

Deal terms and conditions

Purpose: The purpose of this document ("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 Term Sheet does not constitute a final offer, is not exhaustive and may be subject to change.

Issuer / Company	Lendingkart Finance Limited
Investor(s)/ Debenture Holders	Unifi AIF
Debenture Trustee	IDBI Trusteeship Services Limited
Rating Agency	Infomerics Ratings
Depository	NSDL / CDSL
Issuance	Rated, Senior, Secured; Redeemable, Transferable Non-Convertible Debentures ("NCDs" or "Debentures")
Issuance mode	Dematerialized, Private Placement
Issue Date	March 31, 2021
Ranking	Each Debenture issued by the Issuer will constitute direct and secured obligations of the Issuer. The claims of the Debenture Holders shall be superior to the claims of investors / lenders of Tier I & Tier II Capital and all unsecured & subordinated debt and shall rank paripassu to all senior, secured indebtedness of the Issuer. Each of the Debenture Holders shall inter-se rank paripassu in relation to their rights and benefits in relation to the Debentures, without any preference or privilege.
Rating	A- by Infomerics
Issue Size	Rs.32 crs
Total Tenor & Principal Redemption	25 Months. Principal repayment to be made monthly as per Annexure 1. [Redeemable at PAR]
Utilization of the proceeds	The Issue proceeds will be utilized for ongoing business operations of the Company.
Coupon Rate	11.75% p.a. payable monthly.
Coupon Type	Fixed Rate
Issue Price	INR 1,00,000 per Debenture (At PAR)



Number of Debentures Issued	3200
Face Value	INR 1,00,000 per Debenture
Issue Timing	<ol style="list-style-type: none"> 1. Issue Opening Date: March 31, 2021 2. Issue Closing Date: March 31, 2021 3. Pay in Date: March 31, 2021 4. Deemed Date of Allotment: March 31, 2021
Trading mode of the Instrument	Demat only
Settlement mode of the Instrument	RTGS
Business Days	A day (other than a Saturday, a Sunday or a Bank Holiday) on which banks are open for general business in Mumbai.
Business Day Convention	If any Due Date falls on a day which is not a Business Day, the payment shall be made on the immediately preceding Business Day.
Record Date	Means the date which will be used for determining the Debenture Holders who shall be entitled to receive the amounts due on any Due Date, which shall be the date falling 15 calendar days prior to any Due Date.
Day Count Basis	Actual/Actual
Interest on Application Money	Interest at the rate of 11.75% p.a. (subject to deduction of tax at source at the rate prevailing from time to time under the provisions of the Income Tax Act, 1961) will be paid on Application Money to the Applicants from the date of realization of the cheques / drafts or credit through RTGS / NEFT / direct credit upto one day prior to the Deemed Date of Allotment. This is applicable for all valid applications within 5 (five) Business Days from the Deemed Date of Allotment. Where the entire subscription amount has been refunded, the interest on Application Money will be paid along with the refund orders or through RTGS / NEFT / direct credit to the bank account of the Applicant as described in the Application Form.
Default Interest Rate	<p>If, at any time, there shall be a payment default or any other Event of Default, the Company agrees to pay an additional interest rate of 4% per annum above the applicable Interest Rate on the Outstanding Principal Amount from the date of the occurrence of the Payment Default or Event of Default until such Payment Default or Event of Default is cured.</p> <p>If, at any time, there shall be any breach of any financial or reporting covenants, the company agrees to pay an additional interest rate of 2% per annum above the applicable Interest rate on the Outstanding Principal Amount from the date of the breach of covenants until such date the breach is set right.</p>

