

Satin Housing Finance Limited
5th floor, Kundan Bhawan,
Azadpur Commercial Complex
Azadpur, Delhi – 110033

Indicative Term Sheet
20 November, 2019

Dear Mr. Amit Sharma,

We are pleased to make available to Satin Housing Finance Limited the following indicative Term Sheet with details as follows. This Term Sheet does not constitute an offer or a commitment by IFU. It is intended to serve as a basis for discussion only. All figures, terms and conditions are subject to change.

Issuer	Satin Housing Finance Limited
Type of Instrument	Non-Convertible Debentures
Nature of Instrument	Rated, Listed, Taxable, Unsecured, Subordinated, Redeemable INR denominated Non-Convertible debentures
Seniority	Subordinated, tier ii capital
Issue Size	Rs. 20,00,00,000/- (Rupees Twenty Crores Only)
Objects of the Issue	To generate resources for augmenting affordable housing finance portfolio of the Issuer
Details of the utilisation of the Proceeds	The issue proceeds will be utilised for the normal business activities of the Company
Coupon Rate	14.0% per annum payable Semi Annually
Expenses	All legal costs, including cost of issuance of legal opinion to be borne by the issuer
Coupon Payment Frequency	Semi-Annually
Prepayment	<p>In case of early redemption of the Debentures at the instance of the Issuer, on any date other than the Due Date and not arising due to an Event of Default, the Company shall pay a penalty of 2% (Two percent) on the principal amount repaid.</p> <p>Prepayment shall be subject to:</p> <p>(a) the Law, including receipt of prior approval from the RBI; and</p> <p>(b) the consent of the Majority Debenture-holders, which consent shall not be unreasonably withheld provided that the Issuer has given the Debenture Trustee and the Debenture-holders at least 15 (Fifteen) days written notice prior to the date of such prepayment.</p>



Coupon Payment Dates	30 th June and 31 st December of every year calendar year until Maturity Date
Maturity Date	31 st December 2026
Coupon Type	Fixed Rate
Day Count Basis	Actual/Actual
Interest on Application Money	14.00%. Such interest shall be payable on the first Coupon Payment Date
Default Interest Rate	<p>In the event of a payment default of the amounts due under this Issue, the Issuer shall pay an additional interest rate of 8% (Eight per cent) per annum over and above the applicable Coupon Rate from the date of the occurrence of the payment default on the outstanding principal amount of the Debentures until such default is cured or the Debentures are redeemed pursuant to such default, as applicable.</p> <p>In the event of any other Event of Default (to be defined in the transaction documents), the Issuer shall pay an additional interest rate of 2% (two per cent) per annum over and above the applicable Coupon Rate from the date of the occurrence of the payment default on the outstanding principal amount of the Debentures until such Event of Default is cured.</p>
Delay Penalty	In the case of a delay in the execution of Debenture Trust Deed, the Issuer shall refund the subscription with the agreed date of interest or shall pay penal interest of 8% (Eight per cent) per annum over and above the applicable Coupon Rate until such time the conditions have been complied with at the option of the Investor.
Redemption Date(s) and Amount(s)	To be redeemed in four equal instalments on 30 th June 2025, 31 st December 2025, 30 th June 2026 and 31 st December 2026
Transaction Documents	<ul style="list-style-type: none"> • Debenture Trust Deed • Debenture Trustee Agreement • IM • Offer Letter
Issue Price	At Par
Face Value	Rs. 100,00,000/- (Rupees One Crore) per Debenture
Security	Unsecured
Financial Covenant	<ul style="list-style-type: none"> • maintain the ratio of A:B to less than 10%, (Ten percent) where A is the difference between (i) Portfolio At Risk and (ii) loan loss provisions, and B is the Equity; • maintain capital adequacy ratio calculated according with the capital adequacy standards as established by the RBI; • maintain a PAR Ratio Over 90 Days of not greater than 3% which shall be tested at the end of each calendar month; • maintain a Write Off Ratio not greater than 2% (Two percent) of Outstanding Portfolio which shall be tested at the end of each calendar month; • maintain outstanding value of subordinated debts not exceeding 50% of net-worth; • maintain debt-equity ratio not exceeding 7x; and • maintain the aggregate Unhedged Open Foreign Currency Ratio at no more than 20% (Twenty percent) <p>Other financial covenants to be included in the Transaction Documents.</p>



Reporting Covenant

The Company shall provide or cause to be provided to the Debenture Trustee and the Debenture-holders, in form and substance reasonably satisfactory to the Debenture Trustee, each of the following items:

- (a) as soon as available, and in any event within 45 (forty five) calendar days after the end of each quarter, the financial statements for the quarter, including its balance sheet, income statement, statement of cash flow and employment numbers;
- (b) as soon as available, and in any event within 60 (sixty) calendar days after the end of each Financial Year of the Company;
- (i) certified copies of its audited consolidated and non-consolidated (if any) financial statements for its most recently completed Financial Year, prepared in accordance with Indian GAAP including its balance sheet, income statement, statement of cash flow and employment numbers. All such information shall be complete and correct in all material respects and fairly represents the financial condition, results of operation and changes in cash flow and a list comprising all material financial liabilities of the Company whether absolute or contingent as of the date thereof;
- (ii) such additional information or documents as the Debenture Trustee may reasonably request;
- (c) within 45 calendar days after the end of each Financial Year, a ESG report in a format specified by the Debenture Trustee;
- (d) within 45 calendar days after the end of each quarter, a report on its social performance in the format as provided by the Debenture Trustee
- (e) as soon as practicable, and in any event within 5 (five) Business Days after its approval by the Company's board of directors, a copy of the Company's annual budget;
- (f) as soon as practicable, and in any event within 5 (five) Business Days after the Company obtains or reasonably should have obtained actual knowledge thereof, notice of the occurrence of any event or circumstance that could reasonably be expected to result in a Material Adverse Effect;
- (g) as soon as practicable, and in any event within 5 (five) Business Days after the Company knew or should reasonably have known thereof, notice of any dispute, litigation, investigation or other proceeding affecting the Company or its property or operations, which, if adversely determined, could result in a Material Adverse Effect;
- (h) as soon as practicable, and in any event within 5 (five) Business Days after the Company obtains actual knowledge thereof, notice of the occurrence of any Event of Default;
- (i) the Company will permit the Debenture Trustee or any person nominated by the Debenture Trustee (subject to the approval of the Majority Debenture-holders) to examine the books and records of the Company and to discuss the affairs, finances and accounts of the Company with, and be advised as to the same by, officers and independent accountants of the Company, all upon reasonable prior notice and at such reasonable times and intervals as the Debenture Trustee or such nominee may reasonably request; and



	<p>(j) the Company must upon the request of the Debenture Trustee promptly furnish any information in its possession that is reasonably necessary in order for the Subscribers to reclaim any tax which has been withheld or to file tax returns and reports.</p> <p>(k) The Company must annually in connection with the audited annual accounts provide the Debenture Trustee with a statement from the Company's external auditor or an independent, reputable and competent adviser containing i) a confirmation of the Company's and its subsidiaries' compliance with local tax legislation, and ii) a description of any tax incentive agreements for the benefit of the Company or a subsidiary.</p> <p>(l) The Company must on the request of the Debenture Trustee annually submit a consolidated computation of the taxes paid by the Company and those of its subsidiaries having benefitted from the loan in the countries where the Company and such subsidiaries carry out their activities. The computation must include all taxes, duties and levies paid, including but not limited to:</p> <ol style="list-style-type: none"> corporate income taxes; net VAT; withholding tax on cross border transactions, including dividend and interest payments; concession or license fees; and other material tax payments, e.g. tourist taxes or energy taxes. <p>The consolidated tax computation must include a breakdown of the items above on the Company and each of above mentioned subsidiaries.</p> <p>(m) The consolidated tax computation must include a breakdown of the items above on the Borrower and each of above mentioned subsidiaries.</p> <p>(n) the Company shall provide or cause to be provided to the Debenture Trustee or any person nominated by the Debenture Trustee (subject to the approval of the Majority Debenture-holders), in form and substance reasonably satisfactory to the Debenture Trustee or such nominee, such additional documents or information as the Debenture Trustee or such nominee, may reasonably request from time to time, including any data template required to be completed by the Company.</p>
Other covenants	<ul style="list-style-type: none"> - The Borrower must in all matters regarding the Project comply with the sustainability rules in appendix 1 - That investment structures used by the Company and its subsidiaries must be considered usual and do not deliberately conflict with OECD's BEPS Guidelines. - The Company must comply with local tax laws and pay taxes, including corporate income tax, where the economic activities are performed unless the activities are exempted from corporate income tax due to governmental incentive programs. - The Company may not participate in holding company or fund structures in jurisdictions that: <ul style="list-style-type: none"> • are on the EU list of non-cooperative jurisdictions for tax purposes, • are not deemed "compliant" or "largely compliant" with the peer review process of OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes, or



	<ul style="list-style-type: none"> • have not completed the peer review process of OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes. <p>A detailed list of covenants will be included in the transaction documents.</p>
Excuse	IFU is not liable towards the Borrower for any loss resulting from changes of law, judicial precedent, administrative acts or force majeure, including any loss resulting from the Fund terminating this Agreement or refusing to disburse because of sanctions, blockade or similar measures prohibiting the Fund's payment.
Disclosure	IFU may disclose information about the Project, including the (i) name of the Project, (ii) names of the parties, (iii) business sector, (iv) names of the involved countries, (v) size of the parties financial participation, (vi) disbursed amount from the parties, (vii) total amount expected to be invested in the Project, (viii) expected and actual number of employees in the Project and (ix) information related to tax structures. The Fund may also disclose information regarding (i) holding company structures that the Fund participates in and rationale for these, (ii) environmental information and (iii) information necessary to assess the development impact of the investment.

Sincerely yours,

Investment Fund for Developing Countries

By:

Acknowledged and agreed:

Satin Housing Finance Limited

By:

