

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of the members of Grameen Koota Financial Services Private Limited (“the Company”) will be held on Wednesday, the 29th day of June, 2016 at the registered office of the Company at 2.00 PM, to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the audited Balance Sheet, the Profit and Loss Account, Notes to Accounts, Directors’ Report and Auditor’s report for the financial year ended 31st March, 2016.
2. To re-appoint **S. R. BATLIBOI & CO. LLP** as the statutory auditors of the Company and to authorise the Board of Directors to fix the remuneration.
3. To appoint a director in place of Mr. R Prabha, who retires by rotation but being eligible, offers himself for reappointment.
4. To appoint a director in place of Mr. Anal Jain, who retires by rotation but being eligible, offers himself for reappointment.
5. To appoint a director in place of Mr. Paolo Brichetti, who retires by rotation but being eligible, offers himself for reappointment.

SPECIAL BUSINESS

6. TO REGULARISE APPOINTMENT OF MR. UDAYA KUMAR AS MANAGING DIRECTOR

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

RESOLVED THAT pursuant to Section 196 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder, appointment of Mr. Udaya Kumar is hereby ratified.

7. TO REGULARISE APPOINTMENT OF MR. M.N. GOPINATH

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

RESOLVED THAT in accordance with the provisions of Section 161(1) of the Companies Act, 2013 (including any statutory modifications(s) or re-enactment thereof, for the time being in force), Mr. M.N Gopinath, be and is hereby appointed as an Director on the Board of Directors of the Company for a period of three years.

RESOLVED FURHTER THAT Mr. Udaya Kumar, MD&CEO or Ms. Darshana Kothari, CS of the Company be and is hereby authorised to file all required filings under applicable statutes, laws and regulations, including to make requisite filing with the concerned Registrar of Companies, Karnataka, and is hereby also authorized to do all such acts, deeds, matters and things and execute all such deeds, documents and writings as may be necessary in accordance with such appointment.”

8. TO REGULARISE APPOINTMENT OF MR. GEORGE JOSEPH

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

RESOLVED THAT in accordance with the provisions of Section 161(1) of the Companies Act, 2013 (including any statutory modifications(s) or re-enactment thereof, for the time being in force), Mr. George Joseph, be and is hereby appointed as an Director on the Board of Directors of the Company for a period of three years.

RESOLVED FURHTER THAT Mr. Udaya Kumar, MD&CEO or Ms. Darshana Kothari, CS of the Company be and is hereby authorised to file all required filings under applicable statutes, laws and regulations, including to make requisite filing with the concerned Registrar of Companies, Karnataka, and is hereby also authorized to do all such acts, deeds, matters and things and execute all such deeds, documents and writings as may be necessary in accordance with such appointment.”

9. TO INCREASE BORROWING LIMIT

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

“**RESOLVED THAT** subject to the provisions of section 180(1)(c) of the Companies Act, 2013, and in supersession of the resolution dated June 22, 2015, consent of the members be and is hereby accorded to the Board of Directors of the Company to borrow from time to time such sum or sums as they may deem appropriate for the purposes of the Company notwithstanding that the monies already borrowed and the monies to be borrowed (apart from temporary loans obtained from company’s bankers in the ordinary course of business) will exceed the paid-up capital of the company and free reserves not set apart for any specific purpose. Provided that the total amount upto which monies may be borrowed by the Board of Directors shall not exceed Rs. 5,000 crores at any one time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do such acts, deeds, things and execute all such documents, undertaking as may be necessary for giving effect to the above resolution.

RESOLVED FURTHER THAT the above resolution does not authorize directly or indirectly the issuance of any security convertible into or exercisable for any equity security as well as the issuance of any debt security or any borrowing to be deployed outside the regular course of business.”

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

“**RESOLVED THAT** in supersession of the resolution dated June 22, 2015, consent of the members be and is hereby accorded pursuant to section 180(1)(a) and other applicable provisions if any, of the Companies Act, 2013, to the Board of Directors of the Company to pledge, mortgage and/or charge in all or any part of moveable or immovable properties of the Company and the whole or part of the undertaking of the Company of every nature and kind whatsoever and/or creating a floating charge in all or any movable or immovable properties of the Company and the whole of the undertaking of the Company to or in favour of Banks, Financial Institutions, any other lenders or debenture trustees to secure the amount borrowed by the Company or any third party from time to time for the due payment of the Principal together with interest, charges, costs, expenses and all other monies payable by the Company or any third party in respect of such borrowings provided that the maximum extent of the indebtedness secured by the properties of the Company does not exceed Rs.5000 Crores (Rupees Three thousand crores Only) at any time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do such acts, deeds, things and execute all such documents, undertaking as may be necessary for giving effect to the above resolution.

