

NOTICE TO INVITE EXPRESSION OF INTEREST FOR DIVESTMENT PROCESS INITIATED BY SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA (“SIDBI”) IN RELATION TO ITS STAKE IN BANDHAN FINANCIAL SERVICES LIMITED

1. DETAILS OF THE PROPOSED TRANSACTION

- 1.1. SIDBI holds 1,03,93,489 equity shares, having a face value of INR 10 each (collectively, the “**Bid Shares**”), in the share capital of Bandhan Financial Services Limited (“**BFSL**”), representing 8.13% (eight point one three percent) of the paid-up share capital of BFSL.
- 1.2. SIDBI is inviting bids from potential investors for purchase of the Bid Shares in BFSL, through a competitive bidding process (the “**Proposed Transaction**”).
- 1.3. An advertisement has been issued by ICICI Securities Limited in the Business Standard (both English & Hindi editions) on December 31, 2019 inviting Expression of Interest (“**EOI**”) for the Proposed Transaction.

2. ABOUT BANDHAN FINANCIAL SERVICES LIMITED AND ITS SUBSIDIARIES

- 2.1. BFSL is a public limited company. Its shareholders include International Finance Corporation, FIG Investment Company, SIDBI, Caladium Investment Pte. Ltd. and other shareholders.
- 2.2. Bandhan Financial Holdings Limited (“**BFHL**”) is a wholly-owned subsidiary of BFSL, registered as a non-operating holding financial company with the Reserve Bank of India (“**RBI**”). BFHL holds 60.96% of the share capital of Bandhan Bank Limited (“**Bandhan Bank**”).
- 2.3. Bandhan Bank was incorporated on December 23, 2014 and was registered as a universal bank with the RBI in June 2015. Presently, Bandhan Bank offers banking products and services to more than 1.83 crore urban, semi-urban and rural customers, and has over 4,000 banking outlets pan-India. The bank has mobilized deposits of more than INR 49,195 crore and its total advances stand at INR 64,186 crore, taking the business to INR 1,13,381 crore as on September 30, 2019. The bank has a team of over 35,000 employees on its rolls. Recently, Gruh Finance Limited, an affordable housing finance company with a loan portfolio of INR 17,700 crores, was merged into Bandhan Bank which has diversified Bandhan Bank’s loan portfolio. For more information on Bandhan Bank, please refer to the website: www.bandhanbank.com.

3. INVITATION TO SUBMIT EXPRESSION OF INTEREST

- 3.1. ICICI Securities Limited (“**I-Sec**”) has been appointed as the Merchant Banker by SIDBI in relation to the Proposed Transaction. In the context of the above, I-Sec invites Expressions of Interest (“**EOI**”) from interested investors for the Proposed Transaction. The EOI should be submitted by the potential investors in the prescribed format set out in **Annexure-I (“EOI Format”)**, along with the information set out in the Schedule to the EOI Format. The potential investors will also need to execute a Non-Disclosure Agreement in

the format as set out in **Annexure-II** (“NDA”), in order to be able to receive further information on the Proposed Transaction.

- 3.2. Post submission of EOI, SIDBI would shortlist the qualified potential investors and such shortlisted potential investors will be entitled to submit binding bids for purchase of all or any of the Bid Shares. Notwithstanding the foregoing, SIDBI reserves the right to accept and aggregate binding bids up to 8.13% of total equity shares of BFSL. The decision of SIDBI in accepting or rejecting a bid is final and binding on the bidders.
- 3.3. Potential investors are required to submit the following documents and information latest by 06:00 PM IST on January 13, 2020:
 - (a) Duly executed EOI, in the format as set out in **Annexure-I**, along with the information of the potential investor as set out in the Schedule to the EOI Format; and
 - (b) Duly executed NDA, in the format as set out in **Annexure-II**.

Interested investors are requested to submit the aforesaid documents by an e-mail to Mr. Sanjiv Saraff at sanjiv.saraff@icicisecurities.com.

- 3.4. The e-mail should clearly set out the subject as “Expression of Interest for BFSL Stake Sale”.
- 3.5. Subject to receipt of the EOI and satisfaction of the Qualification Criteria and subject to the approval of SIDBI, additional information (as may be requested by the bidders and considered necessary by SIDBI / I-Sec in connection with the Proposed Transaction) would be shared only with those potential investors who have executed the NDA.
- 3.6. The EOIs received would be evaluated based on the Qualification Criteria as laid out in this letter. Thereafter, further details of the Proposed Transaction, including the subsequent processes, shall be notified only to the potential investors who have fulfilled the Qualification Criteria, as selected by SIDBI.

