Tierra
Farm Assets Company Pvt. Ltd.

Term Sheet

Particulars	Description
Issuer	Tierra Farm Assets Company Private Limited (Tierra)
Type of Instrument	Secured Non Convertible Debentures (NCD)
Mode of Issue	Private Placement
Issue Size (INR)	Up to Rs 50 crores with a Discretionary Green Shoe option of Rs 25 crores (The Discretionary Green Shoe Option can be exercised only on discretion of Debenture Holder Representative)
Tenor	48 months from deemed date of allotment – to be in tranches for the respective installments.
Face Value	Rs. 20,000 per debenture
Principal Repayment	Principal Repayment on a quarterly basis in equal value after 24 months i.e. 24th, 27th, 30th, 33rd, 36th, 39th, 42nd, 45th and 48th month.
Discount to the face value	7% at the time of fund raise
Primary buyer and Debenture Holders Representative	Scient Capital Pvt. Ltd.
Advisor to the issue	R&D Capital
Coupon Rate	Annualized coupon of 18.25% to be paid quarterly with a 6 months' moratorium
Debenture Trustee & Escrow Agent	To be decided (likely to be Milestone Trustees or IL&FS Trustees)
Collateral and security	• Total cover of 2.5X of principal value in the form of real assets. • Cash flows of projects related to the collateralized land to be included through complete escrow • Cash flow escrow of Avani Mukta Project's 9 acre land parcel • 100% shares of Tierra • Acquired assets through the proceeds of the NCD e.g. food processing plant, land • Rights to cut and sell timber in specific plantations – amounting to 1X the principal amount • Personal guarantee of all the promoters of Tierra • Post Dated Cheques for all the outstanding principal and interest repayment At the beginning, for the first Rs. 30 Cr raised for the issue, the 2.5X cover is envisaged to be the following • NA Land in Bengaluru city: 6 Acre Nelamangala Land worth around Rs. 36Crs – Rs. 40 Crs • Chandravalli Coffee Estate – 100 Acres of Plantation worth around Rs. Rs. 15 Crs to Rs. 18 Crs. • Residential Property with building worth about Rs. 15 to Rs. 18 Crs. • Cashflow escrow of Avani Mukta Project's 9 acre land parcel • 100% shares of Tierra • Equity/General Partner interest of Tierra in either Malnad plantations or Avani Projects At a subsequent date, when Avani Megha project receives NA status and requisite permissions to begin the sale of farmhouse plots, the land in Avani Megha project worth 2.5X the principal amount along with the project cash flows of the same will be provided as a collateral to the debenture issue.

For Tierra Farm Assets Company Pvt. Ltd.

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	After this, the collateral/mortgage on NA land in Bengaluru (6acres) and coffee plantations interests of Mr. Gowda (100 acreas) and the residential property with building/large bungalow will be released once the mortgage of Avani Megha land is to the satisfaction of the debenture trustees. Registration of mortgage of Avani Megha land will be done when it is taken as collateral. However, should the collateral of Avani Megha land not be available within 6 months of the issue beginning date, the available collateral of NA land in Bengaluru and coffee plantation interest of Mr. Ramesh Gowda will be taken for registered mortgage. Once the sales in Avani Megha project have started at a satisfactory level, the cash flow escrow of Avani Mukta project's 9 acre portion will be released.
Mechanism of cash flow escrow operation	The cash flow escrow mechanism would require all the inflow demarcated in the escrow agreement to come to the specified bank account – which will be controlled by the debenture trustee. In the normal course of business, the trustees would not have the authority to retain in the escrow account any more than 1.25 times the current quarter's interest and principal obligation. The exception to this clause is when an unusual spike in sales of the project lead to a major accrual in escrow account within a short period of time. The definition of 'unusual' will be mutually agreed upon on the basis of business plan for the project. In such situations, the debenture holder representative, the debenture trustees and the issuer can mutually agree on either prepaying part of the principal liability or releasing the extra cash flow to issuer. In case of default, all the cash flows in the escrow account will be retained and be used as per the discretion of the debenture trustees to meet the repayment obligations of the debentures. In case of potential event of default, which will be defined a priori and mutually agreed before the issue, all the cash flows will be retained in the escrow account by the debenture trustees. To make the escrow mechanism relevant, it is imperative that the issuer follow specific instructions from the debenture holder representative and the debenture trustees with regard to the cashflow process followed for a given project – especially collection of proceeds of sale.
Other Conditions	A board observer decided by Debenture Holder Representative will be appointed on the board of Tierra, during the tenor of the debenture. Board Observer will be invited for all board meetings of Tierra and will be updated by the company for the information sought by Debenture Trustees and Debenture Holder Representative on a periodic basis. Nominee Director appointed by Debenture Trustees and Debenture Holder Representative on the board to monitor performance of Tierra in the event of default. Any structural changes to Tierra or its subsidiaries are to be informed to the Debenture Holder Representative and Debenture Trustee; and an NOC would be required for the same. Debenture Trustees would have unconditional right to present post dated cheques in the event of default, even within the cure period, 5 days after the date of event of default.
Debt Service reserve	A Debt servicing cover comprising amount payable as interest and the principal in next three months shall be maintained in the escrow account, at all times till the complete redemption of the debentures.
Coupon Payment Date	Penultimate day of the respective calendar quarter. In the event that any such coupon payment date falls on Saturday, Sunday or a public holiday in Mumbai, Bengaluru or Chikmangalore then the first successive business day will be taken as coupon payment date.
Day Count Basis - Actual/ Actual	Actual/(365 days per year) basis except for leap year where it will be on Actual/(366 days per year) basis
End Use of Funds	• To meet long term fund requirements for expansion of business. • Acquisition of a food processing plant • Project finance for development of land parcel into to residential plots in Avani Megha Project • Working Capital needs of Tierra

