

കേരളം കേരल KERALA

BD 158457

THIS STAMP PAPER FORMS AN INTEGRAL PART OF THE SHARE SUBSCRIPTION AGREEMENT EXECUTED ON DECEMBER 21, 2016 BY AND AMONGST MUTHOOT MICROFIN LIMITED, MUTHOOT FINCORP LIMITED, THOMAS MUTHOOT, THOMAS GEORGE MUTHOOT, THOMAS JOHN MUTHOOT, NINA GEORGE, PREETHI JOHN, REMY THOMAS AND CREATION INVESTMENTS INDIA, LLC

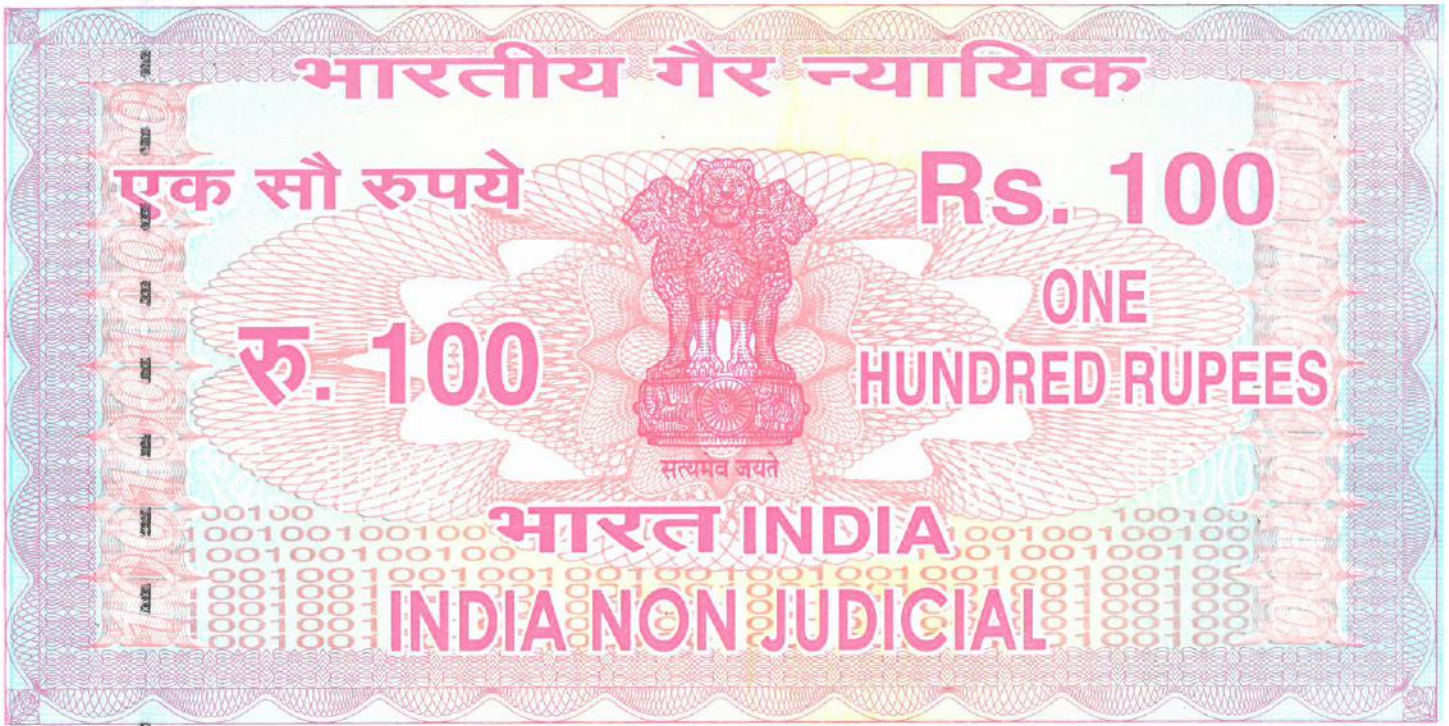
No. 58055 VALUE Rs 100/-

11 3 DEC 2016



[Signature]
K. B. JAYADEV
E.R.O. VENDOR





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BD 158460

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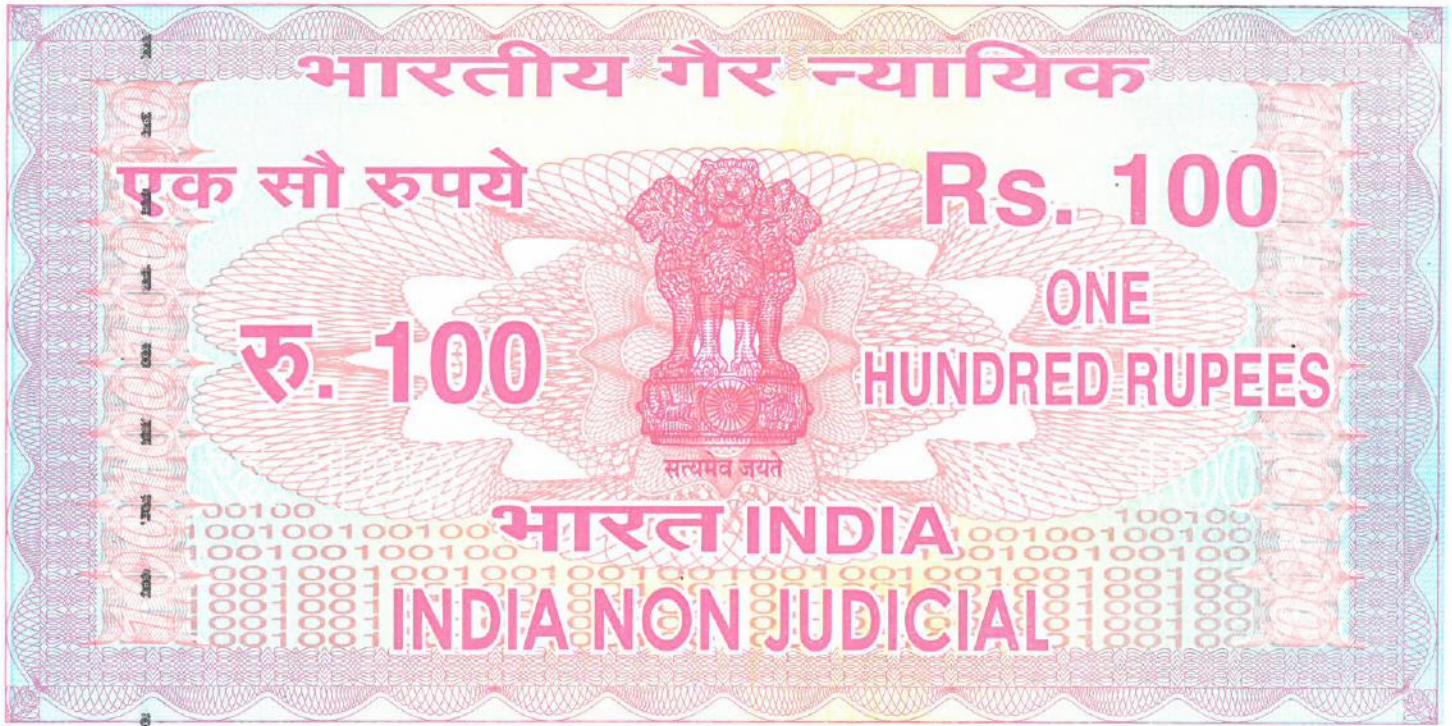
No. 56058 VALUE Rs 100/-

11 3 DEC 2016



[Signature]
K. B. JAYADEV
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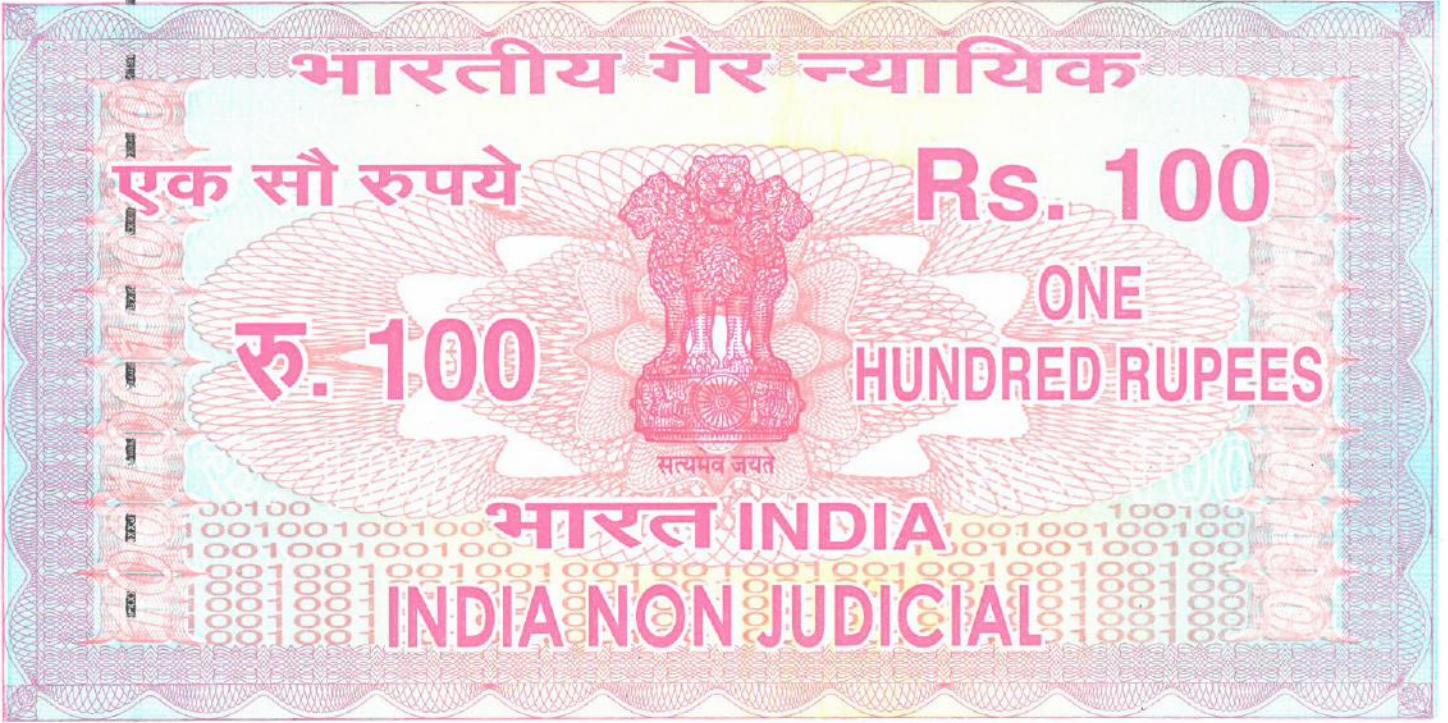
No. 56057 VALUE Rs 100/-

13 DEC 2016



K. B. JAYADEV
E.R.O. VENDOR





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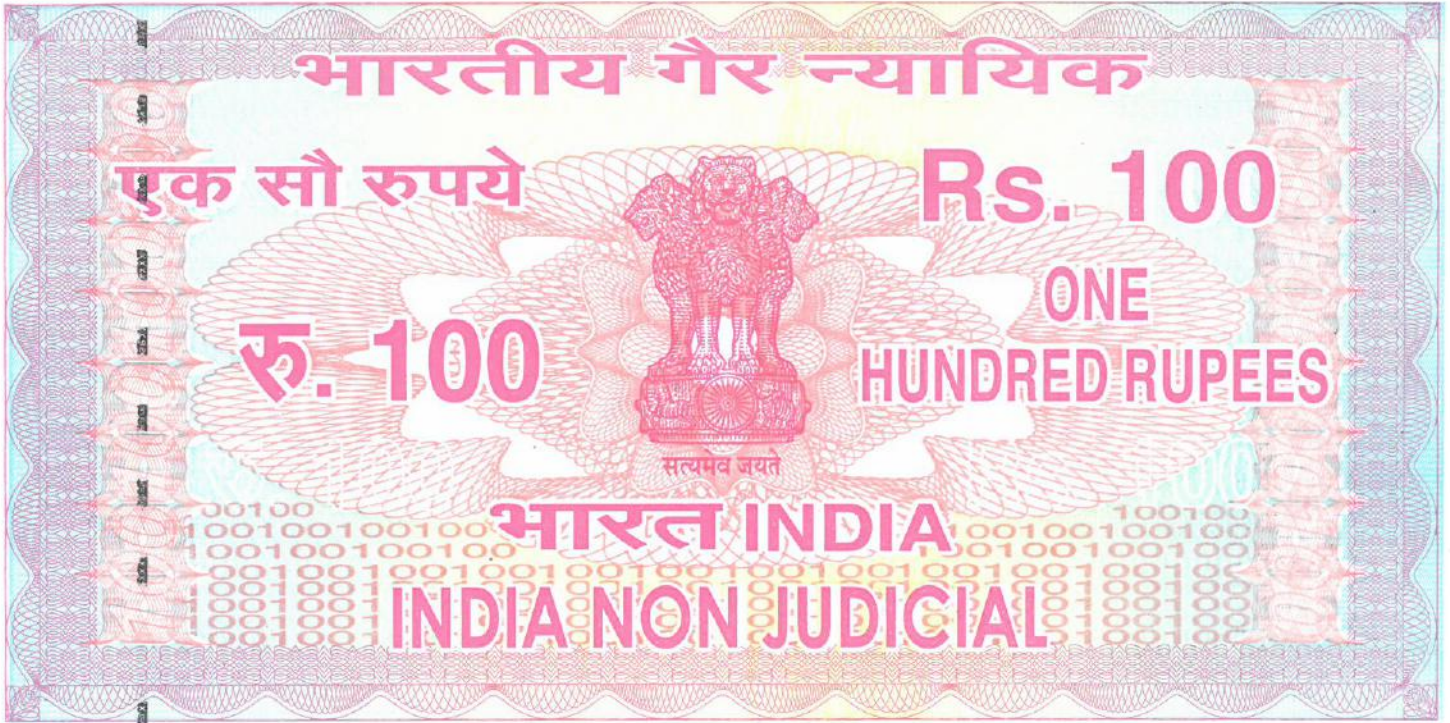
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No. 56056 VALUE Rs 100/-
11 3 DEC 2015



 K. B. JAYADEV
E.R.O. VENDOR





കേരളം കേരल KERALA

BD 158461

THIS SHARE SUBSCRIPTION AGREEMENT (this "Agreement") is executed at Ernakulam on this 21st day of December, 2016:

BY AND AMONGST:

1. **MUTHOOT MICROFIN LIMITED**, a company incorporated under the laws of India with corporate identification number U65190MH1992PLC066228 and whose registered office is at 13th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai – 400 051 (hereinafter referred to as the "Company", which expression shall, unless the context otherwise requires, mean and include its successors and permitted assigns) of the **FIRST PART**;
2. **MUTHOOT FINCORP LIMITED**, a company incorporated under the laws of India with corporate identification number U65929KL1997PLC011518 and whose registered office is at Muthoot Centre, Punnen Road-, Trivandrum – 695 034 (hereinafter referred to as "MFL", which expression shall, unless the context otherwise requires, mean and include its successors and permitted assigns) of the **SECOND PART**;
3. **MR. THOMAS MUTHOOT**, an Indian resident, bearing passport number Z3141837 and residing at Muthoot, 7/59A, Cherukad, Erroor P.O, Near Kaniyampuzha Bridge, Kochi - 682 036 (hereinafter referred to as "TM", which expression shall, unless the context otherwise requires, mean and include his successors, heirs, executors, administrators and permitted assigns) of the **THIRD PART**;
4. **MR. THOMAS GEORGE MUTHOOT**, an Indian resident, bearing passport number Z2722721 and residing at Muthoot Towers, College Road P.O, M.G.Road, Ernakulam – 682 035, Kerala, India (hereinafter referred to as "TGM", which expression shall, unless the context otherwise requires, mean and include his successors, heirs, executors, administrators and permitted assigns) of the **FOURTH PART**;

No. 56055 VALUE Rs 100/-

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11 3 DEC 2016



K. B. JAYADEV
E.R.O. VENDOR



5. **MR. THOMAS JOHN MUTHOOT**, an Indian resident, bearing passport number L1743822 and residing at TC 4/1008, Muthoot House, Kuravankonam, Thiruvananthapuram, Kerala – 695 003, India (hereinafter referred to as “**TJM**”, which expression shall, unless the context otherwise requires, mean and include his successors, heirs, executors, administrators and permitted assigns) of the **FIFTH PART**;
6. **MS. NINA GEORGE**, an Indian resident, bearing passport number A2127050 and residing at Muthoot Towers, College Road P.O, M.G.Road, Ernakulam – 682 035, Kerala, India (hereinafter referred to as “**NG**”, which expression shall, unless the context otherwise requires, mean and include her successors, heirs, executors, administrators and permitted assigns) of the **SIXTH PART**;
7. **MS. PREETHI JOHN**, an Indian resident, bearing passport number L1743895 and residing at TC 4/1008, Muthoot House, Kuravankonam, Thiruvananthapuram, Kerala - 695 003, India (hereinafter referred to as “**PJ**”, which expression shall, unless the context otherwise requires, mean and include her successors, heirs, executors, administrators and permitted assigns) of the **SEVENTH PART**;
8. **MS. REMY THOMAS**, an Indian resident, bearing passport number Z1985842 and residing at Muthoot, 7/59A, Cherukad, Eroor P.O, Near Kaniyampuzha Bridge, Kochi - 682036 (hereinafter referred to as “**RT**”, which expression shall, unless the context otherwise requires, mean and include her successors, heirs, executors, administrators and permitted assigns) of the **EIGHTH PART**;
9. **CREATION INVESTMENTS INDIA LLC**, a company incorporated under the laws of Delaware and whose registered office is at 2711 Centerville Road, Suite 400 Wilmington, DE 19808 (hereinafter referred to as “**Creation**”, which expression shall, unless the context otherwise requires, mean and include its successors and permitted assigns) of the **NINTH PART**;

MFL, TM, TGM, TJM, NG, PJ and RT shall hereinafter individually referred to as “**Promoter**” and collectively be referred to as the “**Promoter Group**”. The Company, Promoter Group and Creation shall hereinafter collectively be referred to as “**Parties**” and individually (including each person/entity forming the Promoter Group) referred to as a “**Party**”.

