



SHRIRAM MUTUAL FUND

Shriram House, No. 4 Burkit Road, T. Nagar, Chennai - 600 017

Shriram Asset Management Company Limited (Investment Manager)

Registered Office: 217, 2nd Floor, Swastik Chambers, Near Junction of S.T. & C.S.T. Road, Chembur, Mumbai - 400 071
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NOTICE-CUM-ADDENDUM

Notice is hereby given to the unitholders of Shriram Mutual Fund ("SMF") that Shriram Asset Management Company Limited ("SAMCL"), the asset management company of SMF is proposing to make a preferential issue of securities pursuant to which Mission1 Investments LLC ("Investor"), a company incorporated under the laws of Delaware, will also acquire control of SAMCL, as defined and in accordance with Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("MF Regulations"). Shriram Credit Company Limited ("SCCL"), the current sponsor of SMF also proposes to subscribe to the preferential issue whereby it will be subscribing to Compulsorily Convertible Preference Shares ("CCPS") of the AMC. Subject to receipt of all corporate and regulatory approvals, the SAMCL is proposing to make a preferential issue of CCPS, Compulsorily Convertible Debentures ("CCDs") and Convertible Share Warrants ("Warrants") (CCPs together with CCDs and Warrants hereinafter referred to as "Subscription Securities") to the Sponsor and the Investor. Under the preferential issue by SAMCL:

- (a) Investor will invest:
- INR 18,80,00,000 (Indian Rupees Eighteen Crores Eighty Lakhs) towards subscription of 18,800 CCDs of face value of INR 10,000 (Indian Rupees Ten Thousand) each, to be issued and allotted by the the AMC at the face value; and
 - INR 18,42,00,000 (Indian Rupees Eighteen Crores Forty-Two Lakhs) towards subscription of 14,81,899 convertible share warrants of face value of INR 124.30 (Indian Rupees One Hundred and Twenty-Four Thirty Paise) each, to be issued and allotted by the the AMC at the face value. Please note INR 4,60,50,000 (i.e., 25% of the total subscription amount of the Warrants) will be invested upfront, and the remaining INR 13,81,50,000 (i.e. 75% of the total subscription amount of the Warrants) will be invested in accordance with applicable law.
- (b) SCCL will invest INR 50,00,00,000 (Indian Rupees Fifty Crores) towards subscribing to 50,00,00,000 CCPS of face value of INR 1 (Indian Rupee One) each, to be issued and allotted by the AMC at the face value.

Pursuant to proposed preferential issue and conversion of the Subscription Securities, the Investor will acquire equity shareholding having voting rights up to of 23.00 % in the AMC, on a fully diluted basis (this transaction is referred to as the "Proposed Transaction"). It may be noted that pursuant to the Proposed Transaction, the SCCL's equity shareholding in the AMC, will reduce from 68.67% to 62.55%, on a fully diluted basis. However, for avoidance of any doubt, it is clarified that SCCL will continue to remain the sole sponsor of SMF. The Proposed Transaction will be completed subject to receipt of relevant regulatory approvals.

After completion of the Proposed Transaction: (a) SCCL will remain the sole sponsor of SMF; (b) Investor will acquire 23.00% equity shareholding of SAMCL (on a fully diluted basis) leading to an acquisition of control of SAMCL, as defined in terms of the MF Regulations, (c) the schemes will continue to be governed by the Statement of Additional Information ("SAI") of the SMF and their respective Scheme Information Documents ("SIDs") and (d) there will be no change in any of the fundamental attributes or other terms and conditions governing the schemes as a result of the Proposed Transaction; Further, subject to receiving necessary approvals, there may be a change in composition of board of directors of SAMCL.

Please note that as a listed company, SAMCL will ensure compliance with provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 and any other applicable law, pursuant to the Proposed Transaction.

Details in relation to Investor and the Proposed Transaction are set out below:

The Proposed Transaction will be undertaken by the Investor, which is a limited liability company incorporated on September 16, 2021 under the laws of Delaware with its corporate address as 8 Devon Road, Edison, NJ 08820. The Investor is also registered and qualified to conduct business in New Jersey. The Investor is engaged in strategic investment and consulting and is jointly controlled by its members, namely, Gaurav Patankar, Amit Rajpal, Kapil Kapoor, Eric Wetlaufer, Ramesh Karthigesu and Sudip Thakor ("Members"). Gaurav Patankar and Eric Wetlaufer have also been appointed as managing members of the Investor.

The Members have substantial experience in financial investment and services and have been associated with various global asset managers and companies engaged in various businesses / operations including asset management, fintech, private equity funds, real estate funds, real estate investment trusts, closed ended mutual funds, funds of hedge funds, hedge funds and credit-focused funds.

