



PROPOSITION

2nd NLIU Agreement Drafting and
Presentation Competition, 2025

*In collaboration with Saraf and
Partners*

01 INTRODUCTION AND BACKGROUND

1. The SATA Group is an Indian conglomerate founded in the 19th century and headquartered in Mumbai, India. It has operations in over 100 countries across six continents and comprises 30 companies across ten verticals, including automotive, chemicals, consumer products, energy, engineering, financial services, information systems, materials, and telecommunications.

2. The Group's portfolio includes several well-known companies, *inter alia*, the following:

(a) SATA Motors Limited (“SML”), a public listed company, incorporated under the Companies Act, 1956, and having its registered office at 42, Homi Mody Street, Mumbai – 400 001. SML has emerged as one of India's leading automobile manufacturers, specializing in the production of light motor vehicles.;

(b) SATA Capital Limited (“SCL”), a public listed company and a registered non-banking financial company, incorporated under the Companies Act, 1956, and having its registered office at Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400 013. SCL is in the business of providing various financial services, including financing of vehicles for commercial purposes.; and

(c) SATA Leasing & Infrastructure Limited (“SLIL”), an unlisted public company, incorporated under the Companies Act, 2013, and having its registered office at Kingsway Camp, New Delhi – 110 009. SLIL is a newly incorporated company, created for undertaking the business of providing light motor vehicles on lease, which is considered as an industry with significant potential in the coming years.

3. To undertake this business, SLIL has decided to acquire several light motor vehicles from SML, sold under the make and name 'Hunch', which is presently amongst India's leading hatchback cars, in terms of monthly sales volumes. SCL has decided to extend credit facilities to SLIL for acquisition of such vehicles, with a hypothecation being created over such vehicles as security.

4. BoomCar India Private Limited ("**BIPL**"), is an up-and-coming startup, incorporated under the Companies Act, 2013, and has its registered office at HAL Old Airport Road, ISRO Colony, Kodihalli, Bangalore – 560 008. BIPL has been founded by Vivek and Sahil, both alumni of IIM Indore. Other than Vivek, Sahil, and their respectively family trusts, a significant portion of BIPL's equity shares is held by WhiteTiger Global Pte. Limited, a Singapore-based Fund.

5. BIPL, through a user-friendly mobile application, offers self-drive car rental services to consumers, allowing them to rent cars by the hour, day, week, or month. BIPL intends to eliminate the hassles of traditional car ownership for consumers, such as worries about mileage, fuel costs, insurance, and breakdowns.

02 THE INVOLVED STAKES

6. Over the years, BIPL has consolidated its place in the self-drive car rental industry in India and has become a leading player in this sector and is presently valued at \$500 million. During the previous annual general meeting of BIPL, held on 08 October 2024, its Chairman, Shivam, announced that BIPL would go public by 2030 and until then, it would aim to keep growing its revenue at a CAGR of at least 25%.

7. To achieve this objective, BIPL engaged the consultancy services of Rain & Co. (“**Rain**”), a prominent consultancy firm, through its senior partners Utsav and Adarsh, who specialize in undertaking consultancy assignments for Fortune 500 companies operating in the automotive industry and carsharing industry, respectively. After undertaking an in-depth analysis of the industry as also the financials and performance of BIPL over the past several years, Rain has noted that, at present, BIPL has presence only in 15 cities across India, which would pose a hurdle in BIPL increasing its revenue. Accordingly, BIPL has been advised to acquire / lease more vehicles and expand its services to at least 50 cities across India by the end of July 2025, if BIPL is to have a serious chance at increasing its revenue at a CAGR of 25% in the coming years.

8. Accordingly, BIPL has approached SLIL to lease several light motor vehicles from the latter, so that BIPL can expand its services to 50 cities across India by the end of July 2025, as advised by Rain.

03 NEGOTIATIONS BETWEEN BIPL AND SLIL

9. After back-and-forth negotiations between the legal counsels of BIPL and SLIL for several days at a stretch, the legal counsels of BIPL have proposed that they would come back with a draft of the Master Lease Agreement, keeping in mind the following points:

(a) **Maintenance and Repair**: BIPL shall be responsible for undertaking regular maintenance of the vehicles leased by them and undertaking any repairs that may be necessitated. Given that BIPL would be eventually renting the vehicles to individual consumers with varied driving habits, SLIL is concerned that the vehicles may not be maintained properly, which may result in reducing their expected lifespan.

