April 20, 2016

Non-binding Indicative Term Sheet

This document ("Term Sheet") is the summary representation of the draft terms of a proposed Optionally Convertible Debentures issued by the "Issuer" (defined below) and subscribed by the "Investors" (defined below).

This Term Sheet is for discussion purposes only and is non-binding except for sections under headings "Costs and Expenses" and "Exclusivity" and the terms stated herein are indicative and not exhaustive. There is no binding obligation on the part of any negotiating party until the Transaction Documents (defined below) have been signed by all parties. The transactions contemplated by this Term Sheet are subject to the satisfactory completion of due diligence and approval by the Investors/Arranger and the Issuer and execution of the Transaction Documents.

1.	Issuer / Company	Prime Focus Technologies Private Limited (PFT)
	Parent Company	Prime Focus Limited (PFL)
2.	Arranger	Centrum Wealth Management Limited
3.	Investors	Such investors as may be identified by the Arranger
4.	Law Firm	Crawford Bayley
5.	Debenture Trustee	SBI Caps
6.	Issue	Unrated, Unlisted, Secured, Fully Redeemable and Optionally Convertible Debentures (OCDs) Issue of Upto Rs. 60 Crores by way of Private Placement. There will be 2 Issues of Rs. 30 Crores with same terms. Each Issue will have 2 tranches of Rs. 15 Crores each.
7.	Tenure	30 months from the date of disbursement of the Subscription Amount with mandatorily redemption in three equal tranches - at the end of 24th