**DATED [●]**

**CONTRIBUTION AGREEMENT**

**OF**

**ATMANIRBHAR START-UP VENTURE FUND**

**AMONGST**

**SIDBI TRUSTEE COMPANY LIMITED**

**(as the Trustee)**

**AND**

**SIDBI VENTURE CAPITAL LIMITED**

**(as the Investment Manager)**

**AND**

**GOVERNMENT OF HARYANA**

(**as “Contributor" - Details in Schedule I**)

**TABLE OF CONTENTS**

[1. DEFINITIONS AND INTERPRETATION 2](#_Toc123038636)

[2. AGREEMENT AND TERMS OF CONTRIBUTION 3](#_Toc123038637)

[3. REPRESENTATIONS AND WARRANTIES 7](#_Toc123038638)

[4. ACCOUNTS AND REPORTING 12](#_Toc123038639)

[5. CONFLICTS OF INTEREST 13](#_Toc123038640)

[6. CONFIDENTIALITY 13](#_Toc123038641)

[7. AMENDMENTS 15](#_Toc123038642)

[8. MISCELLANEOUS 17](#_Toc123038643)

[9. DISPUTE RESOLUTION 23](#_Toc123038644)

[Schedule I DETAILS OF THE CAPITAL COMMITMENT 27](#_Toc123038645)

[Schedule II DEED OF ADHERENCE 28](#_Toc123038646)

[Schedule III ADDITIONAL REPRESENTATIONS FOR CERTAIN CONTRIBUTORS 30](#_Toc123038647)

[Schedule IV SUMMARY OF PRINCIPAL TERMS of scheme 1 31](#_Toc123038648)

[EXHIBIT A DRAWDOWN NOTICE 77](#_Toc123038649)

CONTRIBUTION AGREEMENT

This **CONTRIBUTION AGREEMENT** (“**Agreement**”) is executed in **[●]** on this **[●]** day of **[●]**, 2022 (“**Effective Date**”) and entered into:

**BY AND AMONGST:**

1. **SIDBI Trustee Company Limited**, a public limited company incorporated under the provisions of the Companies Act, 1956 and having its registered office at SIDBI, Swavalamban Bhavan, C-11, G- Block, 2nd Floor, Bandra Kurla Complex, Bandra East, Mumbai- 400 051 (hereinafter referred to as the “**Trustee**” which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include the Trustee for the time being of these presents whether original or substituted and their successors and permitted assigns) in its capacity as trustee of **Atmanirbhar Laghu Vikas Trust** of the **ONE PART**;
2. **SIDBI Venture Capital Limited**, a public limited company incorporated under the provisions of the Companies Act, 1956, and having its registered office at SIDBI, Swavalamban Bhavan, C-11, G- Block, 2nd Floor, Bandra Kurla Complex, Bandra East, Mumbai- 400 051 (hereinafter referred to as the “**Investment Manager**” which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include the Investment Manager for the time being of these presents whether original or substituted and their successors and permitted assigns) of the **OTHER PART**;and
3. The Person(s)specified in **Schedule I** of this Agreement (referred to in this Agreement as the “**Contributor(s)**”, which expression shall unless repugnant to the context or meaning thereof, be deemed to mean and include his / her / its successors and permitted assigns).

In this Agreement, unless the context otherwise requires, the Trustee, the Investment Manager and the Contributor(s) shall hereinafter jointly be referred to as the “**Parties**”, and severally as the “**Party**”.

**WHEREAS:**

1. **SIDBI Venture Capital Limited** (in its capacity as settlor), (“**Settlor**”) has settled an irrevocable, determinate, contributory investment trust called **Atmanirbhar Laghu Vikas Trust** (“**Trust**”/ “**Fund**”) under the provisions of the Indian Trusts Act, 1882, by way of the Indenture. The Indenture is registered under the Registration Act, 1908. **Atmanirbhar Start-up Venture Fund** (“**Scheme 1**”) is the first scheme of the Trust.
2. The Trust has been registered with the Securities and Exchange Board of India (“**SEBI**”) as a Category I Alternative Investment Fund – Venture Capital Fund (“**Category I AIF**”) under the AIF Regulations, bearing registration number **IN/AIF1/22-23/1117**, for the purposes of carrying on the activities of a Category I AIF, as construed under the AIF Regulations.
3. Scheme 1 has been established primarily for the purpose of privately pooling capital from institutional and high net-worth investors and with an endeavor to generate absolute returns over a long term for its Contributors in accordance with its Investment Objective, Investment Strategy and the Applicable Laws.
4. The Trustee has been appointed by the Settlor to act as the sole trustee to the Trust and Scheme 1 pursuant to the terms and conditions set out in the Indenture.
5. Under the terms of the Indenture, the Trustee has the right to enter into an investment management agreement and delegate any or all of its powers and duties as set out under the Indenture to the Investment Manager. The Trustee will confer and delegate certain functions, powers and duties to the Investment Manager under the Investment Management Agreement in relation to the management and operation of the Trust and Scheme 1, including the investment and divestment activities of Scheme 1.
6. The Investment Manager has issued the Memorandum (*as defined below*) and the Contributor having read and understood the same has, on the terms and conditions as set out in this Agreement, irrevocably agreed to invest in Scheme 1 and has made Capital Commitment of the amount as set out in **Schedule I**.

**NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:**

# DEFINITIONS AND INTERPRETATION

## **Definitions**

Capitalised terms used in this Agreement shall have the meanings ascribed to them under the private placement memorandum of Scheme 1 (“**Memorandum”)**,as may be amended from time to time.

## **Interpretation**

### words in the singular shall include words in the plural and words in the plural shall include the singular;

### the headings and sub-headings used in this Agreement are inserted only for reference to the provisions hereof and shall not affect the construction of such provisions;

### a reference to a thing includes a part of that thing and references to the word “include” or “including” shall be construed without limitation;

### a reference to any one gender includes a reference to any other gender;

### references to Clauses and Parties herein are references to the clauses, as amended from time to time, of, and parties, and their successors and permitted assigns, to this Agreement;

### references in this Agreement to statutory provisions and Clauses shall be construed as meaning and references to those provisions as modified or re-enacted or consolidated from time to time (whether before or after the date of this Agreement) and to any subordinate legislation made under such provisions and shall include references to any repealed statutory provision which has been so re-enacted (whether with or without modification);

### words and expressions used herein and not defined herein shall have the same meanings respectively assigned to them under Scheme 1 Documents;

### references to “**Schedule**”, “**Exhibit**” or “**Annexure**” herein are references to schedules, exhibits and annexures of this Agreement and any schedule, exhibit or annexure attached hereto shall form an integral part of this Agreement and all words and expressions used in the schedules, exhibits or annexures shall have the same meaning as defined herein, unless repugnant to the context or meaning thereof;

### references to agreement or to any deed or other instrument shall be construed as a reference to this Agreement, such deed, or other instrument as the same may from time to time be amended, varied, supplemented or novated;

### the terms contained under the Memorandum shall be deemed to be incorporated in this Agreement only to the extent expressly so specified in this Agreement as being incorporated in it;

### the Indenture (as amended/ restated) and the Investment Management Agreement (as amended/ restated) shall be deemed to be incorporated in this Agreement. However, in case of any conflict, this Agreement shall prevail; and

### any reference (if any) to an amount denominated in a currency other than INR is for indicative reference and only the INR equivalent of such amount converted at the prevailing exchange rate as per the Reserve Bank of India (RBI) reference rate as of the relevant date (unless otherwise specified) shall be binding on the Parties.

# AGREEMENT AND TERMS OF CONTRIBUTION

### For administrative and operational convenience, the Trustee has delegated to the Investment Manager such powers and duties including management and administration of Scheme 1 under the Indenture and this Agreement pursuant to the Investment Management Agreement, and the Investment Manager has accepted such delegation and has agreed that it shall carry out such powers and duties in accordance with the terms of Scheme 1 Documents and the Applicable Laws. The Trustee shall not interfere with the actions of the Investment Manager so long as these actions are within the powers of the Investment Manager as set forth in this Agreement or the Investment Management Agreement and are consistent with the objectives of the Trust. The Investment Manager will, on behalf of the Trustee and in Scheme 1’s name, accept Capital Contribution from each of the Contributors. The Investment Manager shall invest the Investable Funds in terms of Scheme 1 Documents and in accordance with the Applicable Laws (including the AIF Regulations) and the Contributor agrees to the same.

The Investment Manager shall carry out its obligations under this Agreement and the other Scheme 1 Documents with the due professional care, diligence and skill expected of a reasonable person having the professed skills, expertise and reputation of the Investment Manager and as is expected of a comparable investment manager in the industry, in accordance with all fiduciary duties of the Investment Manager pursuant to Applicable Law, in the best interests of Scheme 1, and in good faith.

### The obligations of the Trustee and the Investment Manager to the Contributor(s) are subject to the acceptance of the Contributor’s Capital Commitment by the Investment Manager, and the fulfilment, prior to or at the Closing, of each of the following conditions: (a) the representations and warranties of the Contributor contained in this Agreement must be true and correct as of each Closing, as if made then; (b) the Contributor must have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by the Contributor; and (c) there must be no condition or event that constitutes a Contributor’s Default hereunder or that, with notice or lapse of time, or both, would constitute such a Default.

## **Independent Consultation**

### The Contributor confirms that it has been advised to consult with its legal adviser regarding legal matters concerning Scheme 1 and with independent tax advisors regarding the tax consequences of investing in the Units of Scheme 1, including but not limited to tax implication on the income received by such Contributor from Scheme 1 Investments based on their residential status, total income, capital gains, tax jurisdiction and global income, as may be applicable. The Contributor also confirms that the Capital Commitment made by it is on the basis of such independent advice.

### Non-exhaustive summaries of certain principal legal and regulatory considerations and tax considerations applicable to Scheme 1 are set forth in the Memorandum. In view of the particularized nature of the tax, regulatory and legal consequences, each prospective Contributor has, prior to the execution of this Agreement, consulted its own advisors with respect to the specific legal, regulatory and tax consequences applicable to them as a result of an investment in Scheme 1.

## **Investment Objective and Strategy**

### The investment objective of Scheme 1 is to carry on the activities of a Category I AIF (Venture Capital Fund) in accordance with the Applicable Law (including AIF Regulations). The primary investment objective of Scheme 1 is to invest in scalable and sustainable start-ups, emerging or early stage ventures, which would have potential to provide economic/ social and environmental benefits/ superior value proposition for the country.

### Scheme 1 would be sector agnostic and shall include, but not limited to sectors such as health-care, tourism, entertainment, education, renewable & non-conventional energy, agri-allied/ ancillary products, food processing, consumption led sectors, energy efficiency, clean-technology, light engineering, information technology, medical devices, bio-medical waste management, etc. The investments will also be oriented towards high tech clusters and sectors such as climate action, deep tech, digital economy, pharma and agri-tech, as covered in the Union Budget for 2022-23.

### The strategy will involve investing in manufacturing and services start-ups which have the potential to become leaders in their respective industry segment.

### For the avoidance of doubt, without prejudice to any investment related restrictions set out in Scheme 1 Documents, all investments made or to be made by Scheme 1 shall additionally be subject to applicable restrictions as specified in the AIF Regulations from time to time.

## **Amount and terms of Capital Contribution**

Subject to the terms and conditions of this Agreement, the Contributor agrees and undertakes to subscribe to the Units of Scheme 1 and to contribute to Scheme 1 the amount of its Capital Commitment, as set out in **Schedule I**, and to be bound by the terms and conditions of this Agreement and the Indenture. The terms of the Indenture shall be deemed to be incorporated in this Agreement as if set out in full in this Agreement. The Contributor acknowledges that the Capital Commitment made hereunder is: (a) irrevocable; and (b) conditioned upon acceptance by the Investment Manager and may be accepted or rejected in whole or in part by the Investment Manager. Subject to the provisions contained in **Schedule IV** below, this Agreement shall be binding on the Trustee and the Investment Manager from the Closing at which the Capital Commitment of the Contributor is so accepted.

### Unless otherwise agreed between the Parties hereto, the obligation of the Contributor to make Capital Contribution against its Capital Commitment is subject to the following conditions:

1. all governmental, corporate, shareholders’, or other necessary approvals, licenses, certificates or consents as may be required having been obtained for;
2. issuance of Units represented by the Statement of Accounts or unit certificates to the Contributors against their Capital Contribution;
3. the due execution and delivery of this Agreement and other relevant documents and agreements pursuant thereto; and
4. the representations and warranties contained in **Clause 3.1** are true and will continue to be true at the time of making Capital Contributions.

### The Trustee and the Investment Manager shall ensure that the Capital Contributions are utilized solely and exclusively for meeting the purposes and objects as stated in this Agreement and the other Scheme 1 Documents.

## **Procedure for Contribution**

### Further to the provisions set out in **Schedule IV**, it is clarified that the Investment Manager shall give each Contributor a Drawdown Notice in accordance with the form set out in “**Exhibit A**” hereunder stating the date within which the Capital Contribution will be required to be made by the respective Contributor.

## **Investment of Capital Commitment**

### The Investment Manager shall make investments in accordance with the Investment Objective and Investment Strategy, subject to Scheme 1 Documents and in accordance with the AIF Regulations.

## **Execution of Contribution Agreement and delivery of Statement of Account**

### Each of the Contributors shall execute this Agreement with the Trustee and the Investment Manager setting out, *inter alia*, the terms and conditions of payment of their Capital Contributions and issue of Units including time and manner of payment of the Capital Contributions, distribution of Distributable Proceeds, the manner in which the Units shall be paid up and the manner in which the Units may be redeemed (including partially).

### Each Contributor shall receive a statement of account from the Investment Manager evidencing the number of Units held by any Contributor in Scheme 1. Upon a Contributor’s written request to the Investment Manager for the issuance of a statement of account other than in the ordinary course of Scheme 1’s reporting time lines, the Investment Manager shall issue the statement of account in accordance with provisions set out in **Schedule IV**.

### The Investment Manager shall maintain, a register of Contributors in which the name of the Contributor shall be entered as the holder of the Units issued to it and other particulars as may be relevant.

## **Management of Portfolio Companies**

### The Contributors shall not have the right to participate or take part in the control of Scheme 1’s affairs and shall have no right or authority to act for or bind Scheme 1, save and except to the extent provided in this Agreement and other Scheme 1 Documents.

### No Contributor shall be entitled in any way whatsoever to compel, control or forbid the exercise in any particular manner of any powers, discretion or privileges (including any voting rights) conferred on the Trustee and/or the Investment Manager (including their Affiliates) by reason of any shares or other rights of whatsoever nature in or over a Portfolio Company.

### In no event shall a Contributor have or acquire any right against the Trustee and the Investment Manager except as expressly conferred on such Contributor hereby or in other Scheme 1 Documents, nor shall the Trustee or the Investment Manager be bound to make payment to any Contributor, except out of funds held by the Trustee for that purpose under the provisions of this Agreement.

## **Management Fee**

### The Investment Manager shall be entitled to receive management fee from Scheme 1 to be charged to the Contributors as set out in **Schedule IV** (“**Investment** **Management Fee**”).

## **Voting and Approvals**

### For matters requiring the approval, consent or vote of the Contributors, the approval, consent or vote will be on the basis of the relevant threshold in terms of the Capital Contributions and not the number of Contributors, in accordance with Scheme 1 Documents.

### The Trustee or the Investment Manager shall approach the Contributor for obtaining all consents and approvals required to be obtained from the Contributor under this Agreement and under Applicable Laws.

## **Persons admitted as Contributors**

### The Trustee and the Investment Manager shall deal only with Persons named or admitted as Contributors to Scheme 1 in accordance with this Agreement. Any distribution by the Investment Manager to a Person shown on the register of Contributors or to such Person’s legal representative, transferee, or lawful assignee, having the right to receive Scheme 1’s distributions as provided therein, shall, subject to limitation of liability under **Schedule IV**, absolve the Investment Manager and/or Trustee of all liability to any other person who may be interested in such distribution by reason of any other assignment by the Contributor or by reason of its incapacity or for any other reasons.

# REPRESENTATIONS AND WARRANTIES

## **Representations by the Trustee and the Investment Manager**

### Except to the extent already disclosed in writing to the Contributors, each of the Trustee and the Investment Manager severally and only in relation to itself represents and warrants as follows:

#### It is duly incorporated under the laws of India and has the power to conduct its operations as presently conducted and to enter into this Agreement;

#### the Trust has been duly constituted under Applicable Laws and is registered with SEBI as a Category I AIF (sub-category- Venture Capital Fund) under the AIF Regulations and Scheme 1 is the first scheme of the Trust.

