

## Notice of the 14<sup>th</sup> Annual General Meeting

Shorter Notice is hereby given that the 14<sup>th</sup> Annual General Meeting (“AGM”) of the Members of Shriram Housing Finance Limited (the “Company”), will be held at a shorter notice on Monday, June 17, 2024 at 12.00 Noon (IST) through Video Conference (VC)/ other Audio-Visual Means (OAVM), to transact the following business:

### Ordinary Business:

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2024 along with the Reports of the Board of Directors and Auditors thereon.
2. To appoint Mr. Srinivasa Chakravarti Yalamati (DIN: 00052308), who retires by rotation and being eligible, has offered himself for re-appointment as a Director.
3. To consider appointment of M/s Mukund M. Chitle & Co. Chartered Accountants (Firm Registration No. 106655W) as the Statutory Auditors of the Company.

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Sections 139 to 142 and other applicable provisions, if any, of the Companies Act, 2013 (the ‘Act’) read with the Companies (Audit and Auditors) Rules, 2014, read with Circular no. RBI/2021-22/25 Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 (‘RBI Guidelines’), on appointment of Statutory Central Auditors (SCAs) / Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) (‘RBI Guidelines’) issued by Reserve Bank of India, (including any statutory amendment(s), modification(s), variation or re-enactment(s) thereof for the time being in force) as may be applicable, and pursuant to the recommendations of the Audit Committee and approval of Board of Directors, M/s. Mukund M. Chitle & Co., Chartered Accountants (Firm Registration No. 106655W), be and are hereby appointed as the Statutory Auditors of the Company, to hold office for a period of 3 (Three) consecutive years commencing from the conclusion of the 14<sup>th</sup> Annual General Meeting until the conclusion of the 17<sup>th</sup> Annual General Meeting of the Company to be held in 2027, on such remuneration including fees for certification and other items as may be mutually agreed between the Board of Directors and Statutory Auditors, payable in one or more installments, taxes and reimbursement of out-of-pocket expenses incurred by them in connection with the audit of the accounts of the Company.

**RESOLVED FURTHER THAT** any Director of the Company or the Company Secretary of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary and settle any/or all questions/ matters arising with respect to the above matter, and to execute all such deeds, documents, agreements, and writings as may be necessary for the purpose of giving effect to this Resolution.”



**Special Business:**

**4. To consider and approve private placement of Non-Convertible Debentures and / or other Debt Securities.**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution:**

**“RESOLVED THAT** pursuant to provisions of the Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) read with the Companies (Share Capital and Debentures) Rules, 2014 and Companies (Prospectus and Allotment of Securities) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Securities and Exchange Board of India (“SEBI”) (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), the Securities and Exchange Board of India’s Operational Circular for Issue and Listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper dated August 10, 2021 as amended time to time, and other applicable SEBI regulations and guidelines, and the circulars and clarifications issued by National Housing Bank (“NHB”) and Reserve Bank of India from time to time, relevant provisions of the Memorandum of Association and the Articles of Association of the Company and subject to such other applicable laws, rules and regulations, approval of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “Board”, which term shall include any duly constituted Committee of the Board, which the Board may have constituted or hereinafter constitute from time to time by whatever name called to exercise its power including the power conferred by this resolution), for making offer(s) or invitation(s) to subscribe and to allot Secured / Unsecured / Redeemable / Non-Redeemable / Market Linked Non-Convertible Debentures (NCDs) including but not limited to subordinated debentures, bonds, Commercial papers and / or other debt securities, etc., on a private placement basis, in one or more series / tranches during the period commencing from the date of this Annual General Meeting (“AGM”) thereof until the conclusion of the next AGM of the Company to the Qualified Institutional Buyers, Foreign Institutional Investors, Foreign Portfolio Investors, Banks, Mutual Funds, Provident Funds, Corporates and such other entities / persons eligible to apply / subscribe the securities on such terms and conditions as may be decided, from time to time, determine and consider proper and most beneficial to the Company for refinancing of existing debt within the overall borrowing limits of the Company, as may be approved by the Members from time to time.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do determine, negotiate, modify and finalize the terms of issue including the class of investors to whom NCDs are to be issued, time of issue, securities to be offered, the number of NCDs, tranches, issue price, tenor, interest rate, premium / discount, listing, redemption period, utilization of issue proceeds and to do all such acts and things and deal with all such matters and take all such steps as may be necessary and to sign and execute any deeds / documents / undertakings / agreements / papers / writings, as may be required in this regard.



**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any director(s) and/or officer(s) of the Company and/or any Committee, to give effect to the resolution.”

**5. To consider and approve revision in remuneration of Mr. Subramanian Jambunathan (DIN: 00969478), Managing Director & CEO of the Company.**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

“**RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force), applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (including any statutory modification(s) of the Article of Association of the Company and such other permissions, sanction(s) as may be required and as recommended by the Nomination and Remuneration Committee and the Board of Directors, approval of the Members of the Company be and is hereby accorded for revision in remuneration payable to Mr. Subramanian Jambunathan, Managing Director & CEO of the Company (DIN - 00969478) w.e.f. April 1, 2024, as detailed below:

**A. Remuneration:**

- (i) Salary: INR 12,32,173/- per month.
- (ii) Special Allowance – INR 4,74,061/- per month

**B. Perquisites:**

- (i) Housing – Rent free accommodation owned / leased / rented by the Company or Housing Allowance in lieu thereof as per the Rules of the Company, viz. 50% of the Salary per month.
- (ii) Payment of water, gas, electricity and furnishing charges for residence, to be valued in accordance with Income Tax Rules, subject to a maximum of 10% of the salary.
- (iii) Medical Reimbursement – Reimbursement of medical, surgical and hospitalization expenses for the Managing Director & CEO and family subject to a maximum of INR 46,206/- per annum.
- (iv) Flexi Benefits: Reimbursement of up to INR 28,80,352/- per annum towards any of the following heads :
  - a. Reimbursement of personal motor vehicle(s) expenses, including maintenance, parking/toll charges as well as drivers' salary on Company's business on actual basis
  - b. Leave Travel Concession – for the Managing Director & CEO and family
  - c. Expenditure on Business development



- (v) Club Fees – Subscription limited to a maximum of two clubs. Reimbursement of both joining and actual fees. All official expense in connection with such membership incurred would be reimbursed by the Company.
- (vi) Free telephone at residence.
- (vii) Employees Stock Options – As may be decided by the NRC/Board of Directors from time to time according to the Employee Stock Option Schemes of the Company.
- (viii) Leave as per the Company's Rules.
- (ix) Other Terms – As per the Company's Rules and as may be agreed to by the Board from time to time.
- (x) Eligible for Variable Pay – As per the Company's Rules

**C. Other Applicable Terms:**

- (i) The Managing Director & CEO shall not be paid any sitting fees for attending General Meetings and Meetings of the Board or Committee thereof.
- (ii) Contribution to Provident Fund, Superannuation Fund or Annuity Fund – As per the rules of the Company. These will not be considered or included for the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- (iii) Gratuity - Not exceeding half a month's salary for each completed year of service.
- (iv) Encashment of leave at the end of the tenure - As per rules of the Company.
- (v) Group term life insurance premium of INR 7,128/- per annum
- (vi) Health Insurance premium of INR 9,998/- per annum
- (vii) The Board may revise, alter and vary the terms and conditions of his appointment, in accordance with the general policy of the Company including the Remuneration Policy in force from time to time, as it may deem fit and proper subject to the applicable provisions of Schedule V to the Act.

**RESOLVED FURTHER THAT** based on the recommendation of board, approval of the members be and is hereby accorded for payment of performance bonus of INR 75,00,000 to Mr. Subramanian Jambunathan, Managing Director & CEO of the Company for the financial year 2023-24.

**RESOLVED FURTHER THAT** except for the revision as stated above, all other terms and conditions of appointment, as approved earlier by the Members shall remain unaltered.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary and settle any/or all questions/matters arising with respect to the above matter, and to execute all such deeds, documents, agreements and writings as may be necessary for the purpose of giving effect to this resolution, take such further steps in this regard, as may be considered desirable or expedient by the Board in the best interest of the Company.”

**6. Increase in the borrowing powers of the Company**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**



**“RESOLVED THAT** in supersession of the special resolution passed at the Twelfth Annual General meeting held on June 7, 2022 and pursuant to Sections 42, 62, 71 and 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and relevant Rules prescribed under the Act, (including any statutory modifications and re-enactment thereof for the time being in force) applicable regulations of Securities & Exchange Board of India, National Housing Bank and any other applicable regulations, consent of the Members of Company be and is hereby accorded to the Board of Directors of the Company or its Committee as may be authorized by the Board of Directors (hereinafter called “Board”, which term shall be deemed to include any duly authorised Committee thereof, which the Board may have constituted or hereinafter constitute from time to time by whatever name called to exercise its power including the power conferred by this resolution) to borrow for the purpose of the business of Company any sum or sums of moneys for and on behalf of the Company in Indian Rupees and/or in any foreign currency (i) by way of availing of long/short term loans and all kinds of financial assistance by all permissible methods, secured/unsecured from banking companies, financial institutions, bodies corporate or any person(s), (ii) by way of issue of commercial papers, rupee denominated bonds/senior notes to eligible person(s), lenders, investor(s) (iii) by way of issue of redeemable non-convertible debentures, subordinated debentures, bonds or any other security or instrument(s) on private placement basis as well as by way of public issue by issue of shelf-disclosure documents, prospectus, shelf prospectus, information memorandum, offering circular or otherwise, from persons, institutional investors, Foreign Institutional Investors, qualified institutional buyers, resident public financial institutions, multilateral financial institutions, regional financial institutions, statutory corporations, provident funds, pension funds, superannuation funds, gratuity funds, alternative investments funds, insurance companies, mutual funds, national investment fund, insurance funds, non-institutional investors, companies, bodies corporate, societies, educational institutions and association of persons, trusts, scientific and /or industrial research organizations, partnership firms, Limited Liability Partnerships, Resident Individuals, High Net-worth Individuals (HNIs), Hindu Undivided Families (HUFs), retail individual investors, or (iv) by way of issuance of any other permissible instruments or methods of borrowing, whether unsecured or secured by mortgage, charge, hypothecation, lien, pledge or otherwise of the Company’s assets and properties, whether movable or immovable, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company, apart from temporary loans obtained and/or to be obtained from the Company’s bankers in the ordinary course of business, will or may exceed the aggregate of the paid up share capital of the Company and its free reserves, provided that the total amount borrowed and outstanding at any point of time shall not exceed INR 13,600 Crore (Rupees Thirteen Thousand Six Hundred Crores only);

**RESOLVED FURTHER THAT** the Board or such Committee or person(s) as authorized by the Board of Directors be and are hereby authorized to do all such acts, deeds, matters and things as it/they may consider necessary, expedient, usual or proper to give full effect to the aforesaid resolution, including but not limited to settle any questions or resolve difficulties that may arise in this regard, if any, as it may, in its absolute discretion, deem fit, without requiring the Board to secure any further consent or approval of the Members of the Company to the intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”



## 7. Creation of charge/providing security in respect of borrowings

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**“RESOLVED THAT** in supersession of the Special Resolution passed at the Twelfth Annual General Meeting of the Company held on June 7, 2022, and pursuant to Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the “Act”), consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company or its Committee as may be authorised by the Board of Directors, for mortgaging and/or create such charges in such form and manner and on such terms and at such time(s) as the Board of Directors or such Committee may deem fit, the immovable and movable properties, receivables of the Company, wherever situate, present and future, whether presently belonging to the Company or not, in favour of any person including, but not limited to, financial/ investment institution(s), bank(s), insurance Company(ies), mutual fund(s), corporate body(ies), trustee(s), agent(s) to secure the debentures, senior notes, bonds, loans, hire purchase and/or lease portfolio management transaction(s) for finance and other credit facilities up to a sum not exceeding INR 17,000 Crore (Rupees Seventeen Thousand Crores only);

**RESOLVED FURTHER THAT** the Board of Directors or such Committee or person(s) as authorized by the Board of Directors be and are hereby authorized to finalize the form, extent and manner of, and the documents and deeds, as may be applicable, for creating the appropriate mortgages and/or charges on such immovable and/or movable properties, receivables of the Company on such terms and conditions as may be decided by the Board of Directors or such Committee in consultation with the lenders/ trustees and for reserving the aforesaid right and for performing all such acts, things and deeds as may be necessary for giving full effect to this resolution.”