RESOLVED FURTHER THAT the above resolution does not authorize directly or indirectly the creation of an encumbrance other than for securing the borrowings of the Company obtained for on-lending in its ordinary course of business.”

11. APPROVAL FOR ISSUANCE OF NCDs

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

RESOLVED THAT in supersession of the resolution dated June 22, 2015, pursuant to the provisions of Section 42 and other applicable provisions, if any, of the Companies Act, 2013 (“**Act**”) (including any statutory modification(s) or re-enactment thereof, for the time being in force), Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and other relevant rules notified under the Act, (v) the enabling provisions of the Memorandum and Articles of Association of the Company; and (ii) such other approvals, permissions and sanctions as may be necessary and such other conditions and modifications as may be prescribed in granting of such approvals, permissions and sanctions by any of the aforesaid authorities which may be agreed to by the Board of Directors of the Company (the “**Board**”, which term shall be deemed to include any committee so authorized by the Board thereof), the Board be and is hereby authorized to issue secured or unsecured rated, listed and redeemable non-convertible debentures in one or more issues (the “**Debentures**”) on a private placement basis in dematerialized form

(“**Debenture Issue**”). These Debentures are proposed to be issued on, *inter alia*, the following terms and conditions:

- (i) The approval is granted for a period of one year from the date of this resolution;
- (ii) each Debenture Issue may be made to such number of subscribers as may be decided by the Board;
- (iii) the aggregate amount of Debenture Issues during the approved year shall not exceed Rs 1000 crores which will be subject to the overall borrowing limit of Rs 5000 Crores pursuant to the shareholders resolution dated June 29, 2016 passed under Section 180 (1)(c) Act;
- (iv) the Yield for each Debenture Issue during the approved year will be decided by Board depending on financial market conditions. “**Yield**” herein includes coupon and redemption premium, but excludes processing fees, make whole amounts, costs and expenses which will be payable additionally;
- (v) the full amount of the face value of Debentures shall be payable along with the application for such Debentures in the prescribed application form of the Company or in such manner as may be determined by the Board; and
- (vi) the offer for the Debentures shall be limited to the subscribers to whom it is made and whose names have been recorded by the Company prior to such invitation.

RESOLVED FURTHER THAT the common seal of the Company be affixed in accordance with the Articles of Association of the Company on any of the said agreements and documents relevant thereto, and any further documents and agreements as may be required.

RESOLVED FURTHER THAT Shares and Debentures Allotment Committee of the Board be and is hereby authorized to allot the Debentures and to do all such acts, deeds and things incidental to the allotment.

12. AMENDMENT OF ARTICLES OF ASSOCIATION OF THE COMPANY

To Consider and if thought fit to pass with or without modification(s) the following resolutions as Special resolution

“**RESOLVED THAT** pursuant to the applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), the existing Articles of Association (“**AOA**”) of the Company stand repealed and substituted by a new set of AOA of the Company.

RESOLVED FURTHER THAT Mr. Udaya Kumar, MD & CEO and Ms. Darshana Kothari, CS of the Company, be and are hereby severally authorized to sign and file all the necessary forms and other necessary documents as may be required by the statutory authorities including, the Registrar of Companies, Karnataka (“**RoC**”) and to do all such acts and deeds that may be required for the purpose of alteration of the AOA of the Company that may be suggested by RoC or such other statutory authorities in the implementation of the aforesaid resolutions, and to authorize such person or persons to give effect to the above resolutions and to liaise with concerned authorities with regard to the same.

13. TO CREATE ADDITIONAL POOL OF 19,23,033 ESOPs IN THE ESOP SCHEME 2011

To Consider and if thought fit to pass with or without modification(s) the following resolutions as Special resolution

RESOLVED THAT pursuant to the applicable laws, ESOP Scheme 2011 be and is here by approved with an additional pool of 19,23,033 options convertible into equivalent number of equity shares, for the benefit of present and future permanent employees of the Company.

RESOLVED FURTHER THAT approval of the members of the Company be and is hereby accorded to grant the stock options under ESOP Scheme 2011 to the present and future, permanent employees of the Company, from time to time, on such terms and conditions as may be decided by the Board of Directors.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds and things as may be necessary or expedient and to settle any questions, difficulty or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the Members of the Company.

