

Indicative terms and conditions

Purpose: the purpose of this document ("the Indicative Term Sheet") is to outline the terms and conditions of a potential Non-Convertible Debenture issuance by the Issuer proposed to be subscribed to by the Investor. This Indicative Term Sheet does not constitute a final offer, is not exhaustive and may be subject to change.

Issuer/Company	OXYZO FINANCIAL SERVICES PRIVATE LIMITED
Promoter Guarantor	OFB TECH PRIVATE LIMITED
Investor(s)/Debenture Holders	AU Small Finance Bank
Debenture Trustee	Catalyst Trusteeship Limited
Transaction Legal Counsel	Wadia Ghandy & Co.
Guarantor	Northern Arc Capital Limited (formerly IFMR Capital Finance Private Limited) ("Northern Arc")
Rating Agency	ICRA
Issuance	Rated, Secured, Taxable Listed Non-Convertible Debentures (NCDs)
Amount/Issuance Size	INR 23 Crores Only
Issue price	At par INR 10,00,000 (Indian Rupees Ten Lacs Only)
Ranking	<p>Each Debenture issued by the Issuer will constitute direct and secured obligations of the Issuer. The claims of the Debenture Holders shall be akin to the claims of Senior, secured investors/lenders and shall rank pari passu to all senior, secured indebtedness of the Issuer.</p> <p>Each of the Debenture Holders shall inter-se rank pari passu in relation to their rights and benefits in relation to the Debentures, without any preference or privilege.</p>
Listing	<p>Debentures are to be listed on the WDM of the BSE within a maximum period of 30 calendar days from the Deemed Date of Allotment.</p> <p>In the event that the Debentures are not listed within 20 calendar days of the Deemed Date of Allotment, the Company shall pay to the Debenture Holders a penal interest of 15% per annum from the expiry of 20 calendar days from the Deemed Date of Allotment until the listing of the Debentures.</p>
Registrar & Transfer Agent	Karvy
Depository	NSDL
Exchange	BSE
Issuance mode	Dematerialized, Private Placement
Trading mode	Dematerialized
Settlement mode	RTGS
Business Days	A day (other than Sunday or a Bank Holiday) on which banks are open for general business in Delhi
Business Day Convention	<ul style="list-style-type: none"> If any coupon payment date falls on a day that is not a working day, the payment shall be made on the immediately succeeding working day. If the redemption date of the Debentures falls on a day that is not a working day, the redemption proceeds shall be paid on the immediately preceding working day

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	<ul style="list-style-type: none"> If the Maturity Date (also the last coupon payment date) of the Debentures falls on a day that is not a working day, the redemption proceeds and coupon payment shall be paid on the immediately preceding working day.
Record Date	3 (Three) Business Days prior to Redemption Date of the Debentures
End Use	<p>The proceeds of the Issuance will be utilized for the following purposes:</p> <ul style="list-style-type: none"> General corporate purposes for the ordinary course of business of the Issuer <p>The Company shall not use the proceeds of the Issue towards:</p> <ul style="list-style-type: none"> any capital market instruments such as equity and equity linked instruments or any other capital market related activities any real estate activity; any speculative purposes any payments towards dividends <p>PROVIDED HOWEVER, the Company shall be entitled to temporarily invest the funds raised by the Issue in liquid mutual funds and deposits held with scheduled commercial banks for a period not exceeding 30 (thirty) calendar days from the Deemed Date of Allotment, if so permitted under applicable Law.</p> <p>The company shall not fund to any NBFC/FI post drawing debt from AUSFB.</p>
Security Cover	1.2 x
Security Requirements	<p>The Debentures and all interest, additional interest, further interest, liquidated damages, commitment charges, indemnification payments, fees, costs, expenses and other monies owing by, and all other present and future obligations and liabilities shall be secured by a first and exclusive charge by way of hypothecation over identified Receivables that meets the eligibility criteria that set out below against the heading 'Eligibility Criteria' ("Hypothecated Property") such that the Security Cover (provided hereinafter) is met. For the purpose of this covenant following terms will have following definitions:</p> <ul style="list-style-type: none"> Receivables means the aggregate of all amounts due and payable by Obligors under a loan together with any amounts recovered or to be recovered from such Obligors Obligors means each of the Entities who have availed of a loan from the Borrower and who are liable to make payments to the Borrower, and shall include any guarantors and/or security provider. <p>Security Cover shall be met only with Receivables that does not have any principal, interest, additional interest, fee or any other expected payments overdue ("Performing Loans") and for this purpose the Borrower shall with the consent of the Lender replace any Receivables constituting the Hypothecated Property</p>