4. QUALIFICATION CRITERIA

Potential investors would need to satisfy below qualification criteria to be eligible (“**Qualification Criteria**”) for the Proposed Transaction:

4.1. Financial Criteria:

- (a) In case of private equity funds / AIFs - Assets under management of not less than INR 10,000 Million as at March 31, 2019 or later; OR
- (b) In case of a company –
 - ✓ Net worth of not less than INR 10,000 Million (*or an equivalent currency*) as per the last audited balance sheet of such entity; OR

- ✓ Consolidated Net worth of not less than INR 20,000 Million (*or an equivalent currency*) as per the last audited balance sheet of such entity;

**For clarification, please note that Consolidated Net worth would mean net worth of ultimate holding company of the potential investor as per last audited financial statement.*

4.2. Fit & Proper Criteria:

The following fit & proper criteria would be applicable to the potential investor(s).

The investor, who has

- (a) has good integrity, reputation and track record in financial matters and compliance with tax laws;
- (b) has not been the subject of any proceedings of a serious disciplinary or criminal nature, and has not been notified of any such impending proceedings or of any investigation which may lead to such proceedings;
- (c) has a record or evidence of previous business conduct and activities, and has not been convicted for an offence under any legislation designed to protect members of the public from financial loss due to dishonesty, incompetence or malpractice;
- (d) has achieved a satisfactory outcome as a result of due diligence conducted with the relevant regulator, revenue authorities, investigation agencies and credit rating agencies etc. as considered appropriate;
- (e) has no record of any serious financial misconduct, bad loans and was not adjudged to be bankrupt;
- (f) its track record or reputation for operating in a manner that is consistent with the standards of good corporate governance, financial strength and integrity in addition to the assessment of individuals and other entities associated with the potential investor.

5. **OTHER TERMS & CONDITIONS**

- 5.1. SIDBI reserves the right to withdraw, cancel or modify the invitation / sale process and/or the Proposed Transaction or any part thereof and/or disqualify/reject any/all offer(s)/EOI(s) and/or any potential investors at any stage of the process and/or modify any terms without assigning any reason and without any liability whatsoever.
- 5.2. No financial obligations will accrue to SIDBI or its directors/officials or I-Sec in the event of such withdrawal, cancellation or modification. This is not an offer document and

nothing contained herein shall be construed as representations or warranties of any kind whatsoever by SIDBI regarding any facts, details or information set out herein.

- 5.3. No oral conversations or agreements with I-Sec or an official agent or employee of I-Sec shall affect or modify any terms of this EOI Format.
- 5.4. By submitting the EOI, each potential investor shall be deemed to have acknowledged that: (i) it has carefully reviewed the entire EOI Format and is completely informed of all the existing conditions, limitations and applicable laws; and (ii) will seek its own professional advice on the legal, financial, taxation, regulatory and other consequences of submitting the EOI and entering into any other process in connection with the Proposed Transaction.
- 5.5. SIDBI and/or I-Sec reserves the right to seek extra information from the potential investors with regard to the EOI submitted. In the event of such request, the potential investors are required to provide such information at the earliest opportunity or within such pre-discussed timeline.
- 5.6. The investors' participation in this process is at its sole risk and expense and it shall not have any claim against I-Sec or SIDBI or any of their directors, officers, employees, affiliates, agents or representatives. Neither I-Sec nor SIDBI has any legal, fiduciary or other duty to the investor with respect to the Proposed Transaction or the procedures set forth herein or in any other written materials furnished to the investor.
- 5.7. The investor shall bear its own costs and expenses and those of its advisors and consultants in relation to the Proposed Transaction.
- 5.8. The final decision with respect to interpretation of any part of this EOI shall rest with SIDBI.
- 5.9. This notice inviting expression of interest is not intended to be a prospectus, an offer or an invitation to offer shares of BFSL held by SIDBI.
- 5.10. All matters relating to this notice shall be governed by the laws of India. Only courts at Mumbai, Maharashtra (*with exclusion of all other courts*) shall have the jurisdiction to decide or adjudicate on any matter, which may arise in relation to this notice.

ANNEXURE I: EOI Format

[On the Letter head of Investor]

Date: [●]

To,

ICICI Securities Limited
HT Parekh Marg, Churchgate
Mumbai 400 020

Sub: Expression of interest for purchase of equity shares of Bandhan Financial Services Limited held by Small Industries Development Bank of India

Dear Sir,

This is with reference to the advertisement dated December 31, 2019 (“**Advertisement**”) and the notice (“**Notice**”), inviting expression of interest for purchase of equity shares of Bandhan Financial Services Limited (“**BFSL**”) held by Small Industries Development Bank of India (the “**Proposed Transaction**”). We, the undersigned, herewith express our interest for participating in the Proposed Transaction as an interested bidder.