BACKGROUND:

- (A) The Company is an unlisted public limited company engaged in the Business (as defined hereinafter), and the short particulars of the Company are specified in **SCHEDULE 1**;
- (B) The Company has, at the Execution Date (as defined hereinafter), authorised share capital of INR 2,000,000,000 (Indian Rupees Two Billion) consisting 15,000,000 (Fifteen Million) equity shares of INR 10/- (Indian Rupees Ten) each and 5,00,00,000 (Fifty Million) compulsorily convertible preference shares of INR 10 (Indian Rupees Ten) each. The present shareholding pattern of the Company is as set out in Part 1 **SCHEDULE 2** hereof;
- (C) The Promoter Group and the Company have requested Creation and Creation has agreed (based on the Warranties (as defined hereinafter) and covenants given by the Warrantors (as defined hereinafter) and subject to the Transaction Documents (as defined hereinafter) to subscribe to the Creation Subscription Shares (as defined hereinafter) to be issued by the Company at a price per share of INR 114.68 (Indian Rupees One Hundred Fourteen

and paise Sixty Eight);

- (D) The Company accordingly wishes to issue and allot to Creation and Creation wishes to subscribe to, the Creation Subscription Shares, on the terms and conditions set forth herein;
- (E) Simultaneously with the execution of this Agreement, the Parties have also executed a shareholders' agreement (the "**Shareholders' Agreement**") setting forth various provisions relating to the governance of the Company and the rights of the Shareholders. The Shareholders' Agreement also provides for issuance of further Creation Second Tranche Preference Shares (as defined in the Shareholders' Agreement) in the manner and subject to the terms of the Shareholders' Agreement. Further, in addition to subscription to the Creation Second Tranche Preference Shares, Creation will also have an option at its discretion to subscribe to certain additional Creation Preference Shares in the manner and subject to the terms provided in the Shareholder's Agreement. The Shareholders' Agreement (subject to the provisions of Clause 2 therein) shall become effective from the First Tranche Completion Date (as defined hereinafter).

NOW, THEREFORE, in consideration of the mutual covenants, agreements, representations, warranties and indemnities set forth in this Agreement, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged by the Parties, the Parties hereby agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Unless otherwise defined, capitalised terms used in this Agreement shall have the meanings given to them in the Shareholders' Agreement. In this Agreement, in addition to the terms defined in the introduction to, recitals of and the text of this Agreement, whenever used in this Agreement, unless repugnant to the meaning or context thereof, the following capitalized words and terms shall have the meanings set forth below:

Accounts means in relation to any Financial Year, the audited financial statements of the Company comprising in each case, an audited balance sheet and the related audited statement of income for such Financial Year, together with the auditor's report thereon and notes thereto;

Accounts Date means September 30, 2016, provided however, for the purposes of the Warranties to be repeated with respect to the Creation Second Tranche Preference Shares, the Accounts Date shall be the last date of the financial quarter immediately preceding the Second Tranche Completion Date and with respect to the Creation Additional Shares, the Accounts Date shall be the last date of the financial quarter immediately preceding the date of the allotment of Creation Additional Shares;

Action means any claim, demand, litigation, petition, action, suit, investigation, inquiry, process, proceeding, mediation, arbitration, conciliation, enforcement proceeding, hearing, complaint, assessment, fine, penalty, judgment, order, injunction, decree or award (administrative or judicial);

Affiliate of a Person (the "**Subject Person**") shall mean,

- (a) in the case of any Subject Person other than a natural person,

- (i) any other Person that, either directly or indirectly through one or more intermediate Persons and whether alone or in combination with one or more other Persons, Controls, is Controlled by or is under common Control with the Subject Person, and
- (ii) where the Subject Person is Creation, any investment fund managed or advised by the Subject Person,

provided that, without prejudice to the generality of the foregoing, where the Subject Person is Creation, the term Affiliate, shall be deemed to include any fund, collective investment scheme, trust, partnership (including any co-investment partnership), special purpose or other vehicle or any subsidiary or Affiliate (in accordance with (a) above) of any of the foregoing, which is managed and/ or advised by Creation or Creation's investment manager and/ or investment advisor or an Affiliate (in accordance with (a) above) of the investment manager and/ or investment advisor, or any other fund under the management or advice of Creation or any of its Affiliates (in accordance with (a) above) or companies/ entities under the same management as Creation;

- (b) in the case of any Subject Person that is a natural Person,
 - (i) any other Person that, either directly or indirectly through one or more intermediate Persons and whether alone or in combination with one or more other Persons, is Controlled by the Subject Person,
 - (ii) any other Person who is an immediate family member of such Subject Person i.e. the father, mother, son, daughter or spouse of each Subject Person; or
 - (iii) any member of a Hindu undivided family of which such Subject Person is a *karta* or member;

Articles of Association means the articles of association of the Company and as subsequently amended from time to time in accordance with the Shareholders' Agreement;

As Converted Basis means the equity shareholding ownership in the Company at the relevant point in time as calculated after taking into account all the issued and outstanding Equity Shares and the Equity Shares to be issued thereunder, preference shares, and all outstanding options, warrants, convertible debentures, employee stock options, if any, from time to time and all other Securities of the Company as if all such options, warrants, convertible debentures and all other outstanding Securities were converted to Equity Shares at that point in time and such calculation shall take into consideration all Share splits, bonus issuances, etc. if any;

Assets means all assets, properties, rights and interests of every kind, nature, specie or description whatsoever, whether movable or immovable, tangible or intangible, owned, leased and/ or used by the Company and **Asset** shall mean any of them;

Board means the board of directors of the Company;

Business means the business of micro finance in the form of joint liability lending and all other businesses and activities that may be carried on by the Company, as may be

approved by Creation as a Reserved Matter from time to time which the Promoter Group and the Company shall ensure that the Company maintains its registration as NBFC-MFI with the RBI;

Business Day means a day (other than a Saturday or Sunday) on which banks are generally open in Kochi and Chicago for normal business transactions;

Business Plan shall have the meaning given in the Shareholders' Agreement;

Charter Documents means the memorandum of association and the Articles of Association of the Company, as may be amended from time to time in accordance with the Shareholders' Agreement;

Claims Notice has the meaning given to it in Clause 9.3;

Companies Act means the Companies Act, 2013 and the rules framed thereunder as may be amended from time to time, and the relevant provisions of the Companies Act, 1956 to the extent that the analogous provisions of the Companies Act, 2013 are not notified and in force, in each case as amended from time to time;

Company Account means the following bank account of the Company:

Bank	: Yes Bank
Branch	: MG Road, Kochi
Account No.	: 009681400000694
IFSC Code	: YESB0000096
Swift Code	: YESBINBB

Compulsory Conversion Event has the meaning given to it in **SCHEDULE 3**;

Confidential Information has the meaning given to it in Clause 14.1;

Control means the power to direct the management and policies of such Person directly or indirectly, whether through the ownership of more than 50% (fifty percent) of the voting power of such Person, or, through the power to appoint more than half of the members of the board of directors or similar governing body of such Person, through contractual arrangements, or otherwise; and the terms **Controlling** and **Controlled** shall be construed accordingly;

Conversion means conversion of any Creation Preference Shares into Equity Shares in accordance with the terms of this Agreement and the Shareholders' Agreement;

Conversion Date has the meaning given to it in **SCHEDULE 3**;

Conversion Notice has the meaning assigned to it in **SCHEDULE 3**;

Conversion Period means any time within a period of 10 (ten) years from the First Tranche Completion Date, but in no event later than the date of the Compulsory Conversion Event;

Creation Equity Shares means 43,600 (Forty Three Thousand and Six Hundred) fully paid up Equity Shares to be issued and allotted to Creation in accordance with the terms of this Agreement;

Creation First Tranche Investment Amount means the aggregate amount of INR 500,000,000 (Indian Rupees Five Hundred Million) proposed to be invested by Creation into the Company for subscribing the Creation First Tranche Preference Shares and Creation Equity Shares on the First Tranche Completion Date;

Creation First Tranche Preference Shares means 4,316,358 (Four Million Three Hundred and Sixteen Thousand Three Hundred and Fifty Eight) fully paid up compulsorily convertible cumulative participating (for dividend) preference shares of face value of INR 10 (Indian Rupees Ten) each, issued and allotted to Creation in terms of this Agreement having the terms and conditions as set out in **SCHEDULE 3** herein;

Creation Preference Shares means any fully paid up compulsorily convertible cumulative participating (for dividend) preference shares of face value of INR 10 (Indian Rupees Ten) each, issued, allotted or transferred to Creation in terms of this Agreement and in terms of the Shareholders' Agreement;

Creation Subscription Shares means collectively, the Creation First Tranche Preference Shares and Creation Equity Shares;

Deed of Accession has the meaning given to it in the Shareholders' Agreement;

Director means a director of the Company for the time being;

Disclosure Letter means the disclosure letter provided by the Company to Creation on the Execution Date;

Dispute has the meaning given to it in Clause 12.1;

Encumbrance means any mortgage, charge (fixed or floating), pledge, lien, option, claim, power of sale in favour of a Third Party, right to acquire, right of pre-emption, assignment by way of security or trust arrangement for the purpose of providing security, any security interest or other third party right, interest or claim of any kind (including any retention arrangement), or any agreement, arrangement or obligation to create any of the foregoing;

Equity Shares means fully paid up equity shares of face value of INR 10/- (Indian Rupees Ten) each in the Share Capital of the Company;

ESOP shall mean Employee Stock Option Plan, 2016 of the Company approved by the Board in its meeting on November 23, 2016 and Shareholders in their meeting on December 05, 2016;

Execution Date means the date of this Agreement as stated at the beginning of this Agreement, being the date on which this Agreement is signed by all of the Parties hereto and if this Agreement is signed on different dates by the Parties, then the Execution Date shall, for the avoidance of doubt, be the date on which the last of the Parties signs this Agreement;

Financial Year means the financial year commencing on April 1 of a calendar year and ending on March 31 in the immediately succeeding calendar year, a period in respect of which the Company prepares its audited accounts;

First Closing shall mean the consummation of all actions set out in Clause 5;

First Tranche Completion Date shall mean the Execution Date, provided if any of the actions provided for in Clause 5 hereinabove have not taken place on the same Business Day, the Business Day on which the last of such actions or conditions, as provided for under Clause 5 has taken place will be the First Tranche Completion Date, provided that First Tranche Completion Date should in no event be later than two days from the Execution Date, unless Creation waives this condition in writing;

Indemnified Parties shall have the meaning given to it in Clause 9.1;

Indemnity Event shall have the meaning assigned to it in Clause 9.1;

Intellectual Property Rights means copyright, patents, know-how, confidential information, database rights, and rights in trademarks, domain names and designs (whether registered or unregistered), (ii) applications for registration, and the right to apply for registration, for any of the same, and (iii) all other intellectual property rights and equivalent or similar forms of protection existing anywhere in the world;

Key Executives means the chief business manager, chief executive officer, chief financial officer, chief operating officer, chairman, vice-chairman, executive vice-chairman or equivalent position(s) in the Company, and other employees mentioned in **SCHEDULE 4**;

Labour Welfare Fund Act means the Labour Welfare Fund Act as may be applicable to the relevant state(s) in which the Company operates;

Licence means any authorisation, licence (including but not limited to statutory licence), registration, permit, approval, consent, no-objection or permission as may be required under applicable laws;

Parties means the Company, Promoter Group and Creation and each other person that has entered into a Deed of Accession (or such one or more of them as the context may require), and **Party** means any of them;

Person means any natural person, limited or unlimited liability company, body corporate, corporation, partnership (whether limited or unlimited), proprietorship, trust, union, association, whether incorporated or not, government, any relevant authority or any agency or political subdivision thereof (as may be contextually applicable) or any other entity that may be treated as a person under applicable law;

Preference Dividend has the meaning given to it in **SCHEDULE 3**;

Registrar of Companies means the jurisdictional registrar of companies at Mumbai, India;

Related Party has the meaning as ascribed to such term under the Companies Act;

Request has the meaning given to it in Clause 12.1;

Reserved Matters has the meaning given to it in the Shareholders' Agreement;

Securities means any subscriptions, options, debentures, preference shares, instruments, bonds, conversion rights, warrants, or similar agreements, letter agreements conferring the right to subscribe to the Equity Shares, securities or commitments/arrangements of

any kind obligating the Company to issue, grant, deliver or sell, or cause to be issued, granted, delivered or sold (i) any Shares in the equity Share Capital or any derivative securities of the Company; (ii) any securities convertible into or exchangeable for any Equity Shares or (iii) any instrument that creates any rights whatsoever to participate in the equity, economic interest or income of the Company;

Share Capital means the fully issued and paid up share capital of the Company;

Shareholder means from time to time a Person in whose name Equity Shares and/or Creation Preference Shares are registered in the Company's register of members and/ or register of preference shares, and **Shareholders** means all of them;

Shareholders' Agreement means the agreement of even date entered into between the Promoter Group, the Company and Creation in relation to the management and governance of the Company on the terms and conditions mentioned therein and for the issue and allotment of Creation Second Tranche Preference Shares and issue and allotment and/or transfer of Creation Additional Shares (as defined in the Shareholders' Agreement) to Creation;

Shops and Establishments Acts means the Shops and Establishments Act as may be applicable to the relevant state(s) in which the Company operates;

Subsidiary has the meaning given to it in the Companies Act;

Taxation or Tax means all forms of taxation, duties (including stamp duties), levies, imposts and employee social security contributions/charges, whether direct or indirect including corporate income tax, service tax, wage withholding tax, value added tax, customs and excise duties, capital tax and other legal transaction taxes, dividend withholding tax, land taxes, environmental taxes and duties and any other type of taxes or duties payable by virtue of any applicable national, regional or local law or regulation and which may be due directly or by virtue of joint and several liability in any relevant jurisdiction; together with any interest, penalties, surcharges or fines relating to them, due, payable, levied, imposed upon or claimed to be owed in any relevant jurisdiction

Third Party means any Person other than the Parties;

Transaction Documents means the Shareholders' Agreement, this Agreement and such other documents as may be agreed by and between the Parties in writing;

Warranties means the representations and warranties given by the Warrantors, contained in SCHEDULE 5; and

Warrantors means each of the Company, MFL, TM, TGM and TJM, responsible jointly and severally, and **Warrantor** means any of them.

