

## BlackSoil Capital Pvt. Ltd. – NCD Term Sheet

No. 08/FY 18-19

March 06, 2019

## Annexure 1 (Terms of NCDs)

Terms	Final Terms
Issuer/Borrower	<ul style="list-style-type: none"> <li>• <u>Edunetwork Private Ltd</u> ('Rentomojo')</li> </ul>
Instrument	<ul style="list-style-type: none"> <li>• Secured unlisted Non-Convertible Debentures (NCDs) of face value INR 5 Lakh to be issued in dematerialized form</li> </ul>
Anchor Investor	<ul style="list-style-type: none"> <li>• Blacksoil Capital Private Limited</li> </ul>
Monitoring Agent	<ul style="list-style-type: none"> <li>• Blacksoil Asset Management Private Limited</li> </ul>
Overall Facility Amount	<ul style="list-style-type: none"> <li>• Tranche I - INR 10 Crores (Rupees Ten Crores)</li> <li>• Tranche II - INR 5 Crores (Rupees Five Crores)</li> </ul>
Availability of Subsequent Tranche	<ul style="list-style-type: none"> <li>• Four months from disbursement of Tranche I (minimum Drawdown notice of 30 days post previous disbursement)</li> </ul>
Minimum Subscription	<ul style="list-style-type: none"> <li>• Anchor Investor shall subscribe and hold minimum 20% of the total issued NCDs till the final redemption. The anchor investor shall be able to down sell 80% of the NCD to any person / body corporate except those listed specifically by the borrower / issuer. The anchor investor shall ensure that any down sell of NCD's in future shall not be detrimental to the interest of the issuer at any point of time.</li> </ul>
Investment Tenor	<ul style="list-style-type: none"> <li>• 30 months from allotment date</li> </ul>
Interest Rate	<ul style="list-style-type: none"> <li>• 14.50 % p.a. (payable monthly) on the outstanding facility amount, derived as MCLR + Spread of 2.50%</li> <li>• MCLR is the floating benchmark lending rate of the Anchor Investor determined by it in its sole discretion and is subject to quarterly reset at its sole discretion. MCLR currently is 12.00%.</li> <li>• Issuer specifically waives notice of variation of MCLR. Any change in the MCLR of the Anchor Investor shall be deemed to be sufficient notice to the Issuer of the variation in MCLR. Provided however, the specific date on which MCLR will be reset shall be communicated to the Issuer 7 working days prior to the reset date.</li> <li>• Monitoring Agent may with intimation to the Issuer vary the Spread on account of deterioration in credit quality/ rating of the Issuer or otherwise as assessed by Monitoring Agent from time to time.</li> </ul>
Use of Proceeds	<ul style="list-style-type: none"> <li>• Towards Working capital purpose &amp; business expansion</li> </ul>
Call Option (Ex.GST)	<ol style="list-style-type: none"> <li>Call option cannot be exercised in the first 12 months of allotment</li> <li>Issuer can exercise call option post 12 months from date of allotment by payment of 1.50 % of the of the amount being prepaid</li> <li>Minimum amount for exercise of Call option is INR 100 Lakhs</li> <li>Notice period of 15 days for exercise of Call option</li> </ol>
Transaction Cost	<ul style="list-style-type: none"> <li>• All transaction costs, in to be borne by the Issuer including, but not limited to, NCD issue costs, Security Creation cost, initial and annual debenture trustee cost</li> <li>• Applicable legal cost for drafting &amp; finalization of documents</li> <li>• Applicable Stamp duty &amp; Registration cost will be payable by Issuer over &amp; above</li> </ul>
Security	<ol style="list-style-type: none"> <li>First pari passu charge on all existing &amp; future fixed and current assets except the assets exclusively marked to specific lenders and escrow accounts in operation. and receivables, brand, IP etc.</li> <li>Minimum security cover of 1.1x (Security cover to be defined as: - All Assets hypothecated to the investor /Outstanding Loan Balance)</li> </ol>



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	<ul style="list-style-type: none"> <li>c) Post-dated cheques from the Company</li> <li>d) Demand promissory notes from the Company</li> <li>e) Promoter Undertaking for Non-Disposal of shares via secondary sale held in Issuer, except for Mr Geetansh Bamanian who shall be free to dilute his shareholding to 5% of his current shareholding in the company without seeking prior approval from the anchor investor</li> </ul>
Debenture Trustee	<ul style="list-style-type: none"> <li>• Will be appointed as mutually decided by the Anchor Investor and Issuer</li> </ul>
Escrow / TRA Mechanism	<ul style="list-style-type: none"> <li>• Escrow mechanism to be set up in the company, where minimum 2x of equated monthly installment amount will be routed in the escrow account and it will be subject to Dues &amp; DSRA recoup.</li> </ul>
DSRA Deposit	<ul style="list-style-type: none"> <li>• During the entire tenure of the Investment, the Issuer shall at all times maintain an amount equivalent to next 2 (two) month interest and redemption instalment as DSRA Deposit with the Monitoring Agent which will carry an interest of 8% p.a. payable by the Monitoring Agent on a quarterly basis to the Issuer</li> <li>• The Deposit would be adjusted against the last 2 installments of the facility</li> </ul>
Conditions Precedent for Tranche I	<p>Conditions precedents usual for transactions of this nature in relation to the Issuer in form and substance satisfactory to the Monitoring Agent including, without limitation, as set out below-</p> <ul style="list-style-type: none"> <li>a) At least 90 % of achievement of the budget of February 2019 &amp; March 2019, and furnishing of all necessary documentary evidence of the same to the Monitoring Agent</li> <li>b) Set up of Escrow Mechanism</li> <li>c) Appointment of BAMPL as the Monitoring Agent</li> <li>d) Obtaining ISIN number</li> <li>e) Security Cover Calculation to be certified by a CA Firm</li> <li>f) Satisfactory financial, legal and commercial due diligence to be done during documentation</li> <li>g) Completion of KYC requirements to the satisfaction of the Anchor Investor / Monitoring Agent / Trustee</li> <li>h) Demand Promissory Note for the First Tranche</li> <li>i) Postdated cheques in favour of Trustee for the first tranche</li> <li>j) Requisite Board and Shareholder resolutions</li> <li>k) Creation of the Security</li> <li>l) Amendment to AOA/MOA if required pursuant to the Transaction Documents</li> <li>m) Net worth certificates of Issuer as on March 18</li> <li>n) Satisfactory CIBIL Reports of Issuer</li> <li>o) Month-wise Business Plan for the next 12 months</li> <li>p) Maintenance of the DSRA Deposit with the Monitoring Agent</li> <li>q) Current Rating (if any)</li> <li>r) NCD offer letter</li> <li>s) CA certificate for compliance and payment of all statutory dues</li> <li>t) The Issuer shall inform its Investors and other lenders and take necessary approvals/waivers wherever required regarding the issuance of these NCDs</li> <li>u) Payment of all transaction related including but limited, stamp duty, legal fees, monitoring fees</li> </ul> <p>The Monitoring Agent shall have the right to stipulate in the documentation such other conditions precedent, as they may deem fit</p>



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<b>Conditions Subsequent Tranche I</b>	<ul style="list-style-type: none"> <li>a) Perfection of security and furnishing of all necessary documentary evidence of the same to the Monitoring Agent, including the creation of lien over the necessary bank accounts</li> <li>b) CA certificate for end use</li> <li>c) Submission of Monthly MIS within 30 days</li> <li>d) Shall share information about facilities sanctioned to it by other lenders from other such lenders every month</li> <li>e) A copy of audited financials of Issuer will be submitted to the Monitoring Agent within 6 months from the end of each financial year thereafter</li> <li>f) Filing of necessary charge with ROC</li> <li>g) Board Minutes extract for any borrowing related matter or any matter which may affect the NCD's issued;</li> <li>h) Updated Business Plan 30 days prior to each financial year or within 15 days of changes whenever approved by Board</li> <li>i) CA certificate for compliance with minimum security cover prescribed &amp; payment of statutory dues on a quarterly basis</li> <li>j) Issuer to provide quarterly certificate of compliance with all Financial Covenants for the tenor of the facility</li> </ul> <p>The Monitoring Agent shall have the right to stipulate in the documentation such other conditions subsequent, as they may deem fit</p>
<b>Conditions Precedent for Tranche II</b>	<p>Conditions precedents usual for transactions of this nature in relation to the Issuer in form and substance satisfactory to the Monitoring Agent including, without limitation, as set out below-</p> <ul style="list-style-type: none"> <li>a) At least 90 % of achievement of the budget during the tenure, and furnishing of all necessary documentary evidence of the same to the Monitoring Agent</li> <li>b) Security Cover Calculation to be certified by a CA Firm</li> <li>c) Demand Promissory Note for the subsequent tranche</li> <li>d) Postdated cheques in favour of Trustee for the subsequent Tranche</li> <li>e) Requisite Board and Shareholder resolutions for the subsequent Tranche</li> <li>f) Increase of the DSRA deposit with the Monitoring Agent</li> <li>g) NCD offer letter for subsequent Tranche</li> <li>h) The Issuer shall inform its other lenders and take necessary approvals wherever required regarding further issuance of NCD's</li> <li>i) Declaration for no EOD for earlier issuance of Debentures</li> <li>j) All representation &amp; Warranties provided during earlier issuance of Debenture are valid and subsisting</li> </ul> <p>The Monitoring Agent shall have the right to stipulate in the documentation such other conditions precedent, as they may deem fit</p>
<b>Conditions Subsequent Tranche II</b>	<ul style="list-style-type: none"> <li>a) Perfection of security and furnishing of all necessary documentary evidence of the same to the Monitoring Agent, including the creation of lien over the necessary bank accounts</li> <li>b) CA certificate for end use</li> <li>c) All other clauses as specified in condition subsequent to first utilization</li> </ul> <p>The Monitoring Agent shall have the right to stipulate in the documentation such other conditions subsequent, as they may deem fit</p>
<b>Option to extend the Investment Amount</b>	<ul style="list-style-type: none"> <li>• If Issuer can raise minimum USD 5 Million in next round of equity funding, the Issuer will have option to raise another 20% of equity funding as an additional</li> </ul>