## 8. To approve amendments and adopt restated articles of association of the Company.

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution**:

**“RESOLVED THAT** pursuant to the provision of Section 5, Section 14 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the applicable Rules thereunder (including any statutory modification(s) or amendment(s) thereto or re-enactment thereof for the time being in force) and all other laws, acts, rules, regulations, guidelines, circulars, directions and notifications issued by the regulatory authorities as applicable from time to time, the consent of the members of the Company be and is hereby accorded to restate and adopt the Articles of Association of the Company as placed before the members following amendments:



1. "Clause 61 of the Articles of Association is substituted as follows:

*Chairperson of the Board of Directors:*

- a. *The members of the Board may elect any one of them as the Chairperson of the Board. The Chairperson shall preside at all meetings of the Board and the General Meeting of the Company. The Chairperson shall not have a casting vote.*
  - b. *If no Chairperson is elected, or if at any meeting for any reason the Chairperson is not present within ten minutes at the meeting or is unwilling to act as Chairperson, the members of the Board shall appoint any one of the remaining Directors as the Chairperson."*
2. Insertion of Part B in the Articles to incorporate the terms and condition of the CCDs issued by the Company on March 30, 2024:

*"Articles 1 to 163 in Part A of these Articles shall apply in so far and to the extent they are not contrary to or inconsistent with the provisions of Part B of these Articles as amended from time to time. In the event of any conflict or inconsistency between any provisions of Part B of these Articles and any other Articles contained in Part A of these Articles, provisions contained in Part B of these Articles shall prevail. Without prejudice to the preceding sentence, all references to Articles in this Part B of the Articles of Association shall mean Articles of this Part B.*

## **TERMS AND CONDITIONS OF THE CCDs ISSUED BY THE COMPANY**

### **164. Definitions and Interpretation**

#### **Definitions**

- 164.1 "Applicable Law"** means any statute, treaty, law, code, regulation, ordinance, rule, judgment, order, decree, bye-law, approval of any Governmental Authority, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of or determination by, or any interpretation or administration having the force of law of any of the foregoing by any Governmental Authority having jurisdiction over the matter or Person in question, whether in effect as of the Execution Date or thereafter and in each case as amended;
- 164.2 "Assets"** means all assets, properties, rights, and interests of every kind, nature, specie, or description whatsoever, whether movable or immovable, tangible or intangible, including without limitation, Intellectual Property rights, owned, leased, and/or used by the Company;
- 164.3 "CCDs"** means up to 40,000 (Forty Thousand) unrated, unsecured and unlisted compulsorily convertible debentures of the Company of a face value of INR 1,00,000/- (Rupees One Lakh only) each and having the terms detailed in **Schedule 1** below aggregating to up to INR 400,00,00,000/- (India Rupees Four Hundred Crore) being



subscribed to by the Investor on private placement basis and pursuant to and in accordance with the DSA;

**164.4 “CCD Conversion Date”** shall have the meaning assigned to the term in Paragraph 8.2 of Schedule 1 of these Articles;

**164.5 “CCD Option Completion Date”** shall have the meaning assigned to the term in Article 172 below;

**164.6 “CCD Option Price”** shall have the meaning assigned to the term in Article 171 below;

**164.7 “CCD Call Option Date”** means (i) the date falling at the expiry of 12 (Twelve) months from the Closing Date and every 6 (Six) months thereafter till the CCDs Conversion Date; or (ii) the date specified in the CCD Equity Call Option Notice;

**164.8 “CCD Call Option Equity Event”** means the Equity Event;

**164.9 “CCD Put Option Date”** means (i) the date falling at the expiry of 12 (Twelve) months from the Closing Date and every 6 (Six) months thereafter till the CCDs Conversion Date; (ii) the date falling at the expiry of 59 (Fifty Nine) months from the Date; and/ or (iii) the date specified in the CCD Trigger Put Option Notice;

**164.10 “CCD Put Option Trigger Event”** means a Trigger Event;

**164.11 “CCD Subscription Amount”** means an aggregate subscription amount of up to INR 400,00,00,000 (Rupees Four Hundred Crore only), being invested by the Investor pursuant to and in accordance with the DSA for subscribing to the CCDs;

**164.12 “Closing Date”** means the date on which the CCDs is subscribed and allotted to the Investor in accordance with the provisions of the DSA and all actions to be completed in accordance with Clause 6.1 of the DSA are completed;

**164.13 “Conversion Long Stop Date”** shall have the meaning assigned to the term in Paragraph 8.1 of Schedule 1 of these Articles;

**164.14 “DSA” or “Debenture Subscription Agreement”** means the debenture subscription agreement dated March 29, 2024 executed by and between the Company and the Investor in relation to the subscription of the CCDs, as amended from time to time;

**164.15 “Designated Bank Account”** shall have the meaning assigned to the term in the Option Agreement, as amended from time to time;

**164.16 “Eligible Person”** shall mean any Person identified / nominated by the Option Provider (and acceptable to the Investor) to purchase the CCDs and/or the Specified Equity Shares from the Investor in accordance with the Option Agreement and provided that such Person identified / nominated by the Option Provider has the financial capability through lawful means to discharge its obligation to purchase the





CCDs and/or the Specified Equity Shares from the Investor and has already obtained all internal, regulatory or third party approvals as may be required for it to complete the purchase of purchase the CCDs and/or the Specified Equity Shares from the Investor;

**164.17 “Encumbrance”** means any right, title and/or interest or equity of any nature whatsoever (including any right to acquire, option or right of pre-emption) or any mortgage, pledge, deed of trust, hypothecation, right of others (including right of set-off or counterclaim), claim, security interest, burden, title defect, title retention agreement, lease, sublease, license, voting trust agreement, interest, option, proxy, lien, charge, covenant, condition, purchase agreement, actionable claim or any security agreement, security arrangement, non disposal undertaking or other restriction/s, limitations or encumbrance of any nature whatsoever;

**164.18 “Equity Event”** shall mean (i) the Company issues equity shares or preference shares or any other securities of the Company to any Person; or (ii) the Option Provider Transfers any part of their shareholding and/or any other security held by them in the Company;

**164.19 “Equity Option Price”** shall have the meaning assigned to the term in Article 174;

**164.20 “Equity Option Completion Date”** shall have the meaning assigned to the term in Article 175;

**164.21 “Execution Date”** shall mean the date of execution of the Option Agreement;

**164.22 “Fully Diluted Basis”** shall mean, in relation to the shares of a company, on any date on which the number or percentage of shares thereof is to be determined, the aggregate of all shares of such company outstanding on such date and all shares of such corporation issuable pursuant to vested and exercisable options, warrants and other rights to purchase or acquire, or pursuant to securities convertible into or exchangeable for, shares of such company, outstanding on such date;

**164.23 “IBC”** means the (Indian) Insolvency and Bankruptcy Code, 2016 (including all rules, circulars and clarifications, issued pursuant thereto, from time to time), which are in effect from time to time and shall include any other statutory amendment or re-enactment thereof);

**164.24 “Illegality Event”** means if, at any time, it is or will become unlawful on account of introduction of, or any change in, or any change in the interpretation or application of any Applicable Law, for the Investor to maintain its participation in the CCDs;

**164.25 “Investor”** means Kotak Mahindra Investments Limited, a public limited company incorporated in India under the Companies Act, 1956 and a non-banking financial company registered with the Reserve Bank of India pursuant to the applicable provisions of the Reserve Bank of India Act, 1934, having CIN U65900MH1988PLC047986 and having its registered office at 27BKC, C 27, G Block



Bandra Kurla Complex, Bandra (E), Mumbai City, Mumbai, Maharashtra, India, 400051;

**164.26 “Insolvency Event”** means with respect to the Company and/or Option Provider, means occurrence of any of the following events:

**164.27** the Company and/or the Option Provider file for or commence bankruptcy, voluntary winding up or liquidation or any similar proceedings or consent to the entry of an order for relief in an insolvency proceeding under any such Law, or consent to the appointment or taking possession by a receiver, liquidator, assignee (or similar official) for the whole or a substantial part of their property or take any action towards their re-organisation, liquidation or dissolution; or

164.27.1 any corporate action is taken voluntarily by the Company and/ or the Option Provider, any legal proceedings or other procedure or step taken voluntarily by the Company and/ or the Option Provider in relation to the suspension of payments, a moratorium of any indebtedness (which proceeding is admitted), winding-up, bankruptcy, insolvency, dissolution (which proceeding is admitted), administration, judicial management, provisional supervision or reorganization (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Company and/ or the Option Provider other than its solvent reorganization or restructuring or rescheduling of debt of the Company and/ or the Option Provider; or

164.27.2 a composition or arrangement with a body of creditors of the Company and/or the Option Provider, or an assignment for the benefit of its creditors generally or a class of such creditors, other than a solvent composition or arrangement; or

164.27.3 the appointment of an interim resolution professional, liquidator, receiver, trustee, judicial manager, administrator, administrative receiver, compulsory manager, provisional supervisor or other similar officer in respect of the Company and/or the Option Provider or any of its assets; or

164.27.4 enforcement of any mortgage, charge, pledge, lien or other security interest (or any other agreement or arrangement having a similar effect) over all or substantially all of the assets of the Company and/or the Option Provider, or any analogous procedure or step is taken in any jurisdiction, other than where a stay order from a court of competent jurisdiction has been obtained by the Company and/or the Option Provider, as the case may be; or

164.27.5 the Company and/or the Option Provider being deemed under any statutory provision of any relevant jurisdiction to be insolvent; or

164.27.6 any other event occurs which would, under any Law, have a substantially similar effect to any of the events listed above (subject to the same carve-



outs as agreed in respect of the events listed above, including, where applicable, carve-outs for situations where an order of stay/dismissal has been granted by a court of competent jurisdiction); or

- 164.27.7 initiation of insolvency resolution process or bankruptcy process under the IBC or any similar process under applicable Laws in respect of the Company and/ or the Option Provider (including filing of an application or undertaking any step with the National Company Law Tribunal in relation to the same); or initiation of an insolvency resolution process under the IBC or any other analogous law or regulation in respect of the Company and/ or the Option Provider or any analogous procedure or step is taken in any jurisdiction;
- 164.28 “Intellectual Property”** shall have the meaning assigned to the term in the DSA;
- 164.29 “Option Agreement”** means the agreement dated March 29, 2024 in relation to the Put Option and the Call Option entered into by and between the Company, the Investor and the Option Provider, as amended from time to time;
- 164.30 “Option Completion Date”** means the CCD Option Completion Date and/ or the Equity Option Completion Date, as the context may require
- 164.31 “Person”** means a natural person, company, corporation, association, unincorporated association, society, Hindu undivided family, partnership (general or limited), joint venture, estate, trust, limited liability company, limited liability partnership, proprietorship, single business unit, division or undertaking of any of the above or, any other legal entity, individual, Government or Governmental Authority;
- 164.32 “Securities”** means any equity shares, any preference shares, scrips, stocks, bonds, convertible debentures (including the CCDs and/or the Investor Securities) or other securities of a like nature, or any rights, options, warrants, instruments or other securities that are directly or indirectly convertible into, or exercisable or exchangeable for or entitling the holder to receive Equity Shares or to purchase securities or rights to subscribe for securities which by their terms are convertible into or exchangeable for Equity Shares, whether issued and existing as of the Closing Date or issued and allotted by the Company at any time after the Closing Date;
- 164.33 “SFL” or “Option Provider”** means Shriram Finance Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 and validly existing under the Companies Act, 2013 having CIN L65191TN1979PLC007874 and registered office at Sri Towers, Plot No. 14A, South Phase, Industrial Estate, Guindy, Chennai – 600032, Tamil Nadu, India;
- 164.34 “Specified Equity Shares”** shall mean the Equity Shares allotted to the Investor pursuant to conversion of the CCDs held by the Investor in accordance with the terms of the Debenture Subscription Agreement;



**164.35 “Transaction Documents”** means the documents executed in relation to the issue of the CCDs (if allotted to and subscribed by the Investor in accordance with the terms of the DSA), including but not limited to the private placement offer letters, the DSA, the Option Agreement, and any other documents/ writings designated as such by the Investor and the Company and any other documents executed between the Investor and the Company;

**164.36 “Transfer”** means to transfer, sell, convey, assign, pledge, hypothecate, create a security interest in or Encumbrance on, place in trust (voting or otherwise), transfer by operation of law or in any other way subject to any encumbrance or dispose of, whether or not voluntarily, and “Transferring” and “Transferred” shall be construed accordingly;

**164.37 “Trigger Event”** means the events set out **Schedule 3** hereto;

**164.38 “XIRR”** means the mathematical operation ‘XIRR’ in the software called ‘Microsoft Excel’ to determine an internal rate of return.

Any capitalized term used in this Part B of the Articles of Association but not defined under this Part B of the Articles of Association shall have the meaning, if any, ascribed to such term under the Debenture Subscription Agreement or the Option Agreement, as the context may require.

### **Interpretation**

For the terms referred in this Part B of Articles of Association where a provision of the Debenture Subscription Agreement has been incorporated, the rules of interpretation under Clause 1.2 of the Debenture Subscription Agreement shall apply and shall be deemed to have been incorporated herein under this Part B. Likewise, for the terms referred in this Part B of Articles of Association where a provision of the Option Agreement has been incorporated, the rules of interpretation under Clause 1.1 of the Option Agreement shall apply and shall be deemed to have been incorporated herein under this Part B. The relevant Schedules being Schedule 1, Schedule 2 and/or Schedule 3 shall be deemed to be Schedules to this Part B of Articles of Association.