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Step up coupon	<p>In the event the Credit Rating of this issue is downgraded, the coupon rate shall be increased by 0.25% for every notch of rating downgrade till BBB-. The step-up coupon is applicable from the date of such downgrade until such event is cured, on the outstanding principal amount and accrued interest, if any, of the Debentures. The issuer has also the option to prepay the entire outstanding along with applicable interest thereon without any prepayment charges instead of increasing the coupon rate by 0.25% for every notch of rating downgrade till BBB-.</p>
Security	<p>The Debentures shall be secured by way of a first ranking, exclusive and continuing charge on identified receivables ("Hypothecated Receivables") created pursuant to the deed of hypothecation to be executed between the Company and the Debenture Trustee as described herein. The Hypothecated Receivables shall at all times be equal to the value of the outstanding principal amount of the Debentures. The issuer undertakes :</p> <ul style="list-style-type: none"> • to maintain the value of security at all times equal to 1.1 times or 110.0% of the aggregate amount of principal outstanding of the NCDs where at least 1.1 times or 110.0% of the security cover is from principal receivables ("Security Cover"); • to create, register and perfect the security over the Hypothecated Assets as contemplated above no later than 90 (Ninety) calendar days after the Deemed Date of Allotment by executing a duly stamped deed of hypothecation ("Deed of Hypothecation") and filing CHG-9 within the time period applicable; • to pay a penal interest of 2.0% (Two Percent) p.a. over the coupon date in case there is any delay in the creation, registration and perfection of the security over the Hypothecated Assets; • to provide a list on a monthly basis, of specific loan receivables/identified book debts to the Debenture Trustee over which the charge is created and subsisting by way of hypothecation in favour of the Debenture Trustee (for the benefit of the Debenture Holders) ("Monthly Hypothecated Asset Report") • to add fresh loan assets to the Security Cover to ensure that the value of the Hypothecated Assets is equal to 1.1 times or 110.0% the aggregate amount of principal outstanding of the NCDs where at least 1.1 times or 110.0% of the security cover is from principal receivables. • to replace any Hypothecated Receivables that become NPA with current receivables. Such replacement shall be effected within 30 (Thirty) Business Days of the receivables becoming NPA <p><u>Eligibility Criteria for the Hypothecated Receivables:</u></p>



	<ul style="list-style-type: none"> the receivables are existing at the time of selection and have not been terminated or pre-paid; the receivables have not been restructured or rescheduled all "Know Your Customer" norms have been complied with as prescribed by the Reserve Bank of India;
Guarantee	Corporate Guarantee from Lendingkart Technologies Private Limited.
Prepayment and Prepayment Penalty	Any full or part of Prepayment shall be subject to the consent of the Majority of all Debenture Holders. In case of early redemption of the Debentures, at the instance of the Issuer and post consent of majority debenture holders, 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 repaid. The issuer shall give the Debenture Trustee and the Debenture Holders at least 30 (Thirty) Calendar Days written notice prior to the date of such meeting where Debenture Holders consent for prepayment shall be sought.
Transaction Documents	<p>The Issuer 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. Corporate Guarantee of Parent Company – Lendingkart Technologies Private Limited. 6. Private Placement Offer Letter (Form PAS 4); 7. Board Resolution authorizing this Issuance; 8. Applicable Shareholder Resolutions under the Companies Act 2013; 9. Rating Agreement with the aforesaid Rating Agency(ies) with respect to this Issuance; and 10. Tripartite Agreements with the Depository(ies) and Registrar & Transfer Agent
Conditions Precedent to Disbursement	<p>The Company will fulfil the following conditions precedent, to the satisfaction of the Debenture Trustee, prior to the Deemed Date of Allotment:</p> <ol style="list-style-type: none"> 1. submit to the Debenture Trustee, a copy of resolution of the Company's board of directors authorizing the execution, delivery and performance of the Transaction Documents 2. submit to the Debenture Trustee, copies of the relevant resolutions of the shareholders of the Company in relation to the borrowing limits of the company 3. submit to the Debenture Trustee, a copy of the Company's constitutional documents

