

TERM SHEET

The intent of this indicative and non-binding term sheet ("**Term Sheet**") is to describe, for negotiation purposes only, some key terms of the proposed agreement to be entered into between Grand Anicut Trust - 1, a Category - II Alternative Investment Fund registered with the Securities and Exchange Board of India ("**Investor**") and Milky Mist Dairy Foods Private Limited (the "**Company**" or "**Issuer**"), a company incorporated under the Companies Act, 1956 or Companies Act, 2013, as the case may be and having its registered office at 104/9 Erode Main Road, Chitode, Tamil Nadu 638102, India, with respect to the proposed investment/s by the Investor in the Company ("**Proposed Transaction**"). The transaction contemplated herein, is subject to, among other things: (a) the completion of legal, financial and tax due diligence process satisfactory to the Investor in its sole and absolute discretion; (b) procurement of internal approvals by the Investor; and (c) the execution of, and satisfaction of conditions mentioned in, the appropriate definitive agreements ("**Definitive Documents**"). Notwithstanding anything to the contrary, any obligations of the Company to complete any transaction, whether contemplated herein or otherwise, are subject to the parties hereto having negotiated, approved, executed and delivered the Definitive Documents and such Definitive Documents remaining in full force and effect. Further, nothing contained herein shall constitute an offer to buy or sell the securities described in this Term Sheet

This Term Sheet shall remain valid up to **7(seven) days** from the date hereof, however, the same can be extended by additional **7 (seven) days** at the option of the Investor. If this Term Sheet remains unsigned after that time, Investor at its option may immediately terminate discussions with the Company or change any or all pricing, terms and conditions contained herein. Notwithstanding the foregoing, the Investor shall have the right to terminate this Term Sheet at any time before the expiry of the aforesaid period, at its sole and absolute discretion, without any liability or obligation whatsoever.

1.0 Parties

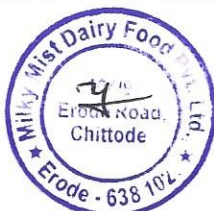
1.1	Investor	Grand Anicut Trust – 1
1.2	Company	Milky Mist Dairy Foods Private Limited
1.3	Company's Promoters	T Sathish Kumar S Anitha
1.4	Holding Company/ies	Not applicable
1.5	Other Shareholders	Not applicable
1.6	Debenture Trustee	Milestone Trusteeship Services Private Limited
1.7	Depository	National Depository and Securities Limited
1.8	Registrar & Transfer Agent	Integrated Enterprises
1.9	Business of the Issuer	Manufacturing and selling of branded packaged dairy foods under brand name Milky Mist

2.0 Investment and Returns

2.1	Type of Security	Unrated Unlisted Unsecured Non-Convertible Debentures (" NCDs " / " Debentures ")
2.2	Face Value of NCDs	Rs. 10,00,000
2.3	Issue Size	150 NCDs, at par for cash in dematerialized form.



2.4	Investment Amount	Rs. 15 (Rupees Fifteen Crores only) (" Investment Amount ") in two tranches
2.5	Deemed Date of Allotment	The date falling after the expiry of 2 (two) business days from the Pay-in Date/s.
2.6	Interest on Subscription Amounts	13% per annum
2.6	Maturity Date	368 days (1 year)
2.7	Upfront coupon	1.0 % upon successful investment
2.8	Coupon	13% payable at monthly advance rests
2.9	End Use	Market expansion, working capital and general corporate purpose
2.10	Lock in period	Not applicable
2.11	Redemption premium	Not applicable
2.12	Security	The NCDs shall be secured by: (a) personal guarantee from the Promoter/s of the Company; (b) issue of demand promissory note by the Company; (c) post-dated cheques for monthly coupon payments and principal payment instalments and an undated cheque for the entire Investment Amount; and (d) such other security as may be created under the Definitive Documents.
2.13	Warrants	For a period of 36 months from the Deemed Date of Allotment, the Investor shall have a right to invest Rs. 4.5 crores to subscribe to warrants of the Company which shall convert into equivalent number of equity shares of the Company at an Rs.1000 crores valuation.
2.14	Voluntary Prepayment	Not applicable
2.15	Redemption Provisions	(a) Full redemption of NCDs at end of tenor (b) On Event of Default, the Company shall redeem the NCDs and pay to the Investor, the Investment Amount, Coupon, redemption premium and all other amounts such that the Investor a minimum yield of 14% till the time all the NCDs are redeemed in full.
2.16	Grace Period	15 (fifteen) cumulative calendar days during the tenor of NCDS to repay principal amount of NCDs and/or the Coupon. Default Interest shall be payable for the period of delay.
2.17	Default Interest	1% (one per cent) per month in the event of any delay in repayment of the Investment Amount or part thereof, or payment of Coupon.
2.18	Events of Default and Consequences of Default	The following is an indicative list of events that shall be termed as Event(s) of Default:



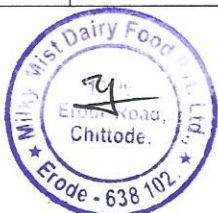
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		<p>(a) Failure of any payment or repayment obligations of the Company and/or the Promoters;</p> <p>(b) Any event that triggers a change of control of the Board from the hands of Founders;</p> <p>(c) Default in credit/working capital facilities of the Company;</p> <p>(d) If debt to equity ratio exceeds 4.5:1</p> <p>(e) Cumulative value of the Security furnished by or on behalf the Company falls below 4 times Investment amount</p> <p>(f) Security being or likely to be jeopardized, encumbered or rendered defective;</p> <p>(g) Any punitive action on the directors / Promoter/s / management as applicable of the Company; except operational and tax related matters in normal course of business</p> <p>(h) Breach of representations and warranties and/or non-fulfilment of covenants and undertakings;</p> <p>(i) Occurrence of insolvency event;</p> <p>(j) Other events described in the Definitive Documents.</p> <p>On an Event of Default, the Company shall be liable to redeem the NCDs within 7 (seven) calendar days receiving a written notice, as provided in Clause 2.11 (b) failing which, the Investor may exercise any or all of the following rights, in any order:</p> <p>(a) Require the Company and the Promoters to mandatorily redeem or purchase the NCDs immediately such that the Investor receives a minimum yield of 14% on the Investment Amount;</p> <p>(b) Enforce any one or more Security created for the benefit of the Investor;</p> <p>(c) Appoint nominee directors on the Board of the Company; Take such other action expressly permitted under the Definitive Documents.</p>
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3.0 Associated Rights

3.1	Transfer by Investor	<p>There will be no restriction on the ability of Investor to transfer all or any of the Debentures held by it along with rights attached to such Debentures to any person except to a competitor as detailed in definitive documents.</p> <p>Its clarified further that, in case of transfer of debentures the Investor / Promoters have first right to purchase such amount of Debentures by paying principal plus all outstanding dues. Such right is valid for a period of 60 days post which Investor can transfer as detailed above.</p>
3.2	Information Rights	<p>The Company will provide the following:</p> <p>(a) Quarterly management reports and annual operating plans;</p> <p>(b) Audited annual financial statements;</p>



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		<p>(c) Monthly MIS in the format agreeable to the Investor;</p> <p>(d) Annual business plan carrying such details as prescribed in the Definitive Documents;</p> <p>(e) Quarterly reports on key performance indicators identified by the Investor; and</p> <p>(f) other monitoring data identified by the Investors and notified to the Company within such timelines as prescribed in the Definitive Documents.</p> <p>The Investor shall also be entitled to inspection and visitation rights which shall be set out in detail in the Definitive Documents.</p>
3.3	Restrictive Covenants	<p>The Company shall not without the prior written consent of the Debenture Trustee undertake the following:</p> <p>(a) Creation of encumbrance on, or alienation of Security;</p> <p>(b) Capital raise event such as equity raise (through Initial Public Offering or Private Equity investment), at a valuation lesser than the previous round of fund infusion;</p> <p>(c) Sourcing of secured or unsecured funds or loan or through issue of any kind of securities;</p> <p>(d) Sale/lease or in any way disposing of any business or assets or undertaking of the Company; and</p> <p>(e) Such other restrictions/conditions as may be set out in the Definitive Documents.</p>

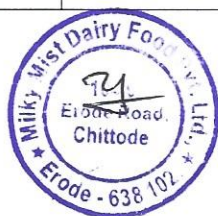
4.0 Conditions to closing

The obligation of the Investor to invest in the Company shall be subject to *inter alia*, the following conditions. Notwithstanding the generality of the foregoing, the Investor may enjoin such other conditions upon the Company, prior to making the investment, as it deems fit.

4.1	Due Diligence	The Investor shall complete a detailed due diligence covering business, financial, legal and tax areas, to its satisfaction.
4.2	Business Plan	Finalization of business plan for 36 months from date of investment of the Investment Amount.
4.3	Undertakings, Representations and Warranties	The Definitive Documents will contain customary representations, warranties, indemnities, undertakings and covenants, together with deal-specific provisions arising from the due diligence exercise.
4.4	Approvals and Consent	The Proposed Transaction must be approved by Investor's investment committee and by the board of directors and shareholders of the Company.



5.0 Other Matters

5.1	Costs & Expenses	The Company shall also bear all other costs and expenses pertaining to the Proposed Transaction, including the stamp duty on Actuals
5.2	Dispute resolution	Any dispute arising out of this Term Sheet shall be subject arbitration of a sole arbitrator mutually appointed by the parties herein. The



		Arbitration shall be held in Chennai, India, and the language of the proceedings shall be in English. The arbitration shall be conducted in accordance with the provisions of the Arbitration and Conciliation Act, 1996.
5.3	Governing law	The laws of India. Subject to Clause 5.2 above, the courts in Chennai shall have exclusive jurisdiction.
5.4	Exclusivity	The Company agrees, acknowledges and understands to not negotiate or enter into or continue discussions with any other person or entity or solicit or encourage, directly or indirectly, or furnish information to any other person or entity, with respect to transactions and arrangements contemplated in this Term Sheet, during the period of 60 days following the date of execution of this Term Sheet.
5.5	Confidentiality	The parties shall keep confidential at all times the fact that the parties herein have executed this Term Sheet, the terms of this Term Sheet and the existence and content of any negotiations between both the parties except that both parties may (i) inform advisors, counsels, and employees with a need to know as each party deems necessary, and (ii) make appropriate disclosures if required by applicable laws.

ACCEPTED AND AGREED:

<u>For Issuer/ Company</u> Per: Title: Date:	<u>For Investor</u> Per:  Title: Date:
<u>For Promoter</u> Milk Mist Dairy Food Private Limited. Per:  Title: Managing Director Date:	




ADDENDUM TO TERM SHEET



This is an addendum ("**Addendum**") to the indicative and non-binding term sheet dated 26.07.2018 ("**Term Sheet**") executed between Grand Anicut Trust - 1, a Category - II Alternative Investment Fund registered with the Securities and Exchange Board of India ("**Investor**") and Milky Mist Dairy Foods Private Limited (the "**Company**" or "**Issuer**"), a company incorporated under the Companies Act, 1956 or Companies Act, 2013, as the case may be and having its registered office at 104/9 Erode Main Road, Chitode, Tamil Nadu 638102, India, with respect to the proposed investment/s by the Investor in non-convertible debentures of the Company ("**Proposed Transaction**"). The Investor and the Company are hereinafter collectively referred to as the "**Parties**" and individually referred to as "**Party**."

- The Parties are executing this Addendum to amend and replace following sub-paragraphs of paragraph 2 of the Term Sheet:

2.0. Investment & Returns

2.6	Interest on Subscription Amounts	16% (Sixteen per cent) per annum
2.8	Coupon	16% (Sixteen per cent) payable in advance at monthly rests
2.13	Redemption Provisions	(b) On Event of Default, the Company shall redeem the NCDs and pay to the Investor the Investment Amount, Coupon, Upfront Coupon, Redemption Premium and all other amounts such that Investor gets a minimum yield of 17.0% till the time all the NCDs are redeemed in full.
2.18	Events of Default and Consequences of Default	(a) Require the Company and the Promoters to mandatorily redeem or purchase the NCDs immediately such that the Investor receives a minimum yield of 17.0% on the Investment Amount

- Paragraphs 5.2 (*Dispute Resolution*), 5.3 (*Governing Law*) and 5.4 (*Exclusivity*) of the Term Sheet shall be deemed to have been incorporated *mutatis mutandis* in this Addendum.
- The Parties agree that all of the provisions of the Term Sheet, except those amended and replaced in accordance with this Addendum, shall continue to be applicable in full force and effect.

<u>For Issuer/ Company</u> Per: Title: Date:	<u>For Investor</u> Per:  Title: A. JAYASEELAN Date:
<u>For Promoters</u> For Milky Mist Dairy Food Private Limited. Per:  Title: Managing Director Date:	