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	in case there is any overdue with Performing Loans that meets the Eligibility Criteria. Such replacement shall be done on or before the 15th of any calendar month.
Eligibility Criteria for Security	<ul style="list-style-type: none"> Each receivable provided as Security by an Issuer must be a secured loan provided to a borrower of the Issuer ("Client Loan") Client Loans must be unencumbered (other than under the Transaction Documentation) and not sold or assigned by the Issuer The hypothecated Client Loans must only be originated at the branches owned, controlled and operated by the Issuer directly and not through branches operated by its origination partners. The hypothecated Client Loans must have been originated while complying with all the extant 'know your customer' norms specified by the RBI. The hypothecated Client Loans are current and not in overdue at the time of inclusion in the Security and have not been terminated or prepaid. Any receivables that turn non-current during the tenure of loan shall be replaced by current receivables of similar or higher value on or before the 15th of any calendar month. The hypothecated Client Loans shall have 100% bank guarantee cover as security from a Bank/ NBFC rated at least A or above All applicable receivables must comprise of purchase finance portfolio (where loan are funded for procurement of raw material) The cash-flows (principal + interest payments) to be received from the hypothecated Client Loans shall be 1.2times of the repayment obligation of the Facility, for every quarter-basis. For the purpose of computing the security cover, only principal cashflows falling due on the hypothecated contracts before the maturity of the Loan shall be included. Loans Receivables from each Entity as part of the Hypothecated Receivables shall be capped at maximum 3% of the Hypothecated Receivables for the first 12 months of the transaction from the date of disbursement. Contracts should have minimum tenor of 40 days and Maximum Tenor of 75 days.
Guarantor/ Credit Enhancer	Northern Arc Capital Limited (formerly IFMR Capital Finance Private Limited) ("Northern Arc") providing 100% (One Hundred Percent) of the Guarantee ("Northern Arc Guarantee Cap")
Partial Credit Guarantee (PCG)	<p>a) The Guarantor provide unconditional, irrevocable, payable on demand Guarantee, favouring the Investor that covers [18] % () of the initial principal value of the Facility Amount ("Guarantee Cap"). The Guarantee shall be enforceable, in tranches, as and when required, and in case the same is enforced, the value of the Guarantee shall be reduced by the amount so enforced.</p> <p>b) The ratio of the outstanding Guarantee to the aggregate outstanding principal of the Facilities is referred to as the "Guarantee Percentage".</p> <p>c) When due to the amortisation of the Facilities outstanding, the Initial Guarantee Cap is greater than [29] % of the aggregate outstanding principal of the Facilities, the Guarantee Cap shall be reduced to [29] % of the aggregate outstanding principal of the Facilities, with the prior approval of</p>

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	<p>the Rating Agency ("Revised Guarantee Cap"). Such reduction of the Guarantee Cap will be affirmed by the Rating Agency after the Investor Payout Dates falling on [12th, 15th, 18th, 21st, 24th, 27th, 30th and 33rd month] but before the Investor Payout Dates falling on [13th, 16th, 19th, 22nd, 25th, 28th, 31st and 34th month] respectively.</p> <p>d) In case standalone rating of the entity becomes BBB+, the PCE will be reset to [16] % and Revised Guarantee Cap to [24] % or as stipulated by the rating agency at the time of reset, whichever is higher. This will be subject to rating of the facility being maintained at A-(CE) post the reset.</p> <p>e) However, any reduction in the guarantee obligation of the Guarantor is subject to the rating of the Facility being maintained at A-(CE) (confirmed by the Rating Agency)</p> <p>f) After the enforcement of the Guarantee, if the Borrower pays any money to the Guarantor (other than fee/interest), the Guarantee will be replenished by the amount so paid by the Borrower up to the Guarantee Cap</p> <p>g) All payments of Guarantee Fees shall be made directly to the relevant accounts of the Guarantor by each Borrower</p> <p>The rights of the Credit Enhancer shall be fully subordinated to the rights of the Lender, except as provided for in the Facility Documents.</p>
Post-dated cheques	PDCs signed by Authorised Signatory for redemption amount
Nominal value per Debenture	INR 10,00,000 (Indian Rupees Ten Lacs Only)
Issue Price	INR 10,00,000 (Indian Rupees Ten Lacs Only)
Rating	ICRA A- [CE]
Tenor	36 months from the Deemed Date of Allotment
Redemption Date	24 th June 2023
Redemption Value per Debenture	Face Value amount of Rs. 10,00,000 per Debenture plus any interest accrued but not paid on any previous interest Payment Date(s)
Principal Repayment	Quarterly principal repayment on 24th September 2020, 24th December 2020, 24th March 2021, 24th June 2021, 24th September 2021, 24th December 2021, 24th March 2022, 24th June 2022, 24th September 2022, 24th December 2022, 24th March 2023, 24th June 2023
Coupon	<p>shall mean the coupon payable on a monthly basis (floating) in respect of the Debentures from the Deemed Date of Allotment on each Coupon Payment Date until the Maturity Date, which shall be the aggregate of:</p> <p>(i) Reference Rate being the policy Repo rate issued by the Reserve Bank of India which is presently at 4% (Four Percent) ("Reference Rate"); and</p> <p>(ii) Credit Spread being 7.50% (Seven Decimal Point Seven Five Percent) per annum ("Credit Spread").</p> <p>It is hereby clarified that the Coupon Rate, payable as on date of this Disclosure Document, shall be 11.50% (Eleven Decimal Point Seventy Five Percent).</p> <p>The Coupon Rate shall be reset subject to the mechanism as set out in the Transaction Documents.</p>

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Coupon Type	Floating
Coupon Reset Date(s)	Shall mean the following dates: June , 2021 and June , 2022
Coupon payment	On a Monthly basis as per the repayment schedule
Step Up/ Step Down Coupon Rate	In the event the credit rating assigned to the Issuer is downgraded by the Rating Agency or any other external credit rating agency, the Coupon Rate shall, without any act, deed or thing, automatically increase by 50 (Fifty) basis points for each notch of credit rating downgrade by such credit rating agency. The increase in the Credit Spread shall be applicable on and from the date of the downgrade of credit rating of the Issuer by such credit rating agency. As on the date of this Disclosure Document, the credit rating of the instrument is "ICRA A- (CE)".
Coupon Reset (Floating Rate)	<p>(a) Rating Downgrade:</p> <p>In the event the credit rating assigned to the Issuer is downgraded by the Rating Agency or any other external credit rating agency, the Coupon Rate shall, without any act, deed or thing, automatically increase by 50 (Fifty) basis points for each notch of credit rating downgrade by such credit rating agency. The increase in the Credit Spread shall be applicable on and from the date of the downgrade of credit rating of the Issuer by such credit rating agency. As on the date of this Disclosure Document, the credit rating of the Instrument is "ICRA A- (CE)".</p> <p>(b) Coupon Rate Reset on Coupon Reset Date(s):</p> <p>The Majority Debenture Holder(s) shall have the right to reset the Credit Spread and the Reference Rate in the manner set out below:</p> <p>(i) Credit Spread Reset on the Coupon Reset Date(s)</p> <p>A. Save and except as set out in paragraph above, the Debenture Trustee, acting on the instructions of Majority Debenture Holders, shall also have the right to change, at its discretion, the Credit Spread on the Coupon Reset Date(s).</p> <p>B. The Majority Debenture Holders shall decide the revised Credit Spread which shall be applicable on and from the relevant Coupon Reset Date. The revised Credit Spread so approved by the Majority Debenture Holders, shall be communicated to the Debenture Trustee, with a copy marked to the Issuer, no later than 5 (Five) Business Days prior to the relevant Coupon Reset Date.</p> <p>C. The Debenture Trustee shall communicate the revised Credit Spread to the Issuer, by way of a written notice, no later than 4 (Four) Business Days prior to the relevant Coupon Reset Date ("Credit Spread Reset Notice").</p> <p>D. Upon receiving the Credit Spread Reset Notice, the Issuer shall communicate their written acceptance or rejection of the revised Credit Spread to the Debenture Holders and the Debenture Trustee, no later than 2 (Two) Business Days prior to the relevant Coupon Reset Date.</p> <p>E. If the Issuer accepts the revised Credit Spread pursuant to the written acceptance notice, as provided for hereinabove, the revised Credit Spread shall be applicable on and from the relevant</p>