14. RATIFICATION OF THE FOLLOWING MATTERS

1. Ex-Gratia paid to Mr. Suresh K Krishna of Rs. 3.33 Cr and Mrs. Vinatha M Reddy of Rs. 1.11 Cr

To Consider and if thought fit to pass with or without modification(s) the following resolutions as Special resolution

RESOLVED THAT ex-gratia payment as reward of Rs. 1.11 Cr to Mrs. Vinatha M Reddy and Rs. 3.33 Cr to Mr. Suresh K Krishna for their unique contribution as Promoters and employees of the Company in building and nurturing the Organization for over past 16 years, that was approved by the Board on April 2, 2016 be and hereby ratified by the Shareholders”

2. Rent paid to Mrs. Vinatha M Reddy of Rs. Rs. 334,476/-

To Consider and if thought fit to pass with or without modification(s) the following resolutions as Special resolution

RESOLVED THAT Rent paid to Mrs. Vinatha M Reddy of Rs. 334,476/- for using two of her properties- one as guest house and the other one as record room, that was approved by the Audit Committee and subsequently by the Board on May 21, 2016 be and hereby ratified by the Shareholders”

3. Transfer of assets utilized by Mr. Suresh K Krishna in the capacity of Managing Director having a Written Down Value worth of Rs.425,031/-

To Consider and if thought fit to pass with or without modification(s) the following resolutions as Special resolution

RESOLVED THAT certain assets which were transferred to Mr. Suresh K Krishna, which were utilized by him during his tenure as Managing Director, which had a Written Down Value worth of Rs. 425,031/- , that was approved by the the Board on June 26, 2015 be and hereby ratified by the Shareholders”

4. Donations to Navya Disha

To Consider and if thought fit to pass with or without modification(s) the following resolutions as Ordinary resolution

RESOLVED THAT donations made to Navya Disha Trust for FY 2015-16 be and is hereby ratified.

**On behalf of the Board of Directors
For Grameen Koota Financial Services Private Limited**

**Darshana Kothari
Company Secretary**

Place: Bangalore

Date: June 27, 2016

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote on behalf of himself / herself and that proxy shall be a member of the Company.
2. In order for the proxies to be effective, the proxy forms duly completed and stamped should reach or must be deposited at the registered office of the Company before the Meeting.
3. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the special business to be transacted at the meeting is annexed hereto
4. The Company has implemented the “Green initiative” as per circular nos. 17/2011 dated April 21, 2011 and 18/2011 and April 29, 2011 issued by Ministry of Corporate Affairs to enable delivery of notice/ documents and annual report to shareholders.

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013

ITEM No 3, 4 & 5

In terms of article 36 of Articles of Association of the Company, at every Annual General Meeting one-third of the directors shall retire by rotation (*if their number is not three (3) or a multiple of three (3), then the number nearest to one-third shall retire from office.*).

As per above the one-third of total directors i.e. three directors – Mr. R. Prabha, Mr. Anal Jain and Mr. Paolo Bricchetti are longest in the organization shall retire by rotation as per article 36 and 37 of AoA in

the ensuing AGM. However, they are eligible for reappointment and offer their candidature subject to the approval of members in the General Meeting

In view of above, the Board of Directors recommends approving appointment of the said Directors for a period of 3 years.

None of the Directors except Mr. R. Prabha, Mr. Anal Jain and Mr. Paolo Brichetti are concerned or interested in the proposed resolution

ITEM NO. 6

In accordance of Section 196 (4) of the Companies Act, 2013, Mr. Udaya Kumar was appointed as Managing Director on July 15, 2015 by the Board of Directors.

The provisions of the Companies Act, 2013 (including any statutory modifications(s) or re-enactment thereof, for the time being in force) require the Company to seek the approval of the members for appointment Managing Director.

In view of above, the Board of Directors recommends the passing of the resolutions set out at Item No. 6 as ordinary resolution as per the provisions of the Companies Act, 2013 (including any statutory modifications(s) or re-enactment thereof, for the time being in force).

None of the Directors except Mr. Udaya Kumar are concerned or interested in the proposed resolution

7 & 8:

In accordance with Section 161(1) of the Companies Act, 2013, Mr. M.N. Gopinath and Mr. George Joseph are proposed to be appointed as the Directors of the Company.

The provisions of the Companies Act, 2013 (including any statutory modifications(s) or re-enactment thereof, for the time being in force) require the Company to seek the approval of the members for appointment of Director

In view of above, the Board of Directors recommends the passing of the resolutions set out at Item No. 5 & 6 as ordinary resolution as per the provisions of the Companies Act, 2013 (including any statutory modifications(s) or re-enactment thereof, for the time being in force).