Expected Benefits of the Proposed Transaction:

As provided above, the Members of the Investor are committed and reputable players in the asset management business. The Investor, through its Members, will offer their expertise and best business practices in the asset management business for mutual benefit. This combined relationship of SCCL and Investor will bring synergy for a strong capital base, future business growth and efficient corporate governance.

The whole amount of consideration invested by SCCL for subscription to CCPS in terms of the Proposed Transaction (i.e., **INR 50 crores**) shall be used for the purpose of the redemption of the Redeemable Non-Convertible Preference Shares ("RNCPS") of the SAMCL held by SCCL and certain subsidiaries of SCCL. The subscription amount of the Investor for subscription to the CCDs (i.e., **INR 18.80 crores**) shall be used by the SAMCL for general corporate purposes and the subscription amount received by the SAMCL for the exercise of Warrants by the Investor (i.e. **INR 18.42 crores**) shall be used by the SAMCL for general corporate purposes (including the redemption of RNCPS of the Company held by SCCL and certain subsidiaries of SCCL).

In addition to the above, and subject to SAMCL obtaining relevant approvals required under applicable law, in terms of the Proposed Transaction, SAMCL is proposing to adopt Shriram Asset Management Company Limited - Employees Stock Option Plan 2022 ("ESOP Scheme") for the purposes of incentivizing its employees and for attracting and retaining talented employees for the long-term growth and success of the AMC. In terms of the ESOP Scheme, SAMCL proposes to grant 1,301,689 Employee Stock Options exercisable into a maximum of 1,301,689 equity shares of face value of INR 10 (Indian Rupees Ten), at such price and on such terms and conditions as set out in the ESOP Scheme (as amended from time to time), the stock option agreement to be executed between the AMC and the employees to whom stock options are granted and ancillary documents to be executed pursuant to the ESOP Scheme.

Proposed changes pursuant to the Proposed Transaction:

The following key changes will occur pursuant to the Proposed Transaction:

- SCCL will invest upto INR 50 crores to share capital of SAMCL and its shareholding will change from 68.67% to 62.55% of total paid up equity capital of SAMCL, on a fully diluted basis,.
- Investor will invest upto INR 37.22 crores to share capital of SAMCL and acquire up to 23.00% of total paid up equity capital of SAMCL, on a fully diluted basis.
- SCCL will remain the sole sponsor of SMF;
- Persons nominated by the Investor will be appointed to the Boards of Directors of SAMCL in compliance with all applicable laws.
- All offer documents of SMF Schemes and other relevant documents (if any) relating to the existing schemes of SMF will be amended and updated to reflect the changes pursuant to the Proposed Transaction, as applicable. Please note that the schemes will continue to be governed by the SAI and their respective SIDs and there would be no change in any of the fundamental attributes or other terms and conditions governing the schemes as a result of the Proposed Transaction.

The Board of Trustees of SMF and Board of Directors of SAMCL have approved the change in control of SAMCL on February 02, 2022. Further, SEBI vide its letter Ref. No. **SEBI/HO/IMD/IMD-I DOF5/P/OW/2022/0000021213/1 dated May 19, 2022** granted its no-objection to the aforesaid change in control interest of SAMCL under the provisions of MF Regulations.

Notice to Unitholders in relation to Change in the Control of SAMCL pursuant to the Proposed Transaction without change in Sponsor:

While the Proposed Transaction will not affect the basic characteristic of the schemes of SMF, Regulation 22(e) of the MF Regulations requires that for a change in the control of an asset management company, in this case SAMCL, (i) a written communication about the proposed change is to be sent to each unitholder and an advertisement to be given in one English daily newspaper having nationwide circulation and in a newspaper published in the language of the region where the head office of the mutual fund is situated; and (ii) the unitholders to be given an option to exit at the prevailing net asset value ("NAV") without any exit load for a period of atleast 30 (thirty) calendar days. Accordingly, in accordance with MF Regulations, and pursuant to the above mentioned approval of SEBI, this Notice serves as a communication to the unitholders of the schemes of SMF about (i) the change in control of SAMCL and all other consequential changes pursuant to the Proposed Transaction and each unitholder is hereby given an option to exit his / her / its investment in the scheme(s) of SMF at the prevailing NAV without exit load (if any) if he / she / it disapproves the aforesaid Proposed Transaction.

The exit option will be available to all the unitholders of the schemes as per the records of Computer Age Management Services Limited ("Registrar"), as at the close of business hours on May 24, 2022. The option to exit without exit load can be exercised between May 25, 2022 to June 23, 2022 (upto 3:00 p.m.) (both days inclusive) ("Exit Option Period"). All transaction requests received after 3:00 p.m. of June 23, 2022, will be subject to load, as may be prevailing at that time in the respective schemes.