## **165. Additional Covenants**

**165.1** The Company acknowledges that Investor has agreed to subscribe to the CCDs as an investor in the Company and as such, the Company shall at all times ensure that the Investor is not disclosed as/or is classified as a “promoter” or “sponsor” in any disclosure or document or filing made by the Company from time to time including under any offer document or prospectus issued by the Company. It being further clarified that the Investor is not required to pledge / mark lien or encumbrance or provide any guarantee or other contractual support to any funding or operational requirement of the Company and/or its Affiliate or group or associate including any representation, warranties and covenants on the operation or business of the



Company.

**165.2** The Company acknowledges that rights of the Investor are in nature of protecting its investment in the Company and shall in respect of the Company, shall at no time be viewed as having management related rights in the Company and shall not be viewed as a party or person running or being in charge of the day to day operations of or affairs of or being in control of, the Company.

**165.3** Upon conversion of the CCDs into Equity Shares, the Investor in its capacity as an equity shareholder shall have all the investor protection rights as set out under Schedule 2 hereto. It being clarified that the terms governing the Investor as a holder of Equity Shares upon conversion of CCDs shall be as set out under the DSA and the Parties acknowledge that the Investor is not a party to the Shareholders' Agreement and as such, nothing contained under the Shareholders' Agreement including the terms of the Shareholders' Agreement as incorporated into the Part A of Articles of Association shall apply to the Investor.

**165.4** The Company covenants, undertakes and confirm that:

165.4.1 The Company shall ensure that there is no change in its shareholding (on a Fully Diluted Basis) other than changes in shareholding pursuant to the conversion of the CCDs or to the extent of outstanding unvested and unexercised stock options under the Company's any shareholder approved employee stock option scheme of the Company;

165.4.2 The Company shall ensure that there is no change in the nature and conduct of its Business;

165.4.3 The Company shall not make any amendments in its Charter Documents which may affect or vary the rights or remedies available to the Investor in the Transaction Documents, other than as set out in the Transaction Documents; and

165.4.4 The Company shall not enter into any arrangement, agreement, transaction and/ or deed with any person which violate the terms of the Transaction Documents.

**165.5** The Company hereby covenants and agrees that at all times until the Option Completion Date, the Company shall maintain / comply the following:

165.5.1 Debt to Equity Ratio of the Company shall not exceed 7 (Seven) times; and

165.5.2 Gross NPA shall not exceed 4% (Four percent).



For the purpose of this Article:

**“Debt to Equity Ratio”** shall mean the ratio of Total Debt of the Company to Equity of the Company;

**“Equity”** shall mean the aggregate of the (A) Share Capital of the company; (B) Reserve and Surplus; and (C) compulsorily convertible debentures issued by the Company as reduced by (D) the Revaluation Reserve;

**“Financial Liabilities”** shall mean the financial liabilities of the Company as classified by the auditors of the Company in the financial statements of the Company;

**“Gross NPA”** shall mean shall have the meaning assigned to the term under the applicable guidelines of the Reserve Bank of India and the applicable accounting standards;

**“Reserve and Surplus”** shall mean the reserve and surplus of the Company as classified by the auditors of the Company in the financial statements of the Company;

**“Revaluation Reserve”** shall mean the revaluation reserve as classified by the auditors of the Company in the financial statements of the Company;

**“Share Capital”** shall mean the share capital of the Company as classified by the auditors of the Company in the financial statements of the Company;

**“Total Debt”** shall mean the aggregate of all the Financial Liabilities of a company, the guarantees provided by the company to secure the borrowings of other Person and the Preference Shares which are redeemable till the conversion of the CCDs.

## **166. Information Rights, Inspection/Audit Rights and Visitation Rights**

### *Information Rights*

Until such time that the Investor holds the CCDs or the resultant Equity Shares or any securities in the Company, the Company shall furnish the following information to the Investor from time to time:

**166.1** Any and all information that is provided to any Shareholder under the terms of the Charter Documents and/ or pursuant to the terms of the Shareholders’ Agreement and/ or otherwise, in the manner and in accordance with the timelines set out in the Charter Documents and/ or the terms of the Shareholders’ Agreement and/ or otherwise, as applicable;

**166.2** All information, relating to the business, property, Assets, corporate actions, corporate governance, authorisations, affairs and/ or any other event, in relation to the Company, that has or likely to have an adverse impact on the rights, interests and entitlement of the Investor and/ or the due performance of the obligations of the Company under the DSA.



*Inspection, Audit and Visitation Rights*

**166.3** The Investor (and/or their respective nominated representatives, employees, authorized agents and/or professional advisers) shall have the right to inspect and/or audit during business hours and on reasonable notice the statutory records, accounting, tax and financial records and other books and records of the Company and shall have access to any executives, employees or officers of the Company and/or its subsidiaries and/or the statutory auditors of the Company and/or its subsidiaries and seek clarifications and/or responses from them on any aspect of the Company and/or its subsidiaries.

**167. Shareholder level rights of the Investor**

Upon the conversion of the CCDs into Equity Shares for any reason whatsoever, the Investor shall have the following rights:

*Nominee Director*

**167.1** The Investor shall have the right to, at its sole discretion, nominate one director (“**Investor Director**”) on the Board of Directors of the Company.

**167.2** The Investor Director shall not be liable to retire by rotation, save and except where compulsorily required under Applicable Laws and in which case, shall be reappointed.

**167.3** The Company and/or its shareholders shall not have the right to remove the Investor Director without the prior written consent of the Investor. The Investor shall however, at all times, have the right to remove or substitute the individual appointed as an Investor Director with any other individual of its choice, in which case the Company and its shareholders shall take all steps and exercise all voting rights to implement such removal or substitution.

*Investor Consent Items*

**167.4** Notwithstanding anything contained in the Debenture Subscription Agreement and/or the Transaction Documents or elsewhere including to the contrary, until such time that Investor and/or its permitted transferees or permitted assigns is an equity shareholder in the Company, in so far as any items/matters listed under **Schedule 2** (“**Investor Consent Items**”), no decision on such Investor Consent Items shall be taken by the Company (or on behalf of or for the Company), by the Board of Directors or any committee of the Board of Directors as constituted from time to time, by the shareholders of the Company whether holding Equity Shares or preference shares or securities of any kind, or by any officer or representative of the Company unless and until prior written consent in relation to the relevant Investor Consent Item has been obtained from the Investor and/or its permitted transferees or permitted assigns (“**Investor Consent Rights**”). Where a matter qualifying as Investor Consent Rights necessarily needs to be approved by the Board of Directors of the Company under



Applicable Laws and where prior written consent of Investor has not been obtained in respect of such matter, the Board of Directors may pass and/or approve such matter subject to the prior written consent of the Investor being obtained.

- 167.5** The Investor Consent Rights in respect of the Investor Consent Items shall be available to the Investor also at the level of the subsidiaries of the Company as if all references to the Company herein or under **Schedule 2** is actually reference to such subsidiary and this Article to be interpreted accordingly.

#### *Exit Rights*

- 167.6** In case of any proposed transfer by SFL and/or its Affiliates or their permitted transferees (as the case may be) of all or any Equity Shares or securities in the Company ("**Proposed Transfer**") to any person ("**Transferee**"), a reasonable advance notice of at least 30 (Thirty) days of such Proposed Transfer shall be given to the Investor in writing along with the terms of such Proposed Transfer including the price. The Investor may at its sole discretion notify the SFL and/or its Affiliates or their permitted transferees (as the case may be) in writing of its intention to exit the Company ("**Investor's Right to Exit**") within 30 (Thirty) days of receipt of such advance notice of the Proposed Transfer. Where the Investor has exercised at its option the Investor's Right to Exit, such Proposed Transfer shall not be capable of being completed unless and until, simultaneously to such Proposed Transfer to the Transferee, all the Equity Shares or Securities held by the Investor are also transferred to the Transferee on no less favourable terms than that applicable to the Proposed Transfer, it being however clarified that the Investor will not be required to give any representations and warranties or indemnities to such Transferee or in respect of such transfer other than with respect to its authority and capacity to undertake such transfer. In the event that the Investor does not exercise the Investor's Right to Exit, SFL and/or its Affiliates or their permitted transferees (as the case may be) shall still not have the right to undertake the Proposed Transfer, where as a result of such Proposed Transfer, SFL or its Affiliates or their permitted transferees (as the case may be) cease to hold majority equity stake on a Fully Diluted Basis in and/or control of the Company.

#### **168. Event of Default**

- 168.1** If one or more of the events specified below occur (hereinafter each an "**Event of Default**"), the Investor shall, in its sole discretion, be entitled to call to an Event of Default:

168.1.1 any covenant, undertaking or an obligation of the Company under the DSA and/or the Transaction Document is not complied with in the opinion of the Investor and which if capable of being cured or remedied and has not been cured or remedied to the satisfaction of the Investor within 7 (Seven) days from the date of such breach or non-compliance;

168.1.2 any representation, information or statement made or deemed to be made





or provided by the Company under the DSA and/or the Transaction Document is or is proven to have been incorrect or misleading in any respect when made or deemed to be made which misrepresentation if capable of being cured or remedied to the satisfaction of the Investor within 7 (Seven) days from the date of such misrepresentation;

- 168.1.3 (i) the Company and/or SFL is subject to any Insolvency Event, (ii) the Company and/or SFL is unable to, is presumed or deemed by Applicable Law to be unable to or admits its inability to, pay its debts as they fall due, suspends making payments on any of its debts or, 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) the liabilities of the Company exceeds its assets, and/or (iv) a moratorium is declared in respect of any indebtedness of the Company and/or SFL.
- 168.1.4 (i) any Governmental Authority or other authority (whether de jure or de facto) takes a step with a view to the nationalisation, compulsory acquisition, expropriation or seizure of any part of the assets or business of the Company and/or SFL, (ii) any Governmental Authority or other authority (whether de jure or de facto) takes a step with a view to the nationalisation, compulsory acquisition, expropriation or seizure of any part of the assets or business of the Company and/or SFL which affects the performance of the DSA and/or the Transaction Documents.
- 168.1.5 the Investor determines the occurrence or existence of a Material Adverse Effect in respect of the Company and/or SFL.
- 168.1.6 if the Company and/or SFL ceases to carry on all or a substantial part of the business it carries on or proposes to carry on as at the date of the DSA.
- 168.2** Upon the occurrence of an Event of Default and so long as such Event of Default is subsisting, in the sole opinion of the Investor, the Investor shall have all rights to exercise including accelerated exercise of all the rights and remedies available to the Investor under the DSA and/or the Transaction Documents or under Applicable Laws.

## **169. CCD Put Option**

- 169.1** The Investor shall have the right but not an obligation to require the Option Provider, to purchase all (and not less than all) the CCDs held by it at such time for the CCD Option Price, on any CCD Put Option Date, by sending an irrevocable notice in writing to the Option Provider, 1 (One) day prior to such CCD Put Option Date, in the format as set out in **Schedule 4** of the Option Agreement ("**CCD Ordinary Put Option Notice**") and if such right is exercised by the Investor, the Option Provider shall have an unconditional and irrevocable obligation to purchase all (and not less than all) the CCDs. Without prejudice to the Option Provider's obligation as contained under this Article 169.1, the Option Provider shall be entitled to purchase the CCDs either directly or through an Eligible Person nominated by the Option Provider.



- 169.2** Without prejudice to anything mentioned in Article 169.1 above, upon the occurrence of any CCD Put Option Trigger Event (the determination with respect to such occurrence of CCD Put Option Trigger Event shall be determined by the Investor), the Investor shall have the right but not an obligation to require the Option Provider, to purchase all (and not less than all) the CCDs for the CCD Option Price on any date (such date being the “**CCD Trigger Put Option Date**”) by sending an irrevocable notice in writing to the Option Provider, 1 (One) day prior to such CCD Trigger Put Option Date, in the format set out in **Schedule 5** of the Option Agreement (“**CCD Trigger Put Option Notice**”) and if such right is exercised by the Investor, the Option Provider shall have an unconditional and irrevocable obligation to purchase all (and not less than all) the CCDs. Without prejudice to the Option Provider’s obligation as contained under this Article 169.2, the Option Provider shall be entitled to purchase the CCDs either directly or through an Eligible Person nominated by the Option Provider.
- 169.3** Upon receipt of the CCD Ordinary Put Option Notice, the Option Provider shall be under an obligation to purchase, either directly or through any Eligible Person nominated by the Option Provider, and the Investor shall be under an obligation to sell all (and not less than all) the CCDs for the CCD Option Price on the CCD Put Option Date specified in the CCD Ordinary Put Option Notice. Completion of the sale and purchase of all (and not less than all) the CCDs pursuant to the Article 169.1 above shall take place in accordance with Article 172.
- 169.4** Upon receipt of the CCD Trigger Put Option Notice, the Option Provider shall be under an obligation to purchase, either directly or through any Eligible Person nominated by the Option Provider, and the Investor shall be under an obligation to sell all (and not less than all) the CCDs for the CCD Option Price on the CCD Trigger Put Option Date specified in the CCD Trigger Put Option Notice. Completion of the sale and purchase of all (and not less than all) the CCDs pursuant to the Article 169.2 above shall take place in accordance with Article 172.
- 169.5** It is clarified that in the event that the Option Provider nominates an Eligible Person to purchase all (and not less than all) the CCDs, then the Company and the Option Provider shall do all such acts and things as may be necessary to give effect to the purchase of all (and not less than all) the CCDs from the Investor. The Investor shall extend all reasonable assistance and cooperation as may be required by the Company for this purpose.
- 169.6** Notwithstanding anything contrary contained in the Option Agreement or the Part B Articles, the Investor shall not be required to provide any representations, warranties or covenants to the Option Provider or the Eligible Person in respect of the CCDs, for the Option Provider or the Eligible Person to perform its obligations in terms of the Option Agreement or the Part B Articles, save and except in respect of the Investor having a clear and marketable title to the CCDs held by them, free from any encumbrances.