None of the Directors except Mr. M.N. Gopinath and Mr. George Joseph of the Company are concerned or interested in the proposed resolution

ITEM NO. 9 &10:

Keeping in view the Company's existing and future financial requirements to support its business operations, the Company needs additional funds. For this purpose, the Company is desirous of raising finance from various Banks and/or Financial Institutions and/or any other lending institutions and/or Bodies Corporate and/or such other persons/ individuals as may be considered fit, which, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital and the free reserves of the Company. Hence it is proposed to increase the maximum borrowing limits upto Rs. 5,000 Crores (Rupees Five thousand Crores Only). Pursuant to Section 180(1)(c) of the Companies Act, 2013,

the Board of Directors cannot borrow more than the aggregate amount of the paid-up capital of the Company and its free reserves at any one time except with the consent of the members of the Company in a general meeting.

In order to facilitate securing the borrowing made by the Company, it would be necessary to create charge on the assets or whole of the undertaking of the Company. Section 180(1)(a) of the Companies Act, 2013 provides for the power to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company subject to the approval of members in the general meeting.

The Board recommends these resolutions for the approval of the members as Special Resolutions.

None of the Directors of the Company is in any way concerned or interested in the resolutions.

ITEM NO. 11:

Your Company has been growing in size since its inception and requires additional funds for its new projects and new business plan for development of Individual Business Loans and other business initiatives for which the Company proposes to augment the resources through diversified funding hence the resolutions recommended for NCD funding through private placement.

In terms of Section 42 and other applicable provisions of the Companies Act, 2013 & Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and applicable provisions thereto for Issue of Non-Convertible debentures through private placement approval of the members via Special Resolution is required for allotment of Securities that is NCDs to comply with the said provisions.

There can be more than one Debenture Issue in the year; each Debenture Issue may be made to such number of subscribers as may be decided by the Board; the aggregate amount of Debenture Issues during the year shall not exceed Rs 1000 crores;

The resolution is to seek the approval of the members for the same.

None of the Directors or Key Managerial personnel of the Company or their relatives may be deemed to be interested or concerned in the proposed resolution except Mr. Paolo Brichetti and Mrs. Vinatha M Reddy who are interested to the extent of their Shareholding in the Company.

ITEM NO. 12:

The Articles of Association were prepared in line with Shareholders Agreement dated 28.03.2014. With termination of the said Shareholders Agreement, the Articles of Association of the Company are required to be amended. Therefore, the restated Articles of Association of the Company substituting the existing Articles of Association of the Company are required to be adopted in substitution of the existing Articles of Association of the Company. A copy of new set of Articles of Association of the company is open for inspection at the registered office of the Company on all working days between 11.00 am to 5.00 pm.

The provisions of the Companies Act, 2013 (including any statutory modifications(s) or re-enactment thereof, for the time being in force) require the Company to seek the approval of the members for alteration of its Articles of Association.

In view of above, the Board of Directors recommends the passing of the resolutions set out at Item No. 12 as special resolution as per the provisions of the Companies Act, 2013 (including any statutory modifications(s) or re-enactment thereof, for the time being in force).

ITEM NO 13.

The Company instituted the ESOP scheme 2011 pursuant to a resolution of the Board dated October 15, 2011 having a total pool size of 18,31,175 stock options which was to be granted over 3 years as per the directions of the Board to such employees who are critical for the future of the company. The total pool was split into Employees Pool of 12,81,823 and Directors pool of 5,49,352.

The Company granted ESOPs in 3 tranches starting from FY 2011-12 to employees every year and last granted for FY 2013-14 during June 2014. There are only 1,06,536 ESOPs in the pool after director pool of 1,37,338 was withheld from granting based on statutory reasons. The Company is yet to grant ESOPs to the employees for the FY 2014-15 and FY 2015-16.

ESOPs are an important component in the employee retention strategy of the company in general and very particularly for Middle & Senior Management who are very critical, it is also very important to grant such rewards on timely basis. ESOPs are a long term benefit reward and particularly key employees look forward for their share of reward against their contribution towards the growth of the Company.

In view of the above, the Board of Directors recommend creation of additional pool of 19,23,033 stock options for the purpose of granting over 3 years pertaining to the years FY 2014-15 to FY 2016-17.

The salient features of the ESOP Scheme 2011 are as under:

1. Total number of options to be granted:

A total of 19,23,033 stock options pool will be created which will be granted over 3 years till FY 2016-17.

2. Eligibility:

- a. Grade A & B shall not be eligible for ESOP – Exceptional cases to be considered from time to time.
- b. Grade C, D, E to be granted on the criteria of the following :
 - i. Criticality
 - ii. Length of Service
 - iii. Performance
- c. All Grade F & above shall be entitled to ESOPs based on performance and criticality.

