Agreement and the Charter Documents, it is hereby clarified that there shall, in no event, be any duplication of rights as between the Promoter and the Nominee Shareholders.

### **23.6 Assignment**

Save as otherwise expressly provided for under the Transaction Documents, a Party may not assign, novate, transfer or create any trust in respect of or otherwise alienate or dispose of, or purport to assign, novate, transfer or create any trust in respect of or otherwise alienate or dispose of, the whole or any part of a right or obligation under this Agreement without having first obtained the prior written consent of each Party.

### **23.7 Costs, expenses and stamp duty**

- (a) Except where this Agreement provides otherwise, each Party must pay its own costs and expenses relating to the negotiation, preparation, execution and performance by it of this Agreement and of each document referred to in it.

- (b) Any and all stamp duty payable on this Agreement is borne and paid by the Company.

#### 23.8 Payments free of withholding

- (a) A payment made by a Paying Party to a Receiving Party under this Agreement must be made gross, free of any right of counterclaim or set off and without deduction or withholding of any kind, other than any deduction or withholding required by Applicable Law in India.
- (b) If a payment under this Agreement is subject to a deduction or withholding required by Applicable Law in India (including Tax, but excluding always value added or similar Tax), the sum due from the Paying Party will be increased to the extent necessary to ensure that, after the making of any deduction or withholding, the Receiving Party receives a sum equal to the sum it would have received had no deduction or withholding been made.
- (c) In this Clause 23.8, in relation to any payment made under this Agreement, **Paying Party** means the party making the payment and **Receiving Party** means the party receiving the payment.

#### 23.9 Further assurances

- (a) Each Party must:
  - (i) perform (or procure the performance of) all further acts and things, and execute and deliver (or procure the execution and delivery of) such further documents, as may be required by Applicable Law or as the other Parties may reasonably require for the purpose of giving the other Parties the full benefit of the provisions of this Agreement, the Transaction Documents and the transactions contemplated by them;
  - (ii) not unreasonably delay or withhold any action, approval, direction, determination or decision that is required of it under the terms of the Agreement or the Charter Documents;
  - (iii) not do anything that might hinder performance of this Agreement or a Transaction Document;
  - (iv) use all reasonable endeavours to cause persons under their Control and their Affiliates to do likewise;
  - (v) act in the best interests of the Company and the Business in an effort to maximize Shareholder value and not take any action that would in any manner (a) hurt or adversely impact the Company and/ or the Business, or (b) constrain or restrict the growth of the Company and/ or the Business;
  - (vi) act in good faith towards one another and in relation to the Business; and
  - (vii) unless otherwise agreed in writing between the Parties, bear its own costs and expenses incurred in connection with complying with the provisions of this Clause 23.9.

- (b) If, for any reason whatsoever, any term contained in this Agreement cannot be performed or fulfilled, the Parties agree to meet and explore alternative solutions depending upon the new circumstances, but keeping in view the spirit and core objectives of this Agreement.

**23.10 Waiver**

A failure to exercise or delay in exercising a right or remedy provided by this Agreement or by Applicable Law does not impair or constitute a waiver of the right or remedy or an impairment of or a waiver of other rights or remedies. No single or partial exercise of a right or remedy provided by this Agreement or by Applicable Law prevents further exercise of the right or remedy or the exercise of another right or remedy. Any waiver given under this Agreement may be expressed to be subject to such conditions. Any waiver given to a specific matter does not apply to other matters.

**23.11 Rights cumulative**

Except where this Agreement expressly provides otherwise, the rights and remedies contained in this Agreement are independent, cumulative and not exclusive of rights or remedies provided by Applicable Law.

**23.12 Remedies and general limitations on claims**

A Party is entitled to seek any and all remedies available to it in connection with this Agreement, including seeking of specific performance, injunctive relief and/or damages, provided however that the sole monetary remedy in relation to Event of Default shall be a claim for indemnification under the Share Subscription Agreement, to the intent that a Party will not separately be liable to compensate any other Party (including by way of the payment of contractual damages) for an Event of Default, other than in accordance with the indemnity regime prescribed under the Shareholders' Agreement in relation to an Event of Default.

**23.13 Time is of the essence**

Each date, time or period referred to in this Agreement is of the essence. If the Parties agree in writing to vary a date, time or period, the varied date, time or period is of the essence.

**23.14 No partnership or agency**

No provision of this Agreement:

- (a) creates a partnership between any of the Parties; or
- (b) unless expressly provided for in this Agreement:
  - (i) makes a Party the agent or proxy of another Party for any purpose; or
  - (ii) gives a Party authority or power to bind, to contract in the name of, or to create a liability for another Party in any way or for any purpose.

**23.15 No merger**

Except to the extent that they have been performed and except where this Agreement provides otherwise, the warranties, representations, indemnities, and obligations

contained in this Agreement remain in force after First Completion and/or Second Completion.

#### **23.16 Counterparts**

- (a) This Agreement may be executed and delivered in any number of counterparts, each of which is an original and all of which together evidence the same agreement.
- (b) If this Agreement is subject to stamp duty and counterparts or duplicates of this Agreement are executed, the Investor is entitled to retain and keep a fully stamped original copy of this Agreement and the Company and the Promoter are entitled to retain counterparts.
- (c) This Agreement will not come into effect until each Party has executed and delivered to each other Party at least 1 duly executed counterpart. Upon such execution and delivery, this Agreement will become effective as against all Parties with effect from the date specified in the prefatory paragraph of this Agreement.
- (d) This Agreement and counterparts of this Agreement may be delivered and exchanged electronically by exchange of pdf copies of a signature page of the Agreement duly signed by each Party provided always that a Party exchanging a counterpart electronically must provide each other Party with an original executed copy of the signature pages of the Agreement signed by it within 5 Business Days of exchange.

