IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION

ARBITRATION PETITION NO. 1321 OF 2019

SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA, a corporation established under the Small Industries Development Bank of India Act, 1989, and having its Head Office at "SIDBI Tower", 15, Ashok Marg, Lucknow – 226 001 and its Office at Swavalamban Bhavan, C – 11, G – Block, Bandra – Kurla Complex, Bandra East, Mumbai 400 051.

...**Petitioner**

Versus

MIDLAND MICROFIN LIMITED, a company incorporated under the Companies Act, 1956 and having its registered office at The Axis, Plot No. 1, R. B. Badri Dass Colony, B.M.C. Chowk, G.T. Road. Jalandhar – 144 001.

KITARA PIIN 1501, a company incorporated under the law of Mauritius and having its registered office at c/o Anex Management Services Limited, 9th Floor, Ebene Towers, 52 Cybercity, Ebene, Republic of Mauritius.

MR. AMARDEEP SINGH SAMRA, Managing Director, M/s. Midland Microfin Limited, The Axis, Plot No. 1, R. B. Badri Dass Colony, B.M.C. Chowk, G.T. Road, Jalandhar – 144 001.

MRS. GAGANPREET SAMRA, Promoter, M/s. Midland Microfin Limited, The Axis, Plot No. 1, R.

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B. Badri Dass Colony, B.M.C. Chowk, G.T. Road, Jalandhar – 144 001.

MR. AMARDEEP SINGH SAMRA, representing Promoter Group Shareholder, residing at House No. 182, New Jawahar Nagar, Jalandhar – 144 001.

...**Respondents**

SETTLEMENT TERMS

1. All disputes and, or, claims including the captioned proceedings and any other claims arising out of and, or, which may arise out of the Common Shareholders cum Subscription Agreement dated 22 April 2015 (**CSS**), the Amended and Restated Shareholders Agreement dated 24 March 2016 (**ARSA**) and the Addendum to Amended and Restated Shareholders Agreement dated 11 July 2016 (**Addendum**) between the Petitioner and the Respondents named hereinabove (**Parties**) stand mutually, amicably, wholly, finally and irrevocably resolved and, or, settled with no claims outstanding on the terms, conditions and covenants set out herein below.

2. After the filing of the aforesaid Petition, the Petitioner vide Circular No. IFV-MFI-Circular No. 07/2019-20 dated 30th October, 2019, has shifted the portfolio and operations under India Microfinance Equity Fund (IMEF) from the Petitioner to Micro Units Development & Refinance Agency Limited (MUDRA Ltd), a wholly owned subsidiary of the Petitioner.

3. The Petitioner hereby represent and warrant to the Respondents that each of the following warranties are true and correct as of the date of these Settlement Terms:

    a. The Petitioner is the sole, beneficial and registered owner of 17,72,299 equity shares (i.e. 3,97,299 optionally convertible preference shares converted into equity shares and 13,75,000 equity shares) (**Equity Shares**) held by it in Midland Microfin Limited (Respondent No.1 herein) (**Company**) and the Petitioner's name is duly recorded as such in the Register of Member of the Company;

    b. The Equity Shares are free from any encumbrances, claim or demand and there is no agreement or commitment to give or create any encumbrance over or affecting the Equity Shares and no claim has been made by any person to be entitled to any such encumbrance;

    c. Save and except for the captioned proceedings, there are no actions, suits, proceedings, or investigations pending or, threatened in relation to the Equity Shares, and the Equity Shares are not subject to or in default with respect to any court or administrative order, injunction or decree;

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d. There is no fact, matter, event or thing including without limitation any violation or potential violation of applicable law relating to taxation and, or, foreign exchange that directly or indirectly fetters, inhibits, restricts or otherwise adversely impacts the Petitioner's title to the Equity Shares;

e. Any acquisition or transfer of the Equity Shares prior to the date of this Settlement Terms have always occurred in compliance with applicable law;

f. The Petitioner, since the time of acquisition of the Equity Shares, has not held the Equity Shares on behalf of any other person; and

g. The Petitioner has good right, full power and absolute authority to transfer the Equity Shares to the Respondents free from any encumbrances, claim or demand of any nature and the Petitioner has not nor had anyone on his behalf done, committed or omitted any act, deed, matter or thing whereby the Equity Shares can be forfeited, extinguished or rendered void or voidable.

4. The Parties hereby agree, confirm and declare as follows:

a. Upon execution of these Settlement Terms, the Petitioner agrees to:

i. withdraw the captioned Petition; and

ii. transfer the Equity Shares to Kitara PIIN 1501 (Respondent No. 2 herein), Mr. Amardeep Singh Samra (Respondent No. 3 herein), Mrs. Gaganpreet Samra (Respondent No. 4 herein), Promoter Group Shareholders represented by Amardeep Samra (Respondent No. 5 herein) and Kitara PIIN 1501's Associates for an aggregate consideration of INR **12,43,02,511/- (Consideration)** payable by Respondent No. 2, Respondent No. 3, Respondent No. 4, Respondent No.5 and Kitara PIIN 1501's Associates as, may be mutually decided by the Respondents *interse* to the Petitioner provided always that the number of Equity Shares transferred to the respective Respondent transferee will be *pro rata* to the quantum of consideration paid by the respective Respondent transferee **(Transfer)** to Micro Units Development & Refinance Agency Limited (MUDRA Ltd).

b. The Petitioner and the Respondents have each exercised their independent commercial sense pursuant to their independent evaluation and have agreed that the consideration payable by Respondents to Micro Units Development & Refinance Agency Limited (MUDRA Ltd), in terms of the present Settlement Terms is adequate and sufficient for the Transfer.