As specified in the Advertisement and Notice, we have read and understood the terms and conditions and are desirous of participating in the above divestment process in relation to the Proposed Transaction.

We satisfy the terms and conditions set out in Advertisement and Notice.

[Based on the ‘Qualification Criteria’, we confirm the following:

- Our assets under management as of [●] is INR [●]

OR

- Our net worth (*of either Potential Investor or Consolidated Net worth as defined in the Qualification Criteria*) as per the latest audited balance sheet is INR [●]

We hereby confirm and declare that:

- We have obtained relevant corporate/internal authorizations as considered necessary to submit this EOI;
- We and all of our director(s)/officer(s) will continue to comply with all applicable regulations and laws when participating in the Proposed Transaction;

- In regard to matters other than security and integrity of the country, we have not been convicted by a Court of law or indicted or an adverse order passed by a regulatory authority which would cast a doubt on our ability to be a shareholder of BFSL or which relates to a grave offence that outrages the moral sense of the community;
- In regard to matters relating to security and integrity of the country, we have not been charge-sheeted by any agency of the Government or convicted by a Court of law for any offence committed by us or by any of our sister concerns;
- No investigation by a regulatory authority is pending either against us or against our sister concerns or against our director(s)/officer(s)/key official(s);
- The information furnished by us in this EOI and supporting documents are true, correct, complete, and accurate;
- We are eligible to complete the Proposed Transaction under applicable law (including but not limited to the rules and regulations issued by the Reserve Bank of India);
- We have not been debarred or restrained by any regulatory authority or under any applicable law from making investments in India, and in particular, completing the Proposed Transaction;
- We have read all the provisions of the Advertisement and Notice, and confirm that these are acceptable to and binding on us. We shall abide by the terms of the Advertisement and Notice and shall fulfil our obligations therein;
- We hereby declare that all the information and statements made or submitted by us are true and accept that any misrepresentation or false statement contained in it may lead to our disqualification with liability for default; and
- We agree and acknowledge that the information provided herein can be used by SIDBI and ICICI Securities Limited or any of their advisors appointed specifically for the Proposed Transaction, as selection criteria to advance to the next round of the process or to evaluate any offers made by us subsequently or any other purpose thereof. We undertake that in case due to any change in facts or circumstances during the pendency of the divestment process, we are attracted by the provisions of disqualifications in terms of the subject guidelines, we would intimate SIDBI and ICICI Securities Limited of the same immediately.

Our contact details are provided herein under:

Name of Investor:

Address:

Principal point of contact:

Email address:

Telephone number (both mobile and landline):

Regards,

Name:

Designation:

Encl:

1. Details of the bidder as per the Schedule.

Schedule**BACKGROUND INFORMATION****1. Name and address**

- (i) Name of the potential investor:
- (ii) Address:
- (iii) Telephone No:

2. Nature of business of the potential investor:**3. Contact Person:**

- (i) Name:
- (ii) Designation:
- (iii) Telephone No:
- (iv) Email:

4. Copy of the latest audited financial statements of the bidding entity / Holding entity of the bidding entity as may be applicable.

ANNEXURE II: Format of NDA**NON-DISCLOSURE AGREEMENT**

This non-disclosure agreement (“Agreement”) is made on this [●] day of [●], 2020 by and amongst:

ICICI Securities Limited, having its registered office at ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai, 400 005 (hereinafter referred to as “I-Sec” OR “Disclosing Party”, which expression shall, unless repugnant to the context or meaning thereof, mean and include its successors and permitted assigns);

AND

[insert name], having its registered office at [insert address] (hereinafter referred to as the “Receiving Party”; which expression shall, unless repugnant to the context or meaning thereof, mean and include its successors and permitted assigns).

The Disclosing Party and the Receiving Party are jointly referred to as “Parties” and individually as a “Party”.

WHEREAS:

A. Small Industries Development Bank of India (“SIDBI”) is inviting bids from potential investors for purchase of its equity stake held in Bandhan Financial Services Limited (the “Company”), through a competitive bidding process (the “Proposed Transaction”). The Disclosing Party has been mandated by SIDBI for the Proposed Transaction to manage the process of divestment of its stake in BFSL.