#### **23.17 Prohibition and severance**

- (a) Any provision of this Agreement which is prohibited in any jurisdiction is, in that jurisdiction, ineffective only to the extent of that prohibition.
- (b) If a provision of this Agreement is illegal, void or unenforceable in any jurisdiction, that fact does not affect the legality, validity or enforceability of:
  - (i) the remaining provisions in that or any other jurisdiction; or
  - (ii) that provision in any other jurisdiction.
- (c) Any provision of this Agreement that is illegal, void or unenforceable may be severed from this Agreement and the remaining provisions continue in force unless this would materially change the intended effect of this Agreement in which case the Parties must negotiate in good faith to agree to replacement or additional amendments to this Agreement which are reasonably necessary to maintain its intended effect and place the Parties in the position they would have been in (insofar as possible) had the original provision been legal, valid and enforceable.

#### **23.18 Authorised signatories and attorneys**

Each Person who executes this Agreement on behalf of a Party as an authorised signatory or under a power of attorney declares that they are not aware of any fact or circumstance that might affect their authority to do so.

*[Intentionally Left Blank]*

The Parties hereto have caused this Agreement to be duly executed and delivered by their duly authorised representatives on the day and year first above written.

**SIGNED AND DELIVERED by**

**MR. SHYAM SRINIVASAN**

**SIGNED AND DELIVERED by**

**MR. SUDEEP AGRAWAL**

\_\_\_\_\_  
for and on behalf of  
**FEDERAL BANK LIMITED**

\_\_\_\_\_  
for and on behalf of  
**FEDBANK FINANCIAL SERVICES LIMITED**

**SIGNED AND DELIVERED by**

**MR. SHARDUL KADAM**

**SIGNED AND DELIVERED by**

**MS. JOLLY ABRAHAM**

\_\_\_\_\_  
for and on behalf of  
**FEDBANK FINANCIAL SERVICES LIMITED**

\_\_\_\_\_  
for and on behalf of  
**TRUE NORTH ENTERPRISE PRIVATE LIMITED**

**Certified True Copy**



A handwritten signature in black ink, appearing to be "S. Jolly Abraham".

*[Signature Page of the Shareholders' Agreement dated May 11, 2018 entered into between True North Enterprise Private Limited, Federal Bank Limited and Fedbank Financial Services Limited.]*

**SCHEDULE 1**

**CAPITAL STRUCTURE OF THE COMPANY**

**PART A - SHAREHOLDING PATTERN AFTER FIRST COMPLETION ON A FULLY DILUTED BASIS**

Shareholder	Class/ type of security	Number of securities	Legally and beneficially held (yes/no - If beneficial owner different, specify)	Percentage of Company's overall share capital on a Fully Diluted Basis	Percentage of Company's overall share capital on a Fully Diluted Basis
<b>Investor</b>	Equity	<b>4,00,54,054</b>	Yes	<b>17.4%</b>	<b>17.4%</b>
<b>The Federal Bank Ltd</b>	Equity	<b>18,99,99,595</b>	Yes	<b>82.7%</b>	<b>82.6%</b>
Mr. Shyam Srinivasan*	Equity	200	No, Federal bank	0.00%	0.00%
Mrs. Shalini Warriar*	Equity	100	No, Federal bank	0.00%	0.00%
Mr. Ashutosh Khajuria*	Equity	1	No, Federal Bank	0.00%	0.00%
Mr. Sampath D*	Equity	1	No, Federal Bank	0.00%	0.00%
Mr. Ganesh Sankaran*	Equity	1	No, Federal Bank	0.00%	0.00%
Mr. Baby K P*	Equity	1	No, Federal Bank	0.00%	0.00%
Mr. Girish Kumar Ganapathy*	Equity	1	No, Federal Bank	0.00%	0.00%
Mr. Ganesh Sankaran*	Equity	99	No, Federal Bank	0.00%	0.00%
Mr. Sumit Kakkar*	Equity	1	No, Federal Bank	0.00%	0.00%

\* Jointly with Federal Bank

**PART B - SHAREHOLDING PATTERN AFTER SECOND COMPLETION ON A FULLY DILUTED BASIS**

Shareholder	Class/ type of security	Number of securities	Legally and beneficially held (yes/no - If beneficial owner different, specify)	Percentage of Company's overall share capital on a Fully Diluted Basis	Percentage of Company's overall share capital on a Fully Diluted Basis
Investor	Equity	6,67,56,757	Yes	26.0%	26.0%
The Federal Bank Ltd	Equity	18,99,99,595	Yes	74.0%	74.0%
Mr. Shyam Srinivasan*	Equity	200	No, Federal bank	0.00%	0.00%
Mrs. Shalini Warriar*	Equity	100	No, Federal bank	0.00%	0.00%
Mr. Ashutosh Khajuria*	Equity	1	No, Federal Bank	0.00%	0.00%
Mr. Sampath D*	Equity	1	No, Federal Bank	0.00%	0.00%
Mr. Ganesh Sankaran*	Equity	1	No, Federal Bank	0.00%	0.00%
Mr. Baby K P*	Equity	1	No, Federal Bank	0.00%	0.00%
Mr. Girish Kumar Ganapathy*	Equity	1	No, Federal Bank	0.00%	0.00%
Mr. Ganesh Sankaran*	Equity	99	No, Federal Bank	0.00%	0.00%
Mr. Sumit Kakkar*	Equity	1	No, Federal Bank	0.00%	0.00%

\*Jointly with Federal Bank

SCHEDULE 2

DEED OF ADHERENCE

This Deed of Adherence ("Deed") is made this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

BETWEEN

\_\_\_\_\_, hereinafter called "the Covenantor" which expression shall, unless repugnant to the meaning or context thereof be deemed to include its successors and permitted assigns) to whom the Equity Securities of Fedbank Financial Services Limited (hereinafter referred to as "the Company") have been (transferred by [•] and / or its Affiliates ("Transferor")/ having been issued by the Company in its capacity as an Affiliate of [•])<sup>1</sup>;

AND

The Company

AND

\_\_\_\_\_ ("Continuing Shareholders")/ ("Existing Shareholders")<sup>2</sup>

THIS DEED IS SUPPLEMENTAL to the shareholders' agreement executed on the [•] day of [•], 20[•] by and amongst [•] (the "Agreement").