**169.7** The Option Provider shall continue to remain liable for any non-performance of the Eligible Person.

**170. CCD Call Option**

**170.1** The Option Provider shall have the right to require the Investor to sell all (and not less than all) the CCDs held by it at such time, at the CCD Option Price, to the Option Provider or through any Eligible Person nominated by the Option Provider on the CCD Call Option Date, by sending an irrevocable notice in writing to the Investor, 1 (One) day prior to such CCD Call Option Date, in the format set out in **Schedule 6** of the Option Agreement (“**CCD Ordinary Call Option Notice**”).

**170.2** Without prejudice to anything mentioned in Article 170.1 above, upon the occurrence of any CCD Call Option Equity Event, the Option Provider shall have the right to require the Investor to sell all (and not less than all) the CCDs at the CCD Option Price, to the Option Provider or through any Eligible Person nominated by the Option Provider by sending an irrevocable notice in writing to the Investor on any date (such date being the “**CCD Equity Call Option Date**”) by sending an irrevocable notice in writing to the Investor, 1 (One) day prior to such CCD Equity Call Option Date, in the format set out in **Schedule 7** of the Option Agreement (“**CCD Equity Call Option Notice**”).

**170.3** Upon receipt of the CCD Ordinary Call Option Notice, the Investor shall be under an obligation to sell, and the Option Provider or Eligible Person (as applicable) shall be under an obligation to purchase all (and not less than all) the CCDs for the CCD Option Price on the CCD Call Option Date specified in the CCD Ordinary Call Option Notice. Completion of the sale and purchase of all (and not less than all) the CCDs pursuant to this Article 170 shall take place in accordance with Article 172.

**170.4** Upon receipt of the CCD Equity Call Option Notice, the Investor shall be under an obligation to sell, and the Option Provider or Eligible Person (as applicable) shall be under an obligation to purchase all (and not less than all) the CCDs for the CCD Option Price on the CCD Equity Call Option Date specified in the CCD Equity Call Option Notice. Completion of the sale and purchase of all (and not less than all) the CCDs pursuant to this Article 170 shall take place in accordance with Article 172.

**170.5** It is clarified that in the event that the Option Provider nominates an Eligible Person to purchase all (and not less than all) the CCDs, then the Company and the Option Provider shall do all such acts and things as may be necessary to give effect to the purchase of all (and not less than all) the CCDs from the Investor. The Investor shall extend all reasonable assistance and cooperation, as may be required by the Company for this purpose.

**170.6** Notwithstanding anything contrary contained in the Option Agreement, the Investor shall not be required to provide any representations, warranties or covenants to the Option Provider or the Eligible Person in respect of the CCDs for the Option Provider or the Eligible Person to perform its obligations in terms of the Option Agreement,



save and except in respect of the Investor having a clear and marketable title to the CCDs held by them, free from any encumbrances.

**170.7** The Option Provider shall continue to remain liable for any non performance of the Eligible Person.

## **171. CCD Option Price**

**171.1** The CCD Option Price payable on the exercise of the put options in relation to the CCDs as set out in Article 169 above or the call options in relation to the CCDs as set out in Article 170 above shall be computed as follows:

171.1.1 From the Closing Date till the completion of 9 (Nine) months from the Closing Date, the CCD Option Price shall be equal to an amount such that the Investor receives a XIRR of at least 9.25% (Nine decimal point Two Five percent) on the CCDs Subscription Amount until and including the CCD Option Completion Date ("**9 Month Yield**");

171.1.2 From the expiry of 9 (Nine) months from the Closing Date and till the expiry of 12 (Twelve) months from the Closing Date, the CCD Option Price shall be equal to an amount such that the Investor receives a XIRR of at least 9.46% (Nine decimal point Four Six percent) on the CCDs Subscription Amount until and including the CCD Option Completion Date ("**12 Month Yield**");

("Yield" shall mean the 9 Month Yield or the 12 Month Yield, as the case maybe)

171.1.3 Every subsequent year after the completion of the first year as set out in 171.1.2 above, the Yield shall increase by 2% (Two percent) annually;

171.1.4 Upon the occurrence of a Trigger Event, the Yield shall increase by a further 2% (Two percent) over and above the CCD Option price as calculated from Article 171.1.1, 171.1.2, and 171.1.3 above.

Provided however that the maximum Yield for the purpose of calculating the CCD Option Price shall not exceed an amount such that the Investor receives a XIRR of 17% (Seventeen percent) on the CCDs Subscription Amount until and including the CCD Option Completion Date.

## **172. Completion of the Sale and Purchase of the CCDs**

### **172.1 CCD Option Completion Date**

The CCD Option Completion shall take place



- 172.1.1 on the CCD Put Option Date as specified in the CCD Ordinary Put Option Notice pursuant to Article 169.1 above; or
- 172.1.2 on the CCD Trigger Put Option Date as specified in the CCD Trigger Put Option Notice pursuant to Article 169.2; or
- 172.1.3 on the CCD Call Option Date as specified in the CCD Ordinary Call Option Notice pursuant to Article 170.1; or
- 172.1.4 on the CCD Equity Call Option Date as specified in the CCD Equity Call Option Notice pursuant to Article 170.2;

(each of the above dates being a “**CCD Option Completion Date**”).

- 172.1.5 The Parties mutually agree that the CCD Option Completion shall be deemed to have taken place at the registered office of the Company.

## **172.2 CCD Option Completion Actions**

- 172.2.1 In the event that either a CCD Put Option Notice or a CCD Call Option Notice is issued in accordance with Article 169 or Article 170, respectively, each Party (as defined under the Option Agreement) will undertake or cause to be undertaken, each of the actions enumerated in **Part A of Schedule 2** of the Option Agreement to be performed by such Party (as defined under the Option Agreement) and each of the actions enumerated in **Part A of Schedule 2** of the Option Agreement to be undertaken in the sequence in which they appear in **Part A of Schedule 2** of the Option Agreement on the CCD Option Completion Date.

- 172.2.2 The CCD Option Completion shall not be deemed to have been completed unless all actions set out in **Part A of Schedule 2** of the Option Agreement are complied with, satisfied and/or made fully effective. If all the actions set out in **Part A of Schedule 2** of the Option Agreement are not completed within the same Business Day, the Parties shall complete all actions set out in **Part A of Schedule 2** of the Option Agreement, on the following Business Day and such date shall be deemed to be the CCD Option Completion Date for the purposes of the Option Agreement.

- 172.3** The Parties agree that the transfer of CCDs in accordance with this Article 172 shall at all times be consummated: (a) on a spot delivery basis as understood for the purposes of the Securities Contract Regulation Act, 1956 on the CCD Option Completion Date (and for this purpose the Parties shall ensure that the transfer of the CCDs to the Option Provider and the payment of the CCD Option Price into the Designated Bank Account of the Investor is completed on the CCD Option Completion Date), or (b) through such other modes or in such other manner as permitted under the Applicable Law.

## **173. Equity Put Option**

- 173.1** Upon the occurrence of any of the following:



- 173.1.1 Failure by the Option Provider (including for avoidance of doubt and where applicable, by the Eligible Person nominated by it) to discharge its obligations under the Option Agreement, upon exercise of any put option in relation to the CCDs by the Investor in accordance with Article 169 above and at a time subsequent to such failure by the Option Provider (including for avoidance of doubt and where applicable, by the Eligible Person nominated by it), the CCDs have converted into Equity Shares in the hands of the Investor on the Conversion Long Stop Date;
- 173.1.2 Failure by the Option Provider (including for avoidance of doubt and where applicable, by the Eligible Person nominated by it) to discharge its obligations under the Option Agreement, upon exercise of any call option in relation to the CCDs by the Option Provider (including for avoidance of doubt and where applicable, by the Eligible Person nominated by it) in accordance with Article 170 above and at a time subsequent to such failure by the Option Provider (including for avoidance of doubt and where applicable, by the Eligible Person nominated by it), the CCDs have converted into Equity Shares in the hands of the Investor on the Conversion Long Stop Date;
- 173.1.3 Either (i) The Investor is restricted from exercising the put option in relation to the CCDs pursuant to Article 169 under Applicable Law and/ or the Investor is restricted from performing any rights or obligations in relation to the call option pursuant to Article 170 in relation to the CCDs under Applicable Law, or (ii) the Option Provider (including for avoidance of doubt and where applicable, by the Eligible Person nominated by it) is restricted from purchasing the CCDs pursuant to Article 169 under Applicable Law and/ or the Option Provider (including for avoidance of doubt and where applicable, by the Eligible Person nominated by it) is restricted from performing any rights or obligations in relation to the call option pursuant to Article 170 in relation to the CCDs under Applicable Law;

(each of the above events shall be referred to "**Specified Equity Events**")

- 173.2** Upon the occurrence of the Specified Equity Events, the Investor shall have the right but not an obligation to require the Option Provider, to purchase all (and not less than all) the Specified Equity Shares held by the Investor at such time for the Equity Option Price, by sending an irrevocable notice in writing to the Option Provider on any date (such date being the "**Equity Put Option Date**") by sending an irrevocable notice in writing to the Option Provider, 1 (One) day prior to such Equity Put Option Date, in the format set out in **Schedule 8** of the Option Agreement ("**Equity Put Option Notice**") and if such right is exercised by the Investor, the Option Provider shall have an unconditional and irrevocable obligation to purchase all (and not less than all) the Specified Equity Shares . Without prejudice to the Option Provider's obligation as contained under this Article 173.2, the Option Provider shall be entitled to purchase all (and not less than all) the Specified Equity Shares either directly or through an Eligible Person nominated by the Option Provider.



**173.3** Upon receipt of the Equity Put Option Notice, the Option Provider shall be under an obligation to purchase, either directly or through any Eligible Person nominated by the Option Provider, and the Investor shall be under an obligation to sell, all (and not less than all) the Specified Equity Shares for the Equity Option Price on the Equity Put Option Date specified in the Equity Put Option Notice. Completion of the sale and purchase of the Specified Equity Shares pursuant to this Article 173 shall take place in accordance with Article 175.

**173.4** It is clarified that in the event that the Option Provider nominates an Eligible Person to purchase all (and not less than all) the Specified Equity Shares, then the Company and the Option Provider shall do all such acts and things as may be necessary to give effect to the purchase of all (and not less than all) the Specified Equity Shares from the Investor. The Investor shall extend all reasonable assistance and cooperation, including furnishing such information and documents, as may be required by the Company for this purpose.

**173.5** Notwithstanding anything contrary contained in the Option Agreement, the Investor shall not be required to provide any representations, warranties or covenants to the Option Provider or the Eligible Person in respect of the CCDs for the Option Provider or the Eligible Person to perform its obligations in terms of the Option Agreement, save and except in respect of the Investor having a clear and marketable title to the CCDs held by them, free from any encumbrances.

**173.6** The Option Provider shall continue to remain liable for any non-performance of the Eligible Person.

#### **174. Equity Option Price**

**174.1** The Equity Option Price payable on the exercise of the Equity Put Option as set out in Article 173 above shall be amount equal to an amount such that the Investor receives a XIRR of 17% (Seventeen percent) on the CCDs Subscription Amount until and including the Equity Option Completion Date.

#### **175. Completion of the Sale and Purchase of the Specified Equity Shares**

##### **175.1 Equity Option Completion Date**

**175.1.1** The Equity Option Completion shall take place on the Equity Put Option Date specified in the Equity Put Option Notice issued by the Option Provider pursuant to Article 173.2 above (such date being an “**Equity Option Completion Date**”).

**175.1.2** The Parties mutually agree that the Equity Option Completion shall be deemed to have taken place at the registered office of the Company.



## 175.2 Equity Option Completion Actions

- 175.2.1 In the event that an Equity Put Option Notice is issued in accordance with Article 173.2, each Party (as defined under the Option Agreement) will undertake or cause to be undertaken, each of the actions enumerated in **Part B of Schedule 2** of the Option Agreement to be performed by such Party (as defined under the Option Agreement) and each of the actions enumerated in **Part B of Schedule 2** of the Option Agreement to be undertaken in the sequence in which they appear in **Part B of Schedule 2** of the Option Agreement on the Equity Option Completion Date.
- 175.2.2 Equity Option Completion shall not be deemed to have been completed unless all actions set out in **Part B of Schedule 2** of the Option Agreement are complied with, satisfied and/or made fully effective. If all the actions set out in **Part B of Schedule 2** of the Option Agreement are not completed within the same Business Day, the Parties shall complete all actions set out in **Part B of Schedule 2** of the Option Agreement on the following Business Day and such date shall be deemed to be the Equity Option Completion Date for the purposes of the Option Agreement.
- 175.3** The Parties agree that the transfer of Specified Equity Shares in accordance with this Article 175 shall be consummated: (a) on a spot delivery basis as understood for the purposes of the Securities Contract Regulation Act, 1956 on the Equity Option Completion Date (and for this purpose the Parties shall ensure that the transfer of the Specified Equity Shares to the Option Provider and the payment of the Equity Option Price into the Designated Bank Account of the Investor is completed on the Equity Option Completion Date), or (b) through such other modes or in such other manner as permitted under the Applicable Law.