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	<ol style="list-style-type: none"> 4. provide such other information, documents, certificates, opinions and instruments as the Debenture Holder may reasonably request; 5. execution, delivery and stamping of the Transaction Documents in a form and manner satisfactory to the Debenture Trustee; 6. receipt and submission of the rating letter issued by the Rating Agency in relation to the Debentures; 7. receipt of consent from the Debenture Trustee to act as the debenture trustee for the issue of Debentures; 8. submission of all 'know your customer' requirements to the satisfaction of the Debenture Trustee; 9. Submit to the Debenture Trustee, the audited financial statements of the Company for the Financial Year ended March 31, 2020 and provisional quarterly financial statements for the period ended September 30, 2020.
Conditions Subsequent to Disbursement	<p>The Company shall fulfill the following conditions subsequent, to the satisfaction of the Debenture Trustee, pursuant to the Deemed Date of Allotment:</p> <ol style="list-style-type: none"> (a) The Issuer shall ensure that the Debentures are credited into the demat accounts of the Debenture Holders of each series of Debentures within 10 Business Days from the Deemed Date of Allotment; (b) The Issuer shall file a return of allotment of securities under Form PAS-3 under Section 42 of the Companies Act read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 with the ROC within 15 (fifteen) calendar days of the Deemed Date of Allotment along with a list of the Debenture Holders and with the prescribed fee; (c) To create, register and perfect the security over the Hypothecated Assets no later than 90 (ninety) calendar days from the Deemed Date of Allotment or as applicable under relevant regulation and Law, whichever is earlier. (d) The Issuer shall ensure compliance with SEBI / Companies Act 2013 (as applicable) for issuance of NCDs.
Roles and Responsibilities of Debenture Trustee	To oversee and monitor the overall transaction for and on behalf of the Debenture Holders.
Debenture Redemption Reserve	Not applicable
Other Expenses	Any expenses that may be incurred towards executing of this transaction including NCD issuance, custodial services, payment of stamp duty, fees for legal, accounting, due diligence and others shall be borne by the issuer.
Governing Law and Jurisdiction	The Debentures shall be subject to the exclusive jurisdiction of the competent courts in Mumbai.

Transaction Costs	<p>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:</p> <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



	<p>17. Occurrence of a Material Adverse Effect (defined below) as determined by the Debenture Trustee, acting solely on the instructions of the Majority Debenture Holders.</p> <p>18. Change in management control without prior written consent from the majority Debenture Holders. Any new equity raising which results in change in the existing shareholding pattern and related change in board composition would be communicated to Debenture Holders. If there is no response within 7 calendar days, it will be deemed as consent given by Debenture Holders.</p> <p>19. Any Transaction Document once executed and delivered, ceases to be in full force or becomes unlawful, invalid and unenforceable;</p> <p>20. A petition for the reorganization, arrangement, adjustment, winding up or composition of debts of the Company is filed on the Company (voluntary or otherwise) or have been admitted or makes an assignment for the benefit of its creditors generally and such proceeding is not contested by the company for staying, quashing or dismissed within 15 (Fifteen) days</p> <p>21. Breach of the following covenants:</p> <p style="padding-left: 40px;">Affirmative Covenants – (i) Preserve corporate status; authorizations, (ii) Payment of Stamp Duty, (iii) Handling Investor grievances, (iv) Compliance with Investor Education and Protection Fund requirements, (v) Regulatory Filings, (vi) Regulatory requirements in case of a Foreign Investor, (vii) Maintenance of Books of Account and (viii) Corporate Governance;</p> <p style="padding-left: 40px;">Where such breach is not cured within 30 (thirty) calendar days.</p> <p style="padding-left: 40px;">a) Negative Covenants - (i) Change of business, (ii) Change of Managing Director and (iii) Dividend distribution in case of default</p> <p style="padding-left: 40px;">b) Financial Covenants where such breach is not cured within 60 (Sixty) calendar days.</p> <p>Upon occurrence of any of the aforesaid event of default, the Debenture Trustee may by a notice in writing to the Company initiate actions as may be contemplated in the Transaction Documents including the following:</p> <p>(a) require the Company to mandatorily redeem the Debentures and repay the principal amount on the Debentures, along with accrued but unpaid interest, and other costs, charges and expenses incurred under or in connection with this Deed and other Transaction Documents,</p> <p>(b) Declare all or any part of the Debentures to be immediately (or on such dates as the Debenture Trustee may specify) due and payable, whereupon it shall become so due and payable immediately</p> <p>'Material Adverse Effect' shall mean the effect or consequence of an event, circumstance, occurrence or condition which has caused, as of any date of determination, a material and adverse effect on (i) the financial condition,</p>
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	business or operation of the issuer where net worth erodes by more than 10%; (ii) the ability of the Issuer to perform their obligations under the Transaction Documents; or (iii) the validity or enforceability of any of the Transaction Documents (including the ability of any party to enforce any of its remedies thereunder).	
Reporting Covenants	<p>Monthly Reports – Month end ALM table in the agreed format within 15 calendar days from the end of the month.</p> <p>Quarterly Reports – within 45 calendar days from the end of each financial quarter</p> <ul style="list-style-type: none"> a) Unaudited Financial Statements b) Financial covenant compliance certificate signed by a Director or the Chief Financial Officer c) Latest ALM details d) Change in Shareholding structure e) Change in Board composition f) Changes in accounting policy g) Change in senior management officials (any CXO or equivalent) h) List of Lenders and Loan / NCD profile i) Portfolio cuts including PAR data in the agreed format <p>Annual Reports – within 120 (one hundred and twenty) 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 10 (Ten) Business Days of the event occurring</p> <ul style="list-style-type: none"> a) Any fraud amounting to more than 2.0% of Gross Loan Portfolio b) Change in the constitutional documents of the Company having a Material Adverse Effect c) Any dispute, litigation, investigation or other proceeding which could result in a Material Adverse Effect. d) Winding up proceedings e) Any Event of Default or Potential Default, and any steps taken / proposed to remedy the same. 	✓ ✓
Financial Covenants	<ol style="list-style-type: none"> 1. The capital adequacy ratio (as defined in RBI NBFC Regulations) shall be equal to 17% or above at all points in time. 2. Cumulative Asset Liability mismatch should always be positive in all the buckets upto 1 year to the extent of 10%. 3. Asset Quality: Ratio of PAR-90 to Gross Loan Portfolio shall be 6% or lower. <p>"Gross Loan Portfolio" shall include on balance sheet and off balance</p>	✓ ✓

	<p>sheet portfolio.</p> <p>"Off Balance Sheet Portfolio" shall mean principal balance of loans securitized, assigned, originated on behalf of other institutions in respect of which the Issuer has provided credit enhancements in any form or manner whatsoever.</p> <p>"PAR-90" shall mean the outstanding principal amount of all client loans that have one or more instalments of principal past due for ninety days or more.</p> <p>"Client Loan" means each loan made by the Company as a lender.</p> <p>"Loan Loss Reserves" means the portion of the Company's portfolio of client loans that has been expensed (provisioned for) in anticipation of losses due to default.</p> <p>"Gross NPA" shall have the meaning in accordance with the guidelines issued by the Reserve Bank of India.</p> <p>** - Not more than 50% of the CC / OD / Working capital borrowings that are captured in the less than 1 year bucket will be assumed to be renewed for the purpose of this cumulative ALM mismatch covenant.</p> <p>All covenants would be tested on quarterly basis for the Company, 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 60 (Sixty) 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 potential Event of Default or Event of Default; 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) 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 majority 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 (Mr. Harshvardhan Lunia) of the issuer due to any corporate action. If there is no response within 5 working days, it will be deemed as consent given by Debenture Holders. 2. Mergers and Acquisitions, restructuring, amalgamation without approval of majority Debenture Holders over and above 10% of the Net worth of the Issuer in a financial year 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 Issuer defaulting in relation to any of its payment obligations in relation to the Debentures. 4. The Issuer will not purchase or redeem any of its issued shares or reduce its share capital without the majority Debenture Holders' prior written consent; 5. 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 as defined earlier, without prior consent of the Debenture Trustee 6. Unless mandated by law, 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 7. 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 majority debenture holder 8. The issuer shall not declare dividend or do buy back of equity shares, if an Event of Default has occurred and is subsisting. 9. The issuer shall not undertake any new major new business outside financial services or any diversification of its business outside financial services, without approval of majority NCD holders
Rating Covenant	<p>If any time during the tenor of the debentures, the rating of the instrument is downgraded to below BBB-, the debenture trustee, shall have the right, but not an obligation, to require the issuer to redeem the debentures within a period of 30 days.</p>
Representations & Warranties	<ol style="list-style-type: none"> 1. The Company is registered with the RBI as an NBFC 2. No Event of Default has occurred and is continuing on the date of this transaction 3. The Debentures under this Issuance shall rank pari passu amongst themselves, and with all other secured creditors. 4. Binding obligation of Transaction Documents 5. No conflict with other obligations / constitutional documents 6. No Material Adverse Change in business, condition or operations of the issuer





	<p>7. Company has the power and authority to issue Debentures and such Transactions Documents are valid and admissible in evidence</p> <p>8. 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</p> <p>And as set out in greater detail in the Debenture Trust Deed.</p>
Indemnification	The Issuer will indemnify, and hold harmless the Debenture Holders from and against any actual and direct 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.
Confidentiality	The terms and conditions described in this Term Sheet, including its existence, shall be confidential information and shall not be disclosed to any third party except to each Party's advisors and counsel. Provided however that if any of the Parties is required by law to disclose information regarding this Term Sheet or to file this Term Sheet with any regulatory body, it shall, at a reasonable time after making any such disclosure or filing, informing the other Parties.
Validity	This term sheet shall be valid till 15-April-2021

For UNIFI AIF

 AUTHORISED SIGNATORY

Redemption Schedule

Date	Principal	Interest	Total Cashflows
Friday, April 30, 2021	12,800,000	3,090,411	15,890,411
Monday, May 31, 2021	12,800,000	3,065,688	15,865,688
Wednesday, June 30, 2021	12,800,000	2,843,178	15,643,178
Friday, July 30, 2021	12,800,000	2,719,562	15,519,562
Tuesday, August 31, 2021	12,800,000	2,769,008	15,569,008
Thursday, September 30, 2021	12,800,000	2,472,329	15,272,329
Friday, October 29, 2021	12,800,000	2,270,422	15,070,422
Tuesday, November 30, 2021	12,800,000	2,373,436	15,173,436
Thursday, December 30, 2021	12,800,000	2,101,479	14,901,479
Monday, January 31, 2022	12,800,000	2,109,721	14,909,721
Monday, February 28, 2022	12,800,000	1,730,630	14,530,630
Thursday, March 31, 2022	12,800,000	1,788,318	14,588,318
Friday, April 29, 2022	12,800,000	1,553,447	14,353,447
Tuesday, May 31, 2022	12,800,000	1,582,290	14,382,290
Thursday, June 30, 2022	12,800,000	1,359,781	14,159,781
Friday, July 29, 2022	12,800,000	1,194,959	13,994,959
Wednesday, August 31, 2022	12,800,000	1,223,803	14,023,803
Friday, September 30, 2022	12,800,000	988,932	13,788,932
Monday, October 31, 2022	12,800,000	894,159	13,694,159
Wednesday, November 30, 2022	12,800,000	741,699	13,541,699
Friday, December 30, 2022	12,800,000	618,082	13,418,082
Tuesday, January 31, 2023	12,800,000	527,430	13,327,430
Tuesday, February 28, 2023	12,800,000	346,126	13,146,126
Friday, March 31, 2023	12,800,000	255,474	13,055,474
Friday, April 28, 2023	12,800,000	115,375	12,915,375
Total	32,00,00,000		



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