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	<p>Credit Spread Reset Date as set out in the Credit Spread Reset Notice, until the Maturity Date.</p> <p>F. If the Issuer rejects the revised Credit Spread by way of the written rejection notice, then the Issuer shall redeem the Debentures and shall prepay the principal amount of the Debentures along with accrued Coupon, Default Interest (if any), and other such costs, charges and expenses if any, payable under the Transaction Documents.</p> <p>G. It is hereby clarified that in the event the Issuer fails in communicating their acceptance or rejection of the revised Credit Spread in the manner stated herein above, then the revised Credit Spread as communicated by the Debenture Trustee and/or the Debenture Holder to the Issuer, in the Credit Spread Reset Notice, shall be applicable on and from the relevant Coupon Reset Date as set out in the Credit Spread Reset Notice, until the Maturity Date.</p> <p>(ii) Reference Rate Reset on the Coupon Reset Date(s)</p> <p>A. Save and except as set out in paragraph above, the Debenture Trustee, acting on the instructions of Majority Debenture Holders, shall also have the right to change, at its discretion, the Reference Rate on the Coupon Reset Date(s).</p> <p>B. The Majority Debenture Holders shall decide the revised Reference Rate which shall be applicable on and from the relevant Coupon Reset Date. The revised Reference Rate so approved by the Majority Debenture Holders, shall be communicated to the Debenture Trustee, with a copy marked to the Issuer, no later than 2 (Two) Business Days prior to the relevant Coupon Reset Date.</p> <p>C. The Debenture Trustee shall communicate the revised Reference Rate to the Issuer, by way of a written notice, no later than 1 (One) Business Day prior to the relevant Coupon Reset Date.</p> <ul style="list-style-type: none"> Upon the notices being issued by the Majority Debenture Holders and the Debenture Trustee in accordance with paragraph B and C above, the revised Reference Rate shall, without any act, deed or thing, be automatically reset and the Issuer shall be obligated to pay the same, on and from the relevant Coupon Reset Date.
Early Redemption	<ul style="list-style-type: none"> In the event that the credit rating assigned to the Issuer, by the Rating Agency or any other external credit rating agency, is downgraded to BBB+ CE or below ("Early Redemption Event"), the Debenture Trustee (acting on the instructions of the Majority Debenture Holder(s)) shall have the option, without being obligated, to require the redemption of the Debentures from the Issuer (in full or in part) prior to its Maturity Date. Upon the occurrence of an Early Redemption Event, the Issuer shall forthwith promptly issue a notice to the Debenture Holders and Debenture Trustee, informing such Debenture Holders and Debenture Trustee about the occurrence of such Early Redemption Event ("Early Redemption Notice"). In the event that any Debenture Holder is desirous of exercising the Early

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	<p>Redemption Event, the said Debenture Holder shall issue a notice to the Issuer (with a copy marked to the Debenture Trustee), in writing, within a maximum period of 30 (Thirty) Business Days from the receipt of Early Redemption Notice ("Early Redemption Option Exercise Notice").</p> <p>Within 30 (Thirty) calendar days of receipt of the Early Redemption Option Exercise Notice (the "Early Redemption Date"), the Issuer shall compulsorily redeem the Debentures identified in the Early Redemption Option Exercise Notice by crediting to the beneficiary account of each Debenture Holder on the relevant Record Date available funds an amount that is equal to the Redemption Amount under the Debentures.</p>
Initial Fixing Date	Deemed Date of Allotment
Day count basis	Actual/Actual
Default Interest Rate	<ul style="list-style-type: none"> In case of default in payment of interest and / or principal redemption on the due dates, additional interest @ 2% p.a. over and above the Accrued Amount will be payable by the Issuer for the defaulting period. It will be payable at every month end. In case of default by the Issuer in the performance of any of the terms & conditions of this Issuance, including but not limited to the financial covenants of this Issuance, additional interest @ 2% p.a. over and above the Accrued Amount will be payable by the Issuer for the defaulting period.
Prepayment Penalty	<ul style="list-style-type: none"> In case of early redemption of the Debentures at the instance of the Issuer, on any date other than the Maturity Date and not arising due to an Event of Default, the Issuer shall pay a penalty of 2% (Two Percent) on the principal amount prepaid
Interest on application money	<p>Interest at the Coupon Rate (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) will be paid to the applicants on the application money for the Debentures for the period starting from and including the date of realization of application money in Issuer's bank account up to one day prior to the Deemed Date of Allotment</p> <p>Where Pay-in Date and Deemed date of Allotment are the same, no interest on Application money is to be paid</p>
Accrued Amount	<p>Accrued Amount means, for any Debenture:</p> <p>(i) on the Early Redemption Date, the sum of: (a) the Nominal Value; and (b) the Early Redemption Premium; and</p> <p>(ii) on the Final Redemption Date, the sum of: (a) the Nominal Value; and (b) the Final Redemption Premium.</p>
Early Redemption Premium	As defined in Debenture Trust Deed
Final Redemption Premium	As defined in Debenture Trust Deed
Payment Mechanism	1. Borrowers shall make payments of interest and principal amounts due along with all other obligations (if any) under the Transaction Documents by 4 PM India time on T-3 Business Days

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	<p>2. In case of downgrade of Borrower senior secured long term rating to BBB- or below, non-maintenance of security cover, non-payment by Borrower and cross default of the Borrower, Borrower shall also transfer the collections from the security pool to the Lender by 4 PM IST on T-3 Business Days. These collections would be used by the Lender for prepayment of principal and repayment of interest on the Facility. The accelerated amortisation in this scenario is over and above the scheduled pay-outs</p> <p>3. In the event of failure of the Borrower to comply with (1) above, on T-2 Business Days, the Lender to invoke the PCG and send a one Business Day's notice to Guarantor to make the payments.</p> <p>4. Guarantor to make the payments on T-1 (i.e. the interest or principal repayment due date). The Guarantor will be called upon to pay as per the original amortization schedule of the relevant Facility</p>								
Transaction documents	<p>The Issuer has executed/ shall execute the documents including but not limited to the following, as required, in connection with the Issue as per latest SEBI guidelines / Companies Act 2013 (as applicable) for issuance of NCDs through Private Placement:</p> <ol style="list-style-type: none"> 1. Letter appointing Trustees to the Debenture Holders; 2. Debenture Trusteeship Agreement; 3. Debenture Trust Deed; 4. Deed of Hypothecation; 5. Guarantee deed from the Guarantor in favour of Debenture Trustee 6. Information Memorandum; 7. Private Placement Offer Letter (Form PAS 4); 8. Board Resolution authorizing this Issuance; 9. Applicable Shareholder Resolutions under the Companies Act 2013; 10. Rating Agreement with the aforesaid Rating Agency(ies) with respect to this Issuance; and 11. Tripartite Agreements with the Depository(ies) and Registrar & Transfer Agent 								
Issue Schedule	<table> <tr> <td>Issue Open Date</td><td>[23th June 2020]</td></tr> <tr> <td>Issue Close Date</td><td>[24th June 2020]</td></tr> <tr> <td>Pay-in Date</td><td>[24th June 2020]</td></tr> <tr> <td>Deemed Date of Allotment</td><td>[24th June 2020]</td></tr> </table>	Issue Open Date	[23th June 2020]	Issue Close Date	[24th June 2020]	Pay-in Date	[24th June 2020]	Deemed Date of Allotment	[24th June 2020]
Issue Open Date	[23th June 2020]								
Issue Close Date	[24th June 2020]								
Pay-in Date	[24th June 2020]								
Deemed Date of Allotment	[24th June 2020]								
Conditions Precedent	<p>The Company shall fulfil the following Conditions Precedent the satisfaction of the Debenture Trustee and submit Conditions Precedent documentation where applicable to the Debenture Trustee, prior to the Pay in Date:</p> <ol style="list-style-type: none"> 1. All corporate approvals from the Board of Directors and shareholders of the Issuer, if applicable, shall have been received for the issuance of the NCDs, and the execution, delivery and performance by the Issuer of the Transaction Documents in accordance with the Companies Act, 2013, the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 and other rules prescribed; 2. Execution of the Debenture Trustee Agreement and Debenture Trust Deed, in a form and manner satisfactory to the Debenture Trustee shall have taken place; 								

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	<ol style="list-style-type: none"> 3. The Issuer shall have submitted to the Debenture Trustee the rating letter and rating rationale; 4. The Issuer shall have submitted to the Debenture Holders / Debenture Trustee, all required documents for the purpose of satisfying its respective KYC requirements; 5. The Issuer shall have submitted to the Debenture Trustee a certified true copy of the constitutional documents of the Company (the Memorandum and Articles of Association and the Certificate of Incorporation) 6. The Issuer shall have submitted to the Debenture Trustee its audited account statements for the most recent financial year or audited financial half-year
Conditions Subsequent	<p>The Issuer shall ensure that the following documents are executed/activities are completed as per the time frame stipulated in the Debenture Trust Deed</p> <ol style="list-style-type: none"> 1. The Issuer shall immediately on receipt of funds, take on all necessary steps to, including making all applicable filings in the Registrar of Companies and obtaining all necessary approvals including filing Form PAS 5 along with the Information Memorandum and Form PAS 3 along with requisite fee within prescribed timelines; 2. The Issuer shall ensure credit of demat account(s) of the allottee(s) with the number of NCDs allotted within 10 (Ten) Business Days of the Deemed Date of Allotment 3. The debentures to be listed within 30 days of allotment 4. The Issuer shall ensure compliance with SEBI / Companies Act 2013 (as applicable) for issuance of NCDs.
Events of Non Compliance	<p>Customary for financings of this nature and others appropriate in the judgment of the Investors upon the occurrence of which the Investor will be entitled to a higher rate of interest of 2% on the outstanding Facilities:</p> <ul style="list-style-type: none"> • Non-maintenance of the requisite security cover • Misrepresentation by the Borrower • Unlawfulness • Repudiation of the Transaction Documentation by the Borrower • Material litigation • Change of business • Material adverse effect • Any of the Transaction Documentation ceases to be in full force and effect or is terminated prior to maturity • Breach of covenants by the Borrower <p>Failure by a Borrower to meet standards with respect to collection quality, management, governance, internal systems and processes, and data integrity, as may be required by the Lender / Guarantor. The Structurer shall be authorised by the Investor or the Guarantor to conduct such discretionary audits on its behalf.</p> <p>B. Consequence of Event of Non-Compliance</p> <ul style="list-style-type: none"> • The Investor's approval and the Guarantor's approval shall be required for the Issuer to declare any dividends, or make any other distributions to the holders of common equity. • Default Interest of 2% over and above the coupon of each respective Facility