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Fresh Issuance of Shares	No fresh issuance of shares can be done by Tierra, the Issuer without taking NOC from Debenture Trustees and Debenture Holder Representative. This NOC shall not be withheld without due reasons by the DHR.
Prepayment Option	Lock-in period of 24 months for the Issuer. The issuer can make pre-payment after 24 months without any pre-payment penalty
Event of Default	1. Nonpayment of the principal installment for a day, from any of the due date will be treated as an event of default 2. Nonpayment of the Interest Installment for a day from any of the interest payment due date, will be considered as an event of default 3. Other events of default as may be defined in detail in the security documents As customary for a facility of this nature and to include, without limitation, the following: a) Failure to pay any sum under the Facility Agreement between Trustee and Tierra when due; b) Breach of covenant or undertaking or other obligation by Tierra; c) Representation or warranty found to be untrue or misleading when made d) Winding-up or dissolution of Tierra(Borrower); e) Insolvency of Borrower (within the meaning of section 434(1)(c) of the Companies Act 1956) f) Security Documents not legally valid and binding; g) Sale/transfer of assets which in reasonable opinion of Debenture Holder Representative has/will have Material Adverse Effect; h) Insolvency and related events; i) Cessation of business; j) Unlawfulness; k) Repudiation; l) Change in Management/Ownership without approval from Debenture Holder Representative/Trustees m) Non maintenance of Debt Service Reserve Account The above are indicative and shall be defined in detail in the Facility Agreement. Upon the occurrence of the Events of Default relating to non-payment, or any other event which, according to the DHR is capable of remedy, a cure period of 30thirty) Business Days shall be applicable from the date of the occurrence of such event. Tierra, the Borrower shall promptly notify the Debenture Holder Representative/ Security Trustee upon becoming aware of any default or event which constitutes (or with the lapse of time, determination of materiality, would be likely to constitute) an Event of Default and steps being taken to remedy it. **Cross-default clause:** If Tierra defaulted for a sum exceeding Rs. 2Cr. to any lender and the said default is not cured within 60 days of the default, in the payment of its debt obligation the Debenture Holder Representative reserves the right to appoint a nominee director on the board of Tierra (the borrower)for closer monitoring of the financial health of Tierra.
Remedy of Default	In a scenario of default (Principal/Interest amount) the Trustee will initiate the process of enforcement of the security. At the discretion of Debenture Holder Representative, any or all of the following action may be initiated • Declare the entire obligations to be forthwith due and payable; • Exercise all rights including, without limitation, to accelerate the obligations of the promoters;