## 176. Approvals and Filings

- 176.1** If on account of any change in Applicable Law post the Execution Date of the Option Agreement, any approval of any Governmental Authority in India is required to complete the call options and/ or the put options in relation to the CCDs and/ or the put option in relation to the Specified Equity Shares (as the case may be), then without prejudice to any of the provisions contained in the Option Agreement, the Company and the Option Provider shall obtain such approval and shall at their own cost take all steps necessary to file an application to the requisite Governmental Authority seeking an approval in respect of such call options and/ or the put options in relation to the CCDs and/ or the put option in relation to the Specified Equity Shares (as the case may be), and make all efforts to pursue the same. Notwithstanding anything contained in the Option Agreement, it being clarified that in case any such approval is required and where obtaining of such approval may impact the timelines as agreed under the Option Agreement for sale and transfer of Option Securities or in respect of the Option Completion Date, the Company and the Option Provider shall be under an obligation and be responsible to find an Eligible Person to complete the purchase of the Option Securities pursuant to call options and/ or the put options in relation to





the CCDs and/ or the put option in relation to the Specified Equity Shares (as applicable), within the timelines as contemplated under the Option Agreement. It is clarified that the Yield shall continue to accrue for any delay to complete the call options and/ or the put options in relation to the CCDs and/ or the put option in relation to the Specified Equity Shares (as the case may be).

- 176.2** The Company and the Option Provider shall make appropriate submissions, notifications and filings to or with the requisite regulatory authority (with a copy to the Investor) and provide information and documents that are customary for the purpose of seeking such approval at their own cost.
- 177.** The "Right of First Offer" as set out under Clause 16.5.4 of the Option Agreement shall be deemed to have been incorporated under this Article 177 of the Part B of the Articles, as if incorporated herein in full.
- 178.** Notwithstanding anything contained in the Articles, DSA, the Transaction Documents or the Option Agreement and without prejudice to the provisions relating to the Investor Consent Items, the Company shall not amend any of the terms of the Part B of the Articles of Association or make any amendment that impacts the Part B of the Articles of Association without the prior written consent of the Investor.

### **SCHEDULE 1: TERMS OF CCDS**

It is clarified by way of abundant caution that the terms and conditions set out in this **Schedule 1** form an integral part of the terms and conditions of the CCDs and are deemed to be incorporated in the Part B of the Articles of Association: Without prejudice to the generality of the DSA and/or the Transaction Documents and terms applicable to the CCDs therein and in addition to such terms, the CCDs shall carry the terms set out under this **Schedule 1**.

1. **Compulsorily Convertible Debentures**

Up to 40,000 (Forty Thousand) number of CCDs having face value of INR 1,00,000/- (Rupees One Lakh only) each with an aggregate value of up to INR 4,00,00,00,000 (Rupees Four Hundred Crores only) to be issued to the Investor by the Company on a private placement basis.

2. **Definitions**

In this **Schedule 1**, capitalized terms, unless defined herein shall have the meanings ascribed to them in the Part B of the Articles of Association and if not defined in the Part B of the Articles of Association, then the defined term shall have the meanings ascribed to them in the DSA.

3. **Ranking of the CCD**

The CCDs shall form a separate class and series of securities and all the CCDs issued to the Investor shall rank pari passu *inter-se*.



4. Transferability

Subject to the provisions of Paragraph 11 (*Right of First Offer*) below, the CCDs shall be freely transferable at all times, subject to compliance with the provisions of the Option Agreement in accordance with its terms and as and when any option pursuant to the Option Agreement has been exercised and due for performance.

5. Coupon

The CCDs shall not carry or bear any coupon.

6. Purpose

The Company shall utilize proceeds of the subscription of the CCDs by the Investor exclusively towards onward lending by the Company in accordance with Applicable Law.

7. NOT USED

8. Conversion

8.1 Each CCD shall be mandatorily and compulsorily converted into Equity Shares, upon the earlier of:

- (a) the Investor calling an Event of Default, in its sole discretion and the Investor requiring the CCDs to be converted into Equity Shares, in its sole discretion;
- (b) at any time by the mutual agreement between the Company and the Investor prior to the Conversion Long Stop Date;
- (c) automatically, the expiry of 5 (Five) years from the Closing Date, without any act or application by the Investor, ("**Conversion Long Stop Date**");

If any approval from any Governmental Authority under Applicable Laws is required to be able to issue the Equity Shares as a result of conversion of the CCDs, the Company shall promptly and wherever feasible in advance make the necessary applications in this regard at its sole costs and shall also pay the required fees, if any. The Company shall also share the draft of such application with the Investor and will take on board the suggestions received from the Investor. If the Company doesn't perform this obligation, the Investor shall have the right to make such application on behalf of the Company and at the costs, expense and liability of the Company.

8.2 CCD Conversion Date

- (a) In the event that the CCDs are being converted into Equity Shares pursuant to the provisions of Paragraph 8.1(a) of this **Schedule 1**, the relevant CCDs shall be converted into Equity Shares on the date on which the Investor requires such CCDs to be converted to Equity Shares pursuant to Paragraph 8.1(a) of this **Schedule 1**.



- (b) In the event that the CCDs are being converted into Equity Shares pursuant to the provisions of Paragraph 8.1(a) of this **Schedule 1**, the relevant CCDs shall be converted into Equity Shares on the date identified as agreed pursuant to Paragraph 8.1(b) of this **Schedule 1**.
- (c) In the event that the CCDs are being converted into Equity Shares pursuant to the provisions of Paragraph 8.1(b) of this **Schedule 1**, the relevant CCDs shall be converted into Equity Shares on the Conversion Long Stop Date and if such date is not a Business Day then on the immediately next Business Day.

*(the date (or dates) on which the CCDs are converted as aforesaid are hereinafter referred to as a “**CCD Conversion Date**”)*

- 8.3 On the CCD Conversion Date, the Company shall allot and issue the requisite number of fully paid-up Equity Shares to the Investor which are being converted, as per CCD conversion provisions set out in Paragraph 9 (*Conversion Formula*) of this **Schedule 1**. It is clarified that the said conversion of such CCDs will not require any act, application or approval by the Company, and the cause its Board to issue and allot the required Equity Shares as result of such conversion of CCDs. The Equity Shares issued upon conversion of the CCDs shall be in dematerialised form.
- 8.4 The CCDs, being compulsorily convertible into Equity Shares, shall stand extinguished upon conversion to Equity Shares and shall not be required to be redeemed.
- 8.5 It is clarified that in a situation where only a part of the CCDs is being converted into Equity Shares, the non-converted CCDs shall not be bound by the same conversion terms as applicable to the part of the CCDs that is already converted.

## 9. Conversion Formula

- 9.1 The Conversion Ratio for conversion of the CCDs into Equity Shares shall be 1: 763 i.e. for 1 CCD converted, the holder will be issued 763 (Seven Hundred and Sixty Three) Equity Shares (“**Conversion Ratio**”), provided that in case there are any ceiling/limits (“**Ceiling**”) under Applicable Laws and applicable to the Investor in respect of the maximum percentage of Equity Shares that can be held by the Investor, as determined by the Investor in its sole discretion, then the Investor shall notify the Company in writing of such Ceiling (“**Ceiling Notification**”) prior to the conversion of the CCDs. Notwithstanding anything contained under the DSA, in a case where the Ceiling Notification has been issued, the following shall apply:
  - (a) if the resultant Equity Shares to be issued upon such conversion of the CCDs as per the Conversion Ratio does not breach the Ceiling as set out under the Ceiling Notification, the CCDs shall convert into Equity Shares as per the Conversion Ratio;
  - (b) if the resultant Equity Shares to be issued upon such conversion of the CCDs as per the Conversion Ratio breached the Ceiling as set out under the Ceiling Notification, the Conversion Ratio shall automatically stand reset without the



requirement of any further action by any Party (as defined under the Option Agreement) , such that the CCDs shall convert into maximum number Equity Shares that can be issued without breaching such Ceiling.

- 9.2 Where 9.1(b) of this **Schedule 1** is applicable, the Investor/ holder of the CCDs shall have the right to have the fair value of the Equity Shares of the Company be determined by any registered valuer of Investor's choice as nominated by the Investor and appointed by the Company and where the costs of such register's valuer shall be solely to the Company's account. The fair value of the Equity Shares so determined by such registered valuer shall be final and binding upon the Parties. The Company agrees and undertakes to provide all documents, details, clarifications, information and/or access to management and/or officers/employees of the Company, as desired by such registered valuer to undertake such valuation.

An amount equivalent to the difference between:

*A. XIRR of 17% on such number of Equity Shares that would have been issued to the Investor as per the Conversion Ratio pursuant to Paragraph 9.1(a) of this **Schedule 1***

AND

*B. the fair value of the Equity Shares actually issued the Investor as a result of conversion of the CCDs pursuant to Paragraph 9.1(b) of this **Schedule 1**;*

shall on demand forthwith be payable by the Company to the Investor as genuine pre-estimated damages suffered by the Investor and without the requirement of any need to establish such loss. For avoidance of doubt, the Company accepts and agrees that the provisions of this Paragraph 9.2 of this **Schedule 1** are just, fair and proper.

## 10. Anti-Dilution

10.1 The Conversion Ratio as set out herein shall stand adjusted for any of the following:

- (a) Any "corporate action" relating to the Company and during the period post the Closing Date. The expression "corporate action" shall mean and include any matters like mergers, demergers, capital reduction, buy-back, stock split or bonus issue.
- (b) If the Company is to issue any Equity Shares or Securities of the Company at a price or effectively at a price, lower than the price at which the Investor has subscribed to the CCDs, the Conversion Ratio applicable to the CCDs shall stand readjusted as if the Investor had also subscribed to the CCDs at such lower price and for avoidance of doubt, the CCDs will proportionately convert into such higher number of Equity Shares of the Company than as presently indicated under the Conversion Ratio.

## 11. Right Of First Offer

11.1 In case the Investor is desirous of transferring any (i) CCDs and/ or (ii) Equity Shares that are allotted to the Investor pursuant to conversion of the CCDs (such (i) and (ii), referred



to as the “**Transfer Securities**”) in favour of any Person (other than to an Affiliate of the Investor), it will provide to the Option Provider a written transfer notice (“**Transfer Notice**”) and which Transfer Notice shall set out the quantity and price of the Transfer Securities that are proposed to be transferred (together, the “**Transfer Terms**”).

- 11.2 The Option Provider shall have a period of 10 (Ten) Business Days from the date of the receipt of the Transfer Notice (“**Transfer Response Period**”) to respond in writing (“**Transfer Notice Response**”) to the Investor.
- 11.3 In case the Option Provider provides a Transfer Notice Response expressing its decision to not acquire the Transfer Securities on the Transfer Terms within the Transfer Response Period or otherwise fails to provide a Transfer Notice Response within the Transfer Response Period, the Investor shall be free to transfer the Transfer Securities to any Person (“**Eligible Third Party Acquirer**”) without any restriction and on such terms and conditions as the Investor may so desire but subject to Paragraph 11.5 below.
- 11.4 In case the Option Provider provides the Transfer Notice Response within the Transfer Response Period with its decision to purchase the Transfer Securities, the relevant Option Provider and the Investor shall conclude the sale and purchase of the Transfer Securities on the Transfer Terms within a period of 5 (Five) Business Days of the date of Transfer Notice Response.
- 11.5 The Investor shall ensure that the Eligible Third Party Acquirer who is desirous of acquiring the Transfer Securities in accordance with this Paragraph 11 executes a Deed of Adherence in the form as set out under **Schedule 10** of the DSA and delivers the same to the Company either prior to or simultaneously with the acquisition of the Transfer Securities.
- 11.6 Notwithstanding anything contained in the DSA, in the event that:
- (a) the Option Provider fails to perform its obligations pursuant to the put option and/or call option in relation to the CCDs under the Option Provider Agreement; or
  - (b) the Option Provider fails to purchase the Transfer Securities on the Transfer Terms in accordance with Paragraph **Error! Reference source not found.** i.e. within a period of 5 (Five) Business Days of the date of Transfer Notice Response;

the right of the Option Provider as contained under this Paragraph 11 shall automatically lapse in its entirety and the Investor shall be entitled to freely transfer any CCDs or Equity Shares or securities held by it in the Company in favour of any Person without any restrictions including as contained under this Paragraph 11.

- 11.7 Nothing contained under this Paragraph 11 shall apply to any transfer of the Transfer Securities by the Investor to its Affiliate(s) and any transfer of the Transfer Securities by the Investor to its Affiliate(s) shall be freely permissible at all times, subject to such Affiliate(s) executing the Deed of Adherence and delivering the same to the Company either prior to or simultaneously with such transfer of the Transfer Securities.



12. For the avoidance of doubt, it is clarified that, in the event of sale/ transfer of CCDs to any transferee: (a) the rights available to the Investor under the DSA including under this **Schedule 1** shall be available to such transferee, subject to such transferee executing a Deed of Adherence in the form as set out under **Schedule 10** of the DSA; and (b) references to 'Investor' shall be construed accordingly.
13. Claim of this Instrument shall rank subordinate all other creditors but senior to the Tier I Capital instruments of the Company.

### **SCHEDULE 2: INVESTOR CONSENT ITEMS**

1. entry into any new line of business, any material change in the nature of the Business, or exit from any part or whole of the Business, any change in the name of the Company;
2. make any investments in shares, debentures or by way of deposits, other than: (i) treasury investments made as per the investment policy approved by the Investor; (ii) investments outside the scope of (a) but being for an amount in excess of Rs. 5,00,00,000 (Rupees Five Crores) per Financial Year; (b) entering into any form of financial derivative transaction;
3. make any investments by way of advancing loans other than in the ordinary course of Business;
4. issue any fresh Equity Securities (including preference shares, convertible debentures, warrants or any other quasi equity instrument and excluding all fresh issuances of Equity Securities contemplated under the Articles) or redeem, buy- back shares or undertake any form of alternation to the share capital of the Company including but not limited to through capitalization of reserves or share premium, except any fresh issuance of equity securities at a price which is above Rs. 35 (Rupees Thirty Five) after the Third Completion Date;
5. to mortgage, hypothecate, grant security interest in any business or assets of the Company, borrow funds in any form or issue trade guarantees other than in the ordinary course of business;
6. create any subsidiary, joint venture or permit any capital restructuring;
7. capitalize / write-off expenses or losses exceeding the permissible limits specified under GAAP and Applicable Law;
8. material deviations (either singly or in aggregate of more than 10% (ten per cent)) from the Business Plan *inter alia* with reference to key operating parameters such as incurrence of indebtedness, capital commitment, increase in compensation of senior management, capital expenditure, disbursements and related party transactions;
9. merge, demerge or acquire with or into any corporation or enter into joint ventures;



10. liquidate or dissolve the Company, including steps to effect a recapitalization, reclassification, split off, spin off or bankruptcy of the Company;
11. declare or pay any Dividends or declare or make any other distribution, directly or indirectly, on account of any shares of preferred stock and / or common stock now or hereafter outstanding, in excess of 50% (fifty per cent) of the distributable profits of the Company for that Financial Year;
12. repurchase any outstanding shares of the Company's capital stock;
13. amend its Charter Documents, which affects the rights of the Investor;
14. enter into transactions with Affiliates and/or other Related Parties, other than on an arm's length basis;
15. royalty payments to Affiliate in excess of 3% (three per cent) or Rs. 50,00,000 (Rupees Fifty Lakhs), whichever is higher of the profit after tax;
16. change the accounting year or accounting policies of the Company;
17. sale of any substantial assets of the Company other than as a result of securitisation or assignment of receivables;
18. size of the QIPO and/or any other public issue by the Company;
19. consolidate, subdivide or alter any rights attached to the Share Capital of the Company; and
20. any other agreement or understanding or undertaking relating to any of the above;

### **SCHEDULE 3: TRIGGER EVENTS**

If one or more of the events specified below (hereinafter each an '**Trigger Event**' and collectively, '**Trigger Events**') happen(s), the Investor shall be entitled to exercise any and all rights hereunder as contained in the Option Agreement:

1. Occurrence of an Event of Default;
2. case of downgrade of credit rating of the Company from "AA-";
3. The Company and/ or the Option Provider does not pay any amount payable pursuant to any Transaction Document to which it is a party;
4. Upon the occurrence of an Equity Event;
5. initiation of insolvency resolution process or bankruptcy process under the IBC or any similar process under Applicable Laws in respect of the Company and/ or the Option



Provider (including filing of an application or undertaking any step with the National Company Law Tribunal in relation to the same).

6. Any application for the reduction of share capital of the Company; or
7. Any breach of the representation and warranties and the covenants as set out in in the Option Agreement.
8. Upon the occurrence of an Illegality Event.

**RESOLVED FURTHER THAT** the Board of Directors and the Company Secretary of the Company (“Authorised Persons”) be and are hereby severally authorized to make any filings, disclosures and submissions as may be required under applicable laws and undertake all actions and deeds and to sign such deeds, documents, forms, declarations or other papers as required to give effect to this resolution;

**RESOLVED FURTHER THAT** the Authorised Persons, be and is hereby authorised to do all such acts, deeds, matters and things and to execute all such agreements, documents, instruments, applications etc. as may be required, with power to settle all questions, difficulties or doubts that may arise in regard to the aforesaid resolution as it may in its sole discretion deem fit and to delegate all or any of its powers herein conferred to any of the Directors and/or Officers of the Company, to give effect to this resolution;

**RESOLVED FURTHER THAT** the aforesaid resolutions shall come into effect immediately and any of the Authorised Persons be and are hereby authorized to provide a certified true copy of the same to any authorities or person or party and do all such acts, deeds or things as may be required pursuant to the foregoing resolutions.”

**9. To approve modification of “Shriram Housing Finance Limited Employees’ Stock Option Scheme 2016” (the “SHFL ESOP Scheme 2016”).**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution:**

**“RESOLVED THAT** that pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the “Act”) read with the Companies (Share Capital and Debentures) Rules, 2014, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (“SEBI SBEB Regulations”), as may be to certain extent and other provisions as may be applicable, including any amendment thereto or re-enactment thereof, any regulations, guidelines, circulars and notifications issued thereunder and subject to such other approvals, consents, permissions and/or sanctions as may be required from time to time from any appropriate regulatory or statutory authority / institution or body and subject to such terms and conditions as may be prescribed / imposed by any of them, the approval of the shareholders of the Company be and is hereby accorded for amendment of following





Clauses of "Shriram Housing Finance Limited Employees' Stock Option Scheme 2016" (the "SHFL ESOP Scheme 2016"), which shall be substituted as follows:

**Clause 7**  
**ESOP Size**

*This Scheme would be for a maximum of 3% of the fully paid up shares as on December 13, 2016 i.e. 64,24,800. However, the quantum of options granted shall not exceed 1% of the paid up shares i.e. 21,41,600 in one financial year for the eligible employees of the Company. The said ESOP size will be reviewed by the Board of Directors once every financial year.*

**Clause 14**  
**Exercise of options in the case of separation of an Employee from the Company**

*iv. In the event of retirement of an Employee, all vested options on the date of retirement can be exercised immediately but not later than 90 days from the date of retirement. Options not exercised within the aforementioned period, on the discretion of the Board/Committee, shall lapse upon the expiry of the period specified herein.*

**RESOLVED FURTHER THAT** the other terms and conditions of the SHFL ESOP Scheme 2016 will remain unchanged.

**RESOLVED FURTHER THAT** the all the ESOP granted after the completion of 5 year period from the date of initial approval of the Scheme and all the changes, modifications made by the Company shall continue to be valid and in force;

**RESOLVED FURTHER** that the Board of Directors (including any Committee thereof), Chief Human Resource Officer and the Company Secretary, be and are hereby severally authorized to do all such acts, sign and execute all deeds, applications, instruments, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the resolution."

**10. To approve Policy on Loan to Employees for Purchase of Shares under SHFL ESOP Schemes.**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 67 and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the "Act") read with the Companies (Share Capital and Debentures) Rules, 2014, as may be to certain extent and other provisions as may be applicable, including any amendment thereto or re-enactment thereof, any regulations, guidelines, circulars and notifications issued thereunder and subject to such other approvals, consents, permissions and/or sanctions as may be required from time to time for any appropriate



regulatory or statutory authority / institution or body and subject to such terms and conditions as may be prescribed / imposed by any of them, the draft Policy on Loan to Employees for Purchase of Shares under SHFL ESOP Scheme with following modifications be and is hereby approved by the shareholders of the Company:

**1) Modification 1:**

- **Clause 4 Product Norms, Sub point (iv) Loan Tenure** shall be substituted as “Up to 36 Months”;

**2) Modification 2**

- **Sub point (v) Repayment of Loan** shall be substituted as

- The interest servicing would be at the time of closure of loan;
- The principal would be paid back via a bullet repayment at the end of the tenor or at time of sale of shares, whichever is earlier;
- The employee can choose to make a bullet repayment as a set off against any scheduled earnings via payroll;
- Any perquisite tax applicable on account of availing the loan or any other tax implication as prevailing, will be borne by the employee;
- In the event of initiation of separation, the employee will have to settle the loan prior to his/her LWD with the organization.

**RESOLVED FURTHER THAT** the Board of Directors, Chief Human Resource Officer and the Company Secretary, be and are hereby severally authorized to do all such acts, sign and execute all deeds, applications, instruments, documents and writings that may be required and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the resolution.”

**By order of the Board of Directors  
For Shriram Housing Finance Limited**

**Puja Shah  
Company Secretary & Compliance Officer  
(Membership No. A46987)**

Date: June 11, 2024

Place: Mumbai



**Notes:**

1. The Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2022, read together with circulars dated April 8, 2020, April 13, 2020, May 05, 2020 and January 13, 2021 (collectively referred to as “MCA Circulars”) permitted convening the Annual General Meeting (“AGM” / “Meeting” / “e-AGM”) through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”), without the physical presence of the members at a common venue. Further, the Securities and Exchange Board of India (‘SEBI’) vide its Circular dated 13th May, 2022 read with Circular dated 5th January, 2023 (‘SEBI Circulars’) and other applicable circulars issued in this regard have provided certain relaxations from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI Listing Regulations’).

In accordance with the MCA Circulars, provisions of the Companies Act, 2013 (“the Act”) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), the 14th AGM of the Company is being held through VC / OAVM at shorter notice on Monday, June 17, 2024 at 12.00 P.M. IST. The deemed venue for the AGM shall be the Registered Office.

2. The Explanatory Statement pursuant to Section 102 and other applicable provisions of the Companies Act, 2013 as amended, read with relevant rules made thereunder, the Secretarial Standard No. 2 on General Meetings issued by the Institute of Company Secretaries of India, setting out the material facts and reasons, in respect of Item No. 4 to 10 of this Notice relating to special businesses to be transacted at Annual General Meeting (the “Meeting”) is annexed herewith.
3. In compliance with the MCA circulars, Notice of the AGM along with the Annual Report for 2023-24 is being sent only through electronic mode to those members whose email addresses are registered with the Company or with the Company’s depository participant / depository/Share Transfer Agents. The Notice of the Meeting is also posted on the website of the Company i.e. [www.shriramhousing.in](http://www.shriramhousing.in) and on the website of BSE Limited at [www.bseindia.com](http://www.bseindia.com).
4. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll instead of herself / himself and a proxy need not be a Member of the Company. Since the AGM is being conducted through VC/OAVM pursuant to MCA Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
5. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution/ Authority letter authorizing their representative pursuant to Section 113 of the Companies Act, 2013 to attend and vote on their behalf at the Meeting.
6. Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning of Quorum under Section 103 of the Act.



7. As physical copies of the Annual Report 2023 – 24 will not be sent by the modes permitted under Companies Act, 2013, the Annual Report and 14th AGM Notice are available on the Company's website and websites of the Stock Exchanges i.e. BSE Limited respectively.
8. Members desiring any information with regard to financial statements are requested to write to the Company at an early date so as to enable the management to keep the information ready.
9. The Members can attend the meeting through VC from their laptop/mobile. Members are requested to follow the steps mentioned in the file named '**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC**' which is enclosed with the Notice of the AGM and shall also be attached separately on the e-mail, with the Notice of the AGM.
10. The Company shall provide VC facility via **ZOOM VIDEO COMMUNICATIONS** ("Zoom") in order to make it convenient for the Members to attend the Meeting. Members are required to use the following link or details to join the meeting through VC facility of Zoom:

<b>Zoom Meeting Link</b>	<a href="https://zoom.us/j/91554667407?pwd=cL9SwONSeqFrbdqBShgAQ9lyLfCNGE.1">https://zoom.us/j/91554667407?pwd=cL9SwONSeqFrbdqBShgAQ9lyLfCNGE.1</a>
<b>Meeting ID</b>	915 5466 7407
<b>Password</b>	477157

11. The members desirous to inspect the relevant documents referred to in the accompanying notice and relevant registers as required under the Act are required to send requests on the Company Secretary's email address: [sect@shriramhousing.in](mailto:sect@shriramhousing.in). All documents referred to in the Notice and in the accompanying explanatory statement are open for inspection in electronic mode at the Registered Office of the Company during office hours on all working days, except holidays, between 10.00 A.M. and 5.00 P.M. up to the date of the Annual General Meeting.
12. Members seeking any information with regard to the matters to be placed at the AGM, are requested to write to the Company Secretary at [sect@shriramhousing.in](mailto:sect@shriramhousing.in). The same shall be taken up in AGM and replied by the Company suitably.
13. Members seeking any information with regard to any matter to be placed at AGM are requested to submit their questions in advance, on or before AGM to the Company Secretary's email address i.e. [sect@shriramhousing.in](mailto:sect@shriramhousing.in). The same will be replied by the Company suitably.
14. The documents, if any, referred in the Explanatory Statement will be made available for inspection by the members at the Meeting in electronic mode.
15. Since the AGM will be held through VC/OAVM, the Route Map is not annexed to the notice.
16. Shareholders are requested to intimate changes in their address, if any, quoting the folio number / DP-ID and Client ID, to the Company.



**Instructions for participating in the 14<sup>th</sup> (fourteenth) Annual General Meeting of the Members of Shriram Housing Finance Limited, to be held at a shorter notice on 17 June, 2024 at 12:00 P.M. through Video Conference, by using Zoom Meeting Application**

**Instructions for participating the aforesaid AGM through Video Conference:**

- Download the Zoom Meeting Application in your Mobile or Laptop. You may use this link to download the application [https://zoom.us/];
- Click on “Sign up”;
- For verification, please enter your “Date of Birth”;
- Please enter “Your email”, “First Name” and “Last Name” and click on “I agree to the Terms of Service”;
- Now go to your registered email provided, check Inbox for the registration email and click on the “Activate Account”;
- Go to your Zoom Application, click on the “Join” and enter the Meeting Id and password and now click on the “Join Meeting” Tab and ensure that you have proper internet facility through Mobile phone or Wifi connected to your device;

**Other instructions:**

1. Please note that, if you have already downloaded/using Zoom Application, then you need not to do the aforesaid activities and you have to just enter the Zoom Meeting Id and Password, as provided in this Notice.
2. You can sign-in/join the meeting 15 minutes before the scheduled time of the meeting for timely participation in the AGM through video conference. Further, any member may join the meeting within 15 minutes from the commencement of the meeting.
3. The members attending the AGM through VC may send their assent or dissent through their registered email-id to the email-id of the Company Secretary at [sect@shriramhousing.in](mailto:sect@shriramhousing.in).
4. Please ensure that no other person is sitting with you/ participating/ having access to the proceedings of the Meeting through Video Conference.
5. Please click on “Unmute” tab when you want to say something.
6. In case of any assistance before or during the video conference as aforesaid, you can contact the Company Secretary, Mrs. Puja Shah, at [sect@shriramhousing.in](mailto:sect@shriramhousing.in) or Contact at 022 4241 0400.



## EXPLANATORY STATEMENT

### Pursuant to Section 102 (1) of the Companies Act, 2013

#### Item No.: 4

For the purpose of enhancing lending, to grow the asset book, for refinancing existing debt and other general purposes of the Company, it is proposed to raise funds by issue of securities namely, secured, Unsecured, Market Linked, redeemable Non-Convertible Debentures (NCDs), Subordinated Debentures, Bonds or any other Debt Securities on private placement basis.

As per the provision of the Section 42 and any other provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, a Company offering or making an invitation to subscribe to Secured / Unsecured / Redeemable / Non-Convertible Debentures (NCDs) on a private placement basis is required to obtain prior approval of the Members by way of Special Resolution. Such approval by a Special Resolution can be obtained once a year for all the offers and invitations for such NCDs to be made during the year, NCDs including subordinated debentures, bonds and / or other debt securities, etc., issued on a private placement basis constitute a significant source of borrowings for the Company and meet the ongoing funding requirements for the Company's business activities and refinancing of the existing debt obligations of the Company.

The Board of Directors at their Meeting held on April 24, 2024, has considered the possibility of the Company being required to make an offer or invitation, to subscribe to securities through private placement subject to the shareholders' approval at the ensuing Annual General Meeting.

It is therefore, proposed to obtain an enabling approval of shareholders to offer or invite subscription for NCDs including subordinated debentures, bonds, and/or other debt securities, etc. on private placement basis, at appropriate time in one or more tranches, within the overall borrowing limits of the Company as approved by the Members with the authority to the Board to determine the terms and conditions, including the issue price of the NCDs, interest, repayment, security use of proceeds or otherwise, as it may deem expedient and to do all such acts, deeds, matters and things in connection therewith and incidental thereto and the Board in its absolute discretion deem fit. The Board would act on the basis of the enabling resolution without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of the Resolution. Accordingly, the approval of the Members is being sought by way of a Special Resolution under Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 read with Rules made thereunder as set out in Item No. 4 appended to this Notice.

None of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in this Resolution.

The Board accordingly, recommends the Special Resolution set out at Item No. 4 of accompanying Notice for the approval of the Members.



**Item No.: 5**

The Members of the Company at the Extra-Ordinary General Meeting held on November 23, 2023 had approved the re-appointment of Mr. Subramanian Jambunathan (DIN: 00969478) as Managing Director & Chief Executive Officer of the Company with effect from November 20, 2023 for a period of five years not liable to retire by rotation.

Mr. Subramanian Jambunathan, aged 53 years, is a Management Graduate from IIM – Bangalore. He has a total work experience of over three decades in the banking and financial services sector across organizations like HSBC, Citibank, ANZ Grindlays Bank and IBM–India (then TISL). He successfully led independent businesses with complete P&L accountability, over the more than 15 years. He has served in Senior Management roles in diverse functions ranging from business process reengineering to heading a business. He has been instrumental in building businesses in Assets, Credit Cards, consumer finance and Mortgages, rebuilding and reengineering debt management infrastructure and has also led branch banking teams. Mr. Subramanian joined the Shriram Group in the year 2010. His role as an Executive Director at Shriram City Union Finance Limited entails building and growing the lending business across all the retail lending products (SME, Business Loans, Personal Loans, Mortgages and other collateralised loans), pan India.

Mr. Subramanian has contributed in achieving overall growth and progress of Shriram Housing Finance Limited.

Keeping in view of the dedication, meritorious services and significant contribution made by the Company under his leadership and guidance to the overall growth of the Company, the Company proposes to increase the remuneration of Mr. Subramanian Jambunathan, MD & CEO of the Company.

The remuneration proposed to be paid to Mr. Subramanian Jambunathan is in accordance with the Section 196 and 197 read with Schedule V of the Act. The details of the proposed remuneration will be available for inspection by any Member of the Company without payment of fee at the Company's Registered Office during the business hours.

Brief details of Director with respect to increase in remuneration as required under Clause 1.2.5 of the Secretarial Standard on General Meetings (SS-2) is annexed to this AGM Notice.

Except Mr. Subramanian Jambunathan, none of the other Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in this resolution.

The Board of Directors accordingly recommends Special Resolution set out at Item No. 5 of the accompanying Notice for approval of the Members.



**Item No.: 6**

Pursuant to the provisions of Section 180(1) (c) of the Companies Act, 2013, the Board of Directors of a company shall not, except with the consent of the Company in General Meeting, borrow monies in excess of the Company's paid up share capital, free reserves, and securities premium apart from temporary loans obtained and/or to be obtained from the Company's bankers in the ordinary course of business.

At the Annual General Meeting held on June 7, 2022, the shareholders of the Company had passed resolution authorizing the Board of Directors/ Committee of Directors to borrow upto a limit of INR 11,000 Crores (Rupees Eleven Thousand Crore only) apart from temporary loans obtained /to be obtained from the bankers by way of cash credit limits and working capital demand loans in the ordinary course of business.

Company's current borrowings as on 31st March 2024 stands above INR. 9,600 Crore. However, as per NHB's norms, the Company can borrow up to 12 times of the company's Net Owned Funds (NOF), as per the latest audited balance sheet. The NOF as on 31<sup>st</sup> March 2024 was at INR 1,137.18 Crore.

In view of aggressive growth over the past 2 years, this growth has been fueled by increased disbursement numbers that were fulfilled through incremental borrowings. As a result, Company's financial position has strengthened. Further, to utilize efficiently on the upcoming opportunities and to support our strategic initiatives, it is imperative that we have access to adequate financial resources. The Board of Directors therefore consider desirable to enhance the limit of borrowings to INR 13,600 Crores (Rupees Thirteen Thousand Six Hundred Crores only) apart from temporary loans obtained/to be obtained by the Company from its bankers in the ordinary course of business.

None of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in this Resolution.

The Board accordingly, recommends the Special Resolution set out at Item No. 6 of accompanying Notice for the approval of the Members.





### **Item No. 7**

Pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013, provides that the Board of Directors of a company shall not except with the consent of the Company in General Meeting, by way of Special Resolution, sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company.

Your Company would be borrowing monies from time to time for the purpose of its business by way of loans, debentures, bonds, commercial paper, hire purchase finance, lease portfolio management schemes and other financial assistance/credit facilities from various financial/investment institution(s), bank(s), mutual fund(s), insurance company(ies), corporate body(ies) and other persons/investors apart from the working capital facilities obtained/ to be obtained from banks in the ordinary course of business.

This, in turn would necessitate further creation of security by way of mortgage and /or charges on all or some of the immovable and/or movable properties of the Company, both present and future in favour of the lenders/ trustees/agents. The resolution proposed at Item no. 7 is to seek the permission of the members for empowering the Board/ Committee of Directors to create mortgage and/or charge up to an aggregate amount of INR 17,000 (Rupees Seventeen Thousand Crores only) on the immovable and /or movable properties of the Company to secure the loans, debentures, bonds, financial assistances / credit facilities obtained/to be obtained by the Company from the lenders of the Company.

None of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in this Resolution.

The Board accordingly, recommends the Special Resolution set out at Item No. 7 of accompanying Notice for the approval of the Members.



## Item No. 8

### Proposed Alteration 1

Company is of the view that for better functioning and to supervise day to day business transactions it is prudent for the company to have a regular chairperson to guide and supervise the management and managerial decisions.

However, presently Clause 61 of the Article read as:

*“The Chairman of the Board shall be a nominee of the Promoter. The Chairman shall not have any casting vote.”*

It is therefore proposed to amend clause 61 as enumerated below in the existing articles of the Company:

### **Clause 61**

**“CHAIRMAN OF THE BOARD OF DIRECTORS:**

- a. *The members of the Board may elect any one of them as the Chairperson of the Board. The Chairperson shall preside at all meetings of the Board and the General Meeting of the Company. The Chairperson shall not have a casting vote.*
- b. *If no Chairperson is elected, or if at any meeting for any reason the Chairperson is not present within ten minutes at the meeting or is unwilling to act as Chairperson, the members of the Board shall appoint any one of the remaining Directors as the Chairperson.”*

### Proposed Alteration 2

Additionally, the Members of the Company at the Extra-Ordinary General Meeting held on March 26, 2024 had approved:

1. Issuance of unlisted, unsecured, compulsorily convertible debentures each having a face value of INR 1,00,000 (Rupees One Lakh only) each aggregating to up to INR 500,00,00,000/- (Rupees Five Hundred Crores only) (“**CCDs**”) on a private placement basis to Kotak Mahindra Investments Limited (“**Investor**”); and
2. To adopt restated articles of association of the Company to align the Articles of the Company with the Transaction Documents of CCDs.

The Company has entered into Triparty Agreement with Shriram Finance Limited and Kotak Mahindra Investments Limited viz. Debenture Subscription Agreement and Option Agreement, dated March 29, 2024 (hereinafter collectively referred to as the “**Transaction Documents**”).



Further as per the terms and condition of the issue as agreed between the company and the investor require amendment to the Article of Association of Company to include certain terms of Transaction Document.

Further to align the Articles of the Company with the Transaction Documents executed between the parties, this proposal to incorporate following changes/alterations in articles is placed for the approval of Board:

1. To segregate the Articles of the Company in two Parts viz. **PART A** and **PART B**, where Part A shall be applicable to all the matters to which they pertain in so far and to the extent they are not contrary to or inconsistent with the provisions of Part B.

In the event of any conflict or inconsistency between Part A and any provisions contained in Part B of the Articles, the provisions contained in Part B shall prevail.

2. Incorporate **PART B** for inclusion of provisions relating to Compulsory Convertible Debenture as per the Transaction Documents:
  - Terms and conditions of the CCDs Issued by the Company;
  - Additional Covenants;
  - Information Rights, Inspection/Audit Rights and Visitation Rights;
  - Shareholder level rights of the Investor;
  - Event of Default;
  - CCD Put Option;
  - CCD Call Option;
  - CCD Option Price;
  - Completion of the Sale and Purchase of the CCDs
  - Equity Put Option
  - Equity Option Price;
  - Completion of the Sale and Purchase of the Specified Equity Shares;
  - Terms of CCDs;
  - Investor Consent Items

None of the Directors, Key Managerial Personnel of the Company and their relatives is/are in any way, concerned or interested, financially or otherwise in this Resolution.

The Board accordingly, recommends the Special Resolution set out at Item No. 8 of accompanying Notice for the approval of the Members.



### Item No. 9

The Members of the Company are hereby informed that the Company currently has an ESOP Schemes i.e. “Shriram Housing Finance Limited Employees’ Stock Option Scheme 2016” to create, offer, issue and allot at any time to or for the benefit of the employees of the Company under the Scheme such number of stock options exercisable into equity shares with an objective to facilitate employee participation in the ownership of the Company by offering Equity Shares of the Company to Eligible Employees of Company.

The objective of the Scheme is to facilitate employee participation in the ownership of the Company by offering Equity Shares of the Company to Eligible Employees of Company.

The Board and Shareholders of the Company have approved the Schemes as follows:

- SHFL ESOP Scheme 2016 was approved by the Board at their Meeting held on October 21, 2016 and subsequently approved by the shareholders of the Company at their Extraordinary General Meeting held on December 13, 2016;
- SHFL ESOP Scheme 2016 was further modified by the Company with the approval of shareholders on the following dates:
  - (i) August 20, 2021 to align the inconsistency in the clauses between two ESOP Schemes of the Company;
  - (ii) March 2, 2023 to amend the accelerated vesting and exercisability clause of the Company;
  - (iii) May 29, 2023 to amend the vesting period in order to motivate and retain employees for longer period in the Company.

The Members of the Company are hereby informed that the Company proposes to amend the certain clauses in the SHFL ESOP Scheme 2016 for the reasons cited below in the table.

The Nomination and Remuneration Committee and Board of Directors of SHFL have considered and approved the amendments on passed on April 24, 2024 respectively.

**The proposed changes to be made to the Scheme have been enumerated below:**

Name of the Scheme	Existing	Proposed	Justification/rationale for amendment.
SHFL ESOP Scheme 2016	<p><b>Clause: 7(i) ESOP Size</b></p> <p>This Scheme would be for a maximum of 3% of the fully paid up shares as on December 13, 2016 i.e. 64,24,800 over a period of 5 years. However, the quantum of options granted shall not exceed 1% of the</p>	<p><b>Clause: 7(i) ESOP Size</b></p> <p><b><i>This Scheme would be for a maximum of 3% of the fully paid up shares as on December 13, 2016 i.e. 64,24,800.</i></b> However, the quantum of options granted shall not exceed 1% of the paid up shares</p>	<p>The existing policy mentioned a period of 5 years for which the Scheme would be in force. The clause was suitably amended as the scheme continued to be in force. All grants that were made under the scheme thus far would continue.</p>



	<p>paid up shares i.e. 21,41,600 in one financial year for the eligible employees of the Company. The said ESOP size will be reviewed by the Board of Directors once every financial year</p> <p><b>Clause 14 (iv) Exercise of options in the case of separation of an Employee from the Company</b></p> <p>In the event of retirement of an Employee, all vested options on the date of retirement can be exercised immediately but not later than 90 days from the date of retirement. Options not exercised within the aforementioned period, on the discretion of the Board/Committee, shall lapse upon the expiry of the period specified herein. Further, if the Employee does not join any competing firm or organization, the options granted to such Employee shall be vested in him/her as per the vesting schedule in place and can be exercised according to the Exercise period.</p>	<p>i.e. 21,41,600 in one financial year for the eligible employees of the Company. The said ESOP size will be reviewed by the Board of Directors once every financial year</p> <p><b>Clause 14 (iv) Exercise of options in the case of separation of an Employee from the Company</b></p> <p>In the event of retirement of an Employee, all vested options on the date of retirement can be exercised immediately but not later than 90 days from the date of retirement. Options not exercised within the aforementioned period, on the discretion of the Board/Committee, shall lapse upon the expiry of the period specified herein.</p>	<p>In order to have a uniform practice for all employees who ceased to be employee(s) of the Company, the retired employee shall have right to exercise the shares vested in him/her during his/her tenure up to 90 days from date of their separation from the organisation. Options not exercised within the aforementioned period, on the discretion of the Board/Committee, shall lapse upon the expiry of the period specified herein.</p>
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Further, in terms of Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014, it is hereby confirmed that amendments in the Scheme are not prejudicial to the interests of the option holders.

A full draft copy of the amended Schemes would be available for inspection, by the Members without any fee, at the Registered Office of the Company during normal business hours on any working day upto the date of meeting and during the continuance of meeting.

The Amended Schemes shall be applicable to all the employees of the Company to whom the stock options have been granted by the Company.



The mentioned changes in the Scheme will be applicable to all existing and future holders of employee stock option.

The Key Managerial Persons (KMPs) of the Company may be deemed to be concerned or interested in the Resolution to the extent of the employee stock options granted to them. None of the Directors and Key Managerial Personnel of the Company or their relatives are, in any ways, except as mentioned previously are concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 9 of the Notice.

The Board recommends passing of the Special Resolutions at Item No. 9 accompanying Notice for approval by the members of the Company.

### **Item No. 10**

The Members of the Company are hereby informed that pursuant to the applicable provisions of Section 67 of the Companies Act, 2013 read with rule 16 of Companies (Share Capital and Debentures) Rules, 2014 including any amendment thereto or re-enactment thereof, any regulations, guidelines, circulars and notifications issued thereunder, the Company has drafted a policy in order to finance the employees working in SHFL for purchase of shares/exercise the stock options vested in him/her which was approved by the shareholders on March 2, 2023.

The salient features of the Policy has been highlighted below:

- ✓ The policy is applicable to all SHFL employees who are covered under the ESOP plan;
- ✓ The maximum loan available to any employee would be sum total of the overall exercise value plus tax thereupon;
- ✓ Approving Authority for all the employee related loans under this Policy shall be Credit Committee of the Company;
- ✓ Any perquisite tax applicable on account of availing the loan or any other tax implication as prevailing, will be borne by the employee;
- ✓ In the event of initiation of separation, the employee will have to settle the loan prior to his/her LWD with the organization;
- ✓ The Company may choose to have lien marked of the exercised stock in favor of SHFL;
- ✓ The sale of SHFL shares in open market or to any third party without the consent of MD & CEO shall not be permitted;
- ✓ No penalty shall be levied for prepayment or foreclosure of the Loan.

Salient Features of the Scheme [Disclosures under Rule 16 of the Companies (Share Capital and Debentures) Rules, 2014] given below:



Disclosure Under Rule 16	Particulars
The class of employees for whose benefit the scheme is being implemented and money is being provided for purchase of or subscription to shares	Eligible employees as covered under the ESOP Plan of the Company.
The particulars of the trustee or employees in whose favor such shares are to be registered	Eligible employees as covered under the ESOP Plan of the Company shall be covered.
The particulars of trust and name, address, occupation and nationality of trustees and their relationship with the promoters, directors or key managerial personnel, if any	Not Applicable
Any interest of key managerial personnel, directors or promoters in such scheme or trust and effect thereof	To the extent shares being granted to them under the employee stock options as per the Scheme from time to time.
The detailed particulars of benefits which will accrue to the employees from the implementation of the scheme	Policy aims to provide finance to the employees working in SHFL with an objective to purchase of, or subscription for, fully paid-up shares vested/granted to them under ESOPs plan of the Company.
The details about who would exercise and how the voting rights in respect of the shares to be purchased or subscribed under the scheme would be exercised;	Eligible employees shall exercise the shares in compliance to the applicable ESOP Scheme of the Company and equity shares allotted shall rank pari-passu in all respect to the existing equity shares of the Company.

However, the Company felt the need to modify the policy in order to facilitate employees with better loan/interest repayment structure.

The Members of the Company are hereby informed that the Company proposes to amend the certain clauses in the Loan to Employees for Purchase of Shares under SHFL ESOP Schemes Policy for the reasons cited below in the table.

The Nomination and Remuneration Committee and Board of Directors of SHFL have considered and approved the amendments on passed on April 24, 2024 respectively.

**The proposed changes to be made to the Scheme have been enumerated below:**

Name of Policy	Existing Clause	Proposed Clause	Justification/Rationale for change
Loan to Employees for Purchase of Shares under SHFL ESOP Schemes	<b>Loan Tenure</b> Upto 24 Months	<b>Loan Tenure</b> Upto 36 Months	To facilitate employees with better loan /interest payment structure.
	<b>Repayment of Loan</b> • The interest servicing would be yearly, or at the	<b>Repayment of Loan</b>	



	<p>time of closure of loan, whichever is earlier.</p> <ul style="list-style-type: none"> <li>The principal would be paid back via a bullet repayment at the end of the tenor or at time of sale of shares, whichever is earlier.</li> <li>The employee can choose to make a bullet repayment as a set off against any scheduled earnings via payroll.</li> <li>Any perquisite tax applicable on account of availing the loan or any other tax implication as prevailing, will be borne by the employee.</li> <li>In the event of initiation of separation, the employee will have to settle the loan prior to his/ her LWD with the organization.</li> </ul>	<ul style="list-style-type: none"> <li><b><i>The interest servicing would be at the time of closure of loan.</i></b></li> <li>The principal would be paid back via a bullet repayment at the end of the tenor or at time of sale of shares, whichever is earlier.</li> <li>The employee can choose to make a bullet repayment as a set off against any scheduled earnings via payroll.</li> <li>Any perquisite tax applicable on account of availing the loan or any other tax implication as prevailing, will be borne by the employee.</li> <li>In the event of initiation of separation, the employee will have to settle the loan prior to his/ her LWD with the organization.</li> </ul>	
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A full draft copy of the amended policy would be available for inspection, by the Members without any fee, at the Registered Office of the Company during normal business hours on any working day up to the date of meeting and during the continuance of meeting.

The Nomination and Remuneration Committee and Board of Directors have approved modifications in the said Policy on April 24, 2024 and recommended to the Shareholders for their approval.

The Key Managerial Persons (KMPs) of the Company may be deemed to be concerned or interested in the Resolution to the extent of the loan availed by them under the policy. None of the Directors and Key Managerial Personnel of the Company or their relatives are, in any ways, except as mentioned previously are concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 10 of the Notice.

The Board recommends passing of the Special Resolutions at Item No. 10 of the accompanying Notice for approval by the members of the Company.





**Information as required under Clause 1.2.5 of the Secretarial Standard on General Meetings (SS- 2) with respect to appointment or re-appointment and/or fixation of remuneration of Directors is as under-**

Sr. No.	Particulars	Remarks	
1.	Name of Director	Mr. Subramanian Jambunathan	Mr. Srinivasa Chakravarti Yalamati
2.	DIN	00969478	00052308
3.	Age	53	61
4.	A brief resume, Qualification(s), Experience and Nature of his expertise in specific functional areas, Recognition or awards	As mentioned in explanatory statement above.	<p>Mr. Y.S. Chakravarti is a Non-Executive, Non-Independent Director on the Board of SHFL.</p> <p>He holds a Bachelor's degree in Commerce and is an astute retail finance professional with proven business skills and leadership ability. He has worked in various assignments in the field of financial services for over the last 25+ years.</p> <p>Mr. Chakravarti joined Shriram City Union Finance Limited in the year 2008 as Executive Director, initially as Business head for the two wheeler lending business in the state of Andhra Pradesh. His nurturing of the state enabled Andhra Pradesh to be the leading contributor to the business of the Company, a position that the State continues to occupy. He was elevated to the position of Chief Operating Officer of the Company in the year 2010. As COO, Mr. Chakravarti has been responsible for the entire business of Shriram City Union Finance Limited. After the Merger of Shriram Group companies, he was appointed as MD &amp; CEO of Shriram Finance Limited in December 2022.</p> <p>While being the MD &amp; CEO of Shriram Finance Ltd., he also serves the Boards of Shriram Chits (India) Pvt. Ltd.</p>
5.	Terms and conditions of appointment or reappointment	Managing Director & CEO i.e., KMP not	Non-Executive, Non Independent Director liable to retire by rotation



		liable to retire by rotation.	
6.	Details of remuneration sought to be paid	As mentioned in the explanatory statement above.	Not applicable
7.	Details of the remuneration last drawn by such person (FY 2023-24)	1069.26 Lacs	Not applicable
8.	Date of first appointment on the Board	November 20, 2018	November 11, 2010
9.	Shareholding in the Company	30,00,000 equity shares	Holds 1 share on behalf of Shriram Finance Limited as a Nominee Shareholder
10.	Relationship with other Directors, Manager and other Key Managerial Personnel	None	None
11.	The number of Meetings of the Board attended during FY 2023-24	9 (Nine)	9 (Nine)
12.	Other Directorships (excluding Shriram Housing Finance Limited)	<ol style="list-style-type: none"> <li>1. Southern Equipment Finance Limited;</li> <li>2. K.P.I Teleservices Private Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. Shriram Finance Limited</li> <li>2. Shriram Chits (India) Private Limited</li> </ol>
13.	Membership / Chairmanship of Committees of other Board	Nil.	<ol style="list-style-type: none"> <li>3. Shriram Finance Limited               <ol style="list-style-type: none"> <li>a. Stakeholder Relationship Committee- Member</li> <li>b. Corporate Social Responsibility Committee- Member</li> <li>c. IT Strategy Committee- Member</li> <li>d. Asset Liability Management Committee- Chairman</li> <li>e. Allotment Committee (NCDs)- Member</li> <li>f. Risk Management Committee- Member</li> <li>g. Securities Transfer Committee- Chairman</li> <li>h. Investment Review Committee- Member</li> <li>i. Banking and Finance Committee- Chairman</li> <li>j. ESG Committee- Member</li> <li>k. ESOP Allotment Committee - Chairman</li> </ol> </li> </ol>