NOW THEREFORE THIS DEED WITNESSETH AS FOLLOWS:

In consideration of the (Transferor having transferred/ Company having issued)<sup>3</sup> its Equity Securities to the Covenantor and in consideration of having agreed to such transfer/ subscription<sup>4</sup>, the Covenantor, the Company and the Continuing Shareholders hereby agree and undertake as follows:

1. The Covenantor hereby confirms that a copy of the Agreement and the Articles have been made available to it and hereby covenants with the Continuing Shareholders/ Existing Shareholders<sup>5</sup> and the Company to observe, perform and be bound by all the terms, obligations, and liabilities of the Transferor/ Investor/ Promoter<sup>6</sup> under this Agreement and be entitled to all the rights and benefits, and shall be bound by all obligations and duties, of the Transferor/ Investor/ Promoter<sup>7</sup> under this Agreement with effect from the date of transfer/ issue of Equity Securities to the Covenantor and the Covenantor shall be deemed to be a Party to the Agreement.
2. The Covenantor hereby covenants that it shall do nothing that derogates from the provisions of the Agreement or the Articles, unless the same is expressly provided in the Deed.

<sup>1</sup> Retain/ delete as applicable

<sup>2</sup> Retain/ delete as applicable

<sup>3</sup> Retain/ delete as applicable

<sup>4</sup> Retain/ delete as applicable

<sup>5</sup> Retain/ delete as applicable

<sup>6</sup> Retain/ delete as applicable

<sup>7</sup> Retain/ delete as applicable

3. The Company and the Continuing Shareholders/ Existing Shareholders<sup>8</sup> shall be entitled to enforce the Agreement against the Covenantor.
4. The Company and the Continuing Shareholders/ Existing Shareholders<sup>9</sup> covenant that they shall do nothing that derogates from the provisions of the Agreement or the Articles.
5. The Covenantor understands that this Deed is in all respects supplemental to the Agreement and that at no time shall the provisions of this Deed or any other agreement among the parties to the Agreement, be used to contravene, derogate or detract from the same, unless the same is expressly provided in the Deed.
6. For the purposes of Clause 19 (*Notices*) of the Agreement, the address and facsimile number of the Covenantor are:

**Covenantor:**

Address : [•]  
 Facsimile : [•]  
 Attention : [•]  
 Email : [•]

**7. Representations and Warranties**

The Covenantor represents and warrants that:

- (a) it is duly established and validly exists under the laws of the place of its incorporation or formation;
- (b) the execution, delivery and performance by it of this Agreement complies with its constituent documents; and
- (c) all necessary authorisations and Consents for the execution, delivery and performance by it of this Agreement have been obtained.
- (d) This Agreement:
  - (i) constitutes its legal, valid and binding obligations, enforceable in accordance with their terms (except to the extent limited by Applicable Law affecting creditors' rights generally), subject to any necessary stamping or registration; and
  - (ii) does not constitute a breach of any Applicable Law, or cause or result in default under any agreement or other arrangement by which it is bound.
  - (iii) It has full power, authority and capacity to own assets and to enter into and perform the obligations incumbent upon it under this Agreement;
- (e) It is not:

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<sup>8</sup> Retain/ delete as applicable

<sup>9</sup> Retain/ delete as applicable

- (i) subject to or suffering an Insolvency Event; or
  - (ii) a party to any litigation, arbitration, mediation, conciliation or administrative proceeding which is taking place whose outcome is reasonably likely to have a material adverse effect on its ability to perform its obligations under this Agreement.
- (f) in entering into and performing this Agreement, it is acting in its personal capacity and not in the capacity as trustee of any trust, general partner of a limited partnership or as agent for any other person; and
- (g) each person who executes this Agreement on its behalf as an authorised signatory or under a power of attorney is duly authorised to do so.

**8. Arbitration, Governing Law and Jurisdiction**

The provisions of Clause 20 (*Dispute Resolution*) and Clause 21 (*Governing Law and Jurisdiction*) of the Agreement shall apply *mutatis mutandis*.

9. Capitalised terms used in this Deed but not defined shall have the meaning given to them in the Agreement.

Executed as a DEED the day and year first before written.

For the Covenantor

\_\_\_\_\_  
 By:  
 Title:

For the Continuing Shareholders/ Existing Shareholders<sup>10</sup>

\_\_\_\_\_  
 By:  
 Title:

For the Company

\_\_\_\_\_  
 By:  
 Title:

<sup>10</sup> Retain/ delete as applicable

### SCHEDULE 3

#### RESERVED MATTERS

The Company shall not, unless the Promoter's Affirmative Consent and the Investor's Affirmative Consent is/ has been obtained, do or resolve to undertake or undertake any of the following acts:

1. increase, decrease, buy back, redemption, reduction or other alteration or modification of authorized capital or issued Share Capital including by creation, or issue or conversion of any securities, other than by way of a Rights Issue under Clause 8 (*Further Funding and Right of Pre-emption*) and any share transfers specifically permitted in Clause 10 and Clause 11 of this Agreement;
2. amendments, modifications, alterations to the Charter Documents;
3. approval of the Business Plan and any deviation from the Business Plan;
4. appointment, removal, change in compensation structure or any modifications to terms of employment of the Key Employees;
5. change in compensation structure or any modifications to terms of employment (other than removal) of the Managing Director;
6. establishing or adopting of Interim Arrangement or making any changes to the Interim Arrangement;
7. entering into, amending or termination of any and all transactions with Related Parties;
8. any sale, transfer, lease, license, assignment, mortgage, Encumbrance, pledge, hypothecation, grant of security interest in, exchange or other disposition of any material asset/ property including without limitation any Intellectual Property of the Company, other than the hypothecation of loan portfolios or other assets of the Company in the Ordinary Course of Business of the Company;
9. investments (other than investments in short term money market instruments as approved by the Board), creation or setting up of joint ventures or subsidiaries, acquisition of any company or business, any strategic, financial or alliance and any disinvestments, in aggregate exceeding Rs. 5,00,00,000 in a Financial Year;
10. adoption, creation of or amendments to any employee share option or share award scheme of the Company;
11. listing of any securities of the Company including *inter-alia* appointment or removal of advisors for such listing and the price band at which such securities should be listed;
12. merger, demerger, sale or split of the Company, spin off, amalgamation or any other kind of restructuring or reorganization or scheme of arrangement involving the Company;
13. liquidation, dissolution or winding-up of the Company including insolvency or bankruptcy proceedings or an assignment for the benefit of creditors;