#### It has the corporate power, capacity and authority to execute, deliver and perform this Agreement and has taken all necessary sanctions and approvals (corporate, statutory or otherwise) to authorize the execution, delivery and performance of this Agreement;

#### Nothing in this Agreement conflicts with the constitutional documents of the Trustee or Investment Manager (as applicable) or any judgment, decree or order or any statute, rule or regulation applicable to it;

#### this Agreement constitutes a legal, valid and binding obligation on the Trustee or the Investment Manager (as applicable), and is enforceable against the Trustee or the Investment Manager (as applicable) in accordance with its terms;

#### It is currently not involved or threatened with any litigation in connection with the securities market, offence involving moral turpitude or any other economic offence whose outcome might materially and adversely affect its financial condition.

#### None of the following have occurred and is subsisting and no notice in connection therewith has been served:

##### An application to a court for an order, or the making of any order, that it be wound up, that a liquidator, receiver or custodian be appointed for the Trustee or the Investment Manager or any of its assets or that it be placed in bankruptcy;

##### A resolution for winding up;

##### The convening of a meeting or passing of a resolution to appoint a liquidator;

##### A scheme of compromise or arrangement, reconstruction; or

##### The taking of any action to seize, attach, take possession of or appoint a receiver, liquidator or manager in respect of the Trustee or the Investment Manager or any of its property/assets.

#### It shall inform the Contributors if it has received any notice or application or any statutory notice or notice for winding up/dissolution;

#### It shall cause to be provided to the Contributors, such other information and documents as is required under the AIF Regulations or which the Contributors may reasonably require and request in writing, about Scheme 1;

#### It has no outstanding obligations or liabilities contingent or otherwise (including tax liabilities) which might materially and adversely affect its financial condition or of Scheme 1;

#### It has not incurred any indebtedness which is secured by any mortgage, pledge, charge or lien on the assets of Scheme 1 (unless done in accordance with the Applicable Laws and this Agreement) or that is inconsistent with this Agreement or its duties, responsibilities and obligations towards Scheme 1 or the Contributors thereof;

#### It has not guaranteed or entered into any arrangement for guaranteeing the debts of any other company such that it is inconsistent with its duties, responsibilities and obligations towards Scheme 1 or the Contributors thereof;

#### All Government approvals and statutory permissions to the extent and as are necessary for the execution of this Agreement and the creation of the Trust and Scheme 1, and for receiving the Capital Contribution and issuance of Units, have been obtained and the investment by the Contributors in Scheme 1 will be valid, legal and binding under the Applicable Laws;

#### The proceeds of the Capital Contributions will be used for the purposes described in Scheme 1 Documents including the Indenture and this Agreement and, to the extent not inconsistent therewith, the Memorandum; and

#### To the best of the knowledge of the Trustee or the Investment Manager, it has complied with the applicable AIF Regulations.

## **Representations by the Contributor**

### The Contributor represents, warrants, assures and confirms as follows:

#### If not an individual, it is duly incorporated under laws of the relevant jurisdiction and has the power to conduct its business as presently conducted and has the power to enter into this Agreement;

#### It has been furnished with and has (and in the case of a Contributor other than an individual, its principal officer) carefully read Scheme 1 Documents and the Memorandum including the risk factors and accepts the same unconditionally. It has such knowledge and experience in financial and investment matters as to be capable of evaluating the merits and risks of the investment in Scheme 1, is able to bear the risks of the investment in Scheme 1, has the financial ability to make the investment in the Units pursuant to this Agreement and understands the risks of, and other considerations relating to, an investment in Scheme 1, including as set out in the Memorandum;

#### It (and in the case of a Contributor other than an individual, its principal officer) has read the terms and the conditions mentioned in Scheme 1 Documents and accept the same unconditionally;

#### Persons named as the representatives of the Contributor shall have the approval and the authority to act as its representatives;

#### It has the full power, capacity and authority to execute, deliver and perform this Agreement and such other document, if any, required to be executed and delivered by the Contributor in connection with allotment of Units and has taken all necessary sanctions and approvals (corporate, statutory or otherwise) to authorise the execution, delivery and performance of this Agreement including honouring its Capital Commitment. The Person signing this Agreement on behalf of the Contributor has been duly authorized to execute and deliver this Agreement and such other document required to be executed and delivered by the Contributor in connection with the allotment of Units. This Agreement has been duly executed by the Contributor and constitutes a valid and legally binding agreement of the Contributor, enforceable against it in accordance with its terms;

#### If not an individual, the copies of the certificate of incorporation and the charter or constituent documents of the Contributor which have been certified and initialled by a principal officer or director on behalf of the Contributor and furnished to the Trustee and/or the Investment Manager are correct and complete and reflect all amendments made thereto prior to the execution of this Agreement;

#### The Units (representing Beneficial Interest in Scheme 1) are being allotted to the Contributor for the Contributor's own account for investment purposes only and not for the purpose of resale, distribution or fractionalization;

#### The Contributor’s execution and delivery of this Agreement and the consummation of the respective transactions contemplated by this Agreement shall not result (to the extent applicable to the Contributor) in the violation of or constitute a default under, breach of or conflict with: (a) the Contributor’s governing or organisational documents; (b) any contract, indenture, agreement, instrument binding on the Contributor or its properties; or (c) any order, writ, permit, franchise, judgment, decree, legislation, statute, rule or regulation applicable to the Contributor, or threatened against the Contributor to the best of its knowledge. It is not a party to or otherwise bound by any agreement which would in any way affect the performance of its obligations under this Agreement. There are no existing or threatened actions or proceedings (including bankruptcy proceedings) against it which, if decided against it, would have a material adverse effect on it or its business, properties and assets or on its ability to perform its obligations under this Agreement;

#### It understands and agrees that upon execution of this Agreement, the Contributor shall be obliged to pay the entire amount of the Capital Commitment in such manner as contemplated in this Agreement regardless of the performance of Scheme 1 and understands the nature and scope of the rights and remedies provided to Scheme 1 in this Agreement if the Contributor fails to pay, when due, any part of the Capital Commitment or other payment obligations under this Agreement;

#### To the full satisfaction of the Contributor, the Contributor has been afforded the opportunity to ask questions to the representatives of Scheme 1, concerning the terms and conditions of the offering and to obtain any additional information necessary to verify the accuracy of any representations or information set forth in the Memorandum;

#### Other than as set forth in this Agreement, in the Memorandum, or in any separate agreement in writing with Scheme 1 executed in conjunction with the Contributor’s Capital Commitment, the Contributor is not relying upon any other information (including any advertisement, article, notice or other communication published in any newspaper, magazine, website or similar media or broadcast over television or radio, and any seminars or meetings whose attendees have been invited by any general solicitations or advertising), representation or warranty by Scheme 1, its Affiliates or any agent of them, written or otherwise, in determining to invest in Scheme 1. The Contributor has consulted, to the extent deemed appropriate by the Contributor, with the Contributor’s own advisers as to the financial, tax, legal, accounting, regulatory and related matters concerning an investment in Units and on that basis understands the financial, tax, legal, accounting, regulatory and related consequences and believes that an investment in Scheme 1 is suitable and appropriate for the Contributor;

#### None of the funds it contributes to Scheme 1 shall be derived from activities that contravene any Indian laws or may contravene or cause Scheme 1 to contravene the provisions of the Income Tax Act, 1961, Prevention of Money Laundering Act, 2002, Prevention of Corruption Act, 1988 and/or any Applicable Laws and regulations in force and enacted by the Government of India from time to time or any rules, regulations, notifications or directions issued thereunder;

#### It is eligible to invest in Scheme 1 pursuant to the laws and regulations of its jurisdiction and has taken all relevant steps (including obtaining the relevant permissions) to be eligible to make such investment;

#### It satisfies the relevant additional representation(s) for its jurisdiction (if any) set out in **Schedule III**;

#### If not an individual, none of the following have occurred and is subsisting and no notice in connection therewith has been served in relation to the Contributor:

##### an application to a court for an order, or the making of any order, that it be wound up, that a liquidator, receiver or custodian be appointed of the Contributor or any of its assets or that it be placed in bankruptcy;

##### a resolution for winding up;

##### the convening of a meeting or passing of a resolution to appoint a liquidator;

##### a scheme of arrangement, amalgamation or reconstruction or composition with or without assignment for the benefit of all or a class of creditors;

##### the taking of any action to seize, attach, take possession of or appoint a custodian, receiver, liquidator or manager in respect of the Contributor or any of its shares or property; and

##### any other event or condition, which could have a material adverse impact on the Contributor’s ability to meet its Capital Commitment to Scheme 1 or comply with this Agreement in any material respect;

#### If an individual, none of the following have occurred and is subsisting and no notice in connection therewith has been served in relation to him:

##### an application to a court for an order, or the making of any order, that he be declared an insolvent or any of his assets be placed in bankruptcy;

##### the taking of any action to seize, attach, take possession of or appoint a custodian, receiver, liquidator or manager in respect of any of his assets or property; and

##### any other event or condition, which could have a material adverse impact on the Contributor's ability to meet its Capital Commitment to Scheme 1;

#### The Contributor does not and shall not, in its capacity as a Contributor, have the right or power to participate in the management or affairs of Scheme 1 or any Portfolio Company, nor shall the Contributor have the power to sign for or bind Scheme 1.

## **Acknowledgement**

### Each Party acknowledges that it has made representations hereinabove in this **Clause 3** on the faith and strength whereof the Parties have entered into this Agreement. Each Party warrants that each of its representations is true and correct and is not misleading in any material aspect. Each Party acknowledges and agrees that breach of a representation or warranty under this Agreement shall be treated as a breach of this Agreement.

### The representations and warranties of the Contributor, the Trustee and the Investment Manager contained in this Agreement shall survive the execution / delivery of this Agreement during the term of this Agreement. The Contributor covenants to immediately inform the Trustee and the Investment Manager if any of its representations and/or warranties in this Agreement ceases to be true, correct or accurate during the term of this Agreement.

### The Contributor agrees that if any of the foregoing representations or warranties or any information provided by the Contributor cease to be true, accurate or complete, or if they become misleading, the Contributor shall promptly notify the Trustee and the Investment Manager (acting for the Trustee) of the facts pertaining to such changed circumstances. In such an event, the Trustee and the Investment Manager may be obligated to freeze the Contributor’s investment or the Contributor’s investment may immediately be involuntarily withdrawn from Scheme 1, and Scheme 1 may also be required to report such action and to disclose the Contributor’s identity to any statutory or regulatory authority, as may be required, and/or take such actions as may be required under the Applicable Laws, including to enforce mandatory cancellation of the Units held by the Contributor as on such date. If Scheme 1 is required to take any of the foregoing actions, the Contributor understands and agrees that it shall have no claim against Scheme 1, the Trustee and the Investment Manager or any of their respective Affiliates, members, partners, shareholders, officers, directors, advisors, employees or agents for any form of damages as a result of any of the aforementioned actions.

### The Contributor agrees to provide such additional information and other assistance as the Trustee or the Investment Manager reasonably determines to be necessary or advisable to enable Scheme 1 or the Investment Manager to comply with their obligations under Applicable Laws.

# ACCOUNTS AND REPORTING

## **Accounting Records**

### The Investment Manager shall maintain proper books of accounts, documents and records with respect to Scheme 1 to give a true and accurate account of the investments, expenses, earnings, profits, etc. of Scheme 1 in accordance with Applicable Laws. The books and records shall be maintained at the principal place of activity of Scheme 1, unless otherwise decided by the Investment Manager.

### The Investment Manager shall appoint, remove or replace the Auditors for Scheme 1 in accordance with Scheme 1 Documents. The remuneration of the Auditors shall be determined by the Investment Manager.

# CONFLICTS OF INTEREST

## Scheme 1 will be subject to certain conflicts of interest relating to the Sponsor, Contributors, the Investment Manager, the Trustee and each of their respective Affiliates and their shareholders, officers, partners, directors and employees and members of the Investment Committee or any other committee of Scheme 1 set up by the Investment Manager, key investment team or advisory team of other investments managed or advised now and in the future by the respective parties and their respective employees, agents, consultants, officers and directors (collectively, the “**Interested Parties**”).

## There may be instances where the interests of the Interested Parties conflict with the interests of Scheme 1 and its Contributors. Conflicts of interest may arise in inter se the activities of the Interested Parties and the Contributors vis-à-vis the operation of Scheme 1. The Investment Manager may enter into or approve a transaction or arrangement or any Investment (“**Conflicted Transaction**”) notwithstanding that it or any of the Interested Parties may have any direct or indirect interest or concern in such Conflicted Transaction, provided that such interest or concern or conflict of interest involving the Trustee or the Investment Manager shall have been dealt with in accordance with the Investment Manager’s conflict management principles, as per the Applicable Laws. The Trustee and the Investment Manager will endeavour to ensure that these conflicts do not work to the detriment of Scheme 1; however, there can be no assurance that they will be able to do so in all instances.

# CONFIDENTIALITY

## **Confidentiality with respect to Scheme 1**

### Each Contributor shall keep confidential and shall not disclose without the prior written consent of the Investment Manager any information with respect to Scheme 1, the Investment Manager, the Trustee, Portfolio Companies, any Investment or any of their Affiliates, provided that a Contributor may disclose any such information: (a) as has become generally available to the public other than as a result of the breach of this **Clause 6** by such Contributor or any agent or Affiliate of such Contributor; (b) as may be required to be included in any report, submission, application, statement or testimony required to be submitted or necessary, to any municipal, state or national regulatory or governmental body or authority having jurisdiction over such Contributor; (c) as may be required in response to any summons or subpoena or in connection with any litigation; (d) to the extent necessary to comply with any law, order, regulation, direction or ruling (including those of any relevant stock exchange) applicable to such Contributor; to its employees and professional advisors (including such Contributor’s auditors and counsel), so long as such Persons are advised of the confidentiality obligations contained in this Agreement and are bound by similar confidentiality restrictions; (e) as required under Applicable Laws; and (f) as may be required in connection with an audit by any taxing authority.

### In the event that a Contributor (or anyone to whom such Contributor has transmitted such information) becomes legally required (or reasonably determines that it is legally required) to disclose any such information, such Contributor shall promptly notify the Investment Manager in writing of such requirement prior to any such disclosure so that Scheme 1 or the Investment Manager may seek a protective order or other appropriate remedy. In the event that such protective order or other remedy is not obtained, or that Scheme 1 or the Investment Manager waives compliance with the provisions of this **Clause 6**, such Contributor may disclose such information as it is legally required to disclose (or that it reasonably determines it is legally required to disclose), and such Contributor agrees to use its best efforts to obtain assurance that confidential treatment shall be accorded to the information so disclosed. Notwithstanding any other provision of this Agreement, the Investment Manager shall have the right to keep confidential from Contributors for such period of time as the Investment Manager determines is reasonable: (a) any information that the Investment Manager reasonably believes to be in the nature of trade secrets; and (b) any other information (i) the disclosure of which the Investment Manager in good faith believes is not in the best interest of Scheme 1 or could damage Scheme 1 or its Investments, or (ii) that the Investment Manager or the Trustee is required by law or by agreement with a third Person to keep confidential. Scheme 1 or the Investment Manager may disclose any information concerning Scheme 1 or the Contributors necessary to comply with Applicable Laws and regulations, including any anti-money laundering or anti-terrorist laws or regulations, and to such other Persons and in such other circumstances as Scheme 1 deems necessary or appropriate in furtherance of the purposes of Scheme 1, and each Contributor shall provide Scheme 1, promptly upon request, all information that the Investment Manager reasonably deems necessary to comply with such laws and regulations.

### Notwithstanding the provisions of this **Clause 6**, Scheme 1 agrees that the Contributor may provide information, including confidential, proprietary, trade secret and other sensitive information, to its direct or indirect interest holders, provided that such interest holders shall maintain the confidentiality of the foregoing information pursuant to confidentiality provisions that are substantially similar to the provisions of this **Clause 6**.

### Any obligation of a Contributor pursuant to this **Clause 6** may be waived by the Investment Manager in its sole discretion.

## **Confidentiality with respect to the Contributors**

### Upon the request of any Contributor, the Investment Manager and the Trustee shall not, and to the extent practicable shall cause their respective Affiliates to not, disclose any confidential information with respect to such Contributor, provided that the Trustee, the Investment Manager and their respective Affiliates may disclose any such information: (a) that has become generally available to the public other than as a result of a breach of this **Clause 6** by the Trustee, the Investment Manager or their respective Affiliates; (b) as may be required to be included in any report, statement or testimony required or desirable to further the objectives of Scheme 1, to be submitted to any municipal, state or national regulatory body having jurisdiction over Scheme 1, the Trustee, the Investment Manager or their respective Affiliates; (c) as may be required in response to any summons or subpoena or in connection with any litigation; (d) to the extent necessary to comply with any law, order, regulation or ruling applicable to Scheme 1, the Trustee, the Investment Manager or their respective Affiliates; (e) to the employees and professional advisors (including auditors and counsel) of Scheme 1, the Trustee and the Investment Manager, provided that such Persons are advised of the confidentiality obligations contained in this Agreement and are bound by similar confidentiality restrictions; (f) as may be required in connection of an audit by any taxing authority; and (g) with the prior written consent of the relevant Contributor, provided however, that the foregoing shall in no way prevent the Trustee or the Investment Manager from conducting the affairs of Scheme 1 in the ordinary course.

