

## NOTICE

Notice is hereby given that the **Extra Ordinary General Meeting (EGM)** of the members of Arohan Financial Services Limited (“**Arohan**” or the “**Company**”) will be held on Friday, November 18, 2022, at 15:00 HOURS (IST) through Video Conferencing (‘VC’)/Other Audio-Visual Means (‘OAVM’) facility at a **shorter notice** to transact the following business:

### **SPECIAL BUSINESS:**

#### **1. TO INCREASE THE AUTHORISED SHARE CAPITAL & CONSEQUENT AMENDMENT TO THE CAPITAL CLAUSE IN THE MEMORANDUM OF ASSOCIATION OF THE COMPANY**

To consider, and if thought fit, to pass, with or without modifications, the following resolutions as **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 13, 61 and 64 and all other applicable provisions, if any, of the Companies Act, 2013 (along with any rules thereunder, including any statutory modification(s) or re-enactment thereof for time being in force and as may be enacted from time to time) (the “Act”), and the Articles of Association of the Company (the “AOA”), as agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any committee and sub-committee which the Board may have constituted or shall hereinafter constitute to exercise its powers including the powers conferred by this resolution), consent of the shareholders of the Company

be and is hereby accorded to increase the existing authorized share capital of the Company being INR 160,00,00,000/- (Indian Rupees One Hundred and Sixty Crore only) consisting of 16,00,00,000 (Sixteen Crore) Shares of INR 10/- (Indian Rupees Ten only) each divided into 13,50,00,000 (Thirteen Crore Fifty Lakh ) Equity shares of INR 10/- (Indian Rupees Ten only) each, and 2,50,00,000 (Two Crore Fifty Lakh) Compulsorily Convertible Preference Shares of INR 10/- (Indian Rupees Ten only) each to INR 225,00,00,000/- (Indian Rupees Two Hundred Twenty Five Crore only) consisting of 22,50,00,000 (Twenty Two Crore Fifty Lakhs) shares of INR 10/- (Indian Rupees ten only) each divided into 18,00,00,000 (Eighteen Crore ) Equity shares of INR 10/- (Indian Rupees ten only) each, and 4,50,00,000 (Four Crore Fifty Lakh) Compulsorily Convertible Preference Shares of INR 10/- (Indian Rupees Ten only) each”.

**“RESOLVED FURTHER THAT** the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following new Clause V as under:

*“V. That the Authorized Capital of the Company is INR 2,25,00,00,000/- (Indian Rupees Two Hundred and Twenty Five Crore only) consisting of 22,50,00,000 (Twenty Two Crore Fifty Lakhs) shares of INR 10/- (Indian Rupees Ten only) each divided into 18,00,00,000 (Eighteen Crore ) Equity shares of INR 10/- (Indian Rupees Ten only) each, and 4,50,00,000 (Four Crore Fifty Lakh) Compulsorily Convertible Preference Shares of INR 10/- (Indian Rupees ten only) each, with power to the Board to increase or reduce from time to time.”*

**“RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolutions, the Managing Director, the Chief Financial Officer and the Company Secretary are severally, on behalf of the Company, be and are hereby authorized to sign, execute, amend, deliver all such agreements,

documents, deeds or instruments as may be required in this regard, as well as amendments or supplements thereto and to do all such acts, deeds, matters and things as they may, in their absolute discretion, deem necessary, proper or desirable for such purpose, and to make any filings, furnish any returns or submit any other documents to any regulatory or governmental authorities as may be required, and to settle any question, difficulty or doubt and further to do or cause to be done all such acts, deeds, matters and things and execute all documents, papers, instruments and writings as they may deem necessary, proper, desirable or expedient and to give such directions and/or instructions as they may from time to time decide and any documents so executed and delivered or acts and things done or caused to be done shall be conclusive evidence of the authority of the Board in so doing and any document so executed and delivered or acts and things done or caused to be done prior to the date hereof are hereby ratified, confirmed and approved as the acts and deeds of the Board, as the case may be.”

**"RESOLVED FURTHER THAT** the copies of the foregoing resolutions certified to be true copies by any director or company secretary of the Company be furnished to such persons and be filed with the Registrar of Companies, as may be deemed necessary."

**2. TO ISSUE CUMULATIVE COMPULSORY CONVERTIBLE PREFERENCE SHARES ON A PREFERENTIAL BASIS THROUGH PRIVATE PLACEMENT**

To consider, and if thought fit, to pass, with or without modifications, the following resolutions as **Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 23, 42, 55, and 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (along with any rules thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time) (the **"Act"**) and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Rule 9 and Rule 13 of the Companies (Share Capital and Debenture) Rules, 2014, each as amended from time to time, and in accordance with the Foreign Exchange Management Act, 1999, as amended or restated (**"FEMA"**), and rules, circulars, notifications, regulations and guidelines issued under FEMA including Foreign Exchange Management (Non-debt Instruments) Rules, 2019 (as amended), all applicable regulations, directions, guidelines, circulars and notifications of the Reserve Bank of India (the **"RBI"**), and in accordance with the Memorandum of Association and the Articles of Association of the Company and subject to the approval(s), consent(s), permission(s) and/or sanction(s), if any, of the appropriate authorities, institutions or bodies as may be required, and subject to such conditions as may be prescribed by any of them while granting any such approval(s), consent(s), permission(s), and/or sanction(s), and as agreed to by the Board of Directors of the Company (hereinafter referred to as the **"Board"** which term shall be deemed to include any committee and sub-committee which the Board may have constituted or shall hereinafter constitute to exercise its powers including the powers conferred by this resolution), consent of the shareholders of the Company be and is hereby accorded to create, issue, offer and allot up to 1,88,23,530 cumulative compulsory convertible preference shares of the Company having face value of INR 10/- (Indian Rupees Ten only) each (**"CCPS"**) at an issue price of INR 85/- (Indian Rupees

Eighty Five only) per CCPS (including a premium of INR 75/- (Indian Rupees Seventy Five only) per CCPS aggregating to INR INR1,60,00,00,050/- (Indian Rupees One Hundred Sixty Crore and Fifty Only), on a preferential basis through private placement, to the persons identified below:

| Sl. No. | Details of Subscriber  | Number of CCPS | Issue Price (Amount in INR) | Consideration (Amount in INR) |
|---------|--|----------------|-----------------------------|-------------------------------|
| 1.      | Teachers Insurance And Annuity Association Of America – [TIAA] | 1,88,23,530    | 85                          | 1,60,00,00,050                |

on the terms as set forth in **Part I of Annexure B** (Terms of CCPS) hereunder.”

**"RESOLVED FURTHER THAT** the details as required pursuant to the provisions of Section 55 of the Companies Act, 2013 read with Rule 9(2) of the Companies (Share Capital and Debentures) Rules, 2014, are also covered under **Part II of Annexure B** (Details of CCPS).”

**“RESOLVED FURTHER THAT** the draft of the private placement offer cum application letter in Form No. PAS-4 as prepared in accordance with the provisions of the Companies Act, 2013 (along with any rules thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time) (the “**Act**”) along with necessary documents as tabled at the meeting and duly initialed by the company secretary for the purpose of identification be and is hereby

approved and the consent of the members of the Company is hereby accorded to any director or company secretary of the Company for issuance of the same and circulation to the proposed allottee; and a draft record of the private placement offer in Form PAS-5 in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as tabled at the meeting and duly initialed by the company secretary for the purpose of identification be and is hereby approved”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to the offer, issue, allotment of the CCPS, any director, Chief Financial Officer and the company secretary be and are hereby severally authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary and desirable for such purpose, including without limitation preparing, signing, executing, and filing applications with the appropriate authorities for obtaining requisite approvals for the issuance and allotment of the CCPS, as may be required, issuing clarifications on the issue and allotment of the CCPS, resolving any difficulties, effecting any modifications, changes, variations, alterations, additions and/or deletions as may be required by any regulator, or other authorities or agencies involved in or concerned with the issue of the CCPS and as the Board may, in its absolute discretion, deem fit and proper in the best interest of the Company without being required to seek any further consent or approval of the members or otherwise.”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to the resolution, the Board be and is hereby authorized to engage depositories, registrars and other consultants and advisors to the issue and to remunerate them by way of fees and/or other charges and also to enter into



and execute all such arrangements, agreements, memoranda, documents, etc. with such agencies, as may be required and as permitted by law.”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to the resolution, the Board be and is hereby authorized to delegate any or all of the powers conferred upon it by this resolution to any committee of directors and/or officer(s) of the Company.”

**"RESOLVED FURTHER THAT** the copies of the foregoing resolutions certified to be true copies by any Director or Company Secretary of the Company be furnished to such persons as may be deemed necessary."

**By order of the Board of Directors**

**Date: November 11, 2022**

**ANIRUDH SINGH G THAKUR**

**Place: Kolkata**

**Head- Legal, Compliance & Company Secretary**

## NOTES

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its General Circular Nos. 14/2020, 17/2020, 20/2020, 02/2021 21/2021 and 02/2022 dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021 December 14, 2021 and May 5, 2022 respectively ("MCA Circulars, permitted holding of the EGM through VC/OAVM facility, without the physical presence of the members at a common venue. In compliance with the provisions of the Companies Act, 2013 (along with any rules thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time) ('the Act') and applicable MCA Circulars, the EGM of the Company is being conducted through VC/OAVM (hereinafter called as 'e-EGM').
2. The deemed venue for e-EGM shall be the registered office of the Company i.e. PTI Building, 4th Floor, DP-9, Sector-V, Salt Lake Kolkata - 700091.
3. **PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE EGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON THEIR BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THIS e-EGM IS BEING HELD PURSUANT TO THE MCA CIRCULARS THROUGH VC/OAVM, PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS**



**WILL NOT BE AVAILABLE FOR THIS e-EGM AND HENCE THE PROXY FORM, ATTENDANCE SLIP AND ROUTE MAP OF e-EGM ARE NOT ANNEXED TO THIS NOTICE.**

4. Members attending the e-EGM through VC / OAVM facility shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
5. Institutional/Corporate Members (i.e. other than individuals/HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its board or governing body resolution/authorization, etc., authorizing their representative to attend the e-EGM on its behalf and to vote in the e-EGM.
6. Explanatory Statement pursuant to Section 102 of the Act, is attached with this Notice of e-EGM.
7. The facility of joining the e-EGM through VC /OAVM will be opened 30 minutes before and will be open up to 15 minutes after the scheduled start time of the e-EGM, i.e. from 14:30 HOURS (IST) to 15:15 HOURS (IST).
8. Notice of the e-EGM is being sent only through electronic mode to the Members whose e-mail address is registered with the Company or the Depository Participant(s). Notice calling the e-EGM has been uploaded on the website of the Company at [www.arohan.in](http://www.arohan.in).

9. To receive communications through electronic means, including Notices, members are requested to kindly register/update their email address with their respective depository participant, where shares are held in electronic form. Where shares are held in physical form, members are advised to register their e-mail address with [compliance@arohan.in](mailto:compliance@arohan.in)
10. The transfer of securities (except transmission or transposition of shares) of the Company shall not be processed, unless the securities are held in the dematerialised form. The Company has complied with the necessary requirements as applicable, including sending of letters to members holding shares in physical form and requesting them to dematerialise their physical holdings.
11. To comply with the above mandate, members who still hold share certificates in physical form are advised to dematerialise their shareholding to also avail of numerous benefits of dematerialisation, which include easy liquidity, ease of trading and transfer, savings in stamp duty and elimination of any possibility of loss of documents and bad deliveries.
12. The Company has been maintaining, *inter alia*, the following statutory registers at its registered office at PTI Building, 4<sup>th</sup> Floor, DP-9, Sector-5, Salt Lake, Kolkata-700091:
  - i) Register of contracts or arrangements in which directors are interested under Section 189 of the Act;

- ii) Register of directors and key managerial personnel and their shareholding under Section 170 of the Act.

In accordance with the applicable MCA circulars, the said registers will be made accessible for inspection through electronic mode, and shall remain open and be accessible to any member during the continuance of the meeting.

13. For ease of conduct, members who would like to ask questions/express their views on the items of the businesses to be transacted at the meeting can send in their questions/comments in advance to [compliance@arohan.in](mailto:compliance@arohan.in) during the period starting from November 16, 2022 (10:00 a.m.) to November 17, 2022 (6:00 p.m.). The queries may be raised precisely and in brief to enable the Company to answer the same suitably at the meeting.
14. In conformity with the applicable regulatory requirements, the Notice of this e-EGM is being sent only through electronic mode to those Members who have registered their e-mail addresses with the Company or with the Depositories.
15. Instructions for joining the e-EGM are as follows:
- Members will be able to attend the e-EGM through VC/OAVM provided by the Company.
  - Members are encouraged to join the meeting through Laptops with Google Chrome for better experience.

- Further, members will be required to allow camera, if any, and hence must use internet with a good speed to avoid any disturbance during the meeting.
- While all efforts would be made to make the VC/OAVM meeting smooth, participants connecting through mobile devices, tablets, laptops, etc. may, at times, experience audio/video loss due to fluctuation in their respective networks. Use of a stable Wi-Fi or LAN connection can mitigate some of the technical glitches.
- Members who need technical assistance before or during the e-EGM can contact the Company Secretary/Secretarial Department at +91 9883733233/8981444132/9038329510.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 TO THE NOTICE DATED NOVEMBER 11, 2022 (THE “NOTICE”)**

As required under Section 102 of the Companies Act, 2013 (including any statutory modifications) thereto or reenactments made thereunder, if any, for the time being force (the “**Act**”), the following explanatory statement sets out all material facts relating to the business mentioned under Item number 1 and 2 of the accompanying Notice:

**Item No. 1 TO INCREASE THE AUTHORISED SHARE CAPITAL & CONSEQUENT AMENDMENT TO THE CAPITAL CLAUSE IN THE MEMORANDUM OF ASSOCIATION OF THE COMPANY**

To support growth plans of the Company and to maintain the regulatory solvency margin, it is proposed to increase the authorized share capital of the Company being INR 160,00,00,000/- (Indian Rupees One Hundred and Sixty Crore only) consisting of 16,00,00,000 (Sixteen Crore) Shares of INR 10/- (Indian Rupees Ten only) each divided into 13,50,00,000 (Thirteen Crore Fifty Lakh) Equity shares of INR 10/-(Indian Rupees Ten only) each , and 2,50,00,000 (Two Crore Fifty Lakh) Compulsorily Convertible Preference Shares of INR 10/- (Rupees ten only) each to INR 225,00,00,000/- (Rupees Two Hundred and Twenty Five Crore only) consisting of 22,50,00,000 (Twenty Two Crore Fifty Lakhs) shares of INR 10/- (Rupees ten only) each divided into 18,00,00,000 (Eighteen Crore ) Equity shares of INR 10/- (Rupees Ten only) each, and 4,50,00,000 (Four Crore Fifty Lakh) Compulsorily Convertible Preference Shares of INR 10/- (Rupees ten only) each”.

The provisions of the Act require the Company to seek approval of the shareholders for increase in the authorized share capital of the Company and for consequent alteration of the Capital Clause of the Memorandum of Association; accordingly the Board recommends the resolution set forth in Item No. 1 for the approval of the shareholders of the Company by way of an Ordinary Resolution.

The Board recommends the resolutions set out in item no.1 of the Notice for your approval.

None of the Directors or Key Managerial Personnel of the Company or the relatives thereof are concerned or interested in these resolutions except to the extent of their shareholding in the Company, if any.

**Item No. 2: TO ISSUE CUMULATIVE COMPULSORY CONVERTIBLE PREFERENCE SHARES ON A PREFERENTIAL BASIS THOROUGH PRIVATE PLACEMENT**

In order to augment Tier - I Capital to sustain the projected business growth and for meeting requirements of funds for other general corporate purposes, the Company proposes to raise capital up to INR 1,60,00,00,050 Crores by issuing 1,88,23,530 cumulative compulsory convertible preference shares (“**CCPS**”) on preferential basis through private placement at an issue price of INR 85/- (Indian Rupees Eighty-Five only) per CCPS, which includes INR 75/- (Indian Rupees Seventy Five only) as premium, to the following person:



| <b>SR No.</b> | <b>Details of Subscriber</b>                          | <b>Number of CCPS</b> | <b>Consideration (Amount in INR)</b> |
|---------------|---|-----------------------|--------------------------------------|
| 1.            | Teachers Insurance And Annuity Association Of America | 1,88,23,530           | 1,60,00,00,050                       |

Your board of directors at its meeting held on November 11, 2022, has subject to the approval of the members approved the issuance of CCPS on a preferential basis through private placement to the aforesaid identified person.

Pursuant to the provisions of Sections 23, 42, 55 and 62(1)(c) of the Act and the rules made thereunder, the proposed issuance of CCPS on a preferential basis through private placement requires the approval of the members by way of a special resolution. Accordingly, the proposed resolution is recommended for the consideration of and approval by the shareholders of the Company by passing special resolution in the meeting.

**Further details of the proposed offer are disclosed below:**

The following disclosures for the issue of CCPS on preferential basis through private placement are made in accordance with the provisions of Section 42, 55 and 62 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Rule 9 and Rule 13 of the Companies (Share Capital and Debenture) Rules, 2014:

**1. Particulars of the offer including date of passing of Board Resolution / The size of the issue and number of preference shares to be issued and nominal value of each share:**

The Board has pursuant to its resolution dated November 11, 2022 accorded its approval for raising funds by issuing up to 1,88,23,530 cumulative compulsory convertible preference shares (“**CCPS**”) of face value of INR 10/- (Indian Rupees Ten only) each, at an issue price of INR 85/- (Indian Rupees Eighty Five only) per CCPS including a premium of INR 75/- (Indian Rupees Seventy Five only) per CCPS, aggregating to INR INR1,60,00,00,050/- (Indian Rupees One Hundred Sixty Crore and Fifty Only), on preferential basis through private placement.

**2. The objects of the issue / Purposes or objects of the offer:**

The proceeds from the issue will be utilized for the purpose of augmenting the Tier I capital, and for meeting requirements of funds for general corporate purposes of the Company.

**3. The total number of shares or other securities to be issued:**

1,88,23,530 cumulative compulsory convertible preference shares (CCPS).

**4. Kinds of securities offered and the price/price band at which security is being offered / the allotment is proposed:**

Cumulative compulsory convertible preference shares (CCPS) at an issue price of INR 85/- (Indian Rupees Eighty Five only) including a premium of INR 75/- (Indian Rupees Seventy Five only) per CCPS.

**5. Basis or justification on which the price has been arrived at (including premium) at which the offer or invitation is being made, along with report of the registered valuer:**

Price arrived as per Fair Value method. A copy of the valuation report dated October 10, 2022 shall be available for inspection at the Registered Office of the Company during business hours from 9:30 A.M. to 6:30 P.M.

**6. Name and address of valuer who performed valuation:**

The valuation of the Equity Shares has been carried out by Ms. Madhumita Karar, Registered Valuer, [Reg No-IBBI/RV/06/2018/10341] having its office at Chatterjee International Centre, 17th Floor, Flat No. 13A, 33A, J.L Nehru Road, Kolkata- 700071. The valuation report is dated October 10, 2022.

**7. Relevant date with reference to which the price has been arrived at:**

October 10, 2022

**8. Amount which the company intends to raise by way of such securities:**

Up to INR INR. 1,60,00,00,050/- (Indian Rupees One Hundred Sixty Crore and Fifty Only).

- 9. Material terms of raising such securities / The terms of issue, including terms and rate of dividend on each share, etc. / The terms of redemption, including the tenure of redemption, redemption of shares at premium and if the preference shares are convertible, the terms of conversion:**

CCPS shall have the terms set out in **Annexure B**.

- 10. Proposed time schedule of the offer:**

The offer for issue of CCPS will be valid for a period of 60 (sixty) days from the date of issue of private placement offer cum application letter and will lapse on the earlier of: (i) the expiry of 60 (sixty) days from the date of issue of private placement offer cum application letter; or (ii) the receipt of acceptance letter from the offeree along with the subscription consideration.

- 11. Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects:**

No contribution is being made by the promoters or directors either as part of the offer or separately in furtherance of objects.

- 12. Principle terms of assets charged as securities:**

Not Applicable.

**13. The class or classes of persons to whom the allotment is proposed to be made:**

Allotment to specific identified investor (in the Non-Promoter category)  
- Teachers Insurance And Annuity Association Of America, a body corporate.

**14. Intention of promoters, directors or key managerial personnel to subscribe to the offer:**

None of the Promoters, Directors or Key Managerial Personnel of the Company intends to subscribe to any of the CCPS proposed to be issued.

**15. The proposed time within which the allotment shall be completed:**

In accordance with the timelines agreed to by and between the Company and the Teachers Insurance and Annuity Association of America within the relevant transaction documents, subject to applicable law.

**16. The names of the proposed allottees and the percentage of post preferential offer capital that may be held by them:**

The CCPS are being issued to Teachers Insurance And Annuity Association Of America. Post preferential issue of CCPS there is no

change in the Equity CAP table of the Company until conversion. For post conversion percentage shareholding, please refer to **Annexure A.**

**17. The change in control, if any, in the company that would occur consequent to the preferential offer:**

No change of control shall occur consequent to the proposed issue.

**18. The number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price:**

Issue and allot 1,150 (One Thousand One Hundred and Fifty) secured, rated, listed, redeemable and transferable non-convertible debentures having face value of INR. 10,00,000/- (Indian Rupees Ten Lakhs only) each amounting up to INR. 115,00,00,000/- (Indian Rupees One Hundred and Fifteen Crores only) to Blue Orchard Microfinance Fund.

**19. The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer:**

Not Applicable.



**20. The pre issue and post issue shareholding pattern of the company:**

Please refer to **Annexure A**

**21. The nature of such shares i.e. cumulative or non – cumulative, participating or non – participating, convertible or non – convertible**

Cumulative and compulsorily convertible preference shares.

**22. The manner of issue of shares:**

The CCPS shall be issued for cash and in dematerialized form.

**23. The manner and modes of redemption**

CCPS are compulsorily convertible into equity shares of the Company in accordance with terms specified in **Annexure B**.

**24. The expected dilution in equity share capital upon conversion of preference shares:**

Please refer to **Annexure A**

None of the Directors or Key Managerial Personnel of the Company or the relatives thereof are concerned or interested in these resolutions except to the extent of their shareholding in the Company, if any.

As required by Section 102(3) of the Companies Act, 2013, the documents with regard to the preferential issue shall be available for inspection at the registered office of the Company during business hours from 9:30 A.M. to 6:30 P.M on all working days.

**By order of the Board of Directors**

**Date: November 11, 2022**

**ANIRUDH SINGH G THAKUR**

**Place: Kolkata**

**Head- Legal, Compliance & Company Secretary**

### ANNEXURE – “A”

#### The pre issue and post issue shareholding pattern of the company:

| Sr. No | Category                 | Pre-issue         |                    | Post-issue<br><i>[This is after conversion of CCPS into Equity Shares on fully diluted basis]</i> |                    |
|--------|--------------------------|-------------------|--------------------|---|--------------------|
|        |                          | No of shares held | % of share holding | No of shares held   | % of share holding |
| A      | Promoters' holding       |                   |                    |   |                    |
| 1      | Indian                   |                   |                    |   |                    |
|        | Individual               | --                | -                  | -   | -                  |
|        | Bodies corporate         | 4,12,35,920       | 34.03              | 4,12,35,920   | 29.58              |
|        | Sub-total                | 4,12,35,920       | 34.03              | 4,12,35,920   | 29.58              |
| 2      | Foreign promoters        | -                 | -                  | -   | -                  |
|        | sub-total (A)            | 4,12,35,920       | 34.03              | 4,12,35,920   | 29.58              |
| B      | Non-promoters' holding   | -                 | -                  | -   | -                  |
| 1      | Institutional investors  | 6,36,17,527       | 52.5               | 8,18,46,990   | 58.71              |
| 2      | Non-institution          | -                 | -                  | -   | -                  |
|        | Private corporate bodies | 22,49,005         | 1.87               | 22,49,005   | 1.61               |
|        | Directors and relatives  | 12,002            | 0.01               | 12,002  | 0.01               |
|        | Indian public            | 50,52,854         | 4.17               | 50,52,854   | 3.62               |
|        | others (including NRIs)  | 90,09,995         | 7.43               | 90,09,995   | 6.46               |
|        | Sub-total (B)            | 7,99,41,383       | 65.97              | 9,81,70,846   | 70.42              |
|        | Grand Total              | 12,11,77,303      | 100                | 13,94,06,766  | 100                |

**ANNEXURE “B” - TO THE NOTICE****PART I- Terms of CCPS****TERMS OF THE TIAA PRIMARY SHARES**

The TIAA Primary Shares are issued with the following characteristics, including certain rights vested in the holder of the TIAA Primary Shares and shall be *mutatis mutandis* reproduced in the Articles of Association:

**1. Definitions:**

**Assam Write-Back (Tax Affected)** means any proceeds that may be collected by the Company pursuant to the Assam Microfinance Incentive and Relief Scheme until 30 September 2023 and recorded in the book value of the Company in accordance with Ind AS;

**Big Four** means any of the following audit and accounting firms: [(i) PriceWaterhouseCoopers; (ii) KPMG; (iii) Ernst and Young; and (iv) Deloitte Touche Tohmatsu], or any of their Indian associate firms;

**Conversion Event** means any of the events set out in Paragraph 7(a) below;

**Conversion Valuation** means the equity valuation of the Company used for conversion of the TIAA Primary Shares into Equity Shares;

**Dividend** has the meaning as set out in Paragraph 5 of this **terms and conditions**;

**Deloitte Analysis** means an analysis, as of March 31, 2023, of the estimated expected credit loss of the Company and additional provisions that have not been already taken into account by the Company, on the same cohort of borrowers used earlier based on the same methodology, and on the same principles as specified in the report titled “Project Udaan Draft Key Issues Report” dated 17 August 2022 and prepared by Deloitte Touche Tohmatsu India LLP, which has been provided [by the Company] to TIAA on a reliance basis;

**Exchange Rate** means 1 US\$ = INR 82.7650, RBI reference rate <https://www.rbi.org.in/scripts/ReferenceRateArchive.aspx> ;

**Full Equity Infusion Event** means infusion into the Company of an aggregate amount which is the INR equivalent of USD 70 million (as calculated at the Exchange Rate) by external institutional investor(s) (not being Related Parties of the Promoters) towards subscription to the Equity Shares and/or compulsorily convertible Preference Shares issued by the Company, including infusion of the TIAA Primary Investment Amount and any proceeds received by the Company pursuant to the Assam Write-Back (Tax Affected);

**Qualified Investment Raise** means a single investment into the Company (and shall include a secondary purchase of Securities from the Shareholders) by not more than 1 (one) external institutional investor (along with its Affiliates) of an aggregate amount that is equal to or greater than the INR equivalent of USD 25 million (as calculated at the Exchange Rate), where such single investment is undertaken at a priced round/ pre-determined equity valuation for the Company;

**XIRR** means the extended internal rate of return calculated using the “XIRR” function in Microsoft Excel.

2. **General:** The TIAA Primary Shares shall be fully paid compulsorily convertible preference shares having face value of INR 10 (Indian Rupees ten only) each and issued in accordance with the terms and conditions set out herein.
3. **Equity Shares:** The number of Equity Shares to be issued to the holder of the TIAA Primary Shares upon conversion shall, subject to the other terms and conditions set forth in this Agreement, be as set out in Paragraph 7 below.
4. **Voting Rights:** The TIAA Primary Shares shall carry voting rights to the extent permitted under applicable law.
5. **Dividend:**
  - (a) Subject to applicable law, up to the date of conversion, each TIAA Primary Share shall carry a right to receive an annual cumulative dividend (“**Dividend**”) at the rate of 0.001% (zero point zero zero one percent) per annum till such time that the TIAA Primary Shares are outstanding (“**Dividend Rate**”), as and when declared by the Board.
  - (b) The Dividend shall be declared prior and in preference to any declaration of dividend to the holders of the Equity Shares.
  - (c) Upon conversion of the TIAA Primary Shares into Equity Shares, the holders of the TIAA Primary Shares shall be entitled to



participate in the dividend declared on the Equity Shares on a *pari passu* basis with the holders of all other Equity Shares.

6. **Transfer Restrictions:** The TIAA Primary Shares shall be subject to the transfer restrictions as set out in the Shareholders Agreement which shall *mutatis mutandis* be deemed to be incorporated herein by reference in the Agreement (including this Schedule).

7. **Conversion:**

- (a) The TIAA Primary Shares shall compulsorily convert into Equity Shares on the earlier of occurrence of any of the following events:
- (i) upon the occurrence of the Full Equity Infusion Event which includes a Qualified Investment Raise having occurred at a priced round/pre-determined valuation of the Company, at any time on or before 31 March 2024 (“**Scenario 1 Conversion Event**”); or
  - (ii) upon the occurrence of the Full Equity Infusion Event which does not include a Qualified Investment Raise having occurred, at any time on or before 31 March 2024 (“**Scenario 2 Conversion Event**”); or
  - (iii) upon the non-occurrence of the Full Equity Infusion Event at any time by 31 March 2024 (“**Scenario 3 Conversion Event**”);
- (b) Upon the occurrence of the Scenario 1 Conversion Event, the TIAA Primary Shares shall be compulsorily converted into Equity Shares, and the Conversion Valuation for Scenario 1 Conversion Event shall be computed in a manner that provides TIAA an XIRR of 25% per annum (twenty five percent per annum) calculated in INR from the date of the infusion of the TIAA Primary Investment

Amount [and until the date of occurrence of Scenario 1 Conversion Event] (both dates included);

- (i) The Parties agree that the TIAA Primary Shares shall be converted into Equity Shares within [one week from the date of occurrence of the Scenario 1 Conversion Event, or such other extended timeline as may be mutually agreed between the Company and TIAA in writing];
- (ii) It is hereby clarified that notwithstanding anything to the contrary contained herein, the Conversion Valuation for Scenario 1 shall be subject to a minimum pre-money equity valuation of INR 1,500 crores and a maximum pre-money equity valuation cap of INR 2,000 crores.
- (c) Upon the occurrence of the Scenario 2 Conversion Event, the TIAA Primary Shares shall be compulsorily converted into Equity Shares and the Conversion Valuation for Scenario 2 Conversion Event shall be the higher of: (A) pre-money equity valuation of the Company of INR 1,500 crores; or (B) 1.8x of the book value of the Company as of March 31, 2023 as determined by one of the Big Four accounting firms jointly appointed by the Company and TIAA and calculated in accordance with the guidelines set out herein:
  - (i) The Parties agree that the book value of the Company as of March 31, 2023 for the purpose of sub-Paragraph (c) shall be calculated by: (1) excluding any fresh equity infusion undertaken by the Company during the Financial Year ending March 31, 2023, and (2) including the impact from

proceeds received by the Company pursuant to the Assam Write-Back (Tax Affected) minus any adjustments required pursuant to the Deloitte Analysis, where both the Assam Write-Back (Tax Affected) and the Deloitte Analysis shall be adjusted for the [marginal tax rate as applicable to the Company];

- (ii) The Parties agree that the TIAA Primary Shares shall be converted into Equity Shares within [30 (thirty) days from the date of occurrence of the Scenario 2 Conversion Event, or such other extended timeline as may be mutually agreed between the Company and TIAA in writing];
  - (iii) It is hereby clarified that notwithstanding anything to the contrary contained herein, the Conversion Valuation for Scenario 2 Conversion Event shall be subject to a maximum pre-money equity valuation of INR 2,000 crores.
- (d) Upon the occurrence of the Scenario 3 Conversion Event, the TIAA Primary Shares shall be compulsorily converted into Equity Shares and the Conversion Valuation for Scenario 3 Conversion Event shall, subject to applicable law, be equivalent to 1x of the book value of the Company as of September 30, 2022, as specified in a certificate from the statutory auditor of the Company (including a confirmation on the expected credit loss amounts by the statutory auditor of the Company) provided to TIAA to its satisfaction no later than [3] days from the date of occurrence of the Scenario 3 Conversion Event;
- (i) The Parties agree that the TIAA Primary Shares shall be converted into Equity Shares within [one week from the

date of occurrence of the Scenario 3 Conversion Event, or such other extended timeline as may be mutually agreed between the Company and TIAA in writing];

- (ii) It is hereby clarified that notwithstanding anything to the contrary contained herein, the Conversion Valuation for Scenario 3 Conversion Event shall not be less than the fair equity valuation of the Company at the time of issuance of TIAA Primary Shares.
- (e) The Parties hereby acknowledge and agree that the conversion of the TIAA Primary Shares into Equity Shares shall at all times be in compliance with applicable laws, including the applicable foreign exchange control regulations.
- (f) The Company shall take all actions necessary to facilitate and ensure the conversion of TIAA Primary Shares to Equity Shares in accordance with this terms and conditions.

## **PART II- DETAILS of CCPS**

Pursuant to the provisions of Section 55 of the Companies Act, 2013 read with Rule 9 of the Companies (Share Capital and Debentures) Rules, 2014, the details regarding the CCPS (as defined above) to be issued to Teachers Insurance and Annuity Association of America are as set out below:

**(a) the priority with respect to payment of dividend or repayment of capital vis-a-vis equity shares:**

Please refer to Part I above.

**(b) the participation in surplus fund; and participation in surplus assets and profits, on winding-up which may remain after the entire capital has been repaid:**

Please refer to Part I above.

**(c) the payment of dividend on cumulative or non-cumulative basis:**

The payment of dividend shall be on cumulative basis.

**(d) the conversion of preference shares into equity shares:**

Please refer to Part I above.

**(e) the voting rights:**

The CCPS shall not carry any voting rights other than on the matters permitted under the Companies Act, 2013.

**(g) the redemption of preference shares.**

Not applicable since the preference shares are compulsorily convertible into equity shares.

**Registered Office:**

Arohan Financial Services Limited,  
PTI Building, 4th Floor, DP-9, Sector V,  
Salt Lake, Kolkata 700 091

**Date: November 11, 2022**

Place: Kolkata

**By order of the Board of Directors**

**ANIRUDH SINGH G THAKUR**

**Head- Legal, Compliance & Company Secretary**