14. any change in the Business or entering into any other lines of business other than businesses substantially similar to or related to the Business;
15. declaration or payment of any dividend or distribution of profits;
16. appointment of and any changes to internal or statutory auditors;
17. entering into, amending or terminating any contract, agreement, memorandum of understanding, deed etc. which are over and above the value of Rs. 50,00,000, other than in case such contract, agreement, memorandum of understanding, deed etc. is proposed to be entered into by the Company (a) in connection with any loan sanctioned or to be sanctioned to a Borrower, or (b) for availing a loan, each in the Ordinary Course of Business;
18. borrowings whether structured as securities (i.e., non-convertible debentures or redeemable preference shares) or in the form of loans, securitization and guarantees, in each case, beyond Rs. 50,00,000 or if there is a Business Plan, exceeding the amounts that have been agreed in the Business Plan;
19. obtaining secured and unsecured financing/ lending facilities for or on behalf of any other Person or guaranteeing of debts or obligations of any other Person, or recommending, giving or renewing any guarantee, indemnity or security in respect of obligations of any other Person, in each case, beyond Rs. 50,00,000 or if there is a Business Plan, exceeding the amounts that have been agreed in the Business Plan;
20. settlement, instigation, defence, commencement or withdrawal of any suit, proceedings, complaints, before any court, tribunal or Governmental Authority, other than pertaining to defaults of the Borrowers of the Company and/or other counter-parties of the Company that arise in the Ordinary Course of Business of the Company; and
21. changes to the accounting policy on provisioning/ write off, unless such change is required under Applicable Law.

## SCHEDULE 4

### COVENANTS

1. The Company shall:
  - 1.1. **Accounts and Auditors**
    - (a) Maintain true and accurate financial and accounting records of all operations in accordance with all relevant statutory and Accounting Standards and the policies from time to time adopted by the Board.
    - (b) Prepare its Accounts in accordance with Applicable Law and Accounting Standards.
    - (c) Subject to Clause 5 (*Reserved Matters*), appoint any one of the Big Four Accounting Firms as its statutory auditor.
    - (d) Maintain all financial records of the Company in the English language and ensure that the accounting year of the Company shall correspond with the Financial Year.
    - (e) Appoint the internal auditors of the Company as decided by the Board.
  - 1.2. **Tax Covenants**
    - (a) Act in good faith and shall pay all the Taxes and any other amount payable (whether by way of Tax or otherwise) by the Company as determined by the Governmental Authorities.
    - (b) Take all steps to make the necessary Tax filings under the Applicable Laws (including but not limited to the return of income for the relevant Financial Years, withholding Tax returns etc.).
  - 1.3. **Compliance with Applicable Laws**
    - (a) Take necessary steps to ensure that the Business will be conducted in compliance with the Applicable Laws.
    - (b) Comply with all Applicable Laws (including Master Directions and any other guidelines issued by RBI and the Fixed Income Money Markets and Derivatives Association of India);
    - (c) Conduct its corporate affairs in accordance with this Agreement and the Charter Documents;
    - (d) Obtain and keep valid and in force, and undertake all such actions that are necessary to keep valid and in force, all Consents as may be required under Applicable Laws to lawfully carry on its Business and to enable the Company to enter into and perform its obligations under this Agreement and to ensure the legality, validity, enforceability or admissibility in evidence thereof;
    - (e) Duly file all documents required to be so filed with Governmental Authorities, in accordance with Applicable Laws.
    - (f) Without prejudice to the generality of the foregoing, undertake and ensure:

- (i) that the statutory registers and the minute books of the Company are appropriately updated and maintained properly in accordance with the Act and the Company shall make filing of the relevant forms with the RoC as prescribed under the Act;
  - (ii) that the Company undertakes all necessary actions, steps, deeds, things, execute documents, etc. to maintain the validity of the non-banking financial company registration/ license obtained by the Company from RBI.
  - (iii) compliance with the Master Direction and other RBI regulations and fulfilment of all reporting and filing requirements including without limitation filing of the auditors reports, financial statement/ balance sheets in the prescribed format, auditors certificate, reporting of any change in the management, shareholding, change in auditors and Directors of the Company, details of the Directors, etc., within the timelines prescribed by the RBI and without any delay.
  - (iv) continuation of, and where required, introduction, adoption and maintenance of such policies, guidelines, systems, etc., as are prescribed by RBI including without limitation the fair practices code, know your customer guidelines, corporate governance policy, anti-money laundering policy, investment policy, demand and call loans policy, etc., as are applicable to the Company from time to time.
  - (v) maintenance of its Accounts in the manner prescribed by the RBI including without limitation the maintenance of the reserve fund, net owned funds, etc.
  - (vi) That all and any of the documents, letters that are filed by the Company with the RBI, the documents bearing the acknowledgement of the RBI and the documents evidencing the fulfilment of the conditions prescribed by RBI are filed and maintained properly and appropriately by the Company;
  - (vii) that the Company materially complies with applicable labour legislations and maintains all necessary authorisations, registers and makes filing of all forms, payments of all fees, charges, contributions, to the Governmental Authorities, etc. as may be required under Applicable Laws; and
  - (viii) that all the documents, agreements, letters, instruments including for the purposes of extending loans to customers, etc., are properly executed and adequately stamped.
- (g) Promptly inform the Investor if there is a proposed change in the nature or scope of the Business or operations of the Company or if the Company has received notice of any application for winding up having been made or any statutory notice of winding up under the provisions of the Act, or any other notice under any other Applicable Laws or otherwise of any material suit or legal/ regulatory process initiated against the Company or if an insolvency professional, receiver or administrator is appointed over any of its properties or Business or undertaking.