### In the event the Trustee or the Investment Manager is directed by any authority of any government to provide it with any information in relation to Scheme 1 and/or the Contributors and the Investments and income of Scheme 1 and provisions of this Agreement, and the Trustee or the Investment Manager complies with such direction in good faith, whether or not it was in fact enforceable, the Trustee or the Investment Manager shall not incur any liability to the Contributors or to any other party as a result of such compliance or in connection with such compliance. However, it shall duly inform the other Parties of the same.

### The Contributor undertakes and covenants that it shall provide the Trustee, the Investment Manager and/or any of their Affiliates or agents with such information as any of them reasonably request from time to time with respect to the Contributor’s citizenship, identity, residency, ownership and/or control (both direct and indirect) so as to permit each of them to evaluate and comply with any applicable legal, regulatory and tax requirements applicable to Scheme 1 (including any information regarding the Contributor and its beneficial owners as may be required to evaluate and comply with any relevant anti-money laundering laws and regulations) or any proposed Investments of Scheme 1.

# AMENDMENTS

## Subject to **Clause 7.2**, **Clause 7.3** and **Clause 7.4**, this Agreement (including the Schedules, Annexures and Exhibits hereto), shall not be amended, supplemented or waived or modified without an execution of an amendment document by the Trustee and the Investment Manager with the consent of Super Majority of the Contributors.

## Notwithstanding **Clause 7.1**, no amendment to this Agreement shall:

#### Be effected without the prior written consent of a Contributor, such that it: (i) increases the Capital Commitment, liabilities or obligations or reduces the rights of such Contributor; or (ii) adversely affects the obligations or economic rights of such Contributor in a manner that discriminates against such Contributor *vis-a-vis* the other Contributors in the same Class; and provided further, that no amendment which would increase the Capital Contributions required to be made by any Contributor shall be adopted unless all of the Contributors are offered an opportunity to increase their Capital Contributions on a *pro rata* basis, except as otherwise specifically set out in this Agreement and, for the avoidance of doubt, shall not apply to a situation where a Contributor increases its Capital Commitment pursuant to the provisions of Scheme 1 Documents;

#### Alter the interest of any Contributor in income, gains or losses or amend or modify any portion of this Clause, without the consent of each Contributor adversely affected by such amendment or modification;

#### change the percentage of Contributors (the “**Required Interest**”) necessary for any consent required under this Agreement without the approval of Contributors who then hold Capital Commitments equal to or in excess of the Required Interest for the subject of the proposed amendment; and

#### increase the Investment Management Fee or Additional Return as applicable to any Class or sub-Class of Units without the prior written consent of all Contributors of that Class or sub-Class as applicable.

## Notwithstanding **Clause 7.1**, the Trustee or the Investment Manager may, without the consent of any Contributor, amend, waive, supplement or modify any provision of this Agreement (unless such amendment or waiver would have a material adverse effect on any of the Contributors) to reflect:

#### As may be required, to implement transfer of Units pursuant to the terms of this Agreement;

#### As may be required, to implement any of the provisions of this Agreement in respect of Defaulting Contributors;

#### A change in the name of Scheme 1 or the location of the principal place of activity of Scheme 1;

#### An assignment, substitution or replacement of the Trustee in accordance with the Indenture;

#### The substitution, transfer, or withdrawal of any Contributor or a change in the Capital Commitment of any Contributor or any restatement, clarification or consolidation of the Beneficial Interest of the Contributors in accordance with the Indenture and this Agreement;

#### A change that is: (i) of an inconsequential nature; or (ii) necessary or desirable to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any governmental agency or regulatory authority or contained in any statute;

#### A change in any provision of this Agreement that requires any action to be taken by or on behalf of Scheme 1 pursuant to the requirements of any Applicable Laws if the provisions of the same are amended, modified or revoked so that the taking of such action is no longer required;

#### A change that is necessary or desirable in connection with a Portfolio Investment or potential Portfolio Investment to implement (for regulatory, tax or similar reasons on advice of counsel) an alternative investment structure;

#### A change to add to the duties or obligations of Scheme 1, the Trustee or the Investment Manager;

#### A change that leads to any accretion to or amplification of the rights of the Contributors;

#### Subject to the amendment provisions of the Indenture, to conform this Agreement to amendments or supplements made to the Indenture;

#### A change that benefits any Contributor(s) of a particular Class of Units and is not detrimental to any other Contributor, however, the Trustee and Investment Manager shall not make any amendment which shall alter the rights of the existing Contributor(s) of any particular Class of Units;

#### As the Trustee or the Investment Manager determines in good faith to be advisable, in connection with the legal, tax, regulatory, accounting or other similar issues affecting one or more Unitholders; and

#### An amendment to cure any ambiguity or defect or correct or supplement any provisions of this Agreement which may be inconsistent with any other provision of the Indenture or of the other Scheme 1 Documents or of any requirement of law, or correct any printing, stenographic or clerical errors or omissions provided that for the avoidance of doubt, such amendment does not have a material adverse effect on any Unitholders.

## Within a reasonable period after any change or amendment or waiver in accordance with **Clause 7.3**, the Trustee or the Investment Manager shall send a written notice to each Contributors describing such change or amendment or waiver in reasonable detail.

## The Investment Manager may further seek the amendment of Scheme 1 Documents to give effect to any change of name of the Contributors pursuant to a corporate restructuring, merger, acquisition, amalgamation or takeover of such Contributors.

## The provisions of this **Clause 7** do not apply to rights established under, or alterations or supplements to the terms hereof made pursuant to, Side Letters.

## Notwithstanding anything contained under **Clauses** [**7.1, 7.2 and 7.3**](#bookmark642), to the extent the AIF Regulations require a higher threshold for Contributor approval for any amendments to this Agreement, then the AIF Regulations shall prevail.

# MISCELLANEOUS

## **Harmonious construction**

In case of any conflict between the provisions of this Agreement and the Indenture, the provisions of this Agreement shall prevail, however the Trustee shall make best efforts to procure that the Indenture is amended to remove any such conflict. In case of any conflict between the provisions of this Agreement and the Memorandum, the provisions of this Agreement shall prevail. However, in such an eventuality, best endeavours shall be made to achieve harmonious construction, taking into account all relevant documents and the Investment Manager’s interpretation in this regard shall be binding.

## **Overriding effect**

This Agreement (deemed to include its Annexures, Schedules and Exhibits, if any) constitutes the entire agreement between the Parties pertaining to its subject matter and supersedes all prior and contemporary agreements and understandings. The Parties intend this Agreement to be the final expression of their agreement with respect to its terms, and the complete and exclusive statement of those terms provided that a Contributor and Scheme 1, Investment Manager and/or Trustee may enter into separate side letters in writing to capture additional terms applicable to such Contributor and in the case of the Contributor, any such Side Letter along with this Agreement shall constitute the entire agreement among the Parties pertaining to its subject matter.

Scheme 1 and the Investment Manager represent, warrant and covenant that the contribution agreements pursuant to which the Contributors have agreed (or will agree) to become Contributors in Scheme 1 will be substantially identical to this Agreement (except as to (i) the amount of Capital Commitments made thereby and details of a Contributor; (ii) changes to certain representations and warranties made by any other Contributor that relate to legal, regulatory or organizational facts unique to such other Contributor; and (iii) dispute resolution as set out in **Clause 9** of this Agreement).

## **Waiver not to impair rights**

No delay in exercising or omission to exercise any right, power or remedy accruing to any of the Parties upon any default under this Agreement, or under the Indenture (as modified from time to time) shall impair any such right, power or remedy or shall be construed to be a waiver thereof or any acquiescence in such default, nor shall the action or inaction of the concerned Parties in respect of any acquiescence by it in any default, affect or impair any right, power or remedy of the concerned Party in respect of any other default."

## **Documents and notices**

All notices, requests, demands and other communications made or given shall be in writing and shall be either personally delivered, couriered, transmitted by postage prepaid registered mail (air mail, if international), or by telex or cable (confirmed and in writing by postage prepaid registered mail – air mail, if international) or facsimile transmission or e-mail and shall be addressed to the appropriate Party at details provided below or to such other address or place or facsimile number as such Party may from time to time designate. Unless another address or facsimile number has been specified by a Party hereto by written notice thereof to the other Party, any notice, request, demand or other communication given or made when sent through facsimile, electronic mail, registered post or courier at the address/number of the other Party as specified in this Agreement shall be deemed to have been received: (a) in the case of personal delivery, on the date of delivery; (b) in the case of mail delivery or courier, on the date which is 5 (five) days after the mailing/dispatch thereof and in proving such service shall be sufficient to prove that the letter containing the same is properly addressed, stamped and posted as the case may be; and (c) in the case of facsimile or an e-mail, within 24 hours from the e-mail being sent or upon receiving the confirmation of transmission of the facsimile.

Notices to the Contributorshall be sent in accordance with the details provided in **Schedule I**.

**Trustee** : SIDBI Trustee Company Limited

Address : SIDBI, Swavalamban Bhavan, C-11, G - Block, 2nd Floor, Bandra Kurla Complex, Bandra East, Mumbai - 400 051.

Attention : Director

Telephone : +91-22- 6753 1202

E-mail : [info@sidbiventure.co.in](mailto:info@sidbiventure.co.in); atmanirbharvf@sidbiventure.co.in

**Manager** : SIDBI Venture Capital Limited

Address : SIDBI, Swavalamban Bhavan, C-11, G - Block, 2nd Floor, Bandra Kurla Complex, Bandra East, Mumbai - 400 051.

Attention : CEO

Telephone : +91-22- 6753 1204

E-mail : info@sidbiventure.co.in; atmanirbharvf@sidbiventure.co.in

## Any change in the notice details of the Parties set out herein above shall be notified by such Party to the other Parties immediately in accordance with this **Clause 8.4.**

## **Effective date of the Agreement**

This Agreement shall become binding on the Parties on and from the date as stated on the first page of this Agreement.

## **Partnership or agency**

Nothing in this Agreement shall constitute or be deemed to constitute a partnership, agency, association of persons or otherwise between any of the Parties hereto and none of them shall have any authority to bind the other in any way.

## **Counterparts**

This Agreement may be executed in several counterparts, each of which, when so executed and delivered, shall be deemed an original instrument, but all of which together shall constitute one and the same instrument.

## **Survival**

Termination of this Agreement shall not affect those provisions hereof that by their nature are intended to survive such termination, including but not limited to this **Clause 8.8**, the representations and warranties made under **Clause 3**, indemnification obligations under **Schedule IV**, confidentiality restrictions under **Clause 6,** overriding effect under **Clause 8.2**, documents and notices under **Clause 8.4**, partnership or agency under **Clause 8.6**, severability under **Clause 8.9**, assignment under **Clause 8.13**, dispute resolution under **Clause 9**, contributor’s giveback under **Schedule IV** and carry clawback obligation under **Schedule IV**.

## **Severability**

If any provision or part thereof of this Agreement shall be held void or becomes void or unenforceable at any time, then the rest of the terms of this Agreement shall be given effect to as if such provision or part thereof does not exist in this Agreement. The Parties agree that such an event shall not in any manner affect the validity and the enforceability of the rest of this Agreement.

## **No third party rights**

No provision of this Agreement is intended to, or shall, confer any rights on a third party beneficiary or other rights or remedies upon any person other than theParties hereto; nor impose any obligations on the part of the Parties to this Agreement towards any third parties.

## **Joint Contributors**

If the Contributor is more than one Person, the obligations of the Contributor shall be joint and several, and the representations, warranties, covenants, agreements and acknowledgments in this Agreement contained shall be deemed to be made by, and be binding upon, each such Person and its successors and permitted assigns.

## **Parties in interest**

This Agreement shall be binding upon, and inure to the benefit of, the Parties hereto and their permitted successors and assigns.

## **Assignment**

Notwithstanding anything else contained in this Agreement or Scheme 1 Documents, the Investment Manager and/or the Trustee may, in its discretion, but always subject to Applicable Laws, assign this Agreement or transfer any rights hereunder to any third party which may include an Affiliate or group company of the Investment Manager and/or the Trustee. Upon such assignment or transfer, the assignee and/or transferee company shall have the same rights against the Contributor and obligations towards the Contributors as available to the Investment Manager and/or the Trustee under this Agreement. A Contributor is only entitled to assign this Agreement in accordance with the transfer and withdrawal provisions of this Agreement.

## **Further Actions**

Each Contributor shall execute and deliver such other certificates, agreements and documents, and take such other actions, as may reasonably be requested by the Investment Manager in connection with the formation of Scheme 1 and the achievement of its purposes or to give effect to the provisions of this Agreement, in each case as are not inconsistent with the terms and provisions of this Agreement, including any documents that the Investment Manager determines to be necessary or appropriate to form, qualify or continue Scheme 1 as a trust in all jurisdictions in which Scheme 1 conducts or plans to conduct its Investment and other activities and all such agreements, certificates, tax statements and other documents as may be required to be filed by or on behalf of Scheme 1.

## **Determinations**

To the fullest extent permitted by law, whenever in this Agreement the Investment Manager, Scheme 1, the Trustee or a Contributor is permitted or required to make a decision: (a) in its “sole discretion” or “discretion” or under a grant of similar authority or latitude (or exercise a discretion or take a decision without such discretion being specified), the Investment Manager, Scheme 1, the Trustee or such Contributor shall be entitled to consider only such interests and factors as it desires, including its own interests, and shall have no duty or obligation to give any consideration to any interest of or factors affecting Scheme 1 or any other Person subject (in respect of the Investment Manager and the Trustee only) to their overarching duty to act in the best interests of Scheme 1; or (b) in its “good faith” or under another express standard, the Investment Manager, Scheme 1, the Trustee or such Contributor shall act under such express standard and shall not be subject to any other or different standard. If any questions should arise with respect to the operation of Scheme 1 that are not specifically provided for in this Agreement or the other Scheme 1 Documents or Applicable Laws, or with respect to the interpretation of this Agreement, the Investment Manager is hereby authorised to make a final determination with respect to any such question and to interpret this Agreement in good faith, and its determination and interpretation so made shall be final and binding on all Parties.

## **English Language**

All notices or formal communications under or in connection with this Agreement shall be in English language or, if in any other language, accompanied by a translation into English. In the event of any conflict between the English text and the text in any other language, the English text shall prevail.

## **Documentary taxes**

Any documentary taxes such as stamp duty payable in relation to this Agreement shall be borne by the Contributor.

## **Valid Execution**

The exchange of a fully executed version of this Agreement along with the signature pages of all the Parties (in counterparts or otherwise) by electronic transmission in ‘portable document format’ or PDF or any other format shall be sufficient to bind the Parties to the terms and conditions of this Agreement and no exchange of originals is necessary.

## **Compliance with Applicable Laws**

### The Contributor will be required to comply with the request of Scheme 1 to furnish such information/ documentation/ declarations as and when deemed necessary by the Investment Manager in accordance with the Applicable Laws including any compliances under the Income Tax (11th amendment) Rules, 2015 notified by the Central Board of Direct Taxes (“**FATCA Implementation Rules**”).

### If Scheme 1 and/or the Investment Manager is required by Applicable Laws, including the FATCA Implementation Rules, to provide information regarding Scheme 1 and/or the Contributors to any regulatory authority and/or the Portfolio Investments and/or income therefrom to any regulatory authority, and Scheme 1 and/or the Investment Manager complies with such request in good faith, whether or not it was in fact enforceable, they shall not, subject to limitation of liability under **Schedule IV**, be liable to the Contributors or to any other party as a result of such compliance or in connection with such compliance.

## **Payment of Taxes**

### Any allocation or distribution of income and assets of Scheme 1 to the Contributors shall be subject to applicable taxes, including withholding taxes, under the provisions of the Income-tax Act, 1961 or other relevant taxes as applicable.

### All taxes, duties, charges and levies or any other sums connected thereto, if any, payable in connection with the income or gains from the Portfolio Investments qua each Contributor shall be paid by Scheme 1 and shall be taken into account while calculating the Distribution Waterfall set out in **Schedule IV**.Any such taxes, duties, charges and levies or any other sums connected thereto suffered as withholding tax or paid by Scheme 1 qua each Contributor in Scheme 1 shall be deemed to form part of the Distribution Waterfall under **Schedule IV** of such Contributor as on date when such taxes, duties, charges and levies or other sums connected thereto are deducted or paid, as the case may be.

### If, pursuant to Applicable Laws, Scheme 1 is required to make any further payment of taxes or any other sum on the income of Scheme 1, on behalf of a Contributor, that Scheme 1 would not have otherwise been required to make but for such Contributor’s status, it may make the same on behalf of the Contributor including, if applicable, as a representative assessee of such Contributor and shall be entitled to recovery of the same from such Contributor only.

### However, Scheme 1 shall discharge its obligation specified in **Clause** [**8.20.2** above,](#bookmark278) without giving effect to any specific benefits or claims (except as permissible under the Applicable Laws) including but not limited to provisions relating to differing income tax slab rates applicable to the Contributors or minimum alternate tax or set-off of brought forward losses or specific exemptions (specific to the Contributor) under the provisions of the Applicable Laws, that the Contributors may be governed by or entitled to claim under the provisions of the Applicable Laws.

# DISPUTE RESOLUTION

## **Invoking Arbitration**

In the event of any disputes, differences, controversies and questions directly or indirectly arising at any time hereafter between the Parties or their respective representatives or permitted assigns under, out of, in connection with or in relation to this Agreement (or the subject matter of this Agreement) including, without limitation, all disputes, differences, controversies and questions relating to the validity, interpretation, construction, performance and enforcement of any provision of this Agreement, dispute, difference or contention arising between the Parties in relation to any of the provisions of this Agreement or the interpretation hereof, or as to rights, liabilities or duties of the Parties (hereinafter referred to as a “**Dispute**”), the same shall be, in the first instance, amicably settled between the Parties through consultations between senior representatives within a period of 30 (thirty) Business Days of such dispute arising. If after 30 (thirty) Business Days of consultation, between the representatives as aforesaid, the Parties have failed to reach an amicable settlement, on any or all Disputes then at the request in writing of any Party to the Dispute the matter shall be referred to an arbitral tribunal comprising of three arbitrators. The claimant(s) shall nominate 1 (one) arbitrator. The respondent(s) shall nominate 1 (one) arbitrator. The 2 (two) arbitrators shall nominate the third arbitrator who shall be the presiding arbitrator. If within 15 (fifteen) Business Days of a request from the other party to do so, a party fails to designate an arbitrator, or if the 2 (two) arbitrators fail to designate the third arbitrator within 15 (fifteen) Business Days after the confirmation of appointment of the second arbitrator, then the appointment shall be made, upon the request of a party, in accordance with the Arbitration and Conciliation Act, 1996. The arbitration shall be governed by the Arbitration and Conciliation Act, 1996 or any amendments thereto. The arbitration award shall state the reasons for the decision and shall be final and binding upon the Parties.

## **Language and Venue of Arbitration**

The arbitration proceedings shall be conducted in English language. The seat and venue of the arbitration shall be in Mumbai, India.

## **Governing Law and Jurisdiction**

This Agreement shall be governed by and construed and enforced in accordance with the laws of the Republic of India, without regard to its principles of conflict of laws, and subject to the arbitration agreement contained herein, the Parties agree to submit to the exclusive jurisdiction of the courts in Mumbai, India, alone.

## **Miscellaneous**

Each Party shall bear its own costs and expenses in connection with any Dispute. Nothing shall preclude a Party from seeking interim or permanent equity or injunctive relief, or both, from a competent court in Mumbai having jurisdiction to grant the same. The pursuit of equitable or injunctive relief shall not be a waiver of the duty of the Parties to pursue any remedy for monetary damages through arbitration.

**IN WITNESS WHEREOF**, the Parties hereto have executed this Agreement as of the day and year first above written.

**SIGNED** and **DELIVERED** by the within named Trustee, SIDBI Trustee Company Limited, by the hand of

Name: Satya Prakash Singh

Designation: Director

In the presence of:

Name of Witness:

**IN WITNESS WHEREOF**, the Parties hereto have executed this Agreement as of the day and year first above written.

**SIGNED** and **DELIVERED** by the within named Investment Manager, SIDBI Venture Capital Limited, by the hand of

Name: Sajit Kumar

Designation: Sr. Vice President

In the presence of:

Name of Witness:

**IN WITNESS WHEREOF**, the Parties hereto have executed this Agreement as of the day and year first above written.

**SIGNED** and **DELIVERED** by the within named Contributor**, [●]**, by the hand of

Name:

Designation:

In the presence of:

Name of Witness:

DETAILS OF THE CAPITAL COMMITMENT

|  |  |  |
| --- | --- | --- |
| **Name and details of Contributor** | **Contributor’s Capital Commitment** | **Class and number of Units subscribed for** |
| Name: **[●]**  Registered Address (if not an individual):  **[●]**  Address for correspondence (if different from above):  **[●]**  Facsimile number:  **[●]**  Telephone number:  **[●**  **]**E-mail address:  **[●]**  PAN: **[●]**  Contact Person:  **[●]** | INR **[●]**  (*in figures*)  Indian Rupees **[●]**  Crore  (*in words*) | Class **[●]** Units  Sub class (if any): -  Number: **[●]** |

DEED OF ADHERENCE

**DEED OF ADHERENCE** made on the \_\_\_\_\_\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_

**BY**:

[*Name of new contributor* (the “**New Contributor**”)]

**RECITALS**:

1. On [*date*], SIDBI Trustee Company Limited (the “**Trustee**”), SIDBI Venture Capital Limited (the “**Investment** **Manager**”) and [*Name of Contributor*] (the “**Original Contributor**”) entered into a Contribution Agreement (the “**Contribution Agreement**”).
2. The Indenture, the Investment Management Agreement, along with the Contribution Agreement, collectively known as the “**Scheme 1 Documents**” forms a part of this Deed and are attached hereto as annexures.
3. In terms of the provisions of Scheme 1 Documents, the Original Contributor has transferred, assigned, pledged his Beneficial Interest in Scheme 1 to the New Contributor and such transfer/assignment was taken on record by the Trustee on [*date*] / such pledge was enforced against the Original Contributor and notice of enforcement sent to the Trustee was taken on record on [*date*] for which purpose the New Contributor desires to execute this Deed as contemplated under the Contribution Agreement.

**NOW THIS DEED WITNESSES** as follows:

Interpretation

1. In this Deed, except as the context may otherwise require, all words and expressions defined in Scheme 1 Documents shall have the same meanings when used herein.

Undertaking

1. The New Contributor hereby undertakes to all persons who are at present or who may hereafter become bound by Scheme 1 Documents, to adhere to and be bound by all the duties, burdens and obligations, if any, as may be specified in any of Scheme 1 Documents and all documents expressed in writing to be supplemental or ancillary thereto as if the New Contributor had been an original party to Scheme 1 Documents since the date thereof.

Enforceability

1. Each existing Contributor, Trustee and the Investment Manager shall be entitled to enforce the obligations and duties under Scheme 1 Documents against the New Contributor as if the New Contributor had been an original party to Scheme 1 Documents since the date thereof. The New Contributor shall also be entitled to any rights that the Original contributor was entitled to under Scheme 1 Documents.

Governing Law

1. This Deed of Adherence shall be governed by and construed in accordance with the laws of Republic of India and the courts of Mumbai, India shall be the forum for the administration hereof.

**IN WITNESS WHEREOF**, this Deed of Adherence has been executed as a deed on the date first above written.

|  |  |  |
| --- | --- | --- |
| Signed and delivered by the within named New Contributor by the hand of  Mr. [●] (Authorised Signatory / Director)    In the presence of    (name, address of witness) |  | Signed and delivered by the within named Original Contributor by the hand of Mr. [●] (Authorised Signatory / Director)    In the presence of    (name, address of witness) |
|  |  |  |
| Signed and delivered by the within named Trustee by the hand of Mr. [●] (Authorised Signatory / Director)    In the presence of    (name, address of witness) |  | Signed and delivered by the within named Investment Manager by the hand of Mr. [●] (Authorised Signatory / Director)    In the presence of    (name, address of witness) |

ADDITIONAL REPRESENTATIONS FOR CERTAIN CONTRIBUTORS

***(Intentionally left blank)***

SUMMARY OF PRINCIPAL TERMS of scheme 1

|  |  |  |
| --- | --- | --- |
|  | 1. Size of Scheme 1 | * 1. Target corpus of Scheme 1: The target corpus of Scheme 1 is INR 350,00,00,000 (Indian Rupees Three Hundred and Fifty Crore) including green shoe option of INR 100,00,00,000 (Indian Rupees Hundred Crore).   2. Total Scheme 1 corpus: The total target corpus of Scheme 1 is INR 350,00,00,000 (Indian Rupees Three Hundred and Fifty Crore). |
|  | 1. Target Investors | Sophisticated investors including fund of funds, central and state government, government institutions, public sector undertakings, corporates, banks, insurance companies, global development financial institutions, multilateral organizations, private investors and high net worth individuals, who have the financial ability and willingness to remain invested for the total tenure of Scheme 1, to accept the high risks and lack of liquidity inherent in an investment in a scheme of this nature. |
|  | 1. Classes of Units | * 1. Description and specification of Classes of Units: Scheme 1 shall issue the following classes of Units:      1. Class A Units, or any sub-class thereof, having a face value of INR 1,000 (Indian Rupees One Thousand Only) for subscription at par evidencing Beneficial Interest in Scheme 1 by domestic investors (“**Class A Units**” and the holder thereof as “**Class A Unitholder**”);      2. Class B Units, or any sub-class thereof, having a face value of INR 1,000 (Indian Rupees One Thousand Only) for subscription at par evidencing Beneficial Interest in Scheme 1 by offshore investors (“**Class B Units**” and the holder thereof as “**Class B Unitholder**”);      3. Class C Units, or any sub-class thereof, having a face value of INR 1,000 (Indian Rupees One Thousand Only) for subscription at par evidencing Beneficial Interest in Scheme 1 by the Sponsor (“**Class C Units**” and the holder thereof as “**Class C Unitholder**”); and      4. Class D Units, or any sub-class thereof, having a face value of INR 1,000 (Indian Rupees One Thousand Only) for subscription at par evidencing Beneficial Interest in Scheme 1 by the Investment Manager, or employees and directors of the Investment Manager that the board of the Investment Manager may decide from time to time towards Carried Interest, including employee benefit trusts and/or their respective assigns (“**Class D Units**” and the holder thereof as “**Class D Unitholder**”).   The Class A Unitholders, Class B Unitholders, Class C Unitholder and Class D Unitholders shall hereinafter be collectively referred to as the “**Contributors**” or “**Unitholders**”.   * 1. Additional Classes of Units: Further, new classes or sub-classes of Units may be issued by Scheme 1 from time to time. However, it is clarified that issuing new classes or sub-classes of Units will not adversely prejudice the rights of the other Unitholders. It is hereby clarified that rights offered to new classes or sub-classes are likely to be in the form of different rates of carried interest, management fees, fund expenses in line with the amount of capital commitments made.   2. Economic and special rights: Class C Unitholder and Class D Unitholders shall not be liable to pay any Investment Management Fee. Class D Unitholders shall not be liable to pay operating expenses and organisational expenses of Scheme 1.   Please note that any special rights attached to any particular class/ sub-class shall not have any adverse bearing on the economic or any other rights of the Contributors of a different class/ sub-class. |
|  | 1. List of Indicative Timelines for Scheme 1 | Indicative timelines for Scheme 1:   * 1. Initial closing: The initial closing (“**Initial Closing**”) of Scheme 1 shall be declared by the Investment Manager when the Scheme 1 secures Capital Commitments from the Contributors of an amount equal to or more than INR 100,00,00,000 (Indian Rupees One Hundred Crore).   The Investment Manager may, at its sole discretion and subject to AIF Regulations, reduce the size of the Initial Closing of Scheme 1 to a lower amount than INR 100,00,00,000 (Indian Rupees One Hundred Crore).  The Investment Manager may decide not to have any Closings after the Initial Closing, in which case the Initial Closing may later be treated as the Final Closing.   * 1. Subsequent closing(s): All Closings held subsequent to the Initial Closing (including Final Closing) are subsequent closings (“**Subsequent Closings**”).   2. Final closing and extension: Final closing (“**Final Closing**”) shall be held at a date no later than 18 (eighteen) months from the date of Initial Closing, which may be further extended by a period of 6 (six) months, at the sole discretion of the Investment Manager, following which the admission of Contributors in Scheme 1 shall not be permitted.   3. Commitment Period: The commitment period for Scheme 1 will commence from the date of Initial Closing and end on the fifth anniversary of Final Closing (“**Commitment Period**”).   4. Extension of the Commitment Period: The Commitment Period may be extendable by 12 (twelve) months at the sole discretion of the Investment Manager. The Commitment Period may be further extendable by another 12 (twelve) months beyond the aforesaid extension of 12 (twelve) months subject to the prior consent of Super Majority of the Contributors.   5. Term of the Scheme 1 from the Final Closing of the Scheme 1: The term of Scheme 1 will be 10 (ten) years from the date of Final Closing.   6. Extension period beyond the Term of the Scheme 1: The term may be extended through 2 (two) consecutive extensions of 1 (one) year each with the prior approval of Super Majority of the Contributors of Scheme 1 or for such period and in such manner as set out in the AIF Regulations (point (f) and point (g) to be referred together as the “**Term**”). |
|  | 1. Minimum Capital Commitment | 1. Minimum Commitment:    * 1. The minimum Capital Commitment of Class A Unitholders and Class B Unitholders shall be INR 5,00,00,000 (Indian Rupees Five Crore).      2. The minimum Capital Commitment of Class C Unitholder shall be an amount i.e. lesser of (i) 2.5% of the aggregate Capital Commitments, and (ii) INR 5,00,00,000 (Indian Rupees Five Crore) towards sponsor commitment as required under the AIF Regulations.      3. The minimum Capital Commitment of Class D Unitholders (except employees/directors of the Investment Manager) shall be INR 1,00,00,000 (Indian Rupees One Crore) or such lower amount as prescribed under the AIF Regulations. The minimum Capital Commitment by employees/directors of the Investment Manager shall be INR 25,00,000 (Indian Rupees Twenty-Five Lacs) or such lower amount as prescribed under the AIF Regulations.      4. The Capital Commitment and Capital Contributions to the Scheme 1 will be denominated in Indian Rupees. 2. Discretion of the Investment Manager to reduce the minimum Capital Commitment: The Investment Manager may, subject to Applicable Law and as may be permitted under the AIF Regulations, accept Capital Commitments for lesser amounts under each Class of Units on a case by case basis. |
|  | 1. Sponsor/ Investment Manager Commitment | * 1. Sponsor’s Continuing Interest:   The Sponsor shall make a Capital Commitment of an amount being lesser of (i) 2.5% of the aggregate Capital Commitments, and (ii) INR 5,00,00,000 (Indian Rupees Five Crore) towards sponsor commitment as required under the AIF Regulations (“**Sponsor Commitment**”). The Sponsor Commitment represents the Sponsor’s continuing interest in Scheme 1 as required pursuant to Regulation 10(d) of the AIF Regulations (the “**Continuing Interest**”).   * 1. Class of Units issued against minimum Commitment: Class C Units will be issued to the Sponsor against the Sponsor Commitment.   2. Additional Commitment: The Sponsor may, directly or indirectly, over and above the Sponsor Commitment, make an aggregate Capital Commitment to Scheme 1 of an amount up to INR 45,00,00,000 (Indian Rupees Forty-Five Crore) or such other higher amount as may be decided by the Sponsor at its sole discretion.   3. Class of Units issued against additional Capital Commitment: Class A Units will be issued to the Sponsor against the additional Capital Commitment of the Sponsor. |
|  | 1. Term of the Scheme 1 and Termination | * 1. Term of the Scheme 1 from the Final Closing of the Scheme 1: As set out in **sub**-**paragraph (f) of paragraph 4 (List of Indicative Timelines for the Scheme 1)** above.   2. Extension period beyond the Term of the Scheme 1: As set out in **sub**-**paragraph (g) of paragraph 4 (List of Indicative Timelines for Scheme 1)** above.   3. Termination:   Scheme 1 may be terminated in accordance with the AIF Regulations and Applicable Laws or otherwise on the occurrence of any of the following events:   * + 1. Super Majority of the Contributors of Scheme 1 electing to commence the winding up of Scheme 1 as per the AIF Regulations;     2. After the end of the Commitment Period and the disposition of all Investments of Scheme 1;     3. The determination by the Investment Manager and Super Majority of the Contributors that winding up and dissolution would be in the best interest of the Contributors;     4. If SEBI so directs in the interest of the Contributors;     5. The determination by the Investment Manager in good faith that such earlier dissolution or winding up is necessary due to changes in Applicable Laws that may have a materially adverse effect on Scheme 1;     6. At any time when there is no Contributor in Scheme 1; or     7. Upon the failure to appoint a new trustee, prior to the winding up of the Trustee company.   It is hereby confirmed that the reduction of the Term of Scheme 1 shall be in compliance with Regulation 13(2) of the AIF Regulations.   * 1. Consequences of Termination: Upon the occurrence of an event of termination, the Investment Manager shall undertake all necessary steps as set out in Scheme 1 Documents.   2. Actions to achieve effective winding up: In the absence of consent of the Super Majority of the Contributors, within 1 (one) year from the end of the Term (including extensions, if any) or termination, or within such period as stipulated in the AIF Regulations, whichever is later, Scheme 1 shall be fully liquidated. On such winding up of Scheme 1, in-kind distribution of the assets of Scheme 1 may be made only with the approval of the Super Majority of the Contributors. The Investment Manager reserves the right to reduce the Term of Scheme 1, subject to the AIF Regulations.   3. Procedure on termination and manner of dealing with investments which are not liquidated: In the event of Scheme 1 being terminated under this paragraph, the Trustee shall intimate SEBI and the Contributors of the circumstances leading to the winding up of Scheme 1. Further, the Trustee on recommendation of the Investment Manager or the Investment Manager shall:      1. take all practical steps to sell all the non-cash assets of the Investable Fund in the manner the Trustee deems fit or advisable;      2. shall commence arrangements to pay all the liabilities of Scheme 1 before distributing the balance available cash to the respective Contributors;      3. return to the extent of Distribution Proceeds available with Scheme 1 immediately prior to the date of termination of Scheme 1 in accordance with the applicable Distribution Waterfall; and      4. create reserves out of the income/gains or capital of Scheme 1 as the Trustee may deem proper, in consultation with the Investment Manager, for meeting the liabilities of Scheme 1 including statutory charges or levies or any other claims made or which may be made on Scheme 1; and distribute the residual investments of Scheme 1 in-kind as decided with the approval of the Super Majority of the Contributors. The Trustee/ Investment Manager, from the Investable Fund, shall have the power to pay necessary taxes, if any, on such in-kind distribution to the Contributors on their behalf. |
|  | 1. Investment / Commitment Period | * 1. Commitment Period: As set out in **sub**-**paragraph (d) of paragraph 4 (List of Indicative Timelines for the Scheme 1)** above.   2. Extension of the Commitment Period: As set out in **sub**-**paragraph (e) of paragraph 4 (List of Indicative Timelines for the Scheme 1)** above. |
|  | 1. Warehoused Investments | Not applicable. |
|  | 1. Closings | Following the execution of one or more Contribution Agreements, the Investment Manager may, within a reasonable period of time, communicate a date to the Contributors on which the Capital Commitments of such Contributors received pursuant to one or more Contribution Agreements shall become effective (each such date referred to as a “**Closing**”). There may be one or more Closings as set out in the Memorandum. For the avoidance of doubt, execution of a Contribution Agreement shall not be construed as a Closing.  Scheme 1 may have multiple Closings, as and when so determined by the Investment Manager.   * 1. Initial Closing: As set out in **sub**-**paragraph (a) of paragraph 4 (List of Indicative Timelines for the Scheme 1)** above**.**   2. Subsequent Closing: As set out in **sub**-**paragraph (b) of paragraph 4 (List of Indicative Timelines for the Scheme 1)** above.   3. Additional charges on Subsequent Closing Investors: As set out in **paragraph 11 (Unitholders Participating in Subsequent Closings**) below.   4. Discretion to waive additional charges applicable on subsequent investors: As set out in **paragraph 11 (Unitholders Participating in Subsequent Closings**) below.   5. Final Closing: As set out in **sub**-**paragraph (c) of paragraph 4 (List of Indicative Timelines for the Scheme 1)** above. |
|  | 1. Unitholders Participating in Subsequent Closings | * 1. Process for subsequent on-boarding of Investors: The Investment Manager may accept 1 (one) or more additional Contributors or permit any existing Contributors to increase its Capital Commitment (“**Additional Contributors**”) at one or more Closings subsequent to the Initial Closing.   2. Catch up, equalization amounts, compensating contribution: Unless otherwise provided, each Additional Contributor shall, at the relevant Closings subsequent to the Initial Closing: (i) make a Capital Contribution to Scheme 1 at such relevant Closing (or such other date specified in the relevant Drawdown Notice) of an amount equal to the aggregate Capital Contributions that would have been due from such Contributor if such Contributor had been admitted to Scheme 1 at the Initial Closing (“**Catch-up Contribution**”); plus (ii) pay to Scheme 1 an additional amount (a “**Compensating Contribution**”), in the manner set out below. Upon payment of the Catch-up Contributions and the Compensating Contributions (unless waived by the Investment Manager), the Additional Contributor will have the same rights as those Contributors admitted at the previous Closings.   3. Calculation of equalization/ compensating contribution: The Compensating Contribution in respect of each Additional Contributor shall be calculated at a rate of 10% (ten per cent) per annum on the Catch-up Contribution from the dates on which it would have been due if such Contributor had been admitted at the Initial Closing up to the date when the Catch-up Contribution is made by such Contributor.   4. Distributions of Catch-up Contribution and Compensating Contribution: The Investment Manager, shall at its discretion, utilise the Catch-up Contributions to (i) pay any Investment Management Fees (as defined below in **paragraph 17**); (ii) make investments in Portfolio Entities; or (iii) distribute these amounts to Contributors admitted at previous Closings. In the case of (i) and (ii) above, the amounts so utilised shall be treated as deemed distributed to the existing Contributors and drawdown from these Contributors’ unfunded Capital Commitments to fund the Investment Management Fees and Portfolio Investments. In case of (iii) above, the existing Contributors’ unfunded Capital Commitments will be restored to the extent of Catch-up Contributions distributed to the existing Contributors and shall be subject to re-drawdown.   The Compensating Contributions may be distributed to the Contributors admitted at previous Closings. Alternatively, the Investment Manager may utilise these amounts to pay any Investment Management Fees or make investments in Portfolio Entities in which case the amounts so utilised shall be treated as deemed drawdown from the existing Contributors and shall be reduced from their unfunded Capital Commitments.   * 1. Waiver of Compensating Contribution: The Investment Manager shall have the discretion to waive payment of Compensating Contribution on a case by case basis. |
|  | 1. Drawdowns | * 1. Purpose for which a drawdown can be made: Capital Contributions will be drawn down by the Investment Manager *pro rata* from the Contributors as needed to (i) make Investments; (ii) pay the liabilities and expenses of Scheme 1 (including the Investment Management Fee); and (iii) establish or increase reserves.   “**Drawdown**” means a Capital Contribution made by the Contributors to Scheme 1 pursuant to the issuance of a drawdown notice (“**Drawdown Notice**”) and shall include upfront Capital Contributions made by the Contributors at the time of a relevant Closing. Capital Contributions will be drawn down by the Investment Manager in such tranches as decided solely by the Investment Manager.   * 1. Schedule of drawdown: The Capital Commitment of the Contributors shall be drawn down on an “as needed basis” in accordance with the form provided in this Agreement.   2. Notice period for drawdown of capital upon issuance of a drawdown to an Investor: The Capital Contribution will be made by the Contributors within 30 (thirty) Calendar Days commencing from the next day after date of Drawdown Notice (“**Drawdown Notice Period”**)**.** However, it is clarified that, in case the last day of the Drawdown Notice Period falls on a Saturday, Sunday or Public Holiday, then the next working day following such Saturday, Sunday or Public Holiday shall be treated as the last day to make the Capital Contribution to Scheme 1.   3. Mode of issuance of Drawdown Notice: The Drawdown Notice may be sent by the Investment Manager through facsimile, electronic mail or courier at the address as may be specified by the Contributor in this Agreement and such Drawdown Notice shall be deemed to have been received by the Contributor within 4 (four) Calendar Days from the date of dispatch of the courier; within 24 (twenty four) hours from the electronic mail being sent or upon receiving the confirmation of transmission of the facsimile, whichever is later.   4. Return of drawdown, subject to recall of the drawdown amounts: Not Applicable.   5. Drawdown post commitment period and the manner in which it will be utilized: Upon the expiry of Commitment Period including the extended period (if any), the Contributors will be released from any further obligation with respect to their undrawn Capital Commitment, except to the extent necessary to:      1. pay Investment Management Fee and Trusteeship Fees;      2. meet Scheme 1 Expenses and any liabilities (including any tax demands/liabilities, statutory and compliance fees, charges or any other cess) of Scheme 1 or the Trustee or the Investment Manager in relation to Scheme 1;      3. complete investment in Portfolio Entities that have been approved by the Investment Committee or to which Scheme 1 had committed in writing as of the end of the Commitment Period;      4. fund the exercise of warrants and similar equity equivalents of existing Portfolio Investments; and      5. effect Follow-on Investments. |
|  | 1. Excuse and Exclusion | Not applicable. |
|  | 1. Indemnification and Limitation of Liability | * 1. Applicability: Subject to sub-points (d) and (e) below, Scheme 1 and the Contributors will indemnify the Investment Manager, the Sponsor and the Trustee and any of its respective officers, directors, shareholders, sponsors, partners, members, employees, advisors and agents, and members of any board or committee of Scheme 1 as contemplated in Scheme 1 Documents (“**Indemnified Persons**”).   2. Actions for which indemnification is applicable: The Indemnified Persons will be entitled to be indemnified by Scheme 1 and each Contributor against any and all claims, losses, liabilities including tax liabilities, costs, damages, expenses including legal fees, and amounts paid as settlement claim incurred by them by reason of their association with Fund/Scheme 1 and/or the Contributors (“**Losses**”) except to the extent such Losses resulted from the Indemnified Person’s wilful misconduct, fraud or gross negligence, in each case as determined by a final non-appealable judgement of court of competent jurisdiction. Scheme 1 may effect insurance for each of the Indemnified Persons as the Investment Manager may deem fit.   3. Scenarios where no indemnification: The Indemnified Persons will not be liable for indemnification in cases of Indemnified Person’s wilful misconduct, fraud or gross negligence, in each case as determined by a final non-appealable judgement of court of competent jurisdiction.   4. Except as specifically set forth in the Contribution Agreement, no Contributor shall have any personal liability whatsoever in their capacity as Contributor whether to the Fund/ Scheme 1 or to any of the other Contributors or to the creditors of the Fund/ Scheme 1, for the debts, liabilities, contracts or any other obligations of the Fund/ Scheme 1 or for any losses of the Fund/ Scheme 1.   5. Subject to the provisions of this Agreement, the Contributor shall be liable only to pay the sum equivalent to the Contributor’s Capital Commitment and after the Contributor’s Capital Commitment shall have been paid in full, the Contributor shall not be obligated to make any further contribution to Scheme 1 or to repay to Scheme 1 or to pay to any Contributor or any creditor of the Fund/ Scheme 1 all or any fraction of any amount out of any distribution received or receivable by the Contributors from Scheme 1.   ***For risk related to the indemnification, please refer to “Part B. Risks related to the Scheme 1 Structure- Section XI: Risk Factors***” ***of the Memorandum.*** |
|  | 1. Defaulting Contributors | Default: Each Contributor agrees that (a) payment of its required Capital Contributions when due is of the essence; and (b) any default by any Contributor in the payment thereof would cause injury to Scheme 1 and to the other non-defaulting Contributors. If any Contributor fails to make all or any part of its required Capital Commitment pursuant to a Drawdown Notice on or before the date specified in that Drawdown Notice (“**Default**”), the Investment Manager may, in its sole discretion, declare such Contributor to be in Default (“**Defaulting Contributor**”) (such portion of Capital Contribution not being contributed by the Defaulting Contributor being the “**Defaulted Portion**”).  Consequences of Default and discretion exercised by the Manager: A Defaulting Contributor shall not be allowed to participate in subsequent investments of the Scheme 1 until the Default has been cured. Further, the Scheme 1 has the right to enforce against the Defaulting Contributor, any or all of the following actions:   * 1. Suspension of all the rights of the Defaulting Contributor relating to the interest of the Defaulting Contributor in Scheme 1;   2. Acceptance of payment of Defaulted Portion, within 60 (sixty) days from the date of Default (“**Default Cure Period**”), with interest at such rate as may be determined by the Investment Manager which shall not exceed 18% (eighteen percent) per annum (“**Default Interest**”). In case of acceptance per the foregoing sentence, all the rights of the Defaulting Contributor in respect of Scheme 1 shall be reinstated, and, at the discretion of the Investment Manager, (i) any such Default Interest shall be distributed to the non-defaulting Contributor which will be available for Drawdown in the future for any permissible purpose; or (ii) such amount may be retained as an asset of Scheme 1 that may be utilized for any permissible purpose under the Scheme 1 Documents;   3. Loss of any voting rights on Units held by such Defaulting Contributor;   4. Forfeiture in part or full at the discretion of the Investment Manager, of entitlement to participate in future distributions to Unitholders that it otherwise would have received;   5. Suspension or termination by the Investment Manager of the right of the Defaulting Contributor to receive any distributions that it would have otherwise received from the Capital Contributions made before the Default;   6. Enforcement of the Defaulting Contributor’s obligations through legal actions brought against the Defaulting Contributor;   7. Forfeiture, with or without compensation, of Units at the discretion of the Investment Manager, then held by such Defaulting Contributor;   8. Requiring the Defaulting Contributor to transfer its interest in Scheme 1 to other existing Contributors in Scheme 1 or to a third party at a price determined by the Investment Manager. Any amounts available from such sale (after settling any expense, deductions, losses, and/or distributions allocated to such Defaulting Contributor together with Default Interest specified above) shall be distributed to the Defaulting Contributor; and   9. Permitting the Defaulting Contributor to remain invested in Scheme 1, by reducing such Defaulting Contributor’s Capital Commitment to the amounts contributed until such date, after imposing any conditions it deems fit.   It being clarified that the interest mentioned in **sub-paragraph (b)** above will be charged until the settlement of Default is completed.  Exercise of any of the remedies set out above will not prejudice the right of the Investment Manager to pursue any other available legal remedies against the Defaulting Contributor.  Notwithstanding any of the actions taken by the Investment Manager against a Defaulting Contributor, the Defaulting Contributor shall remain liable to Scheme 1 in relation to: (i) the Defaulted Portion; (ii) any other amounts for which such Defaulting Contributor is liable to Scheme 1; (iii) expenses incurred by the Investment Manager for enforcing Default provisions herein above; and (iv) any other expenses incurred in relation to a Default.  The Investment Manager reserves the right to set-off any amount that is payable by the Defaulting Contributor against Distribution Proceeds that is payable to such Defaulting Contributor on the Capital Contribution made by the Defaulting Contributor.  Further, the Investment Manager may require all of the non-defaulting Contributors to increase their Capital Contributions by way of a Drawdown of an aggregate amount equal to the Defaulted Portion. It is being clarified that in no event will such non-defaulting Contributor be required to fund amounts in excess of their unfunded Capital Commitments. |
|  | 1. Transfer, Withdrawal, and Transmission of Units | * 1. Restriction on transfer/ withdrawal and transmission of Units: The Contributors cannot sell, assign, pledge or otherwise transfer their interests in Scheme 1 except with the prior written consent of the Investment Manager, which consent shall not be unreasonably withheld by the Investment Manager provided that the transferee meets all KYC requirements and enters into a deed of adherence as provided under this Agreement. Interests are not redeemable and Contributors may not withdraw from Scheme 1.   2. Conditions applicable for the permissible transfer of units of the Scheme 1: Any transfer shall be subject to Applicable Laws and on such reasonable terms and conditions as the Investment Manager stipulates, including requiring a permitted transferee to sign or execute a deed of adherence, as is necessary to effect the transfer and adhere to the terms of Scheme 1 Documents.   3. Process to be followed in such transfer of units of the Scheme 1: Every new contributor taken on record on account of such transfer shall execute a deed of adherence, acknowledging to be bound by the terms and conditions of Scheme 1 Documents. The costs and duties with respect to such a deed of adherence shall be borne by the new contributor.   4. Exception: Notwithstanding the foregoing, the Investment Manager may require a Contributor to withdraw from Scheme 1, redeem their interests in Scheme 1, transfer its Units or prohibit further Capital Contributions, if the Investment Manager determines, in consultation with the Trustee, that the continued participation of such Contributor in Scheme 1 is in breach of Applicable Law or may adversely affect Scheme 1 due to any legal, tax or regulatory considerations. |
|  | 1. Investment Management Fee | * 1. Investment Management Fee: Scheme 1 will charge an annual investment management fee (“**Investment** **Management Fee**”) from Contributors payable as follows:   During Commitment Period: with respect to Class A Unitholders and Class B Unitholders, at the rate of 2% (two percent) (excluding applicable taxes) per annum of the aggregate Capital Commitments of Class A Units and Class B Units respectively; and  After Commitment Period: with respect to Class A Unitholders and Class B Unitholders, at the rate of 2% (two percent) (excluding applicable taxes) per annum of Net Capital Invested.  “**Net Capital Invested**” shall mean the aggregate Capital Contributions of Class A Units and Class B Units invested in Portfolio Entities ***less*** aggregate principal amount exited at the time of a full or partial exit from a Portfolio Investment or any Portfolio Investment permanently written off by the Investment Manager.  Class C Unitholder and Class D Unitholders shall not be required to pay any Investment Management Fee.  It is hereby clarified that, in case of a Default which leads to reduction in the corpus of Scheme 1, the Investment Management Fee may be reduced at the Investment Manager’s sole discretion.   * 1. Rate and basis of charging Investment Management Fee: Investment Management Fee will be charged as per **sub-paragraph (a)** above.   2. Frequency and timings of charging Investment Management Fee: The Investment Management Fee will be payable quarterly in advance. For the purposes of calculating the Investment Management Fee post Commitment Period, the last day of the previous quarter shall be considered as the cut-off date for determining and calculating the management fees for that particular quarter. The payment of Investment Management Fee to the Investment Manager in connection with Scheme 1 will accrue and commence from the date of the Initial Closing. In case of Additional Contributors, Investment Management Fee will accrue and be payable from the date of Initial Closing, in respect of the new Capital Commitment/ increase in Capital Commitment, as the case may be, as per the Drawdown Notice issued by the Investment Manager to such Additional Contributor.   3. Method of collection of Investment Management Fee: The Investment Management Fee may be paid out of cash held by Scheme 1, distributable income of Scheme 1, reserves created as set out in the Scheme 1 Documents or from Drawdowns (which accordingly will reduce unfunded Capital Commitments of the Contributors).   4. Investment Management Fee offset: The Investment Manager shall reimburse to the Contributor the Investment Management Fees charged on the unallocated amount (i.e. neither invested, nor reserved for or allocated towards Investments, including Follow-on Investments, fees, expenses or liabilities towards fees and expenses) during the Commitment Period, at the end of the Commitment Period/ set off against the Investment Management Fees payable to the Investment Manager post-Commitment Period.   5. Inclusive or exclusive of any applicable taxes:   The Investment Management Fee payable to the Investment Manager shall be exclusive of all applicable taxes (including GST) and levies, if any (together with surcharge and additional surcharge, as may be applicable) leviable on such Investment Management Fee, the same to be borne by Scheme 1 and appropriated solely to the Contributors, as applicable.  The Investment Manager shall not be entitled to Investment Management Fees beyond the Term (i.e. extended life of Scheme 1).   * 1. Reduction of Management Fee for any class of Unit: Not Applicable***.***   **Please refer to “*Section XII: Illustration of Fees, Expenses and Other Charges*” of the Memorandum.** |
|  | 1. Trusteeship Fee | * 1. Basis of charging Trusteeship fee: For acting as the trustee of the Fund (including for Scheme 1) and discharging its functions and responsibilities as the trustee, the Trustee will be entitled to receive from Scheme 1, an annual fee of INR 1,50,000 (Indian Rupees One Lakh and Fifty Thousand) exclusive of taxes, in advance and no other charges shall be payable to the Trustee.   2. Frequency of charging: An annual Trusteeship Fee shall be payable in advance***.***   **For a detailed tabular example on how the Trusteeship Fee would be charged, please refer to “*Section XII: Illustration of Fees, Expenses and Other Charges*” of the Memorandum.** |
|  | 1. Other Fees | 1. Other Fees: 100% (one hundred percent) of any transaction (viz. arrangement fees, advisory fees, consulting fees, broken deal fees and other similar fees in connection with the Portfolio Investments), advisory, monitoring and underwriting fees which are attributable to Portfolio Investments and received by the Investment Manager or its directors, employees, consultants, officers or advisors (collectively, “**Other Fees**”) will be offset against the Investment Management Fee (net of expenses incurred) received by the Investment Manager from Scheme 1. 2. Frequency of charging: Variable. 3. Party responsible for bearing such fees: Portfolio Entity and/or Co-investors as the case may be. |
|  | 1. Direct Plan for Investors | Not applicable. |
|  | 1. Expenses (including Operating Expenses and Organizational Costs) charged to Scheme 1 | * 1. Operating expenses   Types of operating expenses: Scheme 1 shall bear and be charged with all fees, costs, expenses, liabilities and obligations relating to the Scheme 1’s activities, Investments and business other than the Investment Manager’s expenses and Organizational Costs (“**Scheme 1Expenses**”), including the following costs and expenses of the Scheme 1:   * + 1. The Investment Management Fee including any taxes and other levies as applicable thereon from time to time (payable by all Unitholders other than Class C Unitholder and Class D Unitholders);     2. Expenses (including travel, accommodation, out of pocket expenses etc.) in connection with meetings of Investment Committee, meetings of Unitholders (if any) and other committees or boards as may be constituted as per the Scheme 1 Documents;     3. Expenses associated with preparation of the Scheme 1’s financial statements (including valuation of the portfolio) and reports to Contributors;     4. Third party expense including due diligence expenses and legal counsel fees and expenses (including any taxes as applicable thereon from time to time) attributable to consummated transactions that are not borne by the Portfolio Entities or attributable to transactions not consummated;     5. Other expenses associated with the acquisition of, holding and disposition of the Portfolio Investments, including extraordinary expenses (such as regulatory or litigation expenses, if any);     6. Any taxes, fees or other government charges levied against Scheme 1/Fund;     7. Fees and expenses (including any taxes as applicable thereon from time to time of any custodian, Trustee and administrator of the Scheme 1 and their agents);     8. Statutory, legal, audit and any other third party fees and operating expenses related to Scheme 1/Fund;     9. Reasonable premiums for insurance for protecting the directors, officers, shareholders, employees and agents of the Trustee of the Fund/ Scheme 1 and the Investment Manager;     10. Indemnification obligations, if any, of Scheme 1;     11. Expenses relating to Defaults by Contributors in the payment of any Capital Contributions, to the extent not recovered from the Defaulting Contributor;     12. Expenses incurred in connection with any restructuring of or amendments to the Scheme 1 Documents;     13. Expenses incurred in connection with distributions to the Contributors;     14. All winding up and liquidation expenses of the Scheme 1, such as fees, costs and expense of counsel, accountants, custodian, and other consultants and professionals;     15. Costs and expenses of the Investment Manager incurred in providing assistance to a successor investment manager;     16. Any activities with respect to protecting the confidential or non-public nature of any information or date; and     17. Any other expenses specified to be borne by the Scheme 1.   Any of the above Scheme 1 Expenses, if incurred by the Investment Manager or Trustee company or their Affiliate on behalf of Scheme 1, shall be reimbursed promptly by the Scheme 1 to the Investment Manager or Trustee company or their Affiliate. Charge of any other expenses not listed above but incurred under Scheme 1 shall be debited to the Scheme 1’s account.  Estimate/ cap: Operating expenses of the Scheme 1 (excluding items set out in (i), (v), (vi), (vii), (viii), (x), (xiv), (xvii) and any other expenses which are of extraordinary nature) shall not exceed 0.30% per annum of the aggregate Capital Commitments or actual operating expenses incurred per annum, whichever is lower.  It is clarified that no Scheme 1 Expenses shall be attributable to Class D Unitholders. All the Scheme 1 Expenses will be subject to applicable taxes.  **For a detailed tabular example on how the Scheme 1 Expenses would be charged, please refer to “*Section XII: Illustration of Fees, Expenses and Other Charges*” of the Memorandum**.   * 1. Organizational Costs**:**   Types of organizational costs: All costs incurred in connection with the establishment of the Scheme 1/Fund including, but not limited to, administrative expenses, travel expenses, insurance costs, regulatory fees, Placement Cost, legal costs, stamp duty, marketing, payment of distribution costs, advertisement and publicity costs, etc. shall be borne by the Scheme 1 subject to a cap of 0.5% of the aggregate Capital Commitments or actual expenditure, whichever is lower. It is clarified that such Organizational Costs shall not be applicable to holders of Class D Units. The Investment Manager or its Affiliates shall be reimbursed by the Scheme 1 for the Organizational Costs incurred by them.  Estimate/ cap: 0.5% of the aggregate Capital Commitments or actual expenditure, whichever is lower.  Placement Cost: The Placement cost, if any, shall be borne by the Scheme 1 subject to a cap of 0.25% of the aggregate Capital Commitments or actual expenditure, whichever is lower and will be a part of the overall Organizational Costs (which is capped at 0.5% of the aggregate Capital Commitments or actual expenditure, whichever is lower).  **For a detailed tabular example on how Scheme 1 Formation and Offering Expenses would be charged, please refer to “*Section XII: Illustration of Fees, Expenses and Other Charges*” of the Memorandum**.   * 1. Other expenses: Not applicable. |
|  | 1. Expenses of the Manager | The Investment Manager and its Affiliates shall bear and be charged with the following costs and expenses of the Scheme 1’s activities: (a) any costs and expenses of providing to the Scheme 1 - the office, overheads necessary for the Scheme 1’s operations (including rent, office, furniture, fixtures, utilities, computer equipment and supplies); (b) the compensation of the personnel of the Investment Manager and its Affiliates; (c) statutory, legal, audit and other third party fees and operating expenses (including any taxes as applicable thereon from time to time) of the Investment Manager; (d) compensation to any advisors or consultants retained by the Investment Manager (other than on behalf of Scheme 1); and (e) other day to day expenses of the Investment Manager including, but not limited to, travel, utilities and communications. |
|  | 1. Borrowings | Subject to the AIF Regulations and other circulars issued by SEBI in this regard, the Scheme 1 may incur indebtedness for the purposes of meeting temporary funding requirements on such terms and conditions and for such periods as may be determined by the Investment Manager in accordance with the AIF Regulations. It is hereby clarified that the Fund being a Category I AIF may not borrow funds directly or indirectly and shall not engage in leverage except for meeting temporary funding requirements for not more than 30 (thirty) days, not more than four occasions in a year and not more than 10% (ten percent) of the Investable Funds or for such other amount or period, as may be prescribed under the AIF Regulations from to time. The Scheme 1 shall not extend any loans. |
|  | 1. Hurdle Rate of Return or Preferred Return | * 1. Hurdle Rate of Return for each class of Units: The Scheme 1 will endeavor to provide an internal rate of return (IRR) of 10% (ten percent) per annum (pre-taxation) in INR terms calculated using the XIRR function of Microsoft Excel/ similar software. Further, the Hurdle Rate shall be calculated on the outstanding aggregate Capital Contributions, with respect to each Contributor, from the date of actual receipt of Drawdown amount from such Contributor or the due date as set out in each Drawdown Notice, whichever is later, until the date of return of the Distribution Proceeds to such Contributor in accordance with ***paragraph 25 (Distributions)*** below.   2. Applicable currency for computation of Preferred Return: Indian Rupees (INR).   3. Basis of determination of Preferred Return: XIRR function in Excel/ similar software. |
|  | 1. Distributions | |  |  | | --- | --- | | *Investment Proceeds* | The Scheme 1 will receive proceeds by way of sale proceeds, dividends, interest or other forms of cash receivable as may be permitted by law from the Portfolio Investments and cash proceeds realized from the disposition of the Portfolio Investments (“**Investment Proceeds**”). | | *Reserves* | 1. Retention of investment proceeds: The Scheme 1 may withhold reasonable amounts necessary to create appropriate reserves. 2. Reasons for creation of reserves: The Scheme 1 may retain reserves for expenses and tax or non-tax liabilities. 3. Expected period of retention of reserves: The Investment Manager may retain the reserves for such period as may be decided by the Investment Manager provided that such period shall not exceed the limitation period as provided under the Applicable Law with respect to a liability. | | *Distribution Proceeds* | The Scheme 1 is entitled to withhold from the Investment Proceeds, amounts necessary to create, in the Investment Manager’s/ Trustee’s discretion, appropriate reserves for expenses and liabilities of the Scheme 1, as well as for any required tax withholdings in respect of the Investment Proceeds. Investment Proceeds as reduced by expenses and reserves as provided herein (“**Distribution Proceeds**”) shall be distributed amongst the Contributors within a reasonable period of time from the date of receipt of the Distributable Proceeds. Further, amounts held by Scheme 1 pending investment or distribution or as a reserve for the Scheme 1’s anticipated obligations may be invested in Temporary Investments.  From the Investment Proceeds, the following shall be deducted:   1. Scheme 1 Expenses and liabilities; 2. The Investment Management Fee and Trusteeship Fee; 3. Any taxes payable; and 4. Prudential provisions and maintenance of reasonable reserves. | | *Distribution Waterfall* | As provided below. | | *Hurdle Rate of Return or Preferred Rate of Return* | 10% (ten percent) per annum (pre-taxation) in INR terms calculated using the XIRR function of Microsoft Excel/ similar software. | | *Catch up* | As provided below. | | *Carry/ Additional return computation* | As provided below. |   **Class A Distribution Waterfall:**  The amount of Distribution Proceeds so allocated to Class A Unitholders shall be distributed as follows:   * 1. **Return of Capital:** First, 100% (one hundred percent) to Class A Unitholders, in proportion to their Capital Contribution until they have received, taking into account all prior distribution/s under this **sub-paragraph (a)**, an amount which is equal to the Capital Contributions made to the Scheme 1 for the Class A Unitholders;   2. **Hurdle Rate:** Second,100%(one hundred percent) of the balance Distribution Proceeds allocated to Class A Unitholders, until they have received, taking into account all prior distribution/s under this **sub-paragraph (b)**, an amount equal to the Hurdle Rate on distributions under **sub-paragraph (a)** above;   3. **Catch-up:** Third, 100% (one hundred percent) to Class D Unitholders until such time the aggregate amount distributed under this **sub-paragraph (c)** equals 25% (twenty five percent) of the total amounts distributed to the Class A Unitholders under **sub-paragraph (b)** (“**Catch-up**”); and   4. **Thereafter,** the balance Distribution Proceeds shall be allocated to (i) Class A Unitholders; and (ii) Class D Unitholders in the following manner:      1. 80% (eighty percent) to Class A Unitholders; and      2. 20% (twenty percent) to the Class D Unitholders.   Amounts distributed to Class D Unitholders under **sub-paragraphs (c) and (d)(ii)** above is referred to collectively as “**Class D** **Carried Interest**”.  **Class B Distribution Waterfall:**  The amount of Distribution Proceeds so allocated to Class B Unitholders shall be distributed as follows:   1. **Return of Capital:** First, 100% (one hundred percent) to Class B Unitholders, in proportion to their Capital Contribution until they have received, taking into account all prior distribution/s under this **sub-paragraph (a)**, an amount which is equal to the Capital Contributions made to the Scheme 1 for the Class B Unitholders; 2. **Hurdle Rate:** Second,100%(one hundred percent) of the balance Distribution Proceeds allocated to Class B Unitholders, until they have received, taking into account all prior distribution/s under this **sub-paragraph (b)**, an amount equal to the Hurdle Rate on distributions under **sub-paragraph (a)** above; 3. **Catch-up:** Third, 100% (one hundred percent) to Class D Unitholders until such time the aggregate amount distributed under this **sub-paragraph (c)** equals 25% (twenty five percent) of the total amounts distributed to the Class B Unitholders under **sub-paragraph (b)** (“**Catch-up**”); and 4. **Thereafter,** the balance Distribution Proceeds shall be allocated to (i) Class B Unitholders and (ii) Class D Unitholders as follows: 5. 80% (eighty percent) to Class B Unitholders; and 6. 20% (twenty percent) to the Class D Unitholders.   Amounts distributed to Class D Unitholders under **sub-paragraphs (c) and (d)(ii)** above is referred to collectively as “**Class D** **Carried Interest**”.  **Class C Distribution Waterfall:**  The amount of Distribution Proceeds so allocated to Class C Unitholder shall be distributed as follows:   1. **Return of Capital:** First, 100% (one hundred percent) to Class C Unitholder, in proportion to its Capital Contribution until it has received, taking into account all prior distribution/s under this **sub-paragraph (a)**, an amount which is equal to the Capital Contributions made to the Scheme 1 for the Class C Unitholder; 2. Thereafter, 100% (one hundred percent) to the Class C Unitholder in proportion to its Capital Contributions; 3. From each of the distributions made to the Class C Unitholder pursuant to this paragraph, amounts shall be retained by the Scheme 1 until such retained amounts equal the ‘continuing interest’ of the Sponsor towards the Sponsor continuing interest as required under Regulation 10(d) of the AIF Regulations. Such retained amounts shall be distributed to the Class C Unitholder at the end of the Term of Scheme 1, or at such other time as may be prescribed by the AIF Regulations or as may be clarified by SEBI from time to time. It is clarified that any income or returns from the ‘continuing interest’ may accrue to the account of the Class C Unitholder as and when they accrue to the Scheme 1; and 4. Amounts retained as Continuing Interest may be reinvested by the Investment Manager, it being understood that all such amounts (including returns thereon) shall be held by Scheme 1 for the sole benefit of the Class C Unitholder.   **Class D Distribution Waterfall:**  The amount of Distribution Proceeds so allocated to Class D Unitholders shall be distributed to such Class D Unitholders in the proportion of their respective Capital Contributions. Over and above the foregoing, Class D Unitholders shall be entitled to Class D Carried Interest as defined above.  For the sake of clarity, the Distribution Waterfall as mentioned above is only for the purpose of laying down the priority and manner of distribution of Distribution Proceeds between the Unitholders and does not lay down the manner in which such Distribution Proceeds will be taxed or accounted in the hands of the Scheme 1, Contributors or the Investment Manager. Further, the distribution of Distribution Proceeds by the Scheme 1 may be in the form of distribution on Units or through redemption of Units or a combination thereof, provided that the Beneficial Interest of the Beneficiaries in the Scheme 1 shall remain unchanged.  The Scheme 1 shall, before distribution of gains arising out of the Investments to the Contributors withhold and/or discharge appropriate taxes as per Applicable Laws.  Such taxes withheld will be treated as if it were and deemed to be a distribution to the holders of such Class A Units and/or Class B Units and/or Class C Units and/or Class D Units, while computing the distribution made under the foregoing provisions.  Distribution will normally be made in cash. The Investment Manager may, but subject to obtaining approval from a Super Majority of the Contributors of the Scheme 1 and in accordance with the terms set out in this paragraph, make Distributions in-kind to the Contributors, if permitted by Applicable Law. Such in-kind distributions of Scheme 1 Investments will be made in the same manner and priority as if the Distribution Proceeds equalled the fair market value (which will be determined in good faith by the Investment Manager).  The Scheme 1 will not be required to make any distribution: (i) unless there is sufficient cash available; (ii) which, in the Trustee’s or Investment Manager’s opinion, would or could leave the Scheme 1 with insufficient funds or gains to meet any present or future contemplated obligations, liabilities or contingencies including tax liability; or (iii) the Investment Manager may determine, in order to avoid unnecessary costs, not distribute immediately the amounts which it reasonably considers as *de minimis* amounts. The distributions made by Scheme 1 to the Contributors shall be in Indian Rupees.  **For a detailed tabular example on how distributions would be made, please refer to “*Section XII: Illustration of Fees, Expenses and Other Charges*” of the Memorandum.** |
|  | 1. Distribution in-kind | The Investment Manager shall make reasonable efforts to liquidate Portfolio Investments of the Scheme 1 and realise cash proceeds out of such disposition. Subject to Applicable Laws and the AIF Regulations, if the Investment Manager is unable to liquidate all of the Portfolio Investments and realize cash proceeds out of such disposition, the Investment Manager may make in-specie distribution of assets of the Scheme 1 at any time, including on winding up of the Scheme 1, as per the preference of investors, after obtaining approval of at least Super Majority of the Contributors by value of their investment in the Scheme 1.  However, the Investment Manager shall not make in-kind distribution to any investors who, by virtue of receiving securities due to such in-kind distribution, will violate/ breach any Applicable Law or orders/ directions passed under Applicable Laws.  It is hereby clarified that in-kind distribution shall be made in the interest of the investors and in compliance with the Applicable Laws. It is further clarified that no differential rights will be offered to any investors in relation to in-specie distributions. |
|  | 1. Mandatory Exit of Contributors | The Investment Manager may require a Contributor to withdraw from Scheme 1, redeem their interests in Scheme 1, transfer its Units or prohibit further Capital Contributions, if the Investment Manager determines, in consultation with the Trustee, that the continued participation of such Contributor in the Scheme 1 is in breach of Applicable Law or may adversely affect the Scheme 1 due to any legal, tax or regulatory considerations. |
|  | 1. Reinvestment | Time period and cap: The Investment Manager may retain or recall for re-investment an amount equal to the invested capital portion of the proceeds received by the Scheme 1 from the disposal of any Portfolio Investment only during the Commitment Period. |
|  | 1. Temporary deployment of surplus funds | * 1. Kind of instruments: Temporary Investments means Investment of temporary surplus available with Scheme 1 in liquid mutual funds, bank deposits, other liquid assets of higher quality such as treasury bills, TREPS (formerly known as collateralized borrowing and lending obligations (CBLOs)), commercial papers, certificates of deposits or any such instrument as provided under, the AIF Regulations (“**Temporary Investments**”).   2. Process to be followed: The Investment Manager shall use its best effort to invest the Capital Contributions drawn down by Scheme 1 in Temporary Investments until they are invested in Portfolio Entities or are returned to the Contributors or are pending utilization for any other permissible use, in each case.   3. Maximum duration: 12 months.   4. Manner of distribution of income from temporary deployment of funds: Any income earned from Temporary Investments shall be distributed pro-rata to the amount of Capital Contribution utilised towards such Temporary Investments amongst the Contributors. |
|  | 1. Clawback of Additional Return | **Please refer to second paragraph of *paragraph 31 (Giveback by the Contributors (of distributions received))* below.** |
|  | 1. Giveback by the Contributors (of distributions received) and Carry Clawback | **Giveback by the Contributors**   * 1. Definition and situations for giveback: The Trustee/ Investment Manager may, only upon exhaustion of the reserves, require a Contributor to return distributions made to the Contributor in order to satisfy the Contributor’s pro rata share of any obligations or liabilities of Scheme 1 (including any indemnification obligations, tax liability/ claim) (“**Contributor Giveback**”).   2. Limitations on giveback: The obligation to return distributions may also continue beyond the Term of the Scheme 1 as determined by the Trustee/ Investment Manager, by providing a notice to the Contributors for the same in accordance with the Scheme 1 Documents.   3. Process to be followed in case of giveback: When any return of distributions is sought as set out above, the Investment Manager will seek such return of distributions in the reverse order of priority set out in the Distribution Waterfall in respect of the relevant class, sub-class or series of Units for which such a return of distributions is required to fund the obligations or liabilities of the Scheme 1. It is clarified that the Investment Manager will also seek return of Class D Unitholder’s *pro rata* share of any obligations or liabilities when any return of distributions is sought from other classes of Unitholders.   4. Limitations under Giveback:  1. with respect to tax liabilities/taxes, such time period as provided under the Indian Income Tax Act, 1961 from the end of the financial year in which the Scheme 1 is dissolved or liquidated; and 2. in all other cases, 36 (thirty-six) months from the end of the financial year in which the Scheme 1 is dissolved or liquidated.   **Carry Clawback**  Class D Unitholders are entitled to receive Class D Carried Interest in accordance with the Distribution Waterfall. The Class D Carried Interest shall be recomputed and the recipients of the Class D Carried Interest shall be required to return the excess Class D Carried Interest to the Scheme 1 in the event that the Class D Unitholders have received cumulative distributions in excess of amounts otherwise distributable to them pursuant to the Distribution Waterfall or in the event that the Class D Unitholders have received cumulative distributions in excess of the aggregate of distributions made to the Contributors towards meeting the Hurdle Return and Carried Interest at the end of the Scheme 1 life. The recipients of Class D Carried Interest shall deposit 20% (twenty percent) of the Class D Carried Interest in an escrow account or a special reserve account opened by Scheme 1 or the Trustee. Upon dissolution of Scheme 1, if it is found that the aggregate amounts paid to the Contributors from time to time is less than the Capital Contributions and the Hurdle Return payable thereon, then, such amounts lying in the escrow account or a special reserve account will be restored to the Scheme 1 for distribution to the Contributors towards capital redemption and the Hurdle Return payable thereon in that order (“**Carry Clawback**”). Any excess will be returned back to the Class D Unitholders; provided that, no notice has been issued by the Investment Manager under (b) above. Further, in the event Contributors are required to return the distributions on triggering of Contributor Giveback under this paragraph, the Class D Carried Interest shall be recalculated on each such Contributor Giveback as per the Distribution Waterfall and the recipients of Class D Carried Interest shall be required to return any such excess amount of the Class D Carried Interest received by them to the Scheme 1 within 15 (fifteen) Calendar Days of the Contributor Giveback. Such returned amounts shall be distributed to the relevant class of Contributors in accordance with the Distribution Waterfall.  Release of amounts from the escrow account or special purpose account will be subject to the Contributors receiving a certificate from an independent chartered accountant or legal firm stating that the recipients of Class D Carried Interest have not received any sums over and above the amounts that are due to them under this Agreement. |
|  | 1. Key Person & Key Person Event | Not Applicable. |
|  | 1. Removal of the Investment Manager | * 1. Reasons for removal of the Investment Manager: Occurrence of Cause or Disabling Event.   2. Process to be followed for removal: Super Majority of the Contributors may, at their option at any time following a determination of Cause as provided below and upon the failure of the Investment Manager to cure such Causeduring a period of 60 (sixty) Calendar Days from the date of the written notice to the Investment Manager issued by the Super Majority of Contributors(“**Cure Period**”), remove the Investment Manager.   Further, the Investment Manager may also be removed by the Contributors upon the occurrence of a Disabling Event unless all the Contributors, within 90 (ninety) days of occurrence of the Disabling Event unanimously decide to continue the business of Scheme 1.  For the purpose of this Paragraph:   * + 1. “**Cause**” means (1) material breach by the Investment Manager and/or Scheme 1 of its obligations under the Scheme 1 Documents; or (2) breach of Applicable Laws to the extent applicable to the Investment Manager and/or Scheme 1; or (3) any act or omission that constitutes fraud, bad faith, willful misconduct or gross negligence by the Investment Manager.     2. “**Disabling Event**” means the withdrawal, bankruptcy, resignation, commencement of liquidation proceedings, insolvency or dissolution of the Investment Manager.   1. Compensation to the Investment Manager: In the event of termination of the Investment Manager for Cause/ Disabling Event, the Investment Manager shall be entitled to receive its Investment Management Fee till the date of such termination. It is clarified that under termination with Cause, the Investment Manager shall not be entitled to receive any Carried Interest.   2. Conditions when the Investment Manager will not be liable to receive any compensation: Not applicable. |
|  | 1. Co-investment | * 1. Offering of co-investment opportunity to certain investors: Subject to the AIF Regulations and SEBI (Portfolio Managers) Regulations, 2020, the Investment Manager reserves the right to offer to the Contributors (“**Co-investors**”) opportunities to co-invest alongside the Scheme 1 where the Investment Manager decides to restrict the exposure of Scheme 1 on an investment opportunity either at the time of making such investment or anytime thereafter. The Investment Manager shall allocate such an investment opportunity between the Scheme 1 and Co-investors as per its policy of mitigation of conflict of interest (“**Co-investment**”). Notwithstanding anything to the contrary hereunder, Scheme 1, Investment Manager or Trustee will not be held liable for any loss suffered in the course of such Co-investment and will not be held responsible for any commitments and expenses made for such Co-investments.   2. Criteria in broad terms for offering co-investment opportunity: If the Investment Manager, in its sole discretion, determines that a Co-investment opportunity may be offered to multiple Co-investors, it will be offered in the manner that the Investment Manager deems appropriate. Subject to the AIF Regulations, the co-investment shall be made on such terms as may be decided by the Investment Manager. The Scheme 1 and the Co-investors will act independently and will make their own decisions on investments and disinvestments and bear their own expenses as well as be entitled to the gains and losses arising from their investments. The Scheme 1 and the Co-investors are not expected to act jointly or make any joint decisions and do not intend to form any joint venture or partnership or association for the purpose of making investments. Further, neither the Scheme 1 nor the Co-investors shall be deemed to be the agent of the other in any way.   3. Fees, commission etc. may be received by the Investment Manager/ affiliates for offering such co-investment opportunities: The Investment Manager may charge a management fee for managing such co-investments from the Co-investors in line with prevailing market practice or as agreed between the Investment Manager and the Co-investor.   4. Not more favourable terms: Any co-investment by the Co-investors shall not be on terms more favourable than those offered to the Scheme 1 and shall be in accordance with the AIF Regulations. Further, the terms of exit from the Co-investment in a Portfolio Company including the timing of exit shall be identical to the terms applicable to that of exit of the Scheme 1.   5. Cost to the Scheme 1 (if any): Not Applicable.   It is further clarified that co-investment made by the Co-investors shall be made in compliance with applicable provisions of AIF Regulations and SEBI (Portfolio Managers) Regulations, 2020. |
|  | 1. Parallel Vehicles/Alternative Investment Structures | If the Investment Manager determines in good faith for legal, tax, regulatory or similar reasons that one or more investments in Portfolio Entities should be made through an alternative investment structure, the Investment Manager may structure the making of all or any portion of such investments outside of Scheme 1, with some or all of the Contributors making such investments through one or more entities (other than the Fund/ Scheme 1) in accordance with Applicable Law.  It is hereby clarified that such parallel structures will be established in accordance with Applicable Laws and regulations of relevant jurisdiction and investment through such parallel structures will not affect the commitment to Scheme 1. |
|  | 1. Successor Funds | The Investment Manager will not raise a Successor Fund, until the earlier of:   1. the expiry of the Commitment Period; and 2. the date on which 70% (seventy percent) of the aggregate Capital Commitments of the Scheme 1 have been drawn down and invested or are committed to be invested (a “**Successor Fund**”). |
|  | 1. Reporting | * 1. Frequency and type of reporting to Unitholders: The Investment Manager shall file such reports as may be demanded by SEBI or as required under the AIF Regulations from time to time with regard to the activities carried on by the Fund/ Scheme 1.   The Investment Manager shall provide each Contributor in Scheme 1 with (i) annual reports, in accordance with the AIF Regulations; (ii) audited accounts of Scheme 1; (iii) extract of the annual valuation; and (iv) status report on investment in all the Portfolio Entities. The Scheme 1 will make reasonable efforts to provide tax related information reasonably necessary for completion of Contributors' tax returns and such other information as is reasonably requested by the Contributor for purposes of applying for refunds of taxes, within 180 (one hundred and eighty) Calendar Days, after the end of each financial year.  Scheme 1 shall provide all other reports/ information as Scheme 1 may be required to submit under the AIF Regulations.  The annual audited accounts of Scheme 1 shall be prepared in accordance with the generally accepted accounting principles in India.  To the fullest extent permitted by Applicable Law, the provision of such information as contemplated under this paragraph shall be subject to: (a) the receipt by the Investment Manager from the third parties of any information needed to prepare such reports; (b) any confidentiality obligations to which Scheme 1, the Investment Manager, the Trustee or their respective Affiliates may be subject to; and (c) a determination by the Investment Manager that withholding of such information is in the best interest of the Scheme 1.   * 1. Reporting to SEBI: The Investment Manager shall provide, when required by SEBI, information for systemic risk purposes (including the identification, analysis and mitigation of systemic risks).   2. Additional reports: (i) The Investment Manager may hold an annual Contributor conference at the cost of the Scheme 1 for the purpose of providing Contributors with information on the Portfolio Entities and developments in the Indian venture capital industry; or (ii) as may be reasonably requested by the Contributors.   3. The Investment Manager shall on a semi annual basis, provide the Contributors the NAV report in respect of the Scheme 1 and a summary of Investments and divestments relating to the previous period.   4. Scheme 1 shall ensure transparency and disclosure of information to the Contributors on the following:  1. financial, risk management, operational, portfolio, and transactional information regarding Scheme 1’s investments shall be disclosed periodically to the Contributors; 2. any fees ascribed to the Investment Manager or Sponsor; and any fees charged to the Scheme 1 or any Portfolio Company by an associate of the Investment Manager or Sponsor shall be disclosed periodically to the Contributors; 3. any inquiries/ legal actions by legal or regulatory bodies in any jurisdiction, as and when occurred; 4. any material liability arising during the tenure of the Scheme 1 shall be disclosed, as and when occurred; 5. any breach of a provision of the Memorandum or this Agreement made with the Contributor or any other Scheme 1 Documents, if any, as and when occurred; 6. change in control of the Sponsor or Manager or Portfolio Company;   *where “change in control” in relation to a company or a body corporate, means:*  *(a) if its shares are listed on any recognized stock exchange, change in control within the meaning of clause (e) of sub-regulation (1) of regulation 2 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;*  *(b) in any other case, change in the controlling interest or change in legal form (the expression “controlling interest” means an interest, whether direct or indirect, to the extent of more than fifty percent of voting rights or interest).*   1. the Scheme 1 shall provide at least on an annual basis, within 180 (one hundred and eighty) days from the year end, reports to investors including the following information, as may be applicable to the Scheme 1:   A. financial information of the Portfolio Companies.  B. material risks and how they are managed which may include:   * concentration risk at Scheme 1 level; * foreign exchange risk at Scheme 1 level; * leverage risk at Scheme 1 and Portfolio Company levels; * realization risk (i.e. change in exit environment) at Scheme 1 level and Portfolio Company levels; * strategy risk (i.e. change in or divergence from business strategy) at Portfolio Company level; * reputation risk at Portfolio Company level; * extra-financial risks, including environmental, social and corporate governance risks, at Scheme 1 and Portfolio Company level.  1. any significant change in the Key Investment Team shall be intimated to all Contributors; and 2. the Scheme 1 shall provide, when required by SEBI, information for systemic risk purposes (including the identification, analysis and mitigation of systemic risks). |
|  | 1. Valuation | * 1. Regulatory requirement: The Investment Manager shall appoint a reputed independent valuer(s) to undertake valuation of Scheme 1’s Portfolio Investments. The expenses connected in this regard shall be borne by Scheme 1. Scheme 1 shall undertake valuation of their investments, at least once in every 6 (six) months, by a reputed independent valuer, provided that as per the AIF Regulations, such period may be enhanced to 1 (one) year on approval of Super Majority of the Contributors by value of their investment in Scheme 1.   2. Applicable valuation principles: The valuation principles will be as per ***Section VIII - Principles of Portfolio Valuation*.** |
|  | 1. Side Letters | * 1. Whether any side letters shall be offered: The Investment Manager may enter into side letters or similar agreements with Contributors in connection with their admission to the Scheme 1 without the approval of any other Investor (“**Side Letter**”).   2. The criteria for offering differential rights through side letters to any investor: The Investment Manager may in its sole discretion enter into Side Letters with such Contributors who either qualify (i) a minimum threshold of Capital Commitment in Scheme 1 as decided by the Investment Manager; and/or (ii) are in the opinion of the Investment Manager strategically relevant to Scheme 1 or the Portfolio Entity(ies).   3. Whether side letters will have any adverse impact on the economic rights or any other rights of other investors: The Investment Manager expects to negotiate separately with each Investor regarding the terms of the Side Letter provided such terms shall not have any adverse economic impact on the economic rights or any other rights of other Contributors.   Such Side Letters may have the effect of granting additional rights to, or supplementing or varying the terms of Scheme 1 Documents with respect to particular Contributors; provided, that the rights and interests of the other Contributors under Scheme 1 Documents will not be adversely affected thereby.   * 1. Whether side letters shall alter the rights of the other investors available to them under their respective contribution agreements: The terms of the Side Letters shall not alter the rights of the Contributors (other than those who are a party to the Side Letter) available to them under their respective Contribution Agreements.   2. List of commercial terms on which differential rights may be offered through side letters: The list below is an indicative list of commercial terms on which differential rights may be offered and the matter listed herein may be revised subject to investor negotiations. However, in no event will any matter agreed in the Side Letter have a disproportionate material adverse effect on any Investor.  1. Organizational Costs; 2. Operating expenses; 3. Management Fees; 4. Hurdle rate; and 5. Carried Interest.    1. List of non – commercial terms on which differential rights may be offered: The list below is an indicative list of non-commercial terms on which differential rights may be offered and the matter listed herein may be revised subject to investor negotiations. However, in no event will any matter agreed in the side letter have a disproportionate material adverse effect on any Investor. 6. Representations and warranties; 7. Co-investment; 8. Transfer of Units; 9. Information/ reporting rights; and 10. Most favoured nation right.     1. List of terms on which differential rights shall not be offered (including but not limited to): 11. Preferential exit from Scheme 1; 12. Contribution to indemnification; 13. Giveback; and 14. Drawdown. |
|  | 1. Scheme 1 Documents | Scheme 1 Documents shall constitute:   * 1. Indenture;   2. Investment Management Agreement;   3. Contribution agreement of the respective Contributor;   4. Side letter (if any); and   5. Private Placement Memorandum.   Overriding Effect: In case of any conflict between the provisions of this Agreement and the Indenture, the provisions of this Agreement shall prevail, to the extent permitted under Applicable Laws. In case of any conflict between the provisions of this Agreement and the Memorandum, the provisions of this Agreement shall prevail. However, in such an eventuality, best endeavours shall be made to achieve harmonious construction, taking into account all relevant documents and the Investment Manager’s interpretation in this regard shall be binding. Further, the Investment Manager will update the Memorandum to cure any ambiguity or defect or correct or supplement any provisions which may be inconsistent with the provisions of this Agreement or other Scheme 1 Documents.  The Memorandum will be shared upfront with the prospective investors along with this Agreement. Upon a Contributor expressing interest in an investment in Scheme 1, the Indenture and the Investment Management Agreement shall be shared and on satisfaction of the due diligence by the Contributor, this Agreement shall be entered into between the Contributor, the Trustee and the Investment Manager.  It is hereby clarified that the terms of this Agreement shall not go beyond the terms provided under the Memorandum. |
|  | 1. Listing | Listing will be in accordance with Applicable Laws (including AIF Regulations). |
|  | 1. Amendments and Waivers | Any material amendments to the Scheme 1 Documents after the date of Initial Closing or assignment of the rights and obligations of the Trustee or the Investment Manager under the Scheme 1 Documents shall require the consent of the Super Majority of the Contributors.  Illustrations: Indicative list of matters which will not require consent of the Contributors are as follows, provided that such list shall not be treated as exhaustive:   1. as may be required to implement transfer of Units; 2. reflect any change of name of the Fund and/or the scheme (including Scheme 1); 3. to reflect an assignment, substitution or replacement of the Trustee in accordance with the Scheme 1 Documents; 4. to reflect a change in the Capital Commitment of the Contributor or any restatement, clarification or consolidation of the interest of the Contributor in accordance with this Agreement; 5. to reflect a change that is (i) of an inconsequential nature; or (ii) necessary or desirable to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any governmental agency or contained in any statute; 6. to reflect a change in any provision of this Agreement that requires any action to be taken by or on behalf of Scheme 1 pursuant to the requirements of any Applicable Law if the provisions of the same are amended, modified or revoked so that the taking of such action is no longer required; 7. to reflect a change that is necessary or desirable in connection with a Portfolio Investment or potential Portfolio Investment to implement (for regulatory, tax or similar reasons on advice of counsel) an alternative investment vehicle structure.   Process and provisions of amendments and waivers, as may be applicable to the Scheme: To the extent applicable, material amendments to the Memorandum would be undertaken in accordance with process prescribed under Applicable Law, as amended from time to time. |
|  | 1. Confidentiality | The Contributors will be required to keep confidential all matters relating to the Fund/ Scheme 1 and its affairs, except as otherwise required under Applicable Laws and regulations, or as otherwise permitted by the Investment Manager. |
|  | 1. Auditors | To be appointed. |
|  | 1. Grievance Redressal | In case of any grievance, the Contributor can write an email to atmanirbharvf@sidbiventure.co.in |

**Supplementary Information**

|  |  |  |
| --- | --- | --- |
|  | 1. Diversification/ Investment Limits | The Investment Manager will endeavor to adhere to the following limits while making investment decisions in prospective Portfolio Entities in order to ensure that investment risks are sufficiently diversified across Portfolio Entities:   * 1. All disbursements by Scheme 1 will be made directly into the Portfolio Entities and Scheme 1 shall be involved solely in new primary investing for utilization of the funds by the Portfolio Entities solely for its growth plans, except as otherwise stated in the Memorandum;   2. While Scheme 1 shall be involved in new primary investing (whereby the funds shall be utilised by the Portfolio Entities only for its growth plans); however, Scheme 1 will not utilize more than 20% (twenty percent) of the drawable corpus for secondary investments selectively. However, in a single Portfolio Entity secondary investments will not exceed 20% (twenty percent) of the Capital Commitments and will not be used to buy shareholding of promoters or their family members;   3. Scheme 1 shall invest generally in entities based in India. In case of companies based abroad, the Scheme 1 shall invest only as per SEBI / RBI guidelines in this regard;   4. Scheme-I shall, subject to AIF Regulations, invest not more than INR 10,00,00,000/- (Indian Rupees Ten Crore) in a single Portfolio Company. Notwithstanding the above, the Investment Manager may, in its sole discretion and subject to the AIF Regulations, choose to invest upto 25% (twenty-five percent) of the Investable Funds or such other percentage as per the AIF Regulations in a single Portfolio Company; and   5. Where the rounds are led by third-parties, the Investment Manager shall endeavor to make investments which are not more than 25% (twenty five percent) of the aggregate Capital Commitment, in all Portfolio Entities taken together, including existing portfolio entities with whom the Investment Manager has existing relationship on account of portfolio investments of other funds which are managed by the Investment Manager. |
|  | 1. Investment Committee | The Investment Manager shall have the power to establish an investment committee (“**Investment Committee**”) as it may desire. The Investment Committee shall have a minimum of 3 (three) and maximum of up to 7 (seven) members which may consist of representatives nominated by the Sponsor, the Investment Manager and the Contributors (as elected by the Investment Manager). The Investment Manager at its sole discretion may choose to appoint two additional members, either drawn from other contributors or any other independent persons of repute & professional standing, as may be necessary, to the Investment Committee. However, the Investment Manager may increase the maximum number of members in Investment Committee to 9 members, if it deems necessary. The members of Investment Committee will sign appropriate confidentiality agreements. The members of the Investment Committee shall be replaced at the discretion of the Investment Manager provided that where a member has been nominated by the Sponsor then the Sponsor shall have the right to replace such member.  The Investment Committee shall be responsible for: (a) approving the Investments (including Follow-on Investments) and divestment of Portfolio Investment proposals made to it in accordance with Scheme 1 Documents; and (b) such other matters as the Investment Manager may delegate to the Investment Committee, from time to time. The quorum to conduct meetings of Investment Committee shall be minimum of 3 (three) members.  The Investment Committee shall generally act on a consensus basis, but may take decisions by simple majority, in absence of unanimity. The decisions of the Investment Committee will be final and, for any decision to be binding, shall require approval by majority of the members present. Participation in the proceedings of the Investment Committee by a member may be by any of the following methods: (i) physical presence; (ii) telephonic participation; (iii) video or web conferencing; or (iv) through circular resolution.  The members of the Investment Committee shall be paid sitting fees of INR 30,000 (Indian Rupees Thirty Thousand) per meeting. The fees paid to the Investment Committee may be revised in future having due regard to the responsibilities shouldered.  *Note: It is hereby clarified that the constitution and functioning of the Investment Committee will be in compliance with the provisions of AIF Regulations. Further, the Scheme 1 will not on-board any non-residents as external members until clarity is provided in this regard by SEBI.* |
|  | 1. Allocation of investment opportunities | The Investment Manager or its Affiliates may act as the investment manager of other AIFs or other pooling vehicles which presents inherent conflict of interests. The allocation of investment opportunities shall be determined by the Investment Manager between the Scheme 1 and any other AIFs/schemes in the manner that the Investment Manager believes in good faith to be fair and reasonable taking into account all factors that the Investment Manager believes to be relevant (including but not limited to, the principal Investment Objectives and guidelines, geographical scope and return/ risk profile of such funds and applicable tax, legal, regulatory and other similar considerations) and, for the avoidance of doubt, such investment opportunity may be allocated exclusively to Scheme 1 or any other AIFs/schemes. It is clarified that any investment opportunity sourced by Investment Manager or its Affiliates will be allocated amongst the funds managed by the Investment Manager taking into consideration the investment objective of the funds and the conflict of interest policy adopted by the Investment Manager from time to time. |
|  | **Advisory Board** | The Investment Manager may, at its discretion, constitute an Advisory Board which will largely consist of representatives nominated by the Sponsor, the Investment Manager and the Contributors (as elected by the Investment Manager) to oversee corporate governance and resolve potential or perceived conflict of interest in Scheme 1 referred to it by the Investment Manager. No fees shall be payable to the members of the Advisory Board. |
|  | 1. Follow-on Investments | Following the expiration of the Commitment Period and up to the date ending on 2nd (second) anniversary of the Commitment Period, Scheme 1 may make follow-on investments to increase its holding or preserve or protect the value of existing Portfolio Investments (“**Follow-on Investments**”), provided always that such Follow-on Investments shall not violate the diversification limits prescribed in Scheme 1 Documents. All investments (including Follow-on Investments) will be subject to compliance with the AIF Regulations. |
|  | 1. Net Asset Value | Subject to the AIF Regulations, the net asset value (“**NAV**”) per Unit for each class of Unit shall be calculated in the manner set out below:  NAV = ‘Fair value’ of Scheme-I’s Investments + current assets – current liabilities and provisions (including accrued expenses and tax provisions) / number of outstanding Units.  ‘Fair value’ of Scheme-I’s Investments shall be based on: (a) valuation to be conducted by an independent valuer *as* and when necessary and as per the AIF Regulations; or (b) internal estimates based on Investment Manager’s calculation of accrued returns on the Investment and discounted cash flows, as applicable. |
|  | 1. Statement of Account and Unit Certificate | The Investment Manager shall issue a statement of account evidencing the number of Units held by any Contributor (“**Statement of Account**”). Upon a Contributor’s written request to the Investment Manager for the issuance of a Unit Certificate and Statement of Accounts, the Investment Manager shall, within 45 (forty five) Calendar Days of such request and subject to prevailing regulations upon such Contributor’s payment of the applicable stamp duty for the issuance of the Unit Certificate, issue the Unit Certificate to the Contributor.  This request can be made in addition to having received a Statement of Account indicating the number and Class of Units held by the Contributor. The cost of issuance of such Unit Certificates shall form part of the Organizational Costs and shall be borne by Scheme 1. |
|  | 1. Dispute Resolution | Subject to the AIF Regulations, in case of any dispute, the same shall be settled as detailed in Scheme 1 Documents. |
|  | 1. Taxation | A summary of certain principal tax consequences applicable to the Scheme 1 is set forth later in “***Section XI: Legal, Regulatory, and Tax Considerations****”*of the Memorandum.  In view of the varying nature of tax consequences, each prospective Contributor is advised to consult its own tax advisor with respect to the tax consequences applicable to them as a result of an investment in Scheme 1. |
|  | 1. Change in Law | All laws and regulations applicable to Scheme 1’s activities, may, at any time be amended, modified, repealed or replaced in a manner adverse or favorable to the interest of the Contributors. The Scheme 1 will, at all times, be subject to any such change in Applicable Law and in compliance with the AIF Regulations. |
|  | 1. Legal Counsel | Cyril Amarchand Mangaldas |
|  | 1. Registrar and Transfer Agent | To be appointed by the Investment Manager in due course. |

EXHIBIT A  
  
DRAWDOWN NOTICE

**[*ON THE LETTER HEAD OF INVESTMENT MANAGER*]**

Date:

Mr. / Ms. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ [**Note**: *To enter the name and contact details of Contributor*]

**Re: Notice of Drawdown for Scheme 1**

Dear Sir / Madam,

This Drawdown Notice is being issued pursuant to **Clause 2.4** of the Contribution Agreement (the “**Contribution Agreement**”) entered into between you, SIDBI Trustee Company Limited (the “**Trustee**”) and SIDBI Venture Capital Limited (the “**Investment Manager**”).

With respect to this notice of drawdown, you are required to make a payment of INR \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, which is your Capital Commitment to Scheme 1.

The drawdown date for this call is *\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*.

The payment is to be made so that the funds are received in \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ [**Note**: *To insert the destination of receipt of funds*] by the Investment Manager no later than \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ IST on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

The payment methods are as provided below:

* + - 1. Please draw your cheque in favour of “\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_” and send the same to the address noted below:

Attention: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ [**Note**: *To insert address*]

or

* + - 1. Please instruct the remitting bank to transfer funds electronically to bank as mentioned below:

Name of the Bank: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ [**Note**: *To insert details of the* *Bank*]

Branch:

IFSC:

Account number: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Please discuss with your bank when it would be necessary for you to release the funds in order to meet this important deadline.

Please acknowledge receipt of this notice by facsimile/ e-mail no later than \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Attention: Mr. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Facsimile No. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and Telephone No. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_; E-mail address:\_\_\_\_\_\_\_\_\_\_).

In your facsimile/ e-mail please also identify the name of your remitting bank so that the Investment Manager can effectively monitor the incoming funds.

Thank you in advance for your co-operation and attention to this matter.

Yours faithfully,

Authorised Signatory