1.2 Interpretation

In this Agreement:

- (a) references to **applicable law** means any statute, law, enactment, regulation, ordinance, policy, treaty, rule, judgment, notification, rule of common law, order, decree, bye-law, Licence, directive, guideline, requirement or other governmental or regulatory restriction or condition, or any similar form of decision of, or determination by, or interpretation of, having the force of law

of any relevant authority having jurisdiction over the matter in question, whether in effect as of the Execution Date or thereafter, in any jurisdiction and includes any practice or custom under any applicable law;

- (b) references to **relevant authority** means any government, or any governmental, non-governmental, legislative, executive, administrative, fiscal, judicial or regulatory, authority, body, board, ministry, department, commission, tribunal, agency, instrumentality or other Person exercising legislative, executive, administrative, fiscal, judicial or regulatory functions (including any court, tribunal, mediator or arbitrator of competent jurisdiction), having jurisdiction over the matter in question, whether as of the Execution Date or thereafter, in any jurisdiction or political sub-division and includes any relevant Taxation authority;
- (c) references to **relevant Taxation authority** means any relevant authority having jurisdiction over or responsibility with respect to, the administration, assessment, determination, collection or imposition of any Tax;
- (d) references to an individual who is a Shareholder include his executors, administrators and personal representatives. In the event of transmission of Securities of an individual who is a Shareholder, the Person to whom such Securities are transmitted shall also be deemed to be bound by the terms and conditions of this Agreement;
- (e) subject to Clause 16.7, references to a Party to this Agreement include references to the successors and assigns of that Party;
- (f) the words **including** and **include** shall mean including without limitation and include without limitation, respectively;
- (g) any reference importing a gender includes the other gender;
- (h) any reference to Rs. or INR is to Indian rupees and any reference to US\$ or USD is to United States dollars;
- (i) any reference to writing includes typing, printing, lithography, photography but excludes any form of electronic communication;
- (j) any reference to a document is to that document as amended, varied or novated from time to time otherwise than in breach of this Agreement or that document;
- (k) references to a company's issued share capital shall include equity shares as well as preference shares issued by that company;
- (l) words importing the singular include the plural and *vice versa*; and
- (m) words and expressions defined in the Companies Act have the same meaning in this Agreement unless otherwise defined.

1.3 In this Agreement,

1.3.1 any reference, express or implied, to an enactment includes:

- (a) that enactment as re-enacted, amended, extended or applied by or under any other enactment (before, on or after the execution of this Agreement);
 - (b) any enactment which that enactment re-enacts (with or without modification); and
 - (c) any subordinate legislation made (before, on or after the execution of this Agreement) under any enactment, as re-enacted, amended, extended or applied as described in Clause 1.3.1 (a) above, or under any enactment referred to in Clause 1.3.1(b) above.
- 1.3.2 In this Agreement, unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the following Business Day if the last day of such period is not a Business Day.
- 1.3.3 In this Agreement, unless otherwise specified, whenever any payment to be made or action taken under this Agreement is required to be made or taken on a day other than a Business Day such payment shall be made or action taken on the next Business Day.
- 1.3.4 Time is of the essence in the performance of the Parties' respective obligations. If any time period specified herein is extended, such extended time shall also be of the essence.
- 1.3.5 Where there is any inconsistency between the definitions set out in Clause 1.1 and the definitions set out in any other Clause or Schedule, then for the purposes of construing such Clause or Schedule, the definitions set out in such Clause or Schedule shall prevail.
- 1.3.6 Any undertaking by any of the Parties not to do any act or thing shall be deemed to include an undertaking not to permit or suffer or assist the doing of that act or thing (to the extent that such action or omission shall be under the control or influence of the relevant Party).
- 1.3.7 Any reference to a document in **agreed form** is to a document in form and substance agreed between the Parties and initialed for the purpose of identification by or on behalf of each of them (in each case with such amendments as may be agreed by or on behalf of the Parties).
- 1.3.8 Any reference to obtaining regulatory approvals shall be deemed to include an obligation on the concerned Party(ies) to make commercially reasonable efforts to expeditiously obtain such approval.
- 1.3.9 Any right of Creation to subscribe to and / or receive Securities including Creation Preference Shares shall include the right of Creation to subscribe to such Securities including Creation Preference Shares by itself or through an Affiliate.
- 1.3.10 Unless stated otherwise, in computing the shareholding of any Party, for determining the rights and privileges available to such Party under this Agreement and the Shareholders' Agreement, the shares/Securities held by its Affiliates shall be considered as being held by such Party.
- 1.3.11 Unless the contrary intention appears, a reference to a Clause or Schedule or Annexure is a reference to a clause of or schedule to or annexure to this Agreement. The Schedules

and the Annexures form part of this Agreement.

1.3.12 The headings in this Agreement do not affect its interpretation.

2. PARTICIPATION IN THE COMPANY

On the Execution Date and immediately prior to the First Closing, the shareholding pattern of the Company on an As Converted Basis shall be as set out in **Part 1** of **SCHEDULE 2**.

Following First Closing, the shareholding pattern of the Company on an As Converted Basis shall be as set out in **Part 2** of **SCHEDULE 2**. **Part 3** of **SCHEDULE 2** shows the shareholding pattern of the Company on an As Converted Basis as on the Second Tranche Completion Date (if the Second Closing takes place pursuant to and subject to the Shareholders' Agreement).

3. SUBSCRIPTION

3.1 Subject to the terms and conditions of this Agreement, Creation, relying on the Warranties given by the Warrantors and the indemnities given by MFL, TM, TGM and TJM under this Agreement, agrees to subscribe to, and the Company hereby agrees to issue and allot to Creation, on the First Tranche Completion Date, the Creation First Tranche Preference Shares and Creation Equity Shares for a total consideration equivalent to Creation First Tranche Investment Amount.

3.2 Terms of Issue

3.2.1 Each of the Creation First Tranche Preference Shares and Creation Equity Shares shall be allotted free of Encumbrances.

3.2.2 Each of the Creation First Tranche Preference Shares shall be allotted on such terms as contained in **SCHEDULE 3** hereto.

4. [INTENTIONALLY NOT USED]

5. FIRST CLOSING

5.1 Venue and Time of First Closing

The First Closing shall take place at Kochi, India, or any other place that the Parties agree to, at the time mutually agreed to by the Parties on the First Tranche Completion Date. All transactions contemplated by this Agreement to be consummated on the First Tranche Completion Date shall be deemed to occur simultaneously and no such transaction shall be consummated unless all such transactions are consummated.

5.2 The obligations of the Promoter Group at First Closing

One or more members of the Promoter Group shall remit to the Company, an amount of INR 150,000,000 (Indian Rupees One Hundred and Fifty Million) through wire transfer of immediately available funds, into the Company Account being an amount which will ensure that the Promoter Group has a cumulative paid-up Share Capital of at least INR 1,000,000,000 (Indian Rupees One Billion) on the First Tranche Completion Date, towards subscription to 1,307,988 (One Million Three Hundred and Seven Thousand Nine Hundred and Eighty Eight) Equity Shares ("**First Tranche Promoter Shares**").

Immediately upon remitting the aforesaid amounts as specified above, the relevant members of the Promoter Group shall provide evidence of such remittance to Creation.

5.3 The obligations of Creation at First Closing

On receipt of a copy of the remittance instruction effecting the action under Clause 5.2 above, Creation shall remit to the Company, the Creation First Tranche Investment Amount through a single wire transfer of immediately available funds, into the Company Account.

Immediately upon remitting the aforesaid amounts as specified above, Creation shall provide relevant evidence of such remittance to the Company.

5.4 The obligations of the Company at First Closing

5.4.1 Immediately prior to First Closing, Creation shall have received a letter of opinion from the counsel of the Company and the Promoter Group, in a form as set out in **SCHEDULE 6**.

5.4.2 Simultaneously upon receipt by the Company of an evidence of remittance by the Promoter Group and Creation as specified above, the Company shall ensure that a meeting of the Board is held at which, the Board shall pass the following resolutions:

- (a) approving the allotment of the Creation Subscription Shares to Creation and the First Tranche Promoter Shares to the Promoter Group with specific reference to the relevant distinctive number and the issuance of corresponding share certificates duly signed, sealed and stamped respectively;
- (b) approving appointment of 1 (one) Director, as nominated by Creation on the Board;
- (c) convening of an extraordinary general meeting of the Shareholders approving and adopting the amended Articles of Association including entrenchment provisions, and approving appointment of 1 (one) Director as nominated by Creation on the Board;
- (d) approving and adopting the Business Plan.

5.4.3 The Shareholders passing a special resolution in an extraordinary general meeting of the Shareholders: (i) approving and adopting the agreed form of the amended Articles of Association including entrenchment provisions; and (ii) approving appointment of 1 (one) Director, as nominated by Creation on the Board.

5.4.4 Immediately thereafter, the Company shall issue and deliver to the authorised representative of Creation and the relevant members of the Promoter Group, the separate original share certificates duly stamped, signed and sealed for the number of Creation First Tranche Preference Shares and Creation Equity Shares and First Tranche Promoter Shares, respectively, and incorporate the name of Creation as the legal and beneficial owner of Creation First Tranche Preference Shares and Creation Equity Shares and the name of relevant members of the Promoter Group as the legal and beneficial owner of First Tranche Promoter Shares in the register of members of the Company. For the avoidance of doubt, it is clarified that in the event the Company is unable to procure the original share certificates duly stamped, signed and sealed for the aforesaid Creation First

Tranche Preference Shares, Creation Equity Shares and First Tranche Promoter Shares on the First Tranche Completion Date, the Company shall immediately issue and deliver to Creation and the relevant members of the Promoter Group duly executed and stamped separate letters of allotment of shares with respect to such Creation First Tranche Preference Shares, Creation Equity Shares and First Tranche Promoter Shares on the First Tranche Completion Date. Thereafter, the Company shall as soon as possible and in no event later than 7 (seven) days from the First Tranche Completion Date, issue and deliver to the authorised representative of Creation and Promoter Group the original share certificates duly stamped, signed and sealed for the number of Creation First Tranche Preference Shares, Creation Equity Shares and First Tranche Promoter Shares. If the Company's shares are in dematerialised form then the Company shall provide a certified true copy of its shareholding statement with its depositories showing Creation as the holder of Creation First Tranche Preference Shares and Creation Equity Shares and the relevant members of the Promoter Group as the holder of the First Tranche Promoter Shares on the First Tranche Completion Date in the records of the depositories and the Company shall do all such other acts and deeds required under the applicable law to ensure that Creation has the title and ownership to Creation First Tranche Preference Shares and Creation Equity Shares and the relevant members of the Promoter Group for the First Tranche Promoter Shares on the First Tranche Completion Date.

- 5.5** If after having received the Creation First Tranche Investment Amount, First Closing does not occur, Creation shall have the right to obligate the Company and if so required by Creation, the Company shall forthwith refund to Creation, Creation First Tranche Investment Amount no later than 3 (three) Business Days.

6. CONDITIONS SUBSEQUENT

- 6.1** The Company shall ensure that within 7 (seven) Business Days from the First Tranche Completion Date, the relevant forms for the Company, PAS-3 (Return of Allotment), MGT-14 (Registration of resolutions) and DIR-12 (Particulars of appointment of directors and key managerial personnel and the changes among them) are filed with the concerned regulatory authorities including the Registrar of Companies, Reserve Bank of India, authorized banker/dealer, etc., with respect to the issuance and allotment of Creation First Tranche Preference Shares and Creation Equity Shares, appointment of Director nominated by Creation on the Board, amendment of the Articles of Association and any other action which requires filings in accordance with the provisions of the applicable laws and deliver to Creation copies of all such filings.

- 6.2** Within 7 (seven) Business Days from the First Tranche Completion Date, the Company shall pay the costs incurred by Creation in connection with the preparation, negotiation and execution of the Transaction Documents, including the counsel's fee, financial advisor's fee and the fee for accounting diligence, in accordance with Clause 16.10 of the Agreement.

7. UTILIZATION OF SUBSCRIPTION PROCEEDS AND MAINTENANCE OF REGISTRATION AS NBFC-MFI

- 7.1** The Company acknowledges and undertakes that Creation First Tranche Investment Amount received from the issue of Creation Subscription Shares shall be utilized and applied by the Company in accordance with the agreed Business Plan or as may be mutually agreed upon between the Parties.

- 7.2** The Company and the Promoter Group agree that they will ensure that the Company

maintains its registration as NBFC-MFI with the RBI.

8. REPRESENTATIONS AND WARRANTIES

- 8.1** Subject to the Disclosure Letter, the Warrantors represent and warrant, on a joint and several basis, to Creation, that all of the Warranties contained in **SCHEDULE 5** are complete, true and accurate and not misleading as of the Execution Date and shall continue to be complete, true and accurate and not misleading as on the First Tranche Completion Date.
- 8.2** The Warrantors shall procure that no actions are performed or action omitted by Warrantors, which would result in any of the Warranties being breached or rendered false, inaccurate or misleading.
- 8.3** Each of the Warranties is separate and independent and, except as expressly provided in this Agreement, is not limited by: (a) reference to any other Warranty, and (b) any other provision of this Agreement, and none of the Warranties shall be treated as qualified by any investigation or due diligence conducted by or on behalf of Creation into the affairs of any of the Company and Promoter Group, or any knowledge acquired or capable of being acquired (whether pursuant to the due diligence or otherwise) at any time by or on behalf of Creation, whether before or after the First Closing, with respect to the accuracy or inaccuracy of any Warranty, and no such investigation, due diligence or knowledge shall prejudice any claim for breaches of Warranty or operate as to reduce any amount recoverable.
- 8.4** The Warrantors acknowledge that Creation has entered into this Agreement and agreed to acquire the Creation Subscription Shares (in accordance with this Agreement), Creation Second Tranche Preference Shares and Creation Additional Shares (in accordance with the Shareholders' Agreement) on the basis that the Warranties are complete, true and accurate as on the Execution Date, the First Tranche Completion Date as well as the Second Tranche Completion Date and the date on which the Creation Additional Shares are allotted, and nothing contained in the Warranties is/ will be misleading or designed to create an inaccurate or false picture as on the Execution Date and/ or the First Tranche Completion Date as well as the Second Tranche Completion Date and the date on which the Creation Additional Shares are allotted.
- 8.5** The Warrantors undertake to notify Creation in writing promptly if any of them becomes aware of any fact, matter or circumstance (whether existing on or before the Execution Date or arising afterwards) which would cause any of the Warranties given by them, to become untrue or inaccurate or misleading in any material respect.
- 8.6** In addition to the Warranties, the Warrantors represent and warrant, on a joint and several basis, to Creation that the following warranties are complete, true and accurate and not misleading as of the Execution Date and shall continue to be complete, true and accurate and not misleading as on the First Tranche Completion Date:
- (a) each of the Company and the Promoter Group has been duly incorporated and properly formed and competent to contract, and their respective memorandums of association and articles of association (as applicable) are in accordance with all applicable laws;
 - (b) each Warrantor has the requisite capacity, power and authority and has obtained all requisite permissions, consents and approvals (including all Licences) to enter

into and to observe and perform this Agreement and to consummate the transactions contemplated hereunder, and the Persons executing this Agreement on behalf of the Company and the Promoter Group (as applicable) have full authority to sign and execute this Agreement on behalf of the Company and the Promoter Group; and

- (c) at the First Tranche Completion Date, the Creation Subscription Shares shall have been validly issued and allotted with rights specified in **SCHEDULE 3** (in respect of Creation First Tranche Preference Shares) hereof, free from all Encumbrances, and credited as fully paid up.

8.7 Creation represents and warrants to each of the Warrantors that all of the following representations and warranties are complete, true and accurate as of the Execution Date and the First Tranche Completion Date:

- (a) it is duly established and validly existing in the jurisdiction of its incorporation and has full corporate power and authority to execute, deliver and perform this Agreement and that the execution and delivery by it of this Agreement and the performance by it of its obligations hereunder have been duly authorised and all necessary corporate actions completed, and this Agreement constitutes its legal, valid and binding obligation enforceable against it in accordance with the terms of this Agreement;
- (b) the execution of this Agreement and the implementation of the transactions contemplated hereby does not constitute a breach of any agreement, arrangement or understanding, oral or written, entered into by it with any Third Party;
- (c) the execution of this Agreement does not violate any applicable law to which it is subject or any of the provisions of its charter or organizational documents; and
- (d) there are no legal, quasi-legal, administrative or other proceedings, claims, actions or governmental investigations of any nature pending against it or to which its assets are subject, and it has not received notice of any such proceeding, claim, action or governmental investigation against it which relates in any manner to this Agreement or the transactions contemplated by this Agreement or which could otherwise adversely impact its ability to perform this Agreement.

8.8 For the avoidance of any doubt it is clarified that the provisions of Clause 8 read with **SCHEDULE 5** shall also apply with respect to the Creation Second Tranche Preference Shares and Creation Additional Shares subscribed by or transferred to Creation in accordance with the terms of the Shareholders' Agreement.

8.9 Where any Warranty is qualified by the expression "so far as the Warrantors are aware" or "to the best of the knowledge, information and belief of the Warrantors" or any similar expression, that statement shall, unless expressly provided otherwise, be deemed to include an additional statement that it has been made after due and careful enquiry and where any Warranty is qualified by the expression "material", it means the event, change or effect referred to in such statement is or is likely to be material or materially adverse, as the case may be to the business, financial condition, profits, operations, properties, Assets and/ or liabilities of the Company and/or Promoter Group and should be read in context with a Material Adverse Effect.