3. Grant of Options and Date:

Options may be granted to eligible employees on the dates mentioned below. The Nomination and Remuneration Committee will base the number of Options to be granted to eligible employees on the criteria mentioned above, which may be subject to revision.

Grants for 2014-15: July 1, 2016

Grants for 2015-16: January 1, 2017

Grants for 2016-17: January 1, 2018

4. Vesting & Exercising:

There is no change in vesting and exercising of ESOPs. Vesting of ESOPs will be in 4 tranches of 25% as below:

25% of options vest after 12 months of granting

25% of options vest after 24 months of granting

25% of options vest after 36 months of granting

25% of options vest after 48 months of granting

Employees must exercise vested options within 48 months from vesting. The Employee may opt for exercising his Options by applying to the Company during the exercise period in writing in a specified format.

5. Exercise Price:

Grants for the issues for 2014-15: 1.25 x of BV (to be granted in FY 2016-17)

Grants for the issues for 2015-16: 1.35 x of BV (to be granted in FY 2016-17)

Grants for the issues for 2016-17: 1.50 x of BV (to be granted in FY 2017-18)

Grant price & liquidity price will be at 1.50 x BV thereafter

6. Exercise Period:

The employee shall exercise his option during the exercise period which shall be any time before the expiry of 48 months from the date on which his entitlement vests at the Exercise price for the employees who are in continuous service. In case the employee resigns from employment of the company or whose employment is terminated by the company, then vested options shall be exercised within 90 days from the date of relieving from employment.

In case of death of the optionee, the exercise period shall be 2 years from the date of death.

In case of permanent disability of the optionee, the exercise period shall be 2 years from the date of separation

A copy of the draft ESOP Scheme 2011 will be available for inspection on all working days (Monday to Friday) between 11 am and 1 pm at the registered office of the Company.

The Board hereby confirms that the Company shall comply with applicable accounting standards.

None of the Directors or Key Managerial Personnel of the Company including their relatives are in any way, concerned or interested, financially or otherwise, in the proposed resolution(s) except to the extent of the stock options that may be granted to them under ESOP Scheme 2011.

The Board recommends passing of the resolution set out under item no 13 for approval of the members as special resolution.

ITEM NO 14 (1):

As per the Promoter Transfer Agreement between the Promoters and the CAA, Promoters group including TMT Community trust will sell their stake in the company (by retaining nominal stake of 3 lac shares) between the periods March 2016 to April 2016 based on the long term plan of the Company. These shares are being purchased by CAA bilaterally.

In view of contribution also as employees of Grameen Koota for such a long time to support the organisation over 16 years in making Grameen Koota a strong brand with social focus, the Company has proposed to reward them with Ex-gratia. This Ex-gratia is for their unique contribution as employees of the Company for such a long time and building the organisation. Incidentally, they are the first employees of Grameen Koota.

None of the Directors or Key Managerial personnel of the Company or their relatives may be deemed to be interested or concerned in the proposed resolution except Mr. Suresh K Krishna and Mrs. Vinatha M Reddy.

ITEM NO 14 (2):

The Company has been paying rent for using 2 properties of Mrs. Vinatha M Reddy, one as guest house and the other one as record room. The said transaction being Related Party Transaction, requires Shareholders' approval.

The Board recommends these resolutions for the approval of the members as Special Resolutions.

None of the Directors of the Company except Mrs. Vinatha M Reddy is in any way concerned or interested in the resolutions.

ITEM NO 14 (3):

Mr. Suresh K Krishna was Managing Director of the Company till July 15, 2016. Certain items / assets which were utilized by Mr. Suresh K Krishna during his tenure as Managing Director were transferred to him at the time of his resignation.

The Board recommends these resolutions for the approval of the members as Special Resolutions.

None of the Directors of the Company except Mr. Suresh K Krishna is in any way concerned or interested in the resolutions.

ITEM NO 14 (4)

The Company has been contributing 5% of its PAT to Navya Disha (Not for Profit Trust) much before it was made mandatory by the Companies Act, 2013.

Pursuant to Section 181 of the Companies Act, 2013, a Company may contribute to bona fide charitable and other funds with the permission of the shareholders if the aggregate amount being contributed exceeds 5% of the net profit for immediate three preceding years.

Though the Company is contributing to a Charitable Trust (not fund), considering the spirit of the Law, the Board of Directors seek approval of the Shareholders for such contribution.

None of the Directors except Mr. Suresh K Krishna and Mrs. Vinatha M Reddy are interested in the resolution.

**On behalf of the Board of Directors
For Grameen Koota Financial Services Private Limited**

**Darshana Kothari
Company Secretary**

Place: Bangalore

Date: June 27, 2016