- (h) Ensure that the Company and the Company's officers and Directors, employees, agents and Affiliates, acting on its behalf, do not, for a corrupt purpose, offer, directly or indirectly, promise to pay, pay, promise to give or give, anything of material value to any official representative of any Governmental Authority or any political party or officer thereof or any candidate for office in any jurisdiction.
- (i) Provide to the Board, along with the annual audited accounts, a secretarial audit report issued by a Third Party advisor, stating that the Company has complied with all laws applicable to it. In the event and to the extent that the RBI has, issued any directions/ instructions to the Company or conducted any inspections/ audit/ investigations on the Company, and any specific actions/ things are required to be taken/ done by the Company pursuant thereto, the said report shall specifically include a confirmation affirming that such specific actions/ things required to be taken/ done by the Company have duly been taken/ done.

#### 1.4. Directors' and Officers' Insurance

Obtain and maintain at all times an appropriate directors' and officers' liability insurance policy for the Directors (**D&O Policy**) which shall:

- (i) be on terms and conditions which are commensurate with industry standards and practices of companies of a similar size and involved in similar scale of operations as the Company; and
- (ii) be obtained from a reputable insurance company in India.

#### 1.5. Business Plan

- (a) Within 90 days of the First Completion Date, deliver to the Investor and the Promoter the Business Plan in the agreed form and as approved in accordance with terms of this Agreement.
- (b) Operate and conduct the Business of the Company in accordance with the Business Plan. The Board shall deliberate on and review performance of the Company vis-a-vis the Business Plan on a quarterly and annual basis every Financial Year. If during the course of any Financial Year it is required to revise, change or modify the Business Plan, then in such a case the draft revised Business Plan shall, subject to Clause 5 (*Reserved Matters*), be approved by the Board. Such revised Business Plan approved by the Board shall be the Business Plan.

#### 1.6. Environmental, Social and Governance (ESG) policy

Within 180 days of the First Completion Date, adopt an Environmental, Social and Governance (**ESG**) policy as acceptable to the Investor and the Promoter, which shall, *inter alia*, set out:

- (a) the information required to be provided by the Company to the Investor and the Promoter, including (but not limited to) the following:
  - (i) an annual monitoring report confirming compliance with the ESG policy, identifying any non-compliance/ failure and the actions being taken to remedy such non-compliance/ failure, within 45 days of the end of each Financial Year;

- (ii) any governance, social, labour, health and safety, security or environmental incident or accident or circumstance having, or which could reasonably be expected to have, a material adverse effect on the Company or resulting in a non-compliance with the ESG policy, specifying in each case the nature of the incident, accident or circumstance and the impact or effect arising or likely to arise therefrom, and the measures that the Company is taking or plans to take action to address them and to prevent any future similar event, within 24 hours after its occurrence.
- (b) the mechanics for appointment of one or more of the Key Employees of the Company as the 'compliance officer', and the mechanics for submission of compliance reports by such compliance officer to the Board at such periodic intervals as stated in the ESG policy or at such other intervals as may be determined by the Board from time to time.

**1.7. Insurance**

Maintain adequate insurance cover in respect of its assets and to protect against liabilities for such amount and in such manner as may be determined by the Board or under Applicable Law; such insurance to be obtained from a reputable insurance company in India.

**1.8. Related Party Transactions**

Enter into any transaction between the Company on the one hand and any Related Party on the other, in accordance with the provisions of Clause 5 (*Reserved Matters*). All transactions between the Company and any Related Party shall be conducted at commercially justifiable terms and at an arm's length basis and after full disclosure of the terms thereof to the Board.

**1.9. Material Contracts**

- (a) The Company hereby agrees that it shall comply with its obligations under the Material Contracts.
- (b) The Company shall ensure that the lease deeds/ licenses agreements it enters into with respect to any premises it takes on lease/ license shall be duly stamped and registered.

**1.10. Promoter Status**

Undertake that neither the Investor nor any of its Affiliates shall be named or deemed as 'promoters' or 'sponsors' of the Company nor shall any declaration or statement be made to this effect, either directly or indirectly, in filings with regulatory or Governmental Authorities, offer documents or otherwise.

**1.11. No more favourable rights**

Not, except with the Investor's consent, provide any Person with any rights, benefits or privileges in relation to the Company more favourable than those provided to the Investor under this Agreement.

**2. Additional Covenants**

- 2.1. The Promoter hereby agrees that it shall not directly or indirectly, by way of a contract or otherwise, restrict or limit the Company:
- (a) from engaging in any business or commercial arrangement with any other bank or NBFC, including without limitation availing of any loan or facility, securitisation of its loan portfolio, acting as banking correspondent, and/or undertaking any product distribution; and
  - (b) from selling its existing products, launching any new products (irrespective of such products being similar or identical to the products being sold by the Promoter), entering into any new geographies and/or exploring new market opportunities.

The Promoter confirms that nothing stated above shall in any manner adversely affect the business and commercial arrangements between the Promoter and the Company.

- 2.2. The Promoter and the Company agree to undertake all such actions as may be required to ensure that the Company continues to remain the sole legal and beneficial owner of, registered proprietor of, or applicant in respect of, the name and trademark 'Fedfina' and all other Intellectual Property used in the Business, free from all Encumbrances. The Promoter and the Company further undertake to make all such applications and do all such acts and pay all such fees as may be necessary for registering, maintaining and renewing the name and trademark 'Fedfina' and all other Intellectual Property used in the Business, and to take all steps necessary to defend or prosecute every proceeding for the registration, opposition, cancellation or variation of the name and trademark 'Fedfina' and any other Intellectual Property used in the Business or oppose any application to the registration of, any mark of which it becomes aware, which is identical or deceptively similar mark to the name 'Fedfina' or any other Intellectual Property used in the Business.
- 2.3. The Promoter agrees that it shall exercise its voting rights at meetings of the Shareholders and procure that its nominee Directors exercise voting rights at meetings of the Board and the Committees, as may be required for the Company to comply with or to give effect to the provisions of the Transaction Documents.
- 2.4. The Promoter and the Company hereby agree that they shall comply with their respective obligations under the Transaction Documents.