(b) **Warranty**: For a period of 3 (three) years from the date on which a vehicle is leased to BIPL, SLIL shall be responsible for rectifying any manufacturing defects in the vehicle and honouring any other defects, which are generally covered in warranties provided by automobile manufacturers in India, save and except those that have arisen out of regular wear and tear.

(c) **Legal Use and Regulatory Compliances**: BIPL shall be responsible for ensuring that the vehicle is only used for purposes for which it has been designed and equipped i.e., not for speed trials, endurance tests and like events, for giving driving lessons and / or for the conveyance of dangerous and / or explosive materials. Further, BIPL shall be responsible for compliance with all the applicable laws / rules and regulations, including by the end users of the vehicles.

(d) **Indemnity**: Given that the applicable laws / rules and regulations in India prescribe significant financial penalties in respect of legal violations using a motor vehicle as also any individual that may be harmed on account of usage of such motor vehicles, SLIL is concerned that it should not be made to bear such liabilities. More so, given that BIPL would be renting out the vehicles to individual consumers, with varied driving habits and skills.

(e) **Lease Option**: BIPL and SLIL have agreed that, at the end of the term of the lease of any vehicle, by when SLIL is expected to fully service the underlying debt pertaining to the said vehicle, BIPL would have an option to buy the vehicle from SLIL, at a contractually prescribed pre-determined price.

(f) **Hypothecation**: Since all vehicles being provided by SLIL are hypothecated to SCL, BIPL is concerned that, in the event SLIL fails to service the underlying debt, SCL may take possession of the vehicles, which may disrupt BIPL's commercial operations. The specific terms of the arrangement between SLIL and SCL have not been disclosed to BIPL. However, given that SCL and SLIL are related parties, SLIL has assured that suitable adjustments to the terms of such arrangement may be considered, if service of the underlying debt is secured and always protected.

(g) **Lock-in Restrictions**: BIPL will be subject to lock-in restrictions, meaning, it will be unable to terminate the Master Lease Agreement and return possession of the vehicles to SLIL for a certain period. Upon such lock-in period elapsing, BIPL shall have the right to terminate the Master Lease Agreement and return the vehicles to SLIL.

(h) **Termination**: SLIL will have the right to immediately terminate the Master Lease Agreement and resume possession of the vehicles from BIPL, should BIPL default in making regular payments of amounts prescribed under the Master Lease Agreement, for a certain period.

(i) **Dispute Resolution**: SLIL and BIPL have agreed that in case any dispute arises between the parties, they would resort to arbitration in Kolkata, India, which shall be conducted under the aegis of the Mumbai Centre for International Arbitration.

10. The legal counsels for BIPL and SLIL have decided to reconvene at the National Law Institute University, Bhopal on 22nd March 2025 to negotiate and finalise the draft of the Master Lease Agreement.

11. You have been appointed as legal counsel(s) for BIPL to draft the Master Lease Agreement, in furtherance of which separate side-letters will be executed in respect of each vehicle being leased by BIPL from SLIL.

[Participants are expected to also provide a Concept Note, not exceeding 5 pages, providing their legal opinion on the relevant clauses of the Contract highlighting the rationale behind the inclusion of important provisions. The legal opinion shall also set out the various liabilities under the Motor Vehicles Act, 1988, which are relevant to a Contract of this nature. This exercise may extend to legality and enforcement of contractual terms as well.]



RULEBOOK

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GENERAL GUIDELINES

- NLR reserves all rights over the submissions received.
- The decision of the editorial board of the NLR shall be final and binding.
- NLR reserves the right to amend any condition or rules in the competition at any time.
- Non - adherence to any of the guidelines may lead to disqualification.
- Participants may register individually or in a team of two.
- The Contract Proposition shall be the basis for drafting the Agreement.
- The Agreement drafted by the participants must be their original work.



RULES

- The Agreement must be drafted in English language.
- The language of the Agreement must be plain and simple. The Submission must be made in .docx format only.
- The Page Limit for the Contract shall be 15 Pages including the Cover Page, Signature Page and Annexures (if any).
- The word limit for the Concept Note shall be 5 pages.
- Formatting Style for the Agreement & Concept Note: Times New Roman, font size 12, line spacing 1.5, justified alignment, 1 inch margin on all sides, paragraph spacing 0 pt before and after.
- Submission must be made through the electronic form which can be accessed [here](#).
- Clarifications of the Contract Proposition must be sought before **8th February 2025** through the google form attached [herewith](#).