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EVENTS OF DEFAULT	<p>Customary for financings of this nature and others appropriate in the judgment of the Investors, upon the occurrence of which the Lender will be entitled to accelerate redemption, including but not limited to:</p> <ul style="list-style-type: none"> • Non-payment of any dues under this Issuance by the Borrower and the Guarantor; • Issuer is unable or admits in writing its inability to pay its debts as they mature or suspends making payment of any of its debts, by reason of actual or anticipated financial difficulties or proceedings for taking it into liquidation have been admitted by any competent court or a moratorium or other protection from its creditors is declared or imposed in respect of any indebtedness of the Company; • Insolvency, winding up, liquidation whether compulsory or voluntary • A receiver or liquidator, provisional liquidator, supervisor, receiver, administrative receiver, administrator, compulsory manager, trustee or other similar officer in respect of the Company or any of its assets is appointed or allowed to be appointed of all or any part of the undertaking of the Company; • Any material act of fraud, embezzlement, misstatement, misappropriation or siphoning off of the Issuer / Promoter funds or revenues or any other act having a similar effect being committed by the management or an officer of the Issuer • The Company has taken or suffered to be taken any action for re-organisation of its capital or any rearrangement, merger, demerger, amalgamation or any other scheme of restructuring without the prior written approval of the Debenture Holders; • Promoters the Company being declared willful defaulter • The promoter/s and/or the directors of the Company are accused of, charged with, arrested or convicted a criminal offence involving moral turpitude, dishonesty or which otherwise impinges on the integrity of the promoter/s and/or director, including any accusations, charges and/or convictions of any offence relating to bribery; • All or a material part of the undertaking, assets, rights or revenues of the Company are condemned, seized, nationalised, expropriated or compulsorily acquired, or shall have assumed custody or control of the business or operations of the Company, or shall have taken any action for the dissolution of the Company, or any action that would prevent the Company, their member, or their officers from carrying on their business or operations or a substantial part thereof, by or under the authority of any Government or Government authority; • Creditors' processes initiated against the company • Downgrade of Guarantor below the covenanted level, and failure by the relevant Guarantor to provide a cash collateral equal to the amount guaranteed by it within 15 (Fifteen) Business Days of such downgrade;

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	<ul style="list-style-type: none"> With reference to Guarantor: cross default, misrepresentation, repudiation of any Transaction Documentation, cessation of business, material litigation and revocation of operating licenses. <p>CONSEQUENCES OF EVENT OF DEFAULT</p> <p>Upon the happening of any Event of Default Clause (1), all outstanding amounts on the Facilities shall stand accelerated and payable forthwith within two Business Days and Investor will give notice to the Borrower to pay the outstanding amount within two Business Days of occurrence of Event of Default.</p> <p>If the Borrower is unable to pay, the Investor will serve a notice on the Guarantor to make good the entire outstanding amount with two Business Days.</p> <p>Upon the happening of any Event of Default Clause 10 & 11 i.e. Event of Default related to the Guarantor, the Investor will serve a notice on the Guarantor to make payment on the entire outstanding guarantee amount by the Guarantor, with two Business Days.</p>
Reporting Covenants	<p>Quarterly Reports – within 30 (Thirty) calendar days from the end of each financial quarter</p> <ul style="list-style-type: none"> a) Information such as Provisional financials, operations, portfolio, and asset quality portfolio at risk data), funding data, ALM in formats acceptable to the Debenture Holders b) Financial covenant compliance certificate signed by a Director or the Chief Financial Officer/Authorised Signatory <p>Annual Reports – within 180 (One Hundred and Eighty) calendar days from the end of each financial year</p> <ul style="list-style-type: none"> a) Audited financial statements <p>Event Based Reports – within 15 (Fifteen) Business Days of the event occurring</p> <ul style="list-style-type: none"> a) Change in list of Board of Directors b) Changes in accounting policy c) Change in Shareholding structure d) Change in senior management officials (any CXO or equivalent) e) Snapshot of Board approved annual business plan f) Any fraud amounting to more than 1.0% of Gross Loan Portfolio g) Change in the constitutional documents of the Company h) Material Adverse Effect i) Any dispute, litigation, investigation or other proceeding which could result in a Material Adverse Effect. j) Winding up proceedings

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	<p>k) Any Event of Default or Potential Default, and any steps taken / proposed to remedy the same.</p> <p>l) Any prepayment or notice of any prepayment of any Indebtedness of the Issuer</p>
Financial Covenants	<ol style="list-style-type: none"> 1. The capital adequacy ratio (as defined in NBFC Regulations) shall be above 20% and Tier I capital shall be above 15% 2. GNPA in a financial year shall not exceed 4% (Four Percent) and Net NPA shall not exceed 2% except for the quarter ending June 2020, September 2020, December 2020 and March 2021 3. The ratio of Debt to Net worth shall not exceed 4 times. 4. Loss in each financial year should not cross 15% of the net worth 5. R Credit Rating of the Instrument fall below A- (CE) stable as rated by the rating agency. 6. Promoter should remain on board of the Company. Promoter should hold executive position in the company. Prior permission of the Debenture Holder/s should be taken before dilution in the shareholding of the Promoters. Any significant change in the management without prior approval of AU SFB. 7. All loan funded other than procurement of raw material whether secured or unsecured shall not cross 1/3rd of the total portfolio of the customer. 8. Covenant for unsecured business loan book: <ol style="list-style-type: none"> a. 1+ should not exceed 15% b. 30+ should not exceed 10% c. 90+ should not exceed 5% <p>"Gross Loan Portfolio" shall mean and include the outstanding principal amount of the loans originated by the Borrower on its own books, securitized portfolio as well as loans originated on behalf of other entities by entering into partnership agreements but not included on the Borrower's own book;</p> <p>(Definitions)</p> <p>"PAR>90 days" shall mean on the Company's Gross Loan Portfolio the outstanding principal value of the relevant portfolio of the Company that has one or more instalments of principal, interest payments overdue for 90 days or more, includes restructured loans but excludes loans that have been written off by the Company;</p> <p>(Definitions)</p> <p>"Net worth" shall mean issued and paid up equity share capital + compulsorily convertible preference share capital/debentures + all reserves as per the audited financials of the Issuer other than Revaluation Reserve minus goodwill/intangible assets minus advances to or investments in group companies.</p>

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	<p><i>(Definitions)</i></p> <p>"Gross NPA" shall mean the entire outstanding principal value of the relevant portfolio of the Issuer that has one or more instalments of payments (including principal or interest) overdue for 90 days from 31st March 2019 onwards;</p> <p>"Net NPA" shall be calculated as Gross NPA less provision made for Gross NPA.</p> <p>All covenants would be tested on quarterly basis for the Company and its subsidiaries if applicable), i.e. as on 31st March, 30th June, 30th September and 31st December every year, starting from 31st March 2020 on consolidated and standalone balance sheet till the redemption of the Debentures.</p> <p>The covenants shall be certified by the Company within 45 (Forty Five) calendar days from the end of each financial quarter.</p>
Affirmative Covenants	<ol style="list-style-type: none"> 1. To utilise the proceeds of this issue in accordance with applicable laws and regulations 2. To comply with corporate governance, fair practices code prescribed by the RBI 3. Notification of any Event of Default or Event of Default or Material Adverse Effect; 4. Obtain, comply with and maintain all licenses / authorizations 5. Provide details of any material litigation, arbitration or administrative proceedings (materiality threshold to be finalized during documentation) other than under taxation laws prevailing in India 6. Maintain internal control for the purpose of (i) preventing fraud on monies lent by the Company; and (ii) preventing money being used for money laundering or illegal purposes 7. Permit visits and inspection of books of records, documents and accounts to debenture holders as and when required by them 8. Comply with any monitoring and/or servicing requests from Debenture Holders
Negative Covenants	<p>The Issuer shall not without the prior written permission of the Debenture Holders and Debenture Trustee, do or undertake to do any of the following:</p> <ol style="list-style-type: none"> 1. Change in promoter, ownership or Control 2. M&A, acquisition, restructuring, amalgamation without approval of Debenture Holders during the Tenor of the Facility 3. The Issuer shall not, without the prior approval of Debenture Holders, enter into any transaction of merger, de-merger, consolidation, re-organization, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction; provided however that this restriction shall not apply in the event that the compliance with this restriction would result in the

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	<p>Issuer defaulting in relation to any of its payment obligations in relation to the Debentures.</p> <ol style="list-style-type: none"> The Issuer will not purchase or redeem any of its issued shares or reduce its share capital without the Debenture Holders' prior written consent; Issuer shall not amend or modify clauses in its Memorandum of Association and Article of Association, where such amendment would have a Material Adverse Effect, without prior consent of the Debenture Trustee except Increase in authorized capital under Capital Clause of Memorandum of Association. Issuer shall not change its financial year-end from 31st March (or such other date as may be approved by Debenture Holders) without prior consent of the Debenture Trustee Any sale of assets/business/division that has the effect of exiting the business or re-structuring of the existing business, to be with the prior consent of the debenture holder No dividend, if an Event of Default has occurred and is subsisting Not undertake any new major new business outside financial services or any diversification of its business outside financial services, without approval of the Debenture holders Promoters holding in the Issuer, on fully diluted basis, shall not fall below 51% Promoter and family's stake shall not dilute more than 5% in any financial year unless it is for fresh capital infusion in the company. Issuer shall not undertake guarantee or other undertaking on behalf of other firm or company Issuer shall not make any loan, advance, inter-corporate deposits, grant credit facility (other than in ordinary course of business) or give guarantee or indemnity to make any investments to or for the benefit of any person including Promoters.
Representations & Warranties	<ol style="list-style-type: none"> The Company is registered with the RBI as an NBFC No Event of Default has occurred and is continuing on the date of this transaction Binding obligation of Transaction Documents No conflict with other obligations / constitutional documents No Material Adverse Change in business, condition or operations of the Issuer Company has the power and authority to issue Debentures and such Transactions Documents are valid and admissible in evidence Absence of any pending or threatened litigation, investigation or proceedings that may have a material adverse effect on the business condition (financial or otherwise), operations, performance or prospects of the Issuer or that purports to affect the Facility Illegality Other representations and warranties which are customary to transactions of this nature <p>And as set out in greater detail in the Transaction Documents.</p>

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	Each of the representations & warranties shall be repeated on every day during the tenor of NCDs.
Indemnification	The Issuer will indemnify, and hold harmless the Debenture Holders from and against any claim, liability, demand, loss, damage, judgment or other obligation or right of action which may arise as a result of breach of this Term Sheet by the Issuer or its Promoter/s.
Governing Law & Jurisdiction	This Term Sheet shall be governed and construed exclusively in accordance with the laws of India and any disputes arising there from shall be subject to the jurisdiction of appropriate courts and tribunals at Mumbai, India.
Transaction Costs	The Issuer shall bear all transaction related costs incurred by the Debenture Holders with respect to legal counsel, valuers and auditors / consultants. Such costs include: <ol style="list-style-type: none"> 1. Trustee fees 2. Rating 3. Any other reasonable transaction related expense incurred by the Debenture Holders 4. Stamping and registration in relation to all Transaction Documents.
Taxes, Duties, Costs and Expenses	<ol style="list-style-type: none"> 1. Relevant taxes, duties and levies are to be borne by the Issuer. 2. The charges / fees and any amounts payable under this Debentures by the Issuer as mentioned herein do not include any applicable taxes, levies including service tax etc. and all such impositions shall be borne by the Issuer additionally.
Eligible investors	As permitted under Applicable Law
Material Adverse Effect	<p>"Material Adverse Effect" means an event, circumstance, occurrence or condition which has caused, as of any date of determination a material adverse effect, on:</p> <ol style="list-style-type: none"> (a) the business, operations, assets or condition (financial or otherwise) of the Company; or (b) the ability of the Company to enter into and to perform its obligations under Transaction Documents or any other related document to which Company is or will be a party; or (c) the legality or validity or enforceability of the Transaction Documents or any other related document or the rights or remedies of Debenture Holder(s) thereunder.
Financial Indebtedness	<p>Financial Indebtedness" means in relation to an entity any indebtedness without double counting for or in respect of:</p> <ol style="list-style-type: none"> a) moneys borrowed; b) any amount raised by acceptance under any acceptance credit, bill acceptance or bill endorsement facility or dematerialised equivalent;

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	<p>c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;</p> <p>d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;</p> <p>e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);</p> <p>f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;</p> <p>g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value if payable by a borrower under each such transaction shall be taken into account);</p> <p>h) (A) shares which are expressed to be redeemable or (B) any shares or instruments convertible into shares which are the subject of a put option or any form of buyback guarantee granted by the issuer issuing such shares or convertible instruments;</p> <p>i) any obligation under any put option including any form of guarantee, letter of comfort, short fall undertaking, keep fit letter or indemnity in respect of any shares or instruments convertible into shares or otherwise issued by another entity;</p> <p>j) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and</p> <p>k) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) above,</p> <p>and includes all Financial Indebtedness in respect of any of the items referred to in paragraphs (a) to (k) above.</p>
Control	<p>"Control" means, with respect to a Person which is a corporation, the ownership, directly or indirectly, of more than 50% (fifty percent) of the voting shares of such Person and the power to direct the management and policies of such Person, whether by having a right to nominate majority of directors on the board of such Person or by operation of law or by contract or otherwise;</p>
Majority Debenture Holders	51%

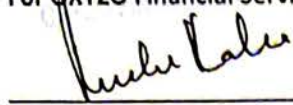
Accepted and agreed

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For QXYZO Financial Services Private Limited



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For the Investor

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