**SCHEDULE 5**

**UPSIDE SHARING ILLUSTRATION**

1. The Subscription Shares acquired at First Completion and Second Completion will be at a Subscription Price of Rs. 42.105 per share (Specified under 'Entry Price' in the table below) and total investment is Rs. 281.1 crores specified in 'Total Amount Invested' below)
  
2. Upside will be shared only when Investor realizes a return on Subscription Shares in excess of the higher of 25% IRR or 3.0x MoIC (Floor). The Upside will be shared up to 35% IRR return on the Subscription Shares (Cap).
  - (a) Price per Share for different years (from First Completion Date) is calculated in the table as 'Floor Price' and 'Cap Price' below.
  - (b) It is assumed that Second Completion happens after 1 year of First Completion for the purpose of illustration below - In case there is a difference, the IRR on Second Tranche Subscription Shares will be calculated from Second Completion Date.
  - (c) The following prices per share are calculated by assuming no corporate actions on the shares such as stock splits, bonus issues, etc. In case of these actions, the price per share will be adjusted to reflect the rules stated above.

Floor price and Cap price calculations	Share Price for 25% IRR on First Completion shares (Rs.)	Share Price for 25% IRR on Second Completion shares (Rs.)	Weighted Average Share Price for 25% IRR on Subscription Shares (A)	Share Price for 3.0x MoIC on Subscription Shares (B)	Floor Price Upside Sharing (Rs.) (Max of A & B)	Share Price for 35% IRR on First Completion shares (Rs.)	Share Price for 35% IRR on Second Completion shares (Rs.)	Weighted Average Share Price for 35% IRR on Subscription Shares ((Cap)) (Rs.)
Exit after 3 years	82.2	65.8	75.7	126.3	126.3	103.6	76.7	92.8
Exit after 4 years	102.8	82.2	94.6	126.3	126.3	139.9	103.6	125.3
Exit after 5 years	128.5	102.8	118.2	126.3	126.3	188.8	139.9	169.2
Exit after 6 years	160.6	128.5	147.8	126.3	147.8	254.9	188.8	228.4
Exit after 7 years	200.8	160.6	184.7	126.3	184.7	344.1	254.9	308.4

Floor price and Cap price calculations	Share Price for 25% IRR on First Completion shares (Rs.)	Share Price for 25% IRR on Second Completion shares (Rs.)	Weighted Average Share Price for 25% IRR on Subscription Shares (A)	Share Price for 3.0x MoIC on Subscription Shares (B)	Floor Price for Upside Sharing (Floor) (Rs.) (Max of A & B)	Share Price for 35% IRR on First Completion shares (Rs.)	Share Price for 35% IRR on Second Completion shares (Rs.)	Weighted Average Share Price for 35% IRR on Subscription Shares (Cap) (Rs.)
Exit after 8 years	251.0	200.8	230.9	126.3	230.9	464.5	344.1	416.3
Exit after 9 years	313.7	251.0	288.6	126.3	288.6	627.1	464.5	562.0
Exit after 10 years	392.1	313.7	360.8	126.3	360.8	846.6	627.1	758.8

3.

If the Investor realizes a return on Subscription Shares in excess of the Floor, the amount of Upside to be considered for sharing is the absolute amount of gains for the Investor between 25% IRR and 35% IRR returns on the Subscription Shares.

- (a) The Investor will share 20% of the upside amount under consideration with the Promoter, such that, after sharing the upside amount, the Investor will make a minimum of 3.0x or 25% IRR returns on the Subscription Shares
- (b) The following tables illustrate these calculations for an exit at 3, 5 and 6 years since First Completion. These calculations will be adjusted by the actual number of years between First Completion and exit.

**Exit at 3 years since First Completion**

Sale Price (Rs.) (D)	Floor Share Price for Upside Sharing (Rs.)	Is the Sale Price above Upside Floor? (X)	Weighted Average Share Price for 25% IRR on Subscription Shares (Rs.) (A)	Weighted Average Share Price for 35% IRR on Subscription Shares (Rs.) (C)	Per share excess for investor to be considered for upside sharing (Rs.) (If X= Y, then (Min of C & D) - A)	Proportion of Upside Amount to be shared with Promoter	Per share upside shared as per formula (Rs.) (Upside 1)	Max Upside per share that can be shared without bringing MoC below 3x (Rs.) (Upside 2)	Number of Subscription Shares (Cr.) (Z)	Upside Amount to be shared with Promoter (Rs. Cr.) Z x (Min of Upside 1 & Upside 2)
100	126.3	N	75.7	92.8	0.0	20.0%	0.0	0.0	6.7	0.0
105	126.3	N	75.7	92.8	0.0	20.0%	0.0	0.0	6.7	0.0
110	126.3	N	75.7	92.8	0.0	20.0%	0.0	0.0	6.7	0.0
115	126.3	N	75.7	92.8	0.0	20.0%	0.0	0.0	6.7	0.0
120	126.3	N	75.7	92.8	0.0	20.0%	0.0	0.0	6.7	0.0
125	126.3	N	75.7	92.8	0.0	20.0%	0.0	0.0	6.7	0.0
127	126.3	Y	75.7	92.8	17.2	20.0%	3.4	0.7	6.7	4.6
130	126.3	Y	75.7	92.8	17.2	20.0%	3.4	3.7	6.7	23.0
135	126.3	Y	75.7	92.8	17.2	20.0%	3.4	8.7	6.7	23.0
140	126.3	Y	75.7	92.8	17.2	20.0%	3.4	13.7	6.7	23.0
145	126.3	Y	75.7	92.8	17.2	20.0%	3.4	18.7	6.7	23.0
150	126.3	Y	75.7	92.8	17.2	20.0%	3.4	23.7	6.7	23.0
155	126.3	Y	75.7	92.8	17.2	20.0%	3.4	28.7	6.7	23.0
160	126.3	Y	75.7	92.8	17.2	20.0%	3.4	33.7	6.7	23.0
165	126.3	Y	75.7	92.8	17.2	20.0%	3.4	38.7	6.7	23.0
170	126.3	Y	75.7	92.8	17.2	20.0%	3.4	43.7	6.7	23.0
175	126.3	Y	75.7	92.8	17.2	20.0%	3.4	48.7	6.7	23.0
180	126.3	Y	75.7	92.8	17.2	20.0%	3.4	53.7	6.7	23.0
185	126.3	Y	75.7	92.8	17.2	20.0%	3.4	58.7	6.7	23.0

Sale Price (Rs.) (D)	Floor Share Price for Upside Sharing (Rs.)	Is the Sale Price above Upside Floor? (X)	Weighted Average Share Price for 25% IRR on Subscription Shares (Rs.) (A)	Weighted Average Share Price for 35% IRR on Subscription Shares (Rs.) (C)	Per share excess for Investor to be considered for upside sharing (Rs.) (If X= Y, then (Min of C & D) - A)	Proportion of Upside Amount to be shared with Promoter	Per share upside shared as per formula (Rs.) (Upside 1)	Max Upside per share that can be shared without bringing MoC below 3% (Rs.) (Upside 2)	Number of Subscription Shares (Cr.) (Z)	Upside Amount to be shared with Promoter (Rs. Cr.) (Min of Upside 1 & Upside 2)
190	126.3	Y	75.7	92.8	17.2	20.0%	3.4	63.7	6.7	23.0
195	126.3	Y	75.7	92.8	17.2	20.0%	3.4	68.7	6.7	23.0
200	126.3	Y	75.7	92.8	17.2	20.0%	3.4	73.7	6.7	23.0
205	126.3	Y	75.7	92.8	17.2	20.0%	3.4	78.7	6.7	23.0
210	126.3	Y	75.7	92.8	17.2	20.0%	3.4	83.7	6.7	23.0
215	126.3	Y	75.7	92.8	17.2	20.0%	3.4	88.7	6.7	23.0
220	126.3	Y	75.7	92.8	17.2	20.0%	3.4	93.7	6.7	23.0
225	126.3	Y	75.7	92.8	17.2	20.0%	3.4	98.7	6.7	23.0
230	126.3	Y	75.7	92.8	17.2	20.0%	3.4	103.7	6.7	23.0
235	126.3	Y	75.7	92.8	17.2	20.0%	3.4	108.7	6.7	23.0
240	126.3	Y	75.7	92.8	17.2	20.0%	3.4	113.7	6.7	23.0
245	126.3	Y	75.7	92.8	17.2	20.0%	3.4	118.7	6.7	23.0
250	126.3	Y	75.7	92.8	17.2	20.0%	3.4	123.7	6.7	23.0

**Exit at 5 years since First Completion**

Sale Price (Rs.) (D)	Floor Price Upside Sharing (Rs.)	Is the Sale Price above Upside Floor?	Weighted Average Share Price for 25% IRR on Subscription Shares (Rs.) (A)	Weighted Average Share Price for 35% IRR on Subscription Shares (Rs.) (C)	Per share excess for investor to be considered for upside sharing (Rs.) (If $X = Y$ , then $(Min\ of\ C \ \& \ D) - A$ )	Proportion of Upside Amount to be shared with Promoter	Per upside share as per formula (Rs.) (Upside 1)	share shared per formula	Max upside share that can be shared without bringing MoC below 3x (Rs.) (Upside 2)	Number of Subscription Shares (Cr.) (Z)	Upside Amount to be shared with Promoter (Cr.) $Z \times (Min\ of\ Upside\ 1 \ \& \ Upside\ 2)$
100	126.3	N	118.2	169.2	0.0	20.0%	0.0	0.0	0.0	6.7	0.0
105	126.3	N	118.2	169.2	0.0	20.0%	0.0	0.0	0.0	6.7	0.0
110	126.3	N	118.2	169.2	0.0	20.0%	0.0	0.0	0.0	6.7	0.0
115	126.3	N	118.2	169.2	0.0	20.0%	0.0	0.0	0.0	6.7	0.0
120	126.3	N	118.2	169.2	0.0	20.0%	0.0	0.0	0.0	6.7	0.0
125	126.3	N	118.2	169.2	0.0	20.0%	0.0	0.0	0.0	6.7	0.0
127	126.3	Y	118.2	169.2	8.8	20.0%	1.8	1.8	0.7	6.7	4.6
130	126.3	Y	118.2	169.2	11.8	20.0%	2.4	2.4	3.7	6.7	15.7
135	126.3	Y	118.2	169.2	16.8	20.0%	3.4	3.4	8.7	6.7	22.4
140	126.3	Y	118.2	169.2	21.8	20.0%	4.4	4.4	13.7	6.7	29.1
145	126.3	Y	118.2	169.2	26.8	20.0%	5.4	5.4	18.7	6.7	35.8
150	126.3	Y	118.2	169.2	31.8	20.0%	6.4	6.4	23.7	6.7	42.4
155	126.3	Y	118.2	169.2	36.8	20.0%	7.4	7.4	28.7	6.7	49.1
160	126.3	Y	118.2	169.2	41.8	20.0%	8.4	8.4	33.7	6.7	55.8
165	126.3	Y	118.2	169.2	46.8	20.0%	9.4	9.4	38.7	6.7	62.5
170	126.3	Y	118.2	169.2	51.0	20.0%	10.2	10.2	43.7	6.7	68.1
175	126.3	Y	118.2	169.2	51.0	20.0%	10.2	10.2	48.7	6.7	68.1
180	126.3	Y	118.2	169.2	51.0	20.0%	10.2	10.2	53.7	6.7	68.1
185	126.3	Y	118.2	169.2	51.0	20.0%	10.2	10.2	58.7	6.7	68.1