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	<p>investment amount at same terms from the Anchor Investor, subject to a maximum limit of INR 10 Crores.</p> <ul style="list-style-type: none"> <li>• Additional optional facility up to INR 10 Crores is over &amp; above the existing overall facility amount</li> <li>• Also, such overall facility shall be extendable for 6 months on fund raise, with the mutual agreement of the Monitoring Agent and Issuer.</li> </ul>
Financial Covenants - To be maintained during the investment period	<p>a) The Company needs to maintain 2 (two) months liquidity based on last 3 months average cash burn. Cash burn will mean Revenue less operating expenses less interest servicing &amp; Debt repayment.</p> <p>b) If the liquidity falls below the above level, further debt, equity and / or preference capital should be introduced into the Company within one month, else it will result in event of default. [Liquidity can be maintained in either cash in bank or liquid instrument or DSRA]. For sake of abundant clarity the investors shall have a charge on the DSRA so created and not beyond that.</p> <p>c) Average monthly net sales on a quarterly basis to be maintained at minimum of ~INR 5.0 Crores</p> <p>d) Cash collection in a month from the business should not fall below 90% of monthly revenue</p> <p>e) Issuer to provide quarterly certificate of compliance with all Financial Covenants for the tenor of the facility</p> <p>The Monitoring Agent shall have the right to stipulate in the documentation such other covenants as they may deem fit.</p>
Event of Default (EOD)	<p>EOD's with no cure period</p> <ul style="list-style-type: none"> <li>a) Delay or non-repayment of Investment Amount and Interest amount as per the repayment schedule</li> <li>b) Failure to replenish the DSRA within 30 (Thirty) Days of utilization of any amount from the DSRA</li> <li>c) Termination of CEO without prior approval from the Monitoring Agent</li> <li>d) Failure to maintain Financial Covenants and Escrow Agreement</li> <li>e) Non-payment of material statutory dues or TDS</li> <li>f) Cross Default</li> <li>g) Delay or non-repayment of dues of the Monitoring Agent</li> <li>h) The Monitoring Agreement shall be in subsistence during the term of the Facility</li> </ul> <p>EOD's with cure period of 30 days</p> <ul style="list-style-type: none"> <li>a) In the event the Security Cover at any time falls below the prescribed limit <ul style="list-style-type: none"> <li>1. prepay a proportionate part of the Debentures to ensure that the Security Cover is maintained</li> <li>2. Furnish additional security, to ensure that the Security Cover is maintained</li> </ul> </li> <li>b) Change in control i.e. dilution of equity interest below 51% during the investment tenor through secondary sale, unless NOC is received from the Monitoring Agent</li> <li>c) Misrepresentation or Breach of any Representation, Warranty or Covenant undertaking, or Failure to Perform</li> <li>d) Failure to open, maintain or comply with terms of Escrow account</li> <li>e) Any event or circumstance, which could result in a Material Adverse Effect or any other EOD as stated in the documents (to be defined during deal documentation)</li> <li>f) Breach of Promoters Undertaking</li> <li>g) Non-fulfilment of any CP/CS</li> </ul>



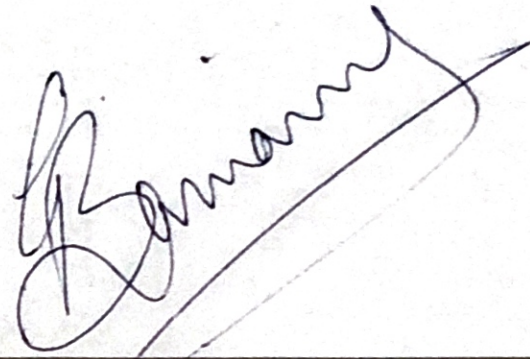
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	<p>h) Undertaking, notes, letters, writings, agreements, deeds and documents as may be necessary and are customary to the nature of the such investment and as required by the Anchor Investor to its satisfaction in respect of the Investment; and</p> <p>i) Any other documents as may be specified by the Anchor Investor/Monitoring Agent/Debenture Trustee</p>
<b>Governing Law</b>	The documentation relating to this NCDs issue shall be governed by the laws of India.
<b>Validity</b>	<p>This term sheet is valid for 15 days from its Issue Date.</p> <p>Terms of this Term sheet will expire, if disbursement does not take place within 45 days of execution of term sheet</p>

Please note that the above-mentioned terms are subject to modifications at the time of documentation stage. Terms related to representation & warranties and other general clauses will be covered in the transaction documents.

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Accepted by Anchor Investor



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Accepted by Issuer