B. The Receiving Party has expressed an interest to participate in the bidding process for the Proposed Transaction. Therefore, in order to enable the Receiving Party to evaluate the Proposed Transaction, the Disclosing Party may be required to furnish certain confidential, proprietary and non-public information concerning the businesses and affairs of the Company and/or its direct and indirect subsidiaries (collectively, the “Group”), for and on behalf of the Group and SIDBI. This Agreement is being entered into in recognition and acknowledgment of the competitive value and confidential nature of such information and the damages that could result to the Group and/or SIDBI if such information is disclosed to any person or entity who is not a party to this Agreement.

C. The Parties wish to record their respective rights and obligations with respect to the Evaluation Material under this Agreement.

NOW THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. The term “Evaluation Material” shall be deemed to include all financial information, business plans and strategies, marketing plans, customer, provider, supplier, licensor, licensee, member, investor, lender and vendor information and lists, software, systems, products, services, and website designs, code, algorithms and technology, trade secrets, records, notes, market studies, reports, financial statements, projections, forecasts, and other documents and information, whether oral, written or in other

media, furnished or made available to the Receiving Party or any of its Representatives (as defined below) relating to or involving the Group and/or SIDBI, as well as all reports, evaluations or other materials prepared by or for the Receiving Party or any of its Representatives, that contain, reflect, interpret or are based upon, in whole or in part, any Evaluation Material. In addition, Evaluation Material shall be deemed to include (i) the fact that the Evaluation Material exists or has been made available to the Receiving Party or any of its Representatives; (ii) the fact that discussions are or have taken place concerning a Proposed Transaction; and (iii) any of the terms, conditions or other facts with respect to the Proposed Transaction, including, without limitation, the status thereof.

2. Notwithstanding the foregoing, the term “Evaluation Material” shall not include information which: (i) is or becomes generally available to the public other than as result of violations of this Agreement by the Receiving Party or any of its Representatives, (ii) was within the possession of the Receiving Party or its Representatives, prior to it being furnished to the Receiving Party or any of its Representatives by the Disclosing Party or any of its Representatives; provided that the source of such information is not known by the Receiving Party or any of its Representatives to be bound by a confidentiality agreement with (or subject to any other contractual, legal or fiduciary obligation of confidentiality to) the Group or any other person or entity with respect to such information, (iii) is or becomes available to the Receiving Party on a non-confidential basis from a source other than the Disclosing Party or any of its Representatives, provided that such source is not known by the Receiving Party or any of its Representatives to be bound by a confidentiality agreement with (or subject to any other contractual, legal or fiduciary obligation of confidentiality to) the Group or any other person or entity with respect to such information, or (iv) is or was independently developed by the Receiving Party or any of its Representatives without the use of Evaluation Material.

3. The Receiving Party acknowledges and agrees that it is imperative that all Evaluation Material received by it remains confidential. Further, the Receiving Party acknowledges and agrees that the Evaluation Material will be used solely for the purpose of evaluating the Proposed Transaction and shall not, without the prior written consent of the Disclosing Party, disclose any of the Evaluation Material to any person or entity other than the affiliates, directors, officers, employees or advisors (including, without limitation, financial advisors, attorneys, bankers, consultants and accountants) (collectively referred to as “Representatives”) of the Receiving Party, who are actively and directly participating in the evaluation of the Potential Transaction or who otherwise need to know the Evaluation Material for the sole purpose of evaluating (or assisting the Receiving Party in evaluating) the Proposed Transaction. The Receiving Party shall obtain the express written agreement of its Representatives or ensure that its Representatives are otherwise bound by confidentiality obligations with respect to the Evaluation Material, and such Representatives shall be deemed to have agreed to be bound by the provisions of this Agreement to the same extent as if they were parties hereto. The Receiving Party shall be fully responsible for any violations of this Agreement by any of its Representatives and the Receiving Party agrees, at its sole expense, to take all reasonable measures (including, but not limited to, court proceedings) to restrain its Representatives from violating their obligations under this Agreement.

The term “person” as used in this Agreement shall be interpreted to mean and include the media and any individual, corporation, company, partnership, or other entity or group.

4. If SIDBI or the Receiving Party decide that it does not wish to proceed with the Proposed Transaction, such person shall promptly inform the other of such decision, by notice in writing. In addition,

the Disclosing Party may elect, at any time by notice to the Receiving Party, to terminate further access by the Receiving Party to, and its review of the Evaluation Material disclosed to it. Upon written request by the Disclosing Party, the Receiving Party agrees to return or, at its option, destroy within 10 (ten) days (such destruction to be notified by any written mode including via email to the Disclosing Party) all Evaluation Material disclosed to it or its Representatives, without retaining any copy thereof, provided that the Receiving Party shall be entitled to retain such copies of the Evaluation Material as necessary to comply with applicable laws. No such termination or return or destruction of such Evaluation Material will affect any Party's obligations under this Agreement or those of its Representatives, all of which obligations shall continue in effect in accordance with the terms of this Agreement.