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	• Exercise such other remedies as permitted or available under Applicable Law; • Take possession and/or transfer the secured property of Tierra; • Appoint 1 (one) nominee on the Board of Tierra (the Borrower) (such director is hereinafter referred to as the "Nominee Director") and remove the Nominee Director at any time during the currency of this Agreement with Reserve Rights at Board of Directors meeting of Tierra, the Borrower. • To cancel the unveiled commitment, if any, of NCD issue proceeds.
Cure Period	In the event of default, 30 (thirty) days' notice will be given by the Trustee to Tierra, the Issuer before invoking the security.
Default Interest/Penal Rate	Any interest payment default on the due date shall attract interest rate of 2.0% per month on pro-rata basis on default amount for the period of default. Any principal payment default on the due date shall attract total interest rate of 2.0% per month on the outstanding principal repayment due on pro-rata basis on default amount for the period of default
Post Investment	Tierra, The Issuer shall provide the Debenture Holder's Representative/Debenture trustee on a monthly basis the following : a) CA Certificate indicating end use of funds. Debenture Holder's Representative may ask such other information / documents as may be required in this regard including a copy of relevant bank statement b) Receipt of End Use of Funds C) Quarterly report to the Board Observer/Nominee Director on the project progress and End use of Funds and the base business plan agreed upon
Transaction Documents	1. Information Memorandum for each series of the NCDs issued 2. Debenture Trustee Agreement 3. Accounts Agreement 4. Security Documents 5. Personal Guarantee 6. Undertaking from Land and Building Owner
Issue Timing 1. Issue Open Date 2. Issue Closing Date 3. Pay in Date 4. Deemed Date of Allotment 5. Redemption Date	As per the respective pricing supplement of each series.
Eligible Investors	In the primary market companies registered under the Companies Act, 1956 and SEBI registered Portfolio Manager can invest in the Debentures. Please note that the debentures may be sold in the secondary market to any of the following entities: 1. Mutual Fund 2. Company 3. Partnership firm 4. HUF (Hindu Undivided Family) 5. Individual 6. Private Trust 7. Association of Persons 8. Portfolio Manager registered with SEBI 9. Societies
Issuance Mode of Instrument	These Debentures would be issued only in Dematerialized Form (DEMAT) through authorized Depository Participant
Depository	NSDL
Registry & Transfer Agent (RTA)	BgSE Financials Limited, Bangalore(IN200875)

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Due Diligence Agencies/Advisors	Legal Documentation Agent – Fox Mandal Financial Due Diligence - Adarsha Consultancy and Management Services Private Limited
Settlement mode of the Instrument	Through ECS/RTGS transfer, for which investors are required to provide bank account number along with MICR and IFSC number
Governing Law	Indian Law
Undertaking	It is clarified that any investor selling/transferring any NCDs to other parties shall do so by conforming to private placement norms.
Representations & Warranties	Tierra shall make representations and warranties customary for a Facility of this nature.
Reserve Rights at Board of Directors meeting (getting triggered in case event of default, not cured with in stipulated time)	1. Amendment to the constitutional documents of Tierra and its subsidiaries or Avani Projects LLP 2. Alteration of the capital structure of Tierra and its subsidiaries or Avani Projects LLP 3. Changing the scope or nature of business of Tierra and its subsidiaries or Avani Projects LLP 4. Liquidation, winding up, dissolution or reorganisation of Tierra and its subsidiaries or Avani Projects LLP 5. Constitution or re-constitution of any committees or sub-committees of the Board of Tierra or 6. Altering or varying the rights of shares and/or share equivalents. 7. Appointment/removal of any director on the Board of Tierra, other than voluntary resignation of the director 8. The recording of any transfer of shares and/or share equivalents 9. Payment of dividend in cash or kind to be distributed to the shareholders. 10. Disposal or closure of whole or any substantial part of any undertaking of Tierra or its subsidiaries or sale or transfer of the assets of Tierra or its subsidiaries exceeding Rs.5 crores per year over and above annual budget. 11. Change in auditors of Tierra 12. Incurrence of any Financial Indebtedness or issuing any guarantees of Rs. 5Crores per annum and above annual budget. 13. Creation of any Encumbrance on the Assets of Tierra other than in favour of the lenders 14. Incurrence of any capital expenditure in excess of Rs. 5Crores per annum and above annual budget. 15. Any financial investments by loans or credit or equity, and above annual budget 16. Any related party transaction as per accounting standards, other than as approved by way annual budget. 17. Approving the terms and conditions of any new payments to any Director of Tierra or its Subsidiaries. 18. Change in chief executive officer or managing director of Tierra, Partners of Avani Projects LLP 19. Change in registered office of Tierra out of city of Bengaluru
Information Covenants	1. Tierra and Avani Projects LLP shall give quarterly, semi-annual and audited annual financial statements and monthly business operation information in the format as indicated by DHR; 2. Any actions, suits, proceedings, investigations, litigation, arbitration or administrative proceedings where amounts claimed exceed Rs. 0.5Crores within 10 days of receipt of notice pertaining to the same filled by / against Tierra and its subsidiaries or Avani Projects LLP; 3. Receipt of notice in relation to any event which constitutes an Event of Default within 10 days of receipt; 4. Any notice pertaining any license or permission essential for the conduct of the business of Tierra and its subsidiaries or Avani Projects LLP , within 10 days; 5. Any event including any change in regulation, which has an adverse effect on the valuation, business operations, financial condition of Tierra and its subsidiaries or Avani Projects LLP within 60 days of occurrence of such event;

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