Sale Price (Rs.) (D)	Floor Price for Upside Sharing (Rs.)	Is the Price above Upside Floor? (X)	Weighted Average Share Price for 25% IRR on Subscription Shares (Rs.) (A)	Weighted Average Share Price for 35% IRR on Subscription Shares (Rs.) (C)	Per share excess Investor to be considered for upside sharing (Rs.) (If X= Y, then (Min of C & D) - A)	Proportion of Upside Amount to be shared with Promoter	Per upside share as per formula (Rs) (Upside 1)	Max Upside per share that can be shared without bringing MoC below 3x (Rs.) (Upside 2)	Number of Shares (Cr.) (Z)	Upside Amount to be shared with Promoter (Rs.) (Cr.) (Z x (Min of Upside 1 & Upside 2))
190	126.3	Y	118.2	169.2	51.0	20.0%	10.2	63.7	6.7	68.1
195	126.3	Y	118.2	169.2	51.0	20.0%	10.2	68.7	6.7	68.1
200	126.3	Y	118.2	169.2	51.0	20.0%	10.2	73.7	6.7	68.1
205	126.3	Y	118.2	169.2	51.0	20.0%	10.2	78.7	6.7	68.1
210	126.3	Y	118.2	169.2	51.0	20.0%	10.2	83.7	6.7	68.1
215	126.3	Y	118.2	169.2	51.0	20.0%	10.2	88.7	6.7	68.1
220	126.3	Y	118.2	169.2	51.0	20.0%	10.2	93.7	6.7	68.1
225	126.3	Y	118.2	169.2	51.0	20.0%	10.2	98.7	6.7	68.1
230	126.3	Y	118.2	169.2	51.0	20.0%	10.2	103.7	6.7	68.1
235	126.3	Y	118.2	169.2	51.0	20.0%	10.2	108.7	6.7	68.1
240	126.3	Y	118.2	169.2	51.0	20.0%	10.2	113.7	6.7	68.1
245	126.3	Y	118.2	169.2	51.0	20.0%	10.2	118.7	6.7	68.1
250	126.3	Y	118.2	169.2	51.0	20.0%	10.2	123.7	6.7	68.1

**Exit at 6 years since First Completion**

Sale Price (Rs.) (D)	Floor Price for Upside Sharing (Rs.)	Is the Sale Price above Upside Floor? (X)	Weighted Average Share Price for 25% IRR on Subscription Shares (Rs.) (A)	Weighted Average Share Price for 35% IRR on Subscription Shares (Rs.) (C)	Per share excess for Investor to be considered for upside sharing (Rs.) (If $X = Y$ , then $(\text{Min of } C \& D) - A$ )	Proportion of Upside Amount to be shared with Promoter	Per share upside shared as per formula (Upside 1) (Rs.)	Max Upside per share that can be shared without bringing MoC below 3x (Rs.) (Upside 2)	Number of Subscription Shares (Z)	Upside Amount to be shared with Promoter (Rs. Cr.) $Z \times (\text{Min of Upside 1} \& \text{Upside 2})$
100	147.8	N	147.8	228.4	0.0	20.0%	0.0	0.0	6.7	0.0
105	147.8	N	147.8	228.4	0.0	20.0%	0.0	0.0	6.7	0.0
110	147.8	N	147.8	228.4	0.0	20.0%	0.0	0.0	6.7	0.0
115	147.8	N	147.8	228.4	0.0	20.0%	0.0	0.0	6.7	0.0
120	147.8	N	147.8	228.4	0.0	20.0%	0.0	0.0	6.7	0.0
125	147.8	N	147.8	228.4	0.0	20.0%	0.0	0.0	6.7	0.0
127	147.8	N	147.8	228.4	0.0	20.0%	0.0	0.0	6.7	0.0
130	147.8	N	147.8	228.4	0.0	20.0%	0.0	0.0	6.7	0.0
135	147.8	N	147.8	228.4	0.0	20.0%	0.0	0.0	6.7	0.0
140	147.8	N	147.8	228.4	0.0	20.0%	0.0	0.0	6.7	0.0
145	147.8	N	147.8	228.4	0.0	20.0%	0.0	0.0	6.7	0.0
150	147.8	Y	147.8	228.4	2.2	20.0%	0.4	2.2	6.7	3.0
155	147.8	Y	147.8	228.4	7.2	20.0%	1.4	7.2	6.7	9.7
160	147.8	Y	147.8	228.4	12.2	20.0%	2.4	12.2	6.7	16.3
165	147.8	Y	147.8	228.4	17.2	20.0%	3.4	17.2	6.7	23.0
170	147.8	Y	147.8	228.4	22.2	20.0%	4.4	22.2	6.7	29.7
175	147.8	Y	147.8	228.4	27.2	20.0%	5.4	27.2	6.7	36.4
180	147.8	Y	147.8	228.4	32.2	20.0%	6.4	32.2	6.7	43.0
185	147.8	Y	147.8	228.4	37.2	20.0%	7.4	37.2	6.7	49.7
190	147.8	Y	147.8	228.4	42.2	20.0%	8.4	42.2	6.7	56.4

Sale Price (Rs.) (D)	Floor Price for Upside Sharing (Rs.)	Is the Sale Price above Upside Floor? (X)	Weighted Average Share Price for 25% IRR on Subscription Shares (Rs.) (A)	Weighted Average Share Price for 35% IRR on Subscription Shares (Rs.) (C)	Per share excess for Investor to be considered for upside sharing (Rs.) (If $X = Y$ , then $(\text{Min of C \& D}) - A$ )	Proportion of Upside Amount to be shared with Promoter	Per share upside shared as per formula (Rs.) (Upside-1)	Max Upside per share that can be shared without bringing MoC below $3x$ (Rs.) (Upside-2)	Number of Subscription Shares (Cr.) (Z)	Upside Amount to be shared with Promoter (Cr.) $Z \times (\text{Min of Upside 1 \& Upside 2})$
195	147.8	Y	147.8	228.4	47.2	20.0%	9.4	47.2	6.7	63.1
200	147.8	Y	147.8	228.4	52.2	20.0%	10.4	52.2	6.7	69.7
205	147.8	Y	147.8	228.4	57.2	20.0%	11.4	57.2	6.7	76.4
210	147.8	Y	147.8	228.4	62.2	20.0%	12.4	62.2	6.7	83.1
215	147.8	Y	147.8	228.4	67.2	20.0%	13.4	67.2	6.7	89.8
220	147.8	Y	147.8	228.4	72.2	20.0%	14.4	72.2	6.7	96.4
225	147.8	Y	147.8	228.4	77.2	20.0%	15.4	77.2	6.7	103.1
230	147.8	Y	147.8	228.4	80.7	20.0%	16.1	82.2	6.7	107.7
235	147.8	Y	147.8	228.4	80.7	20.0%	16.1	87.2	6.7	107.7
240	147.8	Y	147.8	228.4	80.7	20.0%	16.1	92.2	6.7	107.7
245	147.8	Y	147.8	228.4	80.7	20.0%	16.1	97.2	6.7	107.7
250	147.8	Y	147.8	228.4	80.7	20.0%	16.1	102.2	6.7	107.7