5. If the Receiving Party or its Representatives are required by law, regulation, regulatory, or government agencies, securities exchanges, professional standards or judicial process (including by oral questions, interrogatories, requests for information or documents, civil investigative demand, or similar process) to disclose any Evaluation Material received by it, the Receiving Party shall provide the Disclosing Party with prompt notice of each such requirement or request, to the extent permitted by law, so that the Disclosing Party and/or the Group may seek an appropriate protective order or waive compliance by the Receiving Party with the provisions of this Agreement or both.

6. The Receiving Party acknowledges that neither the Disclosing Party, nor the Group or any of their Representatives make any express or implied representation or warranty as to the accuracy or completeness of any Evaluation Material, and the Receiving Party agrees that neither the Disclosing Party nor the Group or their Representatives shall have any liability to the Receiving Party or any of its Representatives, relating to or arising from the use of any Evaluation Material or for any errors therein or omissions therefrom. The Receiving Party also agrees that it is not entitled to rely on the accuracy or completeness of any Evaluation Material and that the Receiving Party shall be entitled to rely solely on such representations and warranties regarding Evaluation Material as may be made in any definitive agreements relating to the Potential Transaction, subject to the terms and conditions of such agreements.

7. The Receiving Party agrees to indemnify the Disclosing Party, SIDBI and the Group ("Indemnified Parties") against any and all losses, damages, liability, costs or expenses (including reasonable counsel fees), suffered or incurred by the Indemnified Parties on account of or in connection with anything done or omitted by the Receiving Party or its Representatives in contravention to this Agreement. However, the Receiving Party acknowledges that monetary damages may not be a sufficient remedy for any breach of this Agreement by it or its Representatives. Accordingly, in the event of any such breach or threatened breach, the Disclosing Party, in addition to its right to indemnity along with other remedies at law or in equity that it may have, shall be entitled, to seek equitable relief, including injunctive relief or specific performance or both.

8. In consideration of Evaluation Material being furnished to the Receiving Party, the Receiving Party agrees that, prior to the date that is 12(twelve) months after the date hereof, the Receiving Party shall not, and shall ensure that its affiliates who have received Evaluation Material do not, directly or indirectly, solicit to employ or engage as a consultant or employ any person who is employed by, or serves as a consultant to, the Group (or did so during the 12 (twelve) month period preceding such solicitation, employment, or engagement); provided that nothing herein shall preclude the Receiving Party from soliciting to employ or employing any individual who responds to a general advertisement or is

referred by an employment agency, so long as such advertisement or the efforts of such agency are not directed specifically toward such individual or other employees of the Group.

9. The Receiving Party and its Representatives agree that all arrangements for appropriate contacts for the Proposed Transaction, including, without limitation, all (a) communications regarding the Proposed Transaction; (b) requests for additional information; (c) requests for facility tours or management meetings; and (d) discussions or questions regarding procedures; will be submitted or directed to persons expressly specified by the Disclosing Party in writing. Accordingly, the Receiving Party and its Representatives shall not directly or indirectly contact or communicate with the Group, its officers, directors, employees, customers, stockholders, affiliates, agents or representatives concerning the Proposed Transaction without the prior written consent of the Disclosing Party.

10. The provision of the Evaluation Material to the Receiving Party and/or its Representatives shall not constitute the grant of a license of any type under any patent, copyright, trademark, or other intellectual property right of the Group or their respective affiliates, or in the Evaluation Material.

11. It is understood that this Agreement does not obligate SIDBI or any Party to this Agreement to enter into any further agreement. Unless and until a definitive agreement between the Receiving Party and SIDBI with respect to the Proposed Transaction has been executed and delivered, neither the Receiving Party nor the Group or any of their affiliates will be under any legal obligation of any kind whatsoever with respect to consummation of the Proposed Transaction by virtue of this Agreement.

12. This Agreement shall be binding upon the Parties and their respective successors and be governed by and construed in accordance with the laws of India, without reference to any of its conflicts of laws provisions. The Courts in Mumbai, India shall have exclusive jurisdiction over matters arising out of this Agreement.

13. The terms of this Agreement may be modified or waived only by a separate instrument in writing signed by each of the Parties that expressly modifies or waives any such term. It is further understood and agreed that no failure or delay by the Disclosing Party under this Agreement in exercising any right, power or privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of the right, power or privilege hereunder.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed on the date first written above.

ICICI Securities Limited

Name:
Title:
Authorized Signatory

[insert name of Receiving Party]

Name:
Title:
Authorized Signatory