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c. The payment of the Consideration by the Respondents to Micro Units Development & Refinance Agency Limited (MUDRA Ltd) for the Transfer shall constitute full, final and binding settlement of the claims arising out of the subject-matter of the captioned Petition and no further consideration shall be payable in the future by any of the Respondents to the Petitioner in this respect.

d. The Parties agree and undertake to be bound by the full and final one-time settlement recorded in the present Settlement Terms and the Petitioner further agrees and undertakes that the present Settlement Terms will not, in any manner whatsoever, vitiate or affect any fund-raising, transfer of shares or change in the capital structure of the Company effected in the future.

e. Upon Transfer, the Petitioner shall cease to be a shareholder of the Company and shall also cease to have any rights in terms of the CSS, ARSA and the Addendum. The Petitioner undertakes to duly execute any document required to give effect to such cessation, as and when required by the Respondents

f. Upon Transfer, the Petitioner shall procure that the nominee director of the Petitioner on the board of directors of the Company shall deliver to the Company a duly executed resignation letter resigning as the director of the Company, effective from the date of the Transfer, and fully and completely releasing and discharging the Company from any losses or liabilities. The Petitioner shall also procure that the nominee director of the Petitioner shall file form DIR-11 with the Registrar of Companies intimating of the said resignation as a director of the Company and shall forward of copy of the said form DIR-11 to the Company.

g. Upon execution of these Settlement Terms, the Parties agree to file the Consent Terms before the Hon'ble Bombay High Court on 13th February 2020 for disposal of the captioned Petition in terms of the present settlement effected by and between the Parties. The Petitioner undertakes not to pursue the captioned Petition further in any manner in the future for adjudication of any claims whatsoever arising out of the subject-matter of the captioned Petition or any other claims arising out of the CSS, the ARSA or the Addendum.

h. In terms of the present settlement, the Respondents No. 2, 3, 4 and 5 undertake to pay the Consideration agreed here in under to Micro Units Development & Refinance Agency Limited (MUDRA Ltd) within a period of 15 days from the date of disposal in three tranches as set out below by filing settlement of consent terms towards the disposal of the captioned Petition. Upon payment of each tranche, the Petitioner undertakes to transfer the corresponding quantum of Equity Shares to the Respondents, the details of which shall be informed by the Respondents to the Petitioner. The Petitioner

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shall transfer the corresponding number of Equity Shares to the Respondents at the earliest from transfer of payment by the Respondents to the Petitioner.

Particulars	Due Date	Amount (INR)	No. of Equity Shares
Tranche 1	18 February 2020	4,14,34,170	5,90,766
Tranche 2	24 February 2020	4,14,34,170	5,90,766
Tranche 3	27 February 2020	4,14,34,171	5,90,767
Total		**12,43,02,511**	**17,72,299**

i. The Present Settlement Terms have been signed by each of the Parties of their own free will and in the absence of duress, based on commercial wisdom and legal advise received in this regard and on satisfaction and performance of each Party's respective obligations set out in these presents the Petitioners not will have any claim whatsoever against the Respondents.

j. The Transfer will be a valid transfer of the Equity Shares effected by the Petitioner on behalf of Micro Units Development & Refinance Agency Ltd., a wholly owned subsidiary of the Petitioner.

k. In the event of any default made by any of the Respondents in terms of para 3 and 4 of this settlement, all the Respondents shall be liable to pay an interest at 12.5% p.a. with penal interest at 2% p.a. on the defaulted amount to Micro Units Development & Refinance Agency Limited (MUDRA Ltd) and the same has been agreed by the Respondents.

l. In the event of breach of the present Settlement Terms by any of the Parties, any dispute, difference, controversy or claims arising out of such breach shall be resolved in accordance with Clause 21 of ARSA, read with Clause 22 of the ARSA as modified by the Addendum.

Authorized Signatory on behalf of Small Industries Development Bank of India (Petitioner)

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Authorized Signatory on behalf of Midland Microfin Ltd. (Respondent No. 1)

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Authorized Signatory on behalf of Kitara PIIN 1501 (Respondent No. 2)

Mr. Amardeep Singh Samra (Respondent No. 3, as Managing Director of Respondent No. 1 herein and representative of Respondent No. 5 herein)

Mrs. Gaganpreet Samra (Respondent No. 4)

Advocates for the Petitioner

Advocates for the Respondents

Place: Mumbai

Date: 13th February 2020

IN THE HIGH COURT OF JUDICATURE AT BOMBAY

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ARBITRATION PETITION NO. 1321 OF 2019

Small Industries Development Bank of India ... Petitioner

Versus

Midland Microfin Ltd. & Ors. ... Respondents

SETTLEMENT TERMS

Dated this 13th day of February 2020

Bharucha & Partner
Advocates for the Respondents
Cecil Court, 4th Floor,
M.K. Bhushan Road,
Colaba, Mumbai – 400 039
Advocate Code: 190