The redemption warrant / cheque will be mailed or the amount of redemption will be credited to unitholder's bank account (as registered in the records of Registrar) within 10 (ten) working days from the date of receipt of redemption request.

The offer to exit is merely an **option and is not mandatory**. If you have no objection to the proposed change in control of SAMCL and proposed changes as aforesaid, no action needs to be taken by you. Please note that unitholders who do not opt for redemption on or before **June 23, 2022 upto 3:00 p.m.** shall be deemed to have consented to the changes specified in this Notice and shall continue to hold units in the schemes of SMF.

The option to redeem without exit load during the Exit Option Period can be exercised in the following manner:

Filling out the redemption slip provided in Exhibit I of the Exit Option communication or by submitting the transaction slips along with other requisite details as may be specified in the SIDs / SAI on any business day during the Exit Option Period to any of the Official Points of Acceptance of our Registrar / the AMC, (list available at www.shriramamc.in and also at any of the Official Points of Acceptance of our Registrar / the AMC) or to depository participant (in case of units held in demat mode).

The redemption requests received will be processed at the prevailing NAV as per the provisions contained in the SID of the respective schemes of the Fund without any exit load.

Unit holders are requested to ensure that any change in address or bank mandate is updated in the AMC's / Registrar's records before exercising the Exit Option (Unit holders holding units in dematerialized form may approach their Depository Participant for such changes).

Unit holders are also requested to note that it is mandatory to update Permanent Account Number (PAN) and KYC details in their folio, failing to which the redemptions will be rejected. The expenses (including Securities Transaction Tax) related to the Proposed Transaction and other consequential changes as outlined above will not be charged to the unit holders of the schemes of the Fund.

Special products features / facilities: Systematic Investment Plan (SIP) / Systematic Transfer Plan (STP) / Systematic Withdrawal Plan (SWP) etc. registered under the respective schemes of Shriram Mutual Fund will remain applicable and continue as per the terms therein. However, if you intend to change / discontinue any of the above facilities kindly submit the request in the manner prescribed in the SID / SAI to the nearest Official Points of Acceptance of our Registrar / the AMC prior to the execution of Proposed Transaction.

With a view to enable you to make a well-informed decision, the condensed financial information of the schemes of SMF during last three financial years are provided in Exhibit II of the Exit Option communication.

Note that the exit option is not available during Exit Option Period to the unitholders of Shriram Long Term Equity Fund (an open-ended equity linked saving scheme with a statutory lock in of 3 years and tax benefit) whose units are under the statutory lock-in period i.e. under Section 80 C of the Income-tax Act, 1961. The statutory lock-in period, being 3 years from the date of allotment, arises out of the scheme being classified as Equity Linked Savings Scheme (ELSS) with tax benefits.

It may be noted that the Exit Option is not available to investors whose units have been pledged, and Shriram Mutual Fund has been instructed to mark a lien on such units unless the release of the pledge/lien is obtained and appropriately communicated to the AMC/Registrar/Shriram Mutual Fund prior to submission of redemption requests.

The expenses related to the Proposed Transaction and other consequential changes as outlined above will not be charged to the unitholders of the schemes of SMF.

It may be further noted that all redemptions would be subject to the applicable tax laws. In view of the individual nature of tax consequences, Unit holders are advised to consult their professional tax advisors in the above regard. In case you need any further clarifications, please contact our Customer Service Centers / Investor Service Centers. **For details on Tax implications, please refer to SID of the Scheme and SAI available on our website <https://www.shriramamc.in/StatutoryDisclosures.aspx>.**

As regards the unitholders who redeem their investments during the Exit Option Period, the tax consequences as set forth in the Statement of Additional Information of SMF and Scheme Information Document of relevant schemes of SMF would apply. In view of individual nature of tax consequences, you are advised to consult your professional tax advisor for detailed tax advice.

Details of the Proposed Transaction and changes consequent to such acquisition are also being communicated by way of Exit Option email (to those unit holders whose email ids are registered with the Fund) or Exit Option Letter sent to registered address of unitholder(s) (whose email ids are not registered with the Fund). A statement of unclaimed dividend amount as on April 30, 2022 and procedure for claiming the same are provided in Exhibit III of the Exit Option communication and is also mentioned on our website at <https://www.shriramamc.in/UnclaimedDividend.aspx>

For Shriram Asset Management Company Limited
(Investment Manager of Shriram Mutual Fund)

Date : May 23, 2022
Place : Kolkata

Sd/-
Compliance Officer

For more information, please contact **Shriram Asset Management Co. Ltd.**, CK-6, 2nd Floor, Sector II, Salt Lake City, Kolkata - 700 091.
Tel: 033 2337 3012, Fax: 033 2337 3014, Email: info@shriramamc.in, Website: www.shriramamc.in

**Mutual fund investments are subject to market risks,
read all scheme related documents carefully.**