9. INDEMNITY

- 9.1 Subject to the limitations set out in **Schedule 7**, MFL, TM, TGM and TJM (and not the Company) shall, on a joint and several basis, indemnify, defend and hold harmless, at Creation's option, either the Company or Creation or both and its Affiliates, and its respective directors and managers; (the "**Indemnified Parties**"), from and against any and all loss, damage, liability and/ or other costs or expenses (including, reasonable attorneys' fees and expenses) whatsoever incurred or suffered by the Indemnified Parties, as a result or arising out of, or in relation to or otherwise in respect of, any misrepresentation or breach of any of the Warranties and other warranties given in Clause 8 and/ or any breach or failure by any of the Warrantors to fulfill or perform any of their obligations, undertakings, representations, covenants or agreements contained in this Agreement (each an "**Indemnity Event**" and collectively the "**Indemnity Events**"). The Parties acknowledge that any direct loss, damage or liability and/ or reasonable costs and expenses of recovery, incurred or suffered by the Company shall be deemed to be a loss, damage or liability and/ or reasonable costs and expenses of recovery incurred or suffered by Indemnified Parties for the purpose of this Clause 9.1.
- 9.2 Each Warrantor agrees with the Indemnified Parties to waive any rights, remedies or claims (as a defence against a claim by the Indemnified Parties under this Clause 9) which it may have in respect of any misrepresentation, inaccuracy or omission in or from any information or advice supplied or given by any of the Warrantors and/ or any of its directors, officers or employees in connection with the giving of the Warranties and other warranties given in Clause 8 and any indemnities under this Agreement.
- 9.3 The right to indemnification under this Clause 9, shall not be affected or treated as qualified by any investigation or due diligence conducted by or on behalf of Creation into the affairs of the Company and/or Promoter Group, or any knowledge acquired or capable of being acquired (whether pursuant to the due diligence or otherwise) at any time by or on behalf of Creation, whether before or after the First Closing, with respect to the accuracy or inaccuracy of any Warranty and other warranties given in Clause 8 (except to the extent of any disclosures made in the Disclosure Letter to the extent of that particular Warranty), or compliance or non-compliance with any obligation, undertaking, representation, covenant or agreement of any of the Company and the Promoter Group under this Agreement, and no such investigation, due diligence or knowledge shall prejudice any claim for breaches of Warranty and other warranties given in Clause 8 or operate as to reduce any amount recoverable. If any Indemnified Party seeks indemnification in respect of a breach of the Warranties and other warranties given in Clause 8 or covenants/obligations under this Agreement, it shall, within a period of 60 (sixty) days of the breach and/or knowledge of the breach, notify in writing (the "**Claims Notice**") the Company and the Promoter Group of the losses for which the Indemnified Party is asserting an indemnification claim under this Clause 9. The Claims Notice shall be accompanied by a reasonably complete description of the claim in respect of which indemnification is being sought. MFL, TM, TGM and TJM (and not the Company) subject to Creation's option as provided in Clause 9.1, shall be required to make payment of the amounts claimed in the Claims Notice within a period of 30 (thirty) days from the date of receipt of the Claims Notice in the event such Claims Notice is not disputed by MFL, TM, TGM and TJM. Any dispute in relation to a Claims Notice will be settled in accordance with Clause 12 of this Agreement.
- 9.4 The indemnification rights of the Indemnified Parties under this Agreement are independent of, and in addition to, such other rights and remedies they may have at applicable law or in equity or otherwise, including the right to seek specific performance,

restitution or other injunctive relief, none of which rights or remedies shall be affected or diminished thereby. Further, the Indemnified Parties shall be intended Third Party beneficiaries of this Clause 9.4 and notwithstanding any other provisions of this Agreement, the Indemnified Parties shall be entitled to enforce the provisions hereof.

- 9.5** Notwithstanding anything to the contrary in the Transaction Documents, any and all indemnity related payment obligations on the Company and the Promoter Group pursuant to this Clause 9 shall be outside the ambit of Reserved Matters.
- 9.6** MFL, TM, TGM and TJM shall not be liable for any indemnity claim for breach of the Warranties if and to the extent that the fact, matter, event or circumstance giving rise to such indemnity claim is specifically disclosed in the Accounts or by the Disclosure Letter.
- 9.7** MFL, TM, TGM and TJM shall not be liable in respect of any claim for indemnification to the extent that the amount of such indemnity claim is covered by the insurance policies of the Company (provided only if the amount of such indemnity claim has been actually and fully received by Creation from the insurance company and not merely admitted or acknowledged by the insurance company) and in respect of which premiums have been fully paid. MFL, TM, TGM and TJM shall, however, indemnify the Indemnified Parties for any shortfall that is not covered and which has been received by Creation under an insurance policy. The obligation to recover from the insurance policies will be of MFL, TM, TGM and TJM.
- 9.8** If the payment of any indemnified amount pursuant to this Clause 9 requires any approval, consent or intimation as per the applicable law, including that of any governmental authority or the Reserve Bank of India, the Company and the Promoter Group agree they will facilitate such approval, consent or intimation such that the indemnification payment can be made and will provide all such additional assistance as may be requested by Creation including signing of documents, papers, forms, applications, etc.
- 9.9** Where MFL, TM, TGM and TJM have made a payment to any Indemnified Party in relation to any claim and such Indemnified Party is entitled to (not obliged to) recover (whether by insurance, payment, discount, credit, relief or otherwise) from a Third Party a sum which indemnifies or compensates the Indemnified Party (in whole or in part) in respect of the liability or loss which is the subject of a claim, such Indemnified Party shall (i) notify MFL, TM, TGM and TJM of the fact and provide such information as MFL, TM, TGM and TJM may reasonably require; and (ii) pay to MFL, TM, TGM and TJM, within 3 (three) days after actual and full receipt of the amount by the Indemnified Party from the Third Party and not merely upon acknowledgement or admission of Claim, an amount not exceeding the amount received from the Third Party or from MFL, TM, TGM and TJM in that regard, whichever is less (less any tax to be deducted there from and any reasonable costs of recovery).
- 9.10** Simultaneously with the Indemnified Party(ies) realizing a claim from MFL, TM, TGM and TJM pursuant to the provisions of this Agreement in respect of which claim a separate cause of action also lies against a Third Party, the Indemnified Party(ies) shall in accordance with law, assign their rights in relation to such cause of action or claim against such Third Party in favour of MFL, TM, TGM and TJM provided there is no affect, financial or otherwise, on the Indemnified Parties.
- 9.11** For the avoidance of any doubt it is clarified that the provisions of Clause 9 read with Schedules 5 and 7 shall also apply with respect to the Creation Second Tranche

Preference Shares and Creation Additional Shares subscribed by or transferred to Creation in accordance with the terms of the Shareholders' Agreement.

10. ESOP

10.1 The Equity Shares to be given upon the exercise of options pursuant to the ESOP will, at the discretion of the Promoter Group, be either transferred by the Promoter Group from the Equity Shares held by them or issued and allotted by the Company.

10.2 In case the Equity Shares are issued and allotted by the Company (even if such issue and allotment is made on or after March 31, 2020) pursuant to the ESOP and / or any other employees stock option plan of the Company which is approved prior to March 31, 2020, the conversion ratio of the Creation Preference Shares will be appropriately adjusted in the manner set out in **SCHEDULE 11** of the Shareholders' Agreement.

11. POST FIRST CLOSING COVENANTS

11.1 The Company shall ensure that its audited annual financial statements are prepared in accordance with Indian GAAP/ other applicable law and audited annual on or before June 30 of each calendar year.

11.2 The Company shall and the Promoter Group shall cause the Company to approve the Know Your Customer guidelines required to be approved by the board of directors of a non-banking finance company as per Reserve Bank of India directions, within 7 (seven) Business Days from the First Tranche Completion Date.

11.3 Appoint requisite number of Independent Directors as required under the Companies Act meeting the criteria set out in the Shareholders' Agreement.

11.4 The Company shall and the Promoter Group shall cause the Company to undertake the following within 30 (thirty) Business Days from the First Tranche Completion Date:

- (a) Complete the process for registration and make any due payments under the State specific Labour Welfare Fund Acts in the States of Karnataka, Tamil Nadu, Madhya Pradesh, Goa and Gujarat.
- (b) Purchase a directors' and officers' liability insurance policy for all Directors and Key Executives with coverage and amount and terms acceptable to Creation.
- (c) Initiate the process for adjudication, payment of adequate stamp duty, and registration (where applicable) of the lease agreements entered into by the Company.
- (d) Discuss and mutually agree with Creation a way forward whether to apply for the "Muthoot Microfin" mark with the relevant authority.
- (e) Maintain statutory registers under the following statutes at its head office
 - (i) The Minimum Wages Act, 1948;
 - (ii) The Payment of Bonus Act, 1965;
 - (iii) The Equal Remuneration Act, 1976; and
 - (iv) The Payment of Wages Act, 1936.

- (f) File the notice of openings for its offices where there are 10 or more employees, under the Payment of Gratuity Act, 1972.
- (g) Amend its working hours policy to ensure that its employees are made to work for only 48 hours per week and an employee who works for more than 48 hours per week is paid overtime wages in accordance with the provisions of the applicable Shops and Establishments Acts in the states in which the Company operates.
- (h) Amend its leave policy to allow the employees of each office such number of leaves and leave encashment as per the Shops and Establishments Act applicable to such office or the leave policy should be amended such that it allows each employee to get such number of leaves and be allowed to accumulate such number of leaves, which is the most beneficial amongst all the offices of the Company.
- (i) Complete the process for registration and make any due payments under the Labour Welfare Fund Act in the States of Karnataka, Tamil Nadu, Madhya Pradesh, Goa and Gujarat.
- (j) Transfer the registered ownership of the domain www.muthootmicrofin.com to the Company from MFL.
- (k) Enter into agreement(s) for the use of "Muthoot Pappachan" trademark and any other marks used by it.

12. GOVERNING LAW, JURISDICTION AND ARBITRATION

This Agreement is governed by and construed in accordance with applicable laws of India and, subject to Clause 12.2 below, the courts at Mumbai, India shall have exclusive jurisdiction in relation to any Dispute.

12.1 Negotiation

Any dispute, difference, controversy or claim arising out of or relating to this Agreement or as to the construction, meaning or effect hereof or as to the rights and liabilities of the Parties herein or the breach, termination or validity thereof (a "**Dispute**") shall be resolved in accordance with this Clause 12.1. Upon the written request (a "**Request**") of any Party served in accordance with Clause 13, the Parties shall promptly meet and attempt to negotiate in good faith a resolution of the Dispute. For this purpose, each of the Parties shall within 30 (thirty) calendar days of the Request nominate a senior executive with authority to settle the Dispute.

12.2 Arbitration

12.2.1 Any Dispute between the Parties under this Agreement shall be referred for negotiation and discussions between the nominated senior representatives of the Parties (in terms of Clause 12.1 above) who shall within 30 (thirty) days of Request, attempt to resolve the Dispute.

12.2.2 Any Dispute between the Parties, which cannot be settled by such negotiations and discussions within the aforementioned 30 (thirty) days of the Request, shall then be resolved exclusively by arbitration and any Party may refer the Dispute, for settlement by

arbitration.

12.2.3 Within 15 (fifteen) days of the completion of the aforementioned 30 (thirty) day period, the claimant Parties shall appoint 1 (one) arbitrator, the respondent Parties shall appoint 1 (one) arbitrator and the 2 (two) arbitrators so appointed shall appointed a third arbitrator who shall preside over the arbitral tribunal. The arbitration proceedings shall be conducted in accordance with the Singapore International Arbitration Centre (SIAC) Rules in force at the date of applying for arbitration, which rules are deemed to be incorporated by reference in this Clause.

12.2.4 The seat of arbitration in relation to this Agreement shall be at Singapore and any award shall be treated as an award made at the seat of the arbitration and the arbitral proceedings shall be conducted in accordance with the Singapore International Arbitration Centre (SIAC) Rules. The arbitral award shall be final and binding upon the relevant Parties.

12.3 Language and enforcement

- (a) The arbitration proceedings shall be conducted in the English language.
- (b) Judgment upon any arbitral award rendered hereunder may be entered in any court having jurisdiction, or application may be made to such court for a judicial acceptance of the award and an order of enforcement, as the case may be.

12.4 Interim relief

Without prejudice to the arbitration agreement contained in Clause 12.2 but subject to the applicable law, the Parties expressly agree that nothing in this Clause 12 shall prevent any Party from applying to a court which would otherwise have jurisdiction for conservatory or interim measures. After the appointment of the arbitral panel/ arbitrator (as the case may be) has been effected and pending its final award, the arbitral panel/ arbitrator (as the case may be) shall also have jurisdiction to hear such applications with respect to the Dispute. The Parties agree that any measures ordered by the arbitral panel/ arbitrator (as the case may be) may be immediately and specifically enforced by a court otherwise having jurisdiction over the Parties.

12.5 Award final and binding

Any award made by the arbitral panel/ arbitrator (as the case may be) shall be final and binding on the Parties. To the extent that such waiver can be validly made, the Parties expressly agree to waive the applicability of any laws and regulations that would otherwise give any right of recourse against the decisions of the arbitral panel/ arbitrator (as the case may be).

12.6 Costs

The costs of the arbitration shall be borne by the Parties in such manner as the arbitral panel/ arbitrator (as the case may be) shall direct in its arbitral award.

13. NOTICES

13.1 Any notice or other communication that may be given by one Party to the other shall always be in writing and shall be served either by (i) hand delivery duly acknowledged; or (ii) sent by registered post with acknowledgment due; (iii) by facsimile at the respective addresses set out herein below or at such other address as may be subsequently intimated

by one Party to the other in writing as set out herein; or (iv) by electronic mail with a delivery receipt confirmation. If the notice is sent by facsimile, the said notice shall also be sent by registered post acknowledgment due.

(a) If to **Creation:**

Address : 30 South Wacker Drive, Suite 1600 Chicago, IL 60606 USA
Attention : Mr. Ken Vander Weele and Mr. Tyler Day
Fax : +1 – 312 – 784 – 3991
Email : ken.vanderweele@creationinvestments.com and tyler.day@creationinvestments.com

(b) If to the **Promoter Group:**

Address : Muthoot Centre, Punnen Road-, Trivandrum - 695 034
Attention : Thomas John Muthoot
Fax : +91 471 2328820
Email : johnie@muthoot.com

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

Address : 5th floor, Muthoot Towers, MG Road, Ernakulam – 682 035
Attention : Mr. Sadaf Sayeed
Fax : +91 484 2351494
Email : sadaf.sayeed@muthoot.com

- 13.2** All notices shall be deemed to have been validly given on (i) the business date immediately after the date of transmission with confirmed answer back, if transmitted by facsimile transmission, or (ii) the business date of receipt, if sent by courier, hand delivery or electronic mail with a delivery receipt confirmation; or (iii) the expiry of seven days after posting, if sent by registered post.

Any Party may, from time to time, change its address or representative for receipt of notices provided for in this Agreement by giving to the other Party not less than 7 (seven) days prior written notice.

14. CONFIDENTIALITY

- 14.1** The Parties recognise that each of them will be given and have access to confidential and proprietary information of the other Parties ("**Confidential Information**"). The Parties undertake not to use any of such Confidential Information for their own corporate purposes without the prior written consent of the other Party(ies) owning such information and shall keep confidential and not to disclose to any Third Party any of the other Party(ies)' confidential and proprietary information relating to the negotiation and contents of this Agreement for a period of 1 (one) year from the Execution Date. The Parties shall also cause their respective directors, employees, officers and any other Persons to whom the above mentioned information is disclosed to execute a letter of confidentiality to the effect provided in this Clause 14. The obligations of confidentiality shall not apply to any information that:

- (a) was developed independently by the Parties;
- (b) was known to the Party prior to its disclosure by the disclosing Party;
- (c) has become generally available to the public (other than by virtue of its disclosure by the Party receiving such information);
- (d) may be required in any report, statement or test the Company submitted to any governmental or regulatory body;
- (e) may be required in response to any summons or in connection with any litigation;
- (f) may be required to comply with any law, order, regulation or ruling applicable to any Party hereto;
- (g) to its professional advisers including legal, financial and tax advisers and auditors but only to the extent necessary subject to such advisers accepting an equivalent confidentiality obligation to that set out in this Clause;
- (h) in the case of the Creation, to any of its Affiliates, officers, investment managers, investors, trustees, investment committees, advisory boards, board of directors subject to each such Affiliate being made aware of the confidentiality obligation set out in this Clause; or
- (i) to the extent the receiving Party received written consent to such disclosure from the relevant Party from whom it received such Confidential Information and from the Party to which that Confidential Information relates.

Provided that prior to any disclosure in respect of a request to disclose Confidential Information above a Party must first notify the Party owning such Confidential Information, who shall then have the opportunity to respond to and/or dispute such request.

- 14.2** The Parties acknowledge and agree that the covenants and obligations with respect to confidentiality set forth in this Clause relate to special, unique and extraordinary matters, and that a violation of any of the terms of such covenants and obligations will cause the Company and the owner of such property irreparable injury for which adequate remedies are not available at law. Therefore, the Parties agree that the Party entitled to enforce the covenants set forth above, shall be entitled to an injunction, restraining order or such other equitable relief as a court of competent jurisdiction may deem necessary or appropriate to restrain the other Party from committing any violation of the covenants and obligations contained in this Clause. These injunctive remedies are cumulative and are in addition to any other rights and remedies the concerned Party may have at law or in equity.

15. EFFECTIVE DATE OF THIS AGREEMENT

- 15.1** This Agreement shall come into effect and force and be binding on the Parties from the Execution Date.

16. MISCELLANEOUS PROVISIONS

16.1 Reservation of Rights

No forbearance, indulgence or relaxation or inaction by any Party at any time to require performance of any of the provisions of this Agreement shall in any way affect, diminish or prejudice the right of such Party to require performance of that provision, and any waiver or acquiescence by any Party of any breach of any of the provisions of this Agreement shall not be construed as a waiver or acquiescence of any continuing or succeeding breach of such provisions, a waiver of any right under or arising out of this Agreement or acquiescence to or recognition of rights other than that expressly stipulated in this Agreement.

16.2 Covenants Reasonable

The Parties agree that, having regard to all the circumstances, the covenants contained herein are reasonable and necessary for the protection of the Parties and their Affiliates. If any such covenant is held to be void and as going beyond what is reasonable in all the circumstances, but would be valid if amended (in writing) as to scope or duration or both, the covenant shall apply with such minimum modifications regarding its scope and duration as may be necessary to make it valid and effective.

16.3 Further Assurances

Each Party shall, at any time and from time to time upon the written request of the other Parties promptly and duly execute and deliver all such further instruments and documents, and do or procure to be done all such acts or things, as may be reasonably deemed necessary by the other Parties to facilitate the transactions contemplated in this Agreement.

16.4 Cumulative Rights

All remedies of any Party under this Agreement whether provided herein or conferred by statute, civil law, common law, custom or trade usage, are independent, cumulative and without prejudice to all other rights available to the Parties, and may be enforced successively or concurrently.

16.5 Partial Invalidity

If any provision of this Agreement or the application thereof to any Person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provision to Persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. Any invalid or unenforceable provision of this Agreement shall be replaced with a provision, which is valid and enforceable and most nearly reflects the original intent of the unenforceable provision. Provided however, if said provision is fundamental provision of this Agreement or forms part of the consideration or object of this Agreement, the provision of this Clause shall not apply.

16.6 Amendments

No modification or amendment of this Agreement and no waiver of any of the terms or

conditions hereof shall be valid or binding unless made in writing and duly executed by all the Parties.

16.7 Assignment

This Agreement and the rights, obligations and liabilities hereunder shall bind and inure to the benefit of the respective successors of the Parties hereto, but no Party may freely assign or transfer any of the rights, obligations and liabilities hereunder to any other Person without the prior written consent of the other Parties. Provided however, Creation shall be entitled to assign, their rights under the Transaction Documents to its Affiliates without any requirement for any prior consent from but with prior intimation to the other Parties.

16.8 Entire Agreement

This Agreement constitutes the entire Agreement between the Parties with respect to the subscription of Creation Subscription Shares and supersedes and cancels any prior oral or written agreement, representation, understanding, arrangement, communication or expression of intent relating to the subject matter of this Agreement. For the avoidance of doubt it is clarified that this Clause 16.8 will not in any way affect or prejudice Creation's right to acquire Creation Second Tranche Preference Shares and Creation's option to acquire / subscribe the Creation Additional Shares pursuant to the Shareholders' Agreement.

16.9 Relationship

None of the provisions of this Agreement shall be deemed to constitute a partnership between the Parties hereto and no Party shall have any authority to bind the other Party otherwise than under this Agreement or shall be deemed to be the agent of the other in any way.

16.10 Costs

All costs and expenses incurred by the Company in connection with the preparation, negotiation and execution of the Transaction Documents, including payment of any stamp duty and registration duty thereon under applicable law and the consummation of all transactions contemplated under the Transaction Documents shall be borne by the Company. Costs incurred by Creation for fees and expenses incurred by Creation (duly evidenced by invoices) in connection with the preparation, negotiation and execution of the Transaction Documents, including but not limited to Creation's counsel's fee and financial advisor's fee shall be borne by the Company subject to a maximum limit of INR 10,000,000/- (Indian Rupees Ten Million). Any fees payable to any finder or financial advisor for the Company and the Promoter Group in connection with the transaction contemplated in this Agreement shall be the sole responsibility of the Company and the Promoter Group, as the case may be and in no circumstance Creation will have any liability thereof.

16.11 No conflict

The provisions of this Agreement, the other Transaction Documents, Articles of Association shall be interpreted in such a manner so as to give effect to all such documents, provided however, that in the event of an inconsistency between this Agreement, the other Transaction Documents on the one hand and the Articles of

Association on the other hand, to the extent permitted by applicable law, provisions of this Agreement shall prevail as between the Parties and shall govern their contractual relationship and the Parties shall cause the necessary amendments to the Articles of Association.

16.12 Public announcements

No Party to this Agreement shall make any disclosure or announcements about the subject matter of this Agreement to any Person without the prior written consent of the other Parties.

16.13 Execution in Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same instrument.

16.14 Authorisation

The Persons signing this Agreement on behalf of the Parties represent and covenant that they have the authority to so sign and execute this document on behalf of the Parties for whom they are signing.

(Signature pages to follow)

IN WITNESS WHEREOF each of the Parties hereto have caused this Share Subscription Agreement to be executed as of the day and year first above written.

For MUTHOOT MICROFIN LIMITED
SIGNED by

For Muthoot Microfin Limited,

Sadaf Sayeed

Sadaf Sayeed
Chief Executive Officer

In the presence of:

[Signature]
PRAVEEN T



Signature Page of the Share Subscription Agreement by and amongst Muthoot Microfin Limited, Muthoot Fincorp Limited, Mr. Thomas Muthoot, Mr. Thomas George Muthoot, Mr. Thomas John Muthoot, Ms. Nina George, Ms. Preethi John, Ms. Remy Thomas and Creation Investments India LLC

For MUTHOOT FINCORP LIMITED
SIGNED by



In the presence of:



PRAVEEN T



Signature Page of the Share Subscription Agreement by and amongst Muthoot Microfin Limited, Muthoot Fincorp Limited, Mr. Thomas Muthoot, Mr. Thomas George Muthoot, Mr. Thomas John Muthoot, Ms. Nina George, Ms. Preethi John, Ms. Remy Thomas and Creation Investments India I.L.C

MR. THOMAS JOHN MUTHOOT


In the presence of:




PRAVEEN T

Signature Page of the Share Subscription Agreement by and amongst Muthoot Microfin Limited, Muthoot Fincorp Limited, Mr. Thomas Muthoot, Mr. Thomas George Muthoot, Mr. Thomas John Muthoot, Ms. Nina George, Ms. Preethi John, Ms. Remy Thomas and Creation Investments India LLC

MR. THOMAS MUTHOOT

In the presence of: 

PRAVEEN G 

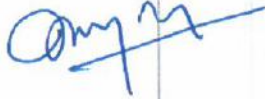
Signature Page of the Share Subscription Agreement by and amongst Muthoot Microfin Limited, Muthoot Fincorp Limited, Mr. Thomas Muthoot, Mr. Thomas George Muthoot, Mr. Thomas John Muthoot, Ms. Nina George, Ms. Preethi John, Ms. Remy Thomas and Creation Investments India LLC

MR. THOMAS GEORGE MUTHOOT

In the presence of:

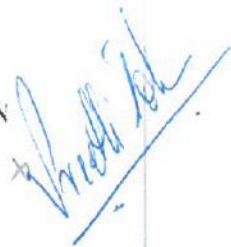


PRAVEEN ↑



Signature Page of the Share Subscription Agreement by and amongst Muthoot Microfin Limited, Muthoot Fincorp Limited, Mr. Thomas Muthoot, Mr. Thomas George Muthoot, Mr. Thomas John Muthoot, Ms. Nina George, Ms. Preethi John, Ms. Remy Thomas and Creation Investments India LLC

MS. PREETHI JOHN



In the presence of:

PRAVEEN I



Signature Page of the Share Subscription Agreement by and amongst Muthoot Microfin Limited, Muthoot Fincorp Limited, Mr. Thomas Muthoot, Mr. Thomas George Muthoot, Mr. Thomas John Muthoot, Ms. Nina George, Ms. Preethi John, Ms. Remy Thomas and Creation Investments India L.L.C

MS. NINA GEORGE



In the presence of:

PRAVEEN T



Signature Page of the Share Subscription Agreement by and amongst Muthoot Microfin Limited, Muthoot Fincorp Limited, Mr. Thomas Muthoot, Mr. Thomas George Muthoot, Mr. Thomas John Muthoot, Ms. Nina George, Ms. Preethi John, Ms. Remy Thomas and Creation Investments India LLC

MS. REMY THOMAS

In the presence of:

Remy Thomas

PRAVEEN 9 Praveen

Signature Page of the Share Subscription Agreement by and amongst Muthoot Microfin Limited, Muthoot Fincorp Limited, Mr. Thomas Muthoot, Mr. Thomas George Muthoot, Mr. Thomas John Muthoot, Ms. Nina George, Ms. Preethi John, Mr. Remy Thomas and Creation Investments India LLC

For CREATION INVESTMENTS INDIA LLC

SIGNED by



In the presence of:



Signature Page of the Share Subscription Agreement by and amongst Muthoot Microfin Limited, Muthoot Fincorp Limited, Mr. Thomas Muthoot, Mr. Thomas George Muthoot, Mr. Thomas John Muthoot, Ms. Nina George, Ms. Preethi John, Mr. Remy Thomas and Creation Investments India LLC

SCHEDULE 1
THE COMPANY

Name:	Muthoot Microfin Limited
Registered number (CIN)	U65190MH1992PLC066228
Registered office:	13 th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai 400051
Corporate/ head office:	5 th Floor, Muthoot Towers, M.G Road, Kochi 682035
Date of incorporation:	April 04, 1992
Type of company:	Public limited company
Authorised share capital:	INR 2,000,000,000 (Indian Rupees Two Billion) consisting 15,000,000 (Fifteen Million) equity shares of INR 10/- (Indian Rupees Ten) each and Indian Rupees 5,00,00,000 (Indian Rupees Fifty Million) compulsorily convertible preference shares of INR 10 (Indian Rupees Ten) each.
Issued share capital:	INR 825,000,000 (Indian Rupees Eight Hundred and Twenty Five Million) consisting 82,500,000 (Eighty Two Million Five Hundred Thousand) equity shares of INR 10/- (Indian Rupees Ten).
Shareholders:	As set out in Part 1 of Schedule 2
Directors:	George Lamannil, Sabu Zacharias Kuncheria, Maneesh Srivastava
Accounting reference date:	March 31, 2016
Auditors:	Walker Chandiok & Co. LLP

SCHEDULE 2
SHAREHOLDING PATTERN

Part 1

Shareholding of Muthoot Microfin Limited as on Execution Date (i.e., before the allotment of Creation Subscription Shares)

Particulars	Number of Equity Shares	Preference Shares	Total number of Shares	Shareholding Percentage	Total Preference Shares	Shareholding percentage in equity
Thomas Muthoot	4,346,746	-	43,467,460	5.3%	-	5.3%
Thomas George Muthoot	4,325,897	-	43,258,970	5.2%	-	5.2%
Thomas John Muthoot	4,327,307	-	43,273,070	5.2%	-	5.2%
Nina George	122,870	-	1,228,700	0.15%	-	0.1%
Preethi John	121,180	-	1,211,800	0.15%	-	0.1%
Remy Thomas	101,460	-	1,014,600	0.12%	-	0.1%
Muthoot Fincorp Limited	69,154,540	-	691,545,400	83.8%	-	83.8%
Total	82,500,000	-	82,500,000	100%	-	100%

Part 2

Shareholding of Muthoot Microfin Limited as on First Tranche Completion Date (i.e., after the allotment of Creation Subscription Shares)

Particulars	Existing total number of Shares as on Execution Date on As Converted Basis	Equity Shares allotted to Creation on the First Tranche Completion Date	Creation Preference Shares on the First Tranche Completion Date	New Total Shares (as on First Tranche Completion Date taking into effect Creation Subscription Shares)	Percentage of shareholding at First Tranche Completion Date on As Converted Basis
(I)	(II)	(III)	(IV)	(V)	(VII)
Thomas Muthoot	4,491,496		-	4,491,496	5.1%
Thomas George Muthoot	4,471,519		-	4,471,519	5.1%
Thomas John Muthoot	4,472,929		-	4,472,929	5.1%
Nina George	122,870		-	122,870	0.1%
Preethi John	121,180		-	121,180	0.1%
Remy Thomas	101,460		-	101,460	0.1%
Muthoot Fincorp Limited ¹	70,026,532		-	70,026,532	79.4%
Creation Investments India, LLC	-	43,600	4,316,358	4,359,958	4.9%
TOTAL	83,807,986	43600	4,316,358	88,167,944	100%

¹ In terms of the Shareholders' Agreement, the Promoter Group may at their sole discretion infuse funds through any one or members of the Promoter Group.

Part 3

Shareholding of Muthoot Microfin Limited as on Second Tranche Completion Date after the Second Closing

(if the Second Closing happens pursuant and subject to the Shareholders' Agreement)²

Particulars	Equity Shares	Existing Total number of Shares as on Second Tranche Completion Date on As Converted Basis	Creation Preference Shares	New Total Shares (as on Second Tranche Completion Date)	Percentage of shareholding at Second Tranche Completion Date
(I)	(II)	(III)	(IV)	(V)	(VI)
Thomas Muthoot	4,491,496	4,491,496	-	4,491,496	4.6%
Thomas George Muthoot	4,471,519	4,471,519	-	4,471,519	4.6%
Thomas John Muthoot	4,472,929	4,472,929	-	4,472,929	4.6%
Nina George	122,870	122,870	-	122,870	0.1%
Preethi John	121,180	121,180	-	121,180	0.1%
Remy Thomas	101,460	101,460	-	101,460	0.1%
Muthoot Fincorp Limited ³	74,386,490	74,386,490	-	74,386,490	76.8%
Creation Investments India,LLC	43,600	43,600	8,676,316	8,719,916	9%
TOTAL	88,211,544	88,211,544	8,676,316	96,887,860	100%

² This is on the assumption that both Creation and Promoter Group have fulfilled all their funding obligations till such date in accordance with the terms of the Shareholders' Agreement.

³ In terms of the Shareholders' Agreement, the Promoter Group may at their sole discretion infuse funds through any one or members of the Promoter Group

SCHEDULE 3

TERMS AND CONDITIONS OF CREATION PREFERENCE SHARES

The rights attached to the Creation Preference Shares allotted or transferred to Creation under this Agreement and/or under the Shareholders' Agreement are as follows and shall *mutatis mutandis* be reproduced in the Articles of Association and the reverse of the share certificates:

A. As to income and dividend

1. The Creation Preference Shares shall confer on the holder the right to receive, in priority to the holders of any other class of shares or Securities in the Share Capital of the Company, a preference dividend (the "**Preference Dividend**") at the rate of 0.001% (zero point zero zero one percent) per annum on the capital for the time being paid up on the Creation Preference Shares such Preference Dividend to be paid up on the Creation Preference Shares during any portion or portions of the period in respect of which the Preference Dividend is paid.
2. The right to Preference Dividend shall be cumulative, and the right to receive the Preference Dividend shall accrue to holders of the Creation Preference Shares by reason of the fact that the Preference Dividend on the Creation Preference Shares is not declared or paid in any year.
3. If Preference Dividend has been declared by the Company but has not been paid by the Conversion Date, the Preference Dividend shall be paid to the person(s) who held the Creation Preference Shares as at the date of declaration *pro-rata* in accordance with the number of Creation Preference Shares held by it at the date of declaration.
4. If the Conversion Date falls within a period in respect of which a dividend is to be paid, each Equity Share issued to the holder of Creation Preference Shares on Conversion shall confer on the holder the right to receive a dividend with respect to all of such period and not part only.
5. The rights of Creation Preference Shares with respect to capital distribution shall be as provided in the Shareholders' Agreement.
6. In addition to and after payment of the Preference Dividend, each Creation Preference Share (on an As Converted Basis) would be entitled to participate *pari passu* in any dividend paid to the holders of Equity Shares.

B. As to Conversion

1. Subject to the adjustment(s) to the conversion ratio as provided in the Shareholders' Agreement including as provided in Schedule 11 of the Shareholders' Agreement, each Creation Preference Share shall at the option of Creation be converted into one (1) Equity Share without any additional payment for such conversion.
2. The right to convert Creation Preference Shares shall be exercisable by the holder thereof at any time during the Conversion Period by delivering to the Company a notice in writing ("**Conversion Notice**") of its desire to convert any such preference shares, provided that such notice shall specify the number of preference shares that the holder desires to convert. Subject to the Conversion Period, Creation Preference Shares shall automatically be converted into Equity Shares in accordance with this **SCHEDULE** immediately prior to filing of red herring prospectus of the Company relating to the

Qualified IPO or Offer For Sale or commencement of any Insolvency Proceedings in relation to the Company as defined in the Shareholders' Agreement or upon expiry of Conversion Period (the "**Compulsory Conversion Event**"). If within three (3) months of the Compulsory Conversion Event, the Qualified IPO or Offer For Sale or an Act of Insolvency in relation to the Company has not occurred, the Company and the Promoter Group shall ensure that the economic interests and the rights of Creation under the Shareholders' Agreement are preserved in a manner mutually agreeable to the Company, the Promoter Group and Creation.

Conversion of Creation Preference Shares shall be effected within 60 (sixty) Business Days of the Conversion Notice or on the Compulsory Conversion Event, as the case may be ("**Conversion Date**") by the issue and allotment of fully paid Equity Shares to the holder of the relevant Creation Preference Shares.

3. The Company shall pay all expenses arising on the issue of the Equity Shares pursuant to any Conversion including any stamp duty, capital duty or other taxes and levies as applicable to or imposed on the Company.
4. Equity Shares issued and allotted upon Conversion of any Creation Preference Shares will be deemed to be issued and registered as of the Conversion Date, and each holder of any Creation Preference Shares will, with effect from the Conversion Date, be deemed and treated by the Company for all purposes as the holder on record of the relevant number of Equity Shares issued upon Conversion of such Creation Preference Shares. Simultaneously with the issue and allotment of the relevant number of Equity Shares to be issued upon Conversion of any Creation Preference Shares, the Company will register the holder of such Creation Preference Shares as the holder of such relevant Equity Shares in the Company's share register and register of members and will deliver or cause to be delivered a certificate or certificates for such relevant Equity Shares to the holder of such Creation Preference Shares, together with any other Securities, property or cash required to be delivered upon Conversion and such other documents (if any) as may be required by applicable law to effect the issue thereof.
5. Equity Shares issued and allotted upon Conversion of any Creation Preference Shares shall be fully-paid and free of all liens, charges and Encumbrances and will in all respects rank *pari passu* with the Equity Shares in issue on the Conversion Date and shall be freely transferable subject only to restrictions in the Shareholders' Agreement and the Articles of Association.
6. The terms and conditions stated on the share certificates of the Creation Preference Shares shall be included herein by reference.

C. Voting rights

1. Subject to the provisions of the Companies Act and other applicable law, each holder of a Creation Preference Share shall have the same right to attend and vote at general meetings of the Company as are available to holders of Equity Shares, determined on an As Converted Basis.

In the event that the voting rights of holders of Creation Preference Shares (as described in Clause 1 above) is or becomes unenforceable under applicable law, then, until the Conversion, the Promoter Group shall vote in accordance with the instructions of Creation at a general meeting of the Company or provide proxies without instructions to the Creation for general meetings of the Company, to the extent of the percentage of Equity Shares that Creation would have held had Creation elected to convert the Creation

Preference Shares into Equity Shares in accordance with terms and subject to the conditions as contained in this Agreement and the Shareholders' Agreement (including for the avoidance of doubt the terms and conditions of the Creation Preference Shares).

SCHEDULE 4

Part A

LIST OF KEY EXECUTIVES

Sl. No:	Name of employee	Employee code/ number	Designation	Date of Joining
1	Sadaf Sayeed	MP10033315	CEO	16-Aug-10
2	Udeesh Ullas	MM10036078	VP	15-Jan-08
3	Subhransu Pattnayak	MP10033582	VP	20-Jul-12
4	Praveen T	MP10035558	AVP	04-Feb-13

Part B

LIST OF DIRECTORS ON THE EXECUTION DATE AND FIRST TRANCHE
COMPLETION DATE (BEFORE THE APPOINTMENT OF CREATION DIRECTOR)

Sl. No:	Name of directors	DIN	Designation	Date of Joining
1	George Lamannil	03500455	Director (Non-Executive)	September 09, 2013
2	Keyur Shah	07479107	Additional Director (Non-Executive)	December 01, 2016
3	Thomas Muthoot John	07557585	Additional Director (Non-Executive)	December 01, 2016
4	Sabu Zacharias Kuncheria	06694766	Independent Director	September 09, 2013
5	Maneesh Srivastava	06695135	Independent Director	September 09, 2013

SCHEDULE 5

WARRANTIES

Subject to the disclosures made against the specific Warranties in the Disclosure Letter, the Warrantors, hereby jointly and severally represent and warrant to Creation as at the Execution Date and the First Tranche Completion Date that the Warranties are true and correct in all respects subject to any matters disclosed in the Disclosure Letter, but are otherwise subject to no other qualification whatsoever. In this Schedule, capitalised terms have the meanings set forth in the Agreement.

For the purposes of this **Schedule 5** "Ordinary Course of Business" means an action taken in the ordinary course of the Company's normal day-to-day operations, in accordance with sound and prudent business practices and consistent with past practice and existing policies.

1. Existence and Ability

- 1.1 The Company is duly organized and validly existing under the laws of India. Each of the Promoters (other than MFL), are individuals of majority age and competent to contract under applicable law.
- 1.2 The business of the Company is the business of micro finance in the form of joint liability lending registered as an NBFC-MFI with the RBI.
- 1.3 The Company has the corporate power and authority to carry on the Business.
- 1.4 The Company has all approvals required under applicable law to carry on the Business as now conducted and is duly qualified to do businesses in the jurisdiction where it operates.
- 1.5 Neither the Company nor any of the Promoter Group is subject to any applicable bankruptcy, insolvency, re-organisation, moratorium or similar laws affecting creditors' rights generally and no steps have been taken to appoint a receiver, administrator or liquidator, or other similar proceeding, in respect of the Company or any of its Assets, nor has any petition been served for the winding up of the Company.
- 1.6 100% (one hundred percent) foreign direct investment is permitted in the Company and the Business under the automatic route and the investment by Creation in accordance with the Transaction Documents is in compliance with all applicable law pertaining to foreign investment and the Company does not undertake any activity which would result in Creation and / or the Company being in violation of applicable foreign investment laws and regulations.
- 1.7 There are no approvals which the Company would be required to obtain any consent / no-objection from any relevant authority for to the issue and allotment of the Creation Subscription Shares and Creation Second Tranche Preference Shares, and for the issue and allotment or transfer (as the case may be) of Creation Additional Shares.

1.8 The subscription to the Creation Subscription Shares by Creation in accordance with this Agreement, subscription to the Creation Second Tranche Preference Shares in accordance with this Agreement, and the subscription or transfer (as the case may be) under the Shareholders' Agreement will not result in: (i) breach of any agreement by the Company and / or the Promoter Group, including but not limited to, any outstanding securities, debentures, warrants, options, instruments, rights to subscribe, commitments, agreements, understandings or arrangements of any nature whatsoever, issued or entered into by the Company or the Promoter Group, or binding upon the Company or the Promoter Group, that can be converted into or exchanged for Securities of the Company or which entitle, or may entitle any Person to subscribe to or receive any part of the Securities of the Company, at present or at a later date; (ii) the modification, cancellation or revocation of any approvals, necessary for the operations of the Company's activities or the modification, cancellation or revocation of any subsidy or other assistance granted by public or quasi-public authorities, if any.

2. **Subsidiaries and Partnerships**

2.1 The Company does not have any subsidiaries nor does it have any investment or own or control, directly or indirectly, any interest in any other company, partnership, trust, joint venture (whether incorporated or otherwise) or other entity.

3. **Authority**

3.1 The execution, delivery and performance by the Company and MFL of this Agreement and the transactions contemplated herein (a) have been duly authorised by all necessary corporate actions; (b) do not violate, conflict with or result in any breach, default or contravention of (or with due notice or lapse of time or both would result in any breach, default or contravention of), or the creation of any Encumbrance under, any contractual obligation of the Company or MFL, or any requirement of law applicable to the Company or MFL; (c) do not breach or constitute a default under the Charter Documents of the Company or the charter documents of MFL; and (d) do not violate any orders against, or binding upon the Company or MFL.

3.2 Other than as specifically set out in this Agreement, no approval, consent, compliance, exemption, authorisation, no-objection, registration, declaration or other action by, or notice to, or filing with, any relevant authority or any other person, and no lapse of a waiting period under any requirement of applicable law, is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Company or the Promoter Group of this Agreement or the transactions contemplated therein including for:

- (a) the allotment of the Creation Subscription Shares;
- (b) allotment of Creation Second Tranche Preference Shares;
- (c) allotment or transfer (as the case may be) of the Creation Additional Shares;
- (d) the alteration and modification of the Charter Documents of the Company; and
- (e) any dilution in the shareholding of the Promoter Group in the Company.

3.3 This Agreement, once duly executed and delivered by the Company and the Promoter

Group, shall constitute the legal, valid and binding obligations of the Company and the Promoter Group, enforceable against the Company and the Promoter Group in accordance with its terms.

4. **No Breach**

4.1 The execution and delivery by the Company and the Promoter Group of this Agreement and the performance by the Company and the Promoter Group of its / their obligations under this Agreement do not and will not:

4.1.1 constitute a breach or constitute a default under the Charter Documents of the Company or the charter documents of MFL;

4.1.2 result in a breach of, or constitute a default under, conflict with or result in termination of or give rise to a right of any Person to terminate, any contract to which the Company or the Promoter Group is a party or by which it is bound and does not impair the ability of the Company and the Promoter Group to consummate the transactions contemplated herein or result in the creation of any Encumbrance under, any agreement, license or other instrument, or result in a violation or breach of or default under any applicable law;

4.1.3 result in a default under or cancellation or revocation of any approvals required by the Company under applicable law for the conduct of any part of its Business;

4.1.4 result in a violation or breach of or default under any applicable law.

5. **Corporate Matters and Shareholding**

5.1 The particulars of the share capital, and the other particulars of the Company, set forth in this Agreement are true, complete and correct as of the date hereof.

5.2 The authorized share capital of the Company is Rs. 2,000,000,000/- (Rupees Two Billion) consisting 15,000,000 (Fifteen Million) Equity Shares of INR 10/- (Indian Rupees Ten) each and 5,00,00,000 (Fifty Million) compulsorily convertible preference shares of INR 10 (Indian Rupees Ten) each.

5.3 There are no outstanding securities, warrants, options, instruments, rights to subscribe, commitments, conversion privileges, agreements, understandings or arrangements, of any nature whatsoever issued or entered into by or binding upon the Company that can be converted into or exchanged for Equity Shares or which entitle or may entitle any person to subscribe to or receive any Equity Shares at present or at a later date or which require or may require the Company to issue any Equity Shares or any securities or rights convertible into or exchangeable for Equity Shares or warrants or rights to purchase or acquire any Equity Shares.

5.4 There are no Encumbrances, outstanding options, warrants, rights (including conversion or pre-emption rights) or agreements or understanding (whether or not such agreements or understanding is absolute, revocable, contingent, conditional, oral, written, binding or otherwise) for the subscription from the Company of any shares of the Company or any

securities convertible into or ultimately exchangeable or exercisable for Securities of the Company, including voting agreements.

- 5.5 The Creation Subscription Shares and Creation Second Tranche Preference Shares at the time of issue and allotment to Creation, will be validly issued and fully paid up at the time of such issue, and the Creation Additional Shares at the time of issue and allotment or transfer (as the case may be) to Creation will be validly issued and fully paid up at the time of such issue. Upon the issue or transfer (as the case may be) of such shares to Creation, Creation will receive marketable title to, and sole legal and beneficial ownership, free of any Encumbrance of, the Creation Subscription Shares, Creation Second Tranche Preference Shares, and the Creation Additional Shares subject to any restrictions on transfer in terms of the Shareholders' Agreement.
- 5.6 All the Securities that have been issued by the Company has been duly authorised, validly issued and fully paid and all such issue is in accordance with the Charter Documents and the provisions of the Companies Act, or the Companies Act, 1956, as may be applicable.
- 5.7 There are no monies that have been received by the Company from any Person as share application money which is pending allotment.
- 5.8 Any amounts that may become due on the Company by way of penalties at a future date in relation to any unpaid statutory dues in relation to such Securities shall be borne by the Promoter Group and not the Company.
- 5.9 No voting or similar agreements or any Encumbrances exist in relation to the Company's Securities which are presently outstanding.
- 5.10 All accounts, rolls, musters, statutory books, ledgers, statutory registers, minutes books, attendance register, register of members and other registers and records in relation to the Business and affairs of the Company of whatsoever kind, required to be maintained under applicable law, have been fully, duly and accurately kept, completed, maintained and complied with in all respects in accordance with applicable law and the minute books of the Company contain accurate records of all resolutions passed by the Board (or any committee thereof) and the Shareholders of the Company.
- 5.11 The Company has duly filed all forms and returns with the jurisdictional Registrar of Companies, Reserve Bank of India and other concerned authorities, and have submitted all requisite application and documents (without any misrepresentations) which are required to be made under applicable law.
- 5.12 There are no outstanding powers of attorney given by the Company to any Person.
- 5.13 The Company has made all necessary appointments in compliance with applicable law, required to be made by it in terms of the provisions of the Companies Act as applicable to public unlisted companies, including but not limited to key managerial personnel, independent directors and internal auditors.
- 5.14 The Company has not declared any dividend or made any distribution to its Shareholders

- since the Accounts Date. All dividends declared and paid by the Company prior to the Accounts Date had been recommended, declared and paid in compliance with applicable law.
- 5.15 All corporate resolutions passed by the Company including but not limited to resolutions authorizing the Company to enter into this Agreement, have been duly passed at a quorate meeting, which were duly convened and held as required under applicable law. Further, such resolutions have not been rescinded or modified and all such resolutions remain in full force and effect, and no other resolution or other action has been taken which may affect the validity of such resolutions.
6. **Assets**
- 6.1 The Company owns, or otherwise has full, exclusive, sufficient and legally enforceable rights to use, all of the movable, immovable, tangible or intangible assets or held for use in connection with, or necessary for the conduct of, or otherwise material to, the Business (“Assets”).
- 6.2 The Company does not own any real property. The immovable property (leased or otherwise) is adequate for the conduct of the Business as presently conducted.
- 6.3 The Disclosure Letter contains a list of all leased and licensed immovable property of the Company. The Company has good, valid and marketable title to, or in the case of leased or licensed property have good and valid leasehold or licensed interests in, all Assets, in each case free and clear of any Encumbrances.
- 6.4 The Company has maintained all tangible Assets in good working and operating condition subject only to ordinary wear and tear, and all such tangible Assets are fully adequate and suitable for the purposes for which they are presently being used.
- 6.5 The Company is in compliance with and is not in breach of any of the leases, licenses, or other documents governing the right of the Company to use or occupy any of its Assets.
- 6.6 Each lease grants the Company the exclusive right to use and occupy the premises and rights demised and intended to be demised there under. The Company enjoys peaceful and undisturbed possession under each lease or license for each parcel of leased property.
- 6.7 The Company has paid applicable stamp duties and other statutory dues on all leases entered into by it.
- 6.8 The Company is not the guarantor of or a surety for any other Person's liability (contingent or otherwise) for any obligations under any lease or tenancy or under any agreement relating to the assignment of any lease or tenancy of any immovable property.
- 6.9 Other than as set out in the Accounts or other than in the Ordinary Course of Business of the Company, neither the Company nor its Affiliate has entered into any agreement / understanding with any third party in respect to which the Company has incurred a liability which has accrued on the Company and is outstanding.

- 6.10 All agreements entered into by the Company in respect of Assets owned or used by the Company respectively have been adequately stamped and registered (as applicable) in accordance with applicable law.
- 6.11 There are no disputes, litigation, investigations, in respect of the Assets owned / occupied by the Company. The Company has not received any notices from any person, institution, banks or statutory authorities which are likely to affect the title of the Company occupation by the Company, to the Assets owned / occupied by the Company.
- 6.12 Other than as set out in the Accounts or other than in the Ordinary Course of Business, there are no claims or charges whatsoever either for contribution, compensation, payment of property tax or otherwise outstanding and payable to the relevant authority or any local body or private body, authority or person in respect of the Assets of the Company.
- 6.13 No act (of commission or omission), deed or thing has been done which is likely to curtail, restrict or prejudice the rights of the Company to convey or prevent the Company from conveying the Assets owned by it or any part thereof to any Person;

7. **Intellectual Property Rights**

- 7.1 The Company is entitled to conduct Business in the name and style currently being used by it, and has the absolute right, title and interest in the corporate names, trade names and logos, in the form and style as it is presently using without any conflict with or infringement of the rights of others.
- 7.2 The Company is the owner its trademark and tradename and logo.
- 7.3 There has been no infringement of any third party intellectual property rights by the Company and the Company and the Promoter Group are not aware of any infringement of the Company's intellectual property rights by third parties on which the Company has not instituted an Action.
- 7.4 The Company has valid and subsisting licenses in respect of all software that is being used by it.
- 7.5 The Company has not received notice of any infringement by it of any intellectual property of any third party and none of the Company's business activities infringe the intellectual property of any third party.
- 7.6 The Company has not granted, and there are no agreements pursuant to which the Company will grant in future, licenses or agreements of any kind relating to any intellectual property, nor is the Company bound by or a party to an agreement pursuant to which the Company will grant in future, license or agreement of any kind with respect to any of the intellectual property used by the Company in the conduct of its Business. The Company is not obligated to pay any royalties or other payments to third parties for use of any the intellectual property or any other property or rights.
- 7.7 All Persons who are or have been engaged by the Company, whether as a consultant or an

employee, in relation to any of its products or software have either assigned all rights they may have in relation to such products and/or software to the Company or are engaged under contracts which require them to transfer any intellectual property developed (whether inside or outside the course of their employment) to the Company and none of the processes, products or activities of the Company give rise to a liability to pay compensation or fees of any sort to persons who are or have been engaged by the Company, whether as a consultant or an employee.

7.8 Every agreement entered into by the Company for the assignment, licensing or granting of use to the Company, of any of its intellectual property contains adequate provisions to safeguard the right of the Company to own and exploit the intellectual property that are the subject matter of such agreement.

7.9 All know-how owned, used or exploited by the Company is, recorded in writing and has been kept secret and confidential and has not been disclosed to third parties.

8. **Contracts**

8.1 The Company and the Promoter Group are not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any contract, agreement, licenses, engagements, leases, financial instruments, purchase orders, work orders, commitments and other contractual arrangements relating to the Business of the Company, with a value in excess of INR 25,00,000 (Indian Rupees Two Million Five Hundred Thousand) ("**Contracts**") to which it is / they are a party.

8.2 Each Contract entered into by the Company has been duly authorised, executed and delivered by the Company and constitutes its valid and binding obligation in terms thereof, enforceable against each party thereto in accordance with its terms.

8.3 All Contracts entered into by the Company have been adequately stamped and registered (as applicable) in accordance with applicable law.

8.4 There are no agreements or understandings to which the Company and the Promoter Group are a party to or are bound by, which (i) grants management, operational, restitution or voting rights in the Company (ii) is a non-competition or non-solicitation contract restricting in any way the business activities of the Company; (iii) provides for the sharing of the revenue or profits of the Company with any third party; (iv) is a contract with any person other than the Company relating to the use of the material Assets of the Company.

8.5 The Company has not, nor have the Promoter Group (so far as it relates to the Business of the Company) been a party to any agreement, arrangement or practice which in whole or in part contravenes or is invalidated by applicable law, including any foreign investment laws, restrictive trade practices, fair trade, consumer protection or similar laws or regulations or regulations in any jurisdiction or in respect of which any filing, registration or notification is required pursuant to such applicable laws or regulations (whether or not the same has in fact been made).

- 8.6 The Company has not entered into any related party transactions other than those disclosed in its financial statements. All related party transactions are on terms and conditions as favorable to the Company, as would have been obtainable by it at the time in a comparable arm's length basis with an unrelated party. All related party transactions have been duly authorised by all corporate actions on the part of the parties thereto and were made in compliance with applicable law.
- 8.7 The Company, and the Promoter Group (so far as it relates to the Business of the Company) have not entered into any joint operating agreements and any joint venture, collaboration, consortium, agency, distribution, profit sharing agreement or arrangement or production sharing agreement.
- 8.8 No member of the Promoter Group has entered into any contract or arrangement on behalf of the Company.
- 8.9 The Company and the Promoter Group are not parties to any Contract, arrangement or understanding, with any current or former employee, current or former Director or any current or former consultant of the Company, or in which any such Person as aforesaid is interested (whether directly or indirectly) which contracts do not relate to employment with the Company, nor are any such contracts, arrangements or understanding outstanding or in force.
- 8.10 There are no outstanding loans made by the Company or the Promoter Group or, to the Company or the Promoter Group by, any Director or officer of the Company.
- 8.11 There are no special arrangements/ agreements entered into by the Company, and the Promoter Group (so far as it relates to the Business of the Company) with any specific vendor, partner or agent which are not at arm's length.
- 8.12 The Company and the Promoter Group have not entered into any Contract (whether in writing, orally or by conduct) which gives rise to obligations or liabilities which are not in the Ordinary Course of Business.
- 8.13 Neither the Company nor the Promoter Group have any knowledge of the invalidity of, or a ground for termination, avoidance or repudiation of any Contract to which the Company is a party. The Company and the Promoter Group have not received any notice from any party with whom it has entered into any Contract of such party's intention to terminate, repudiate or disclaim such Contract.
- 8.14 Neither the Promoter Group, nor their Affiliates has any direct or indirect ownership in any Person with which the Company has a business relationship or any Person that competes with the Company.
9. **Taxation**
- 10.1 The Company has accurately and in a timely manner:

- (a) paid all Tax dues as per the returns filed by it or pursuant to any assessment made by the tax authorities;
 - (b) have paid and labour and which have been incurred or are due and payable by the Company;
 - (c) filed with the appropriate government authorities all Tax returns and reports which are required to be filed by it in accordance with applicable law including but not limited to direct taxes and service tax.
- 10.2 The Company has withheld all applicable Taxes required to be withheld under applicable law and has made payment of such Taxes to the relevant authority within the respective due dates, with respect to its employees and all other third parties. The Company has not become liable to pay any fine, penalty, surcharge or interest in relation to the aforesaid Taxes, which remains outstanding.
- 10.3 There have been no investigations of any Tax returns or reports by any relevant authority.
- 10.4 Since the Accounts Date, the Company has not incurred any Taxes, assessments or governmental charges which remains outstanding.
- 10.5 No deficiencies for applicable Taxes have been claimed, proposed, or assessed or made known to the Company in writing by any taxing or other relevant authority and there are no circumstances, whether pending or threatened in writing which may result in a claim against the Company for any applicable Tax, which is not provided for in the financial statements of the Company.
- 10.6 There are no outstanding claims concerning any liability for payment of Taxes of the Company asserted, raised or threatened by any relevant authority, in particular in relation to:
- (i) any adjustment to the taxable income of the Company;
 - (ii) in respect of or arising from any transaction effected or deemed to have been effected;
 - (iii) by reference to any profits or income earned, accrued or received.
- 10.7 No notice has been received from any tax authority claiming any Encumbrances for Taxes on the assets of the Company.
- 10.8 There is no dispute or claim concerning any Tax liability of the Company that has been claimed or raised by any authority in writing. The relief (whether by way of deduction, reduction, set-off, exemption, postponement, roll-over, hand-over, repayment or allowance or otherwise) for any deduction has been duly claimed and obtained and all the facts, circumstances and information supplied to any tax authority in connection with this relief or deduction is fully and accurately disclosed for the purpose of claiming or obtaining of such relief for any deduction. No relief (whether by way of deduction, reduction, set-off, exemption, postponement, roll-over, hold-over, repayment or allowance or otherwise) from, against or in respect of any Tax has been claimed or given to the Company which could or might be effectively withdrawn, postponed, restricted,

clawed back or otherwise be lost as a result of the transactions contemplated by the Agreement.

10.9 With respect to all Tax returns filed by the Company: (i) there is no notice to the Company of unassessed Tax; and (ii) no extension of time is in force with respect to any date on which any return for Taxes was or is to be filed and no waiver or agreement is in force for the extension of time for the assessment or payment of any Tax.

10.10 All records which the Company is required to keep for Tax purposes under applicable law or which would be needed to substantiate any claim made or position taken in relation to Tax by the Company, have been duly kept and are available for inspection at the Company's premises.

10.11 All notices, computations and returns which ought to have been given or made, have been duly submitted by the Company to the relevant tax authorities and all information, notices, computations and returns submitted to such authorities are true, accurate and complete and are not the subject of any dispute with such authorities.

11. **Loans and Encumbrances**

11.1 Except as disclosed in the Disclosure Letter, the Company has not availed of any loan / borrowing or financial assistance, which is presently valid and in force, including any loans from the Promoter Group and all loans which have been availed and repaid by the Company till date have been repaid completely and no amount (including any interest, penalty, further interest etc.) is due in this regard and the creditors do not have any claim against the Company in relation to such loans or repayment.

11.2 Except as disclosed in the Disclosure Letter, no charges, Encumbrances or other security interests have been created by the Company in favour of any Person as security for any loan, borrowing or other financial assistance availed by the Company.

11.3 The Company has not granted any loans or advances in any form whatsoever to any person, including the Promoter Group, Directors, employees or shareholders of the Company.

11.4 No guarantees have been furnished by the Company guaranteeing performance by any other person of any obligation.

11.5 Save as provided hereunder, the consummation of the transaction proposed in this Agreement does not require the prior consent of any Person under any financing or security or similar document:

- (a) Agreement with IDBI bank for loan and hypothecation of receivables dated January 20, 2016;
- (b) Agreement with the State Bank of India dated September 9, 2015;
- (c) Credit facility agreement with Axis Bank, dated March 16, 2016; and
- (d) Credit facility agreement with the South Indian Bank Limited, dated August 14,

2015.

11.6 No creditor of the Company has any voting rights in any matters voted upon by the holders of the Equity Shares.

12. **Financial Matters**

12.1 The financial statements of the Company have been prepared from the relevant books and records relating to its business and are in accordance with GAAP.

12.2 The financial statements of the Company, as of March 31, 2016, are true and correct and fair presentation of the financial condition and affairs of the Company.

12.3 Since the Accounts Date and other than as specified in the Disclosure Letter, the Company has not:

- (i) incurred any liability or obligation of any nature (whether accrued, absolute, contingent whether by way of guarantee, indemnity, warranty or other outstanding amounts due and payable by the Company or otherwise) in excess of INR 25,00,000 (Indian Rupees Two Million Five Hundred Thousand);
- (ii) permitted any of its Assets to be subjected to any mortgage, pledge, lien, security interest, Encumbrance, restriction or charge of any kind;
- (iii) sold, transferred or otherwise disposed of any Assets (including proprietary assets or other intangible assets);
- (iv) made any capital expenditure or commitment therefore;
- (v) declared or paid any dividends or made any distribution on any Securities, or redeemed, purchased or otherwise acquired any Securities or created any option, warrant or other right to purchase or acquire any such Securities;
- (vi) made any bonus or profit sharing distribution or payment of any kind, other than in the Ordinary Course of Business of the Company;
- (vii) increased or prepaid its indebtedness for borrowed money, or made any loan to any Person except in the Ordinary Course of Business;
- (viii) written off as un-collectible any debt, notes or accounts receivable;
- (ix) cancelled or waived any claims or rights of substantial value;
- (x) made any change in any method of accounting or auditing practice;

- (xi) renewed, extended or modified any lease of real property or any lease of personal property, on terms substantially different from the terms of such leases existing as on the Accounts Date;
- (xii) agreed, whether or not in writing, to do any of the foregoing, and
- (xiii) there has been no Material Adverse Effect.

13. **Compliance with Laws**

- 13.1 The Company is in compliance with applicable law and has not been in conflict with or in violation or breach of or default under (and there exists no event that, with notice or passage of time or both, would constitute a conflict, violation, breach or default with, or under) (i) any applicable law (ii) any provision of its constitutional documents, or (iii) any Contract, or any other agreement or instrument to which they are party, and (iv) the Company has not received any notice or has knowledge of any claim alleging any such conflict, violation, breach or default in respect of (i),(ii) and (iii) above.
- 13.2 The Company and Promoter Group have not committed any criminal or unlawful act involving dishonesty, and neither the Company, the Promoter Group, Directors, is in any breach of trust; or any breach of contract or statutory duty or any tortious act which will entitle any third party to terminate any material contract to which the Company and/ or the Promoter Group are a party or which could have a Material Adverse Effect on the Company.
- 13.3 There is no action or claim pending or threatened in writing to revoke, suspend, modify or terminate statutory approvals obtained by the Company, or to declare any of them invalid in any respect and the Company or for any breach or violation or non-compliance of applicable law.
- 13.4 All approvals, exemptions and waivers necessary or required for the issuance of the Creation Subscription Shares and Creation Second Tranche Preference Shares and the issue or transfer (as the case may be) of Creation Additional Shares would have been obtained and would remain in full force and effect till such issuance/transfer.
- 13.5 The Company and the Promoter Group are not in breach of or in default of any terms under any statutory approvals nor are the Company and the Promoter Group aware of any event or circumstance which exists as on date under which any of those statutory approvals are likely to be revoked, terminated or cancelled or (where applicable) not renewed in the Ordinary Course of Business.

14. **Litigation**

- 14.1 Except as disclosed in the Disclosure Letter, there is no action, suit, proceeding, claim, arbitration or investigation (“**Action**”) pending or currently threatened in writing against the Company, their activities, properties or Assets or, against any officer, Director or employee of the Company in connection with such officer’s, Director’s or employee’s

relationship with, or actions taken on behalf of the Company.

- 14.2 The Company has not received any notice or other communication (official or otherwise) from any court, tribunal, arbitrator, governmental authority or regulatory body with respect to an alleged or actual violation or failure to materially comply with any applicable law.
- 14.3 The Company and the Promoter Group are not a party to, or subject to the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality that, individually or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect on the Company or that seek to prevent, restrict or delay consummation of the transactions contemplated by the Agreement.
- 14.4 The Company or the Promoter Group has not received any show-cause notices or legal notices from any party that, individually or in the aggregate, could be expected to have a Material Adverse Effect on the Company or that seek to prevent, restrict or delay consummation of the transactions contemplated by the Agreement.
- 14.5 No officer, Director or other employee of the Company or the Promoter Group is or has at any time committed any economic offense or been convicted of any criminal offense, or been in violation of any applicable law in connection with such officer's, Director's or employee's relationship with, or actions taken on behalf of the Company.
- 14.6 Except as set out in the Disclosure Letter there are no contractual or tortious or any other actions suit, claims, proceedings or investigations instituted by the Company and Promoter Group and neither the Company nor the Promoter Group have issued any notice of any claim (including claims for breach or alleged breach of restrictive covenants or defamation), proceedings or investigations.
- 14.7 There are no actions, suits, claims, proceedings or investigations threatened against or by the Company against any third party at law, in equity or otherwise, and whether civil or criminal in nature in, before, or by, any court, commission, arbitrator or governmental authority could be expected to have a Material Adverse Effect on the Company or that seek to prevent, restrict or delay consummation of the transactions contemplated by the Agreement; and there are no outstanding judgments, decrees or orders of any such court, commission, arbitrator or governmental authority, that, in the case of any of the above, individually or in the aggregate, could be expected to have a Material Adverse Effect on the Company or that seek to prevent, restrict or delay consummation of the transactions contemplated by the Agreement.
15. **Directors and Employees**
- 15.1 There are no deferred compensation agreements, incentive plans, profit sharing plans, retirement agreements or other employee compensation agreements entered into by the Company, other than as required under applicable law.
- 15.2 All the Directors have been duly appointed in accordance with applicable law and all requisite filings have been made.

- 15.3 None of the Directors of the Company have any service agreements with the Company and none of Directors nominated by the Promoter Group have represented themselves as holding any other position in the Company to any Person (including government authorities).
- 15.4 There are no trusts, foundations, etc. established by the Company in which the Directors of the Company have an interest.
- 15.5 No proceedings are pending against the Company in respect of any of its employees or Directors, including pursuant to termination of services.
- 15.6 There are no pending claims for unpaid wages or payment of minimum wages due and payable by against the Company.
- 15.7 No Director of the Company is or has been declared blacklisted by or is in the defaulter's list of any bank in India.
- 15.8 The Company has: (i) discharged or adequately provided for in all respects its obligations to pay all salaries, wages, commissions, gratuity payments, provident fund payments, bonuses, overtime pay, holiday pay, sick pay, leave encashment and other benefits of or connected with employment up to the date of this Agreement; and (ii) made all statutory contributions in respect of or on behalf of all of its employees in accordance with applicable law.
- 15.9 The Company has not been engaged in any unfair labor practice. There is: (i) no labor dispute or unfair labor practice complaint subject to any grievance procedure, arbitration or litigation, or any representation petition pending or threatened with respect to any employee of the Company; (ii) no strike, labor dispute, slowdown or stoppage pending or threatened against the Company and (iii) no claim from any person who was employed by the Company prior to the acquisition of the Company by the Promoters. The Company has complied in all respects with all applicable law relating to the employment of labor, its relations with its employees and the conditions of service of such employees, and has maintained adequate and suitable records regarding the service of its employees.
- 15.10 The Company does not have any outstanding liability to any of its employees in respect of any accident or injury which is not fully covered by insurance.
- 15.11 None of the Key Executives, who are named in Schedule 4 of this Agreement has communicated to the Company in writing his / her intention to terminate his/her employment with the Company.
- 15.12 Except as set forth in the Disclosure Letter, there are no employee stock option schemes/plans.
- 15.13 The Company has paid minimum wages to its employees in accordance the Minimum Wages Act, 1948.

15.14 The Company has complied with its obligations under relevant labour legislations including but not limited to the Payment of Gratuity Act, 1972, state specific Labour Welfare Fund Acts, Tax On Professions, Trades, Callings And Employment Acts and Shops and Establishments Acts.

16. **Business Practices**

16.1 The Company has obtained the insurance policies set out in **Annex 9** of the Disclosure Letter. These policies insure the Company against such losses and risks and in such amounts as is customary in the Business in which it is engaged and complies with obligations under any Contracts entered into by it. All insurance policies maintained at present by or on behalf of the Company are in full force and effect, and all premiums due thereon have been paid. The Company has complied in all respects with the terms and provisions of such policies.

16.2 The Company and the Promoter Group have complied with all applicable law dealing with improper or illegal payments, gifts or gratuities, and have not paid, promised to pay or authorized the payment of money or anything of value, directly or indirectly, to any person (whether a government official or private individual) for the purpose of illegally inducing any governmental official or any political party or official thereof or any candidate for political office to take action favorable to the Company.

16.3 The Company, its employees, agents and their consultants and each other person acting for, or on behalf of, the Company and the Promoter Group has complied with the UKBA, FCPA, PCA and all other applicable laws regarding illegal payments and gratuities (collectively with the UKBA, PCA and the FCPA, the "**Improper Payment Laws**"). The Promoter Group and/or the Company, are not under investigation with respect to and have not been given notice of, any violation of any Improper Payment Laws applicable to the Business of the Company, as presently conducted or as has been conducted. Neither the Company nor any officer, executive Director, agent or employee, acting on behalf of the Company or any other related party and the Promoter Group has at any time, directly or indirectly:

16.3.1 made, provided or paid any unlawful contributions, gifts, entertainment or other unlawful expenses to any candidate for political office, or failed to disclose fully any such contributions in violation of any applicable laws;

16.3.2 made any payment to any local, state, federal or any other type of governmental officer or official, or other person charged with similar public or quasi-public duties, other than payments required or allowed by applicable law (including, without limitation, the FCPA, as amended);

16.3.3 made any payment to any agent, employee, officer or director of any entity with which the Company or any other related party does business for the purpose of influencing such agent, employee, officer or director to do business with the Company or any related party;

16.3.4 engaged in any transactions, maintained any bank account or used any corporate

funds, except for transactions, bank accounts and funds which have been and are reflected in the normally maintained books and records of the Company and/or any other related party;

16.3.5 violated any provision of the FCPA, as amended;

16.3.6 violated any provision of the UKBA, as amended;

16.3.7 violated any provision of PCA, as amended; or

16.3.8 made any payment in the nature of criminal bribery or any other unlawful payment.

17. **Information**

17.1 All signatures and stamp impressions on the copies of all executed documents provided by the Company are genuine.

17.2 Copies of the Charter Documents provided by the Company are complete and up-to-date and that there have been no further amendments to the Charter Documents of the Company after November 16, 2016.

17.3 All the information contained in the Agreement and provided to Creation during the due diligence is true, complete and accurate. With respect to information provided to Creation during the due diligence, there are no facts relating to the affairs of the Company which have been knowingly withheld from Creation, which if disclosed, may have materially influenced the decision of Creation to invest in the Company on the terms contained in this Agreement.

SCHEDULE 6

COUNSEL OPINION

Local Law Legal Opinion as on the First Tranche Completion Date

(On the letter head of the legal counsel)

Date: December , 2016

To,

CREATION INVESTMENTS INDIA LLC
2711 Centerville Road, Suite 400 Wilmington,
DE 19808

Dear Sirs,

Re: Legal Opinion pursuant to Share Subscription Agreement dated ●, 2016 (hereinafter referred to as “SSA”) and Shareholders’ Agreement dated ●, 2016 (hereinafter referred to as “SHA”), both SSA and SHA being executed by and amongst Muthoot Microfin Limited (the “Company”), Muthoot Fincorp Limited, Mr. Thomas Muthoot, Mr. Thomas George Muthoot, Mr. Thomas John Muthoot, Ms. Nina George, Ms. Preethi John and Ms. Remy Thomas (“Promoter Group”), Creation Investments India LLC (“Creation”).

I am acting as the legal advisor to Promoter Group and the Company in respect of general compliance with laws and rules related to corporate affairs and regulations and guidelines related to non-banking financial services activity. I have perused the Transaction Documents (SSA and SHA) and in particular the Representations and Warranties in relation to the issue and allotment of the Creation Subscription Shares under the SSA and Creation Second Tranche Preference Shares and Creation Additional Shares under the SHA.

This opinion is rendered to you pursuant to the requirement under the SSA.

All capitalized terms used but not defined herein have the meanings assigned to them in the SSA and SHA, as the case may be.

A. Opinion

Based on my review of (i) the Transaction Documents, namely, the SSA and SHA, (ii) certified true copies of the Charter Documents, and (iii) certified true copies of all the documents in relation to completion of the First Closing under the SSA, I am of the following opinion:

1. The Company is a non-deposit taking Non-Banking Finance Company and is registered as such with the Reserve Bank of India. The Company is duly organized and validly existing under the laws of India and has the corporate power and authority to own its property and assets and to conduct the business which it conducts and/or proposes to conduct.
2. The Company has the corporate power and authority to execute, deliver and perform its obligations under each of the Transaction Documents and under its Charter Documents and has taken all corporate action to authorize its execution,

delivery and performance of each of the Transaction Documents. The Company has duly executed and delivered each of the Transaction Documents.

3. The Promoter Group are persons competent to contract under the applicable laws.
4. All approvals and all actions under the laws of India, which are necessary or advisable for the: (a) authorization, execution, delivery, performance and observance by the Company and the Promoter Group of the Transaction Documents; and (b) validity, binding effect, enforceability and admissibility in evidence of the Transaction Documents have been obtained and are in full force and effect, or have been taken, as the case may be.
5. The execution, delivery and performance by the Company and the Promoter Group of each of the Transaction Documents have been duly authorized by all necessary corporate action (including, as applicable, all necessary shareholders' approval) and each of such documents has been duly executed and delivered by the Company and the Promoter Group. Each of the Transaction Documents constitutes the valid and binding obligation of the Company and the Promoter Group, enforceable against the Company and the Promoter Group in accordance with its terms.
6. The execution and delivery of each of the Transaction Documents by the Company and the Promoter Group and the performance of their obligations thereunder do not and will not conflict with or result in any breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien upon any of their property or assets pursuant to the terms of, the Charter Documents, or any agreement to which they are a party, nor will such execution, delivery and performance conflict with or violate any Indian applicable law, rule, regulation or order of any court or administrative authority.
7. All required amendments to the Charter Document including the entrenchment provisions have been duly adopted by all necessary corporate actions on the part of the Company and its Shareholders and shall be enforceable in accordance with applicable law.
8. The authorized share capital of the Company, prior to the consummation of the First Closing of the issuance of the Creation Subscription Shares by the Company, consists of 15,00,00,000 (Fifteen Crores) Equity Shares of Rs. 10/- (Rupees Ten) each and 5,00,00,000 (Five Crores) Compulsorily Convertible Preference Shares of Rs.10/- (Rupees Ten) and is sufficient for Creation Subscription Shares under the SSA and Creation Second Tranche Preference Shares and Creation Additional Shares under the SHA.
9. The Creation Subscription Shares have been duly authorized for issuance by all necessary corporate action on the part of the Company and all necessary action on the part of the Company's shareholders. The Creation Subscription Shares under the SSA and Creation Second Tranche Preference Shares and Creation Additional Shares under the SHA upon issuance in accordance with the terms of the SSA and SHA, as the case may be, will be duly and validly issued free of any lien or Encumbrance, fully paid and non-assessable and Creation will receive marketable title to such Creation Subscription Shares under the SSA and Creation Second Tranche Preference Shares and Creation Additional Shares under the SHA.
10. Based on my review of the certified copies of the minutes of the meetings of the

Board and the Shareholders meetings, I understand that corporate resolutions have been properly passed at a quorate meeting, which was duly convened and held as required under applicable laws.

11. The Company and the Promoter Group are subject to civil and commercial law with respect to their respective obligations under the Transaction Documents. The execution, delivery and performance of the Transaction Documents by the Company and the Promoter Group constitute private and commercial activities rather than public or governmental acts. Neither the Company nor the Promoter Group nor any of their property or revenues enjoys any immunity from suit, court jurisdiction, judgment, attachment (whether before or after judgment), set-off or execution of a judgment or from any other legal process or remedy relating to their respective obligations under the Transaction Documents.
12. No litigation, lawsuit, arbitral proceeding, investigation or other legal proceeding is pending or threatened against the Company and / or the Promoter Group or any of their rights or properties which relates to the Company, except as disclosed by the Company.
13. Upon the issuance of duly executed share certificates by the Company to Creation, you shall become members in the Company in accordance with the SSA and SHA, as the case may be, and the Companies Act, 2013. As a member, Creation will not be liable as such for the obligations of the Company except to the extent set forth in the SSA and SHA or as contemplated under the Companies Act, 2013.
14. The issuance of the Creation Subscription Shares under the SSA and Creation Second Tranche Preference Shares and Creation Additional Shares under the SHA and their conversion into Equity Shares in accordance with the SSA and SHA will fall within the automatic route pursuant to the foreign investment laws in India, including the Consolidated FDI Policy (dated June 7, 2016) issued by the Government of India and meets all other conditions for such investment in the Company and the applicable law and consequently such issuance (and their conversion into Equity Shares pursuant to the SSA and SHA) and other transactions contemplated in the SSA and SHA will not require any regulatory approval including the RBI and / or the Government of India.
15. The choice of Indian law to govern the Transaction Documents is valid and will be recognized and given effect by the courts of Mumbai, India.
16. The submission to jurisdiction/arbitration, agreement to suit, and consents and waivers by the Company set forth in the SSA and SHA are valid and binding.
17. The irrevocable submission to arbitration for the resolution of any disputes under the Transaction Documents is legal, valid and binding under Indian law and a court in India would give effect to such submission of jurisdiction in a suit brought in connection with the Transaction Documents.
18. A final judgment of any arbitral body of the Singapore International Arbitration Centre under clause 12.2 of the SSA arising out of or relating to the Transaction Documents could be sued upon in the courts of Mumbai, India as a valid cause of action and, in any such suit, courts of Mumbai, India would grant a judgment which would be enforceable against the Company without any retrial or re-examination of the merits of the original action.

19. A final award in respect of any suit, action or proceeding arising out of or in relation to the obligations of the Company and / or the Promoter Group under the Transaction Documents will be recognized in India, and the courts in India shall give effect to and enforce a judgment or order granting injunctive relief or specific performance, in each case obtained in an arbitration proceeding, subject to the rights available to the Company or the Promoter Group in respect of such award under the applicable provisions of the Arbitration and Conciliation Act, 1996.
20. Appropriate stamp duty has been paid in respect of the execution and delivery of the Transaction Documents to render them admissible in evidence in a court of law in India.
21. Appropriate stamp duty has been paid on the issuance of the Creation Subscription Shares.
22. The (A) terms contained in Transaction Documents; and (B) the incorporation of the terms of the SHA in the Articles on the First Tranche Completion Date, will constitute legally valid and enforceable obligations against the Company and the Promoter Group.
23. Foreign direct investment up to 100% (One Hundred percent) is permitted under the automatic route in the Company. The Company does not undertake any activity which is not under the automatic route or are prohibited pursuant to the foreign investment laws in India, including the Consolidated FDI Policy (dated June 7, 2016) issued by the Government of India or in any way not permitted by the applicable laws including the RBI regulations.

Yours faithfully,

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SCHEDULE 7

LIMITATIONS ON LIABILITY OF MFL, TM, TGM AND TJM

1. **Monetary thresholds**

MFL, TM, TGM and TJM shall not be liable for any single loss, which is less than INR 1,000,000 (Indian Rupees One Million) in value unless such losses reach in aggregate INR 10,000,000 (Indian Rupees Ten Million), in which case MFL, TM, TGM and TJM will be liable to pay the entire amount of loss and not only above the amount of INR 10,000,000 (Indian Rupees Ten Million).

2. Notwithstanding anything to the contrary contained in this Agreement, the aggregate liability of MFL, TM, TGM and TJM in respect of any breach or inaccuracy of the Warranties set out at Clause 8 and Schedule 5, shall not exceed the Aggregate Indemnity Cap.

For the purposes of this paragraph 2, the "Aggregate Indemnity Cap" shall mean (i) until the Second Closing, 100% of the Creation First Tranche Investment Amount; and (ii) following consummation of the Second Closing, 100% of the Creation First Tranche Investment Amount, the Creation Second Tranche Investment Amount and Creation Additional Shares Investment Amount. Creation Additional Shares Investment Amount will only be included if Creation exercises its option to subscribe to Creation Additional Shares.

3. MFL, TM, TGM and TJM shall not be liable for any claim if and to the extent that the fact, matter, event or circumstance giving rise to such Loss is disclosed in the Disclosure Letter or the Accounts.
4. If any claim is based upon a liability which is contingent, then MFL, TM, TGM and TJM shall not be liable to make any payments to Creation in respect of a loss unless and until such contingent liability gives rise to an obligation to make a payment.
5. MFL, TM, TGM and TJM shall not be liable for any loss if and to the extent it is attributable to, or the amount of such claim is increased as a result of, any (a) applicable law not in force on the Execution Date; (b) change of applicable law; (c) change in the rates of any Taxes in force on the Execution Date. or (d) action or omission done by the Company which affect any Warranties on or after the First Tranche Completion Date pursuant to a written approval by Creation at its sole discretion for such action or omission (which shall, for the avoidance of doubt, include the approval by a Creation Director and the approval by Creation conveyed by way of exercise of its voting rights as a Shareholder) ("**Creation Approved Action**"). It is clarified that such action or omission affecting any Warranties should not be any item in the Reserved Matters under Part B of Schedule 4 of the Shareholders' Agreement unless Creation has provided its express written approval to such item.
6. Creation shall not be entitled to recover damages or obtain payment, reimbursement, restitution or indemnity more than once in respect of the same loss.
7. **Third party claims**

- (a) In the event that Creation becomes aware of any matter involving any claim made or any proceeding commenced against MFL, TM, TGM and TJM by any Person

on account of a misrepresentation of a Warranty ("**Third Party Claims**"), and if Creation seeks indemnification under this Agreement in respect of the same, Creation shall be required to notify MFL, TM, TGM and TJM, in writing ("**Third Party Claims Notice**") of any losses for which Creation is asserting a claim under this Agreement. The Third Party Claims Notice shall be accompanied by a complete description of the claim in respect of which indemnification is being sought.

(b) In the event that a Third Party Claims Notice is issued by Creation, MFL, TM, TGM and TJM shall have the right, at its option and cost, to defend such Third Party Claim provided that any such defence or negotiation shall be controlled solely by MFL, TM, TGM and TJM, but in consultation with Creation.

(c) In the event that a Third Party Claim is defended by MFL, TM, TGM and TJM, any order, decree and/or award passed by the court of final determination in respect of such Third Party Claim shall be final and binding on MFL, TM, TGM and TJM and Creation. In the event that Creation is required to make any payment pursuant to such order, decree or award, on the receipt of a copy of such order, decree or award from Creation (and provided the Warrantors have not obtained an injunction or stay on such payment), MFL, TM, TGM and TJM shall, subject to the other limitations set out herein, forthwith pay such amount to the relevant authority or third party, as directed in such order, decree or award provided that in no event Creation is required to make any payment of whatsoever nature. If for reason Creation is required or ordered to make any payment, it will be made by MFL, TM, TGM and TJM and not Creation on failure to make such payment, MFL, TM, TGM and TJM will lose the right to defend.

8. The Parties agree that indemnification under Clause 9 of this Agreement read with Schedule 7 shall be the exclusive remedy of Creation for claims for monetary damages arising out of any of the Indemnity Events. In no event shall a Party be liable, whether in contract, tort or otherwise for any indirect, incidental, punitive, consequential damages or exemplary damages (including for loss of profits, business reputation and goodwill, diminution of value, future revenue or income or business opportunity) arising out of any breach, non-performance or performance of any provisions of this Agreement.

9. **Survival of the Representations and Warranties**

(a) Subject to paragraph 11 (b), the Warranties set out in Schedule 5 shall survive First Closing until expiry of 3 (three) years from First Tranche Completion Date; and

(b) The Warranties set out in paragraphs 10 of Schedule 5 shall survive the First Closing until expiry of the applicable statutory period during which the Taxes covered under these Warranties are open to assessment and scrutiny by any governmental authority (including statutory periods of appeal in relation thereto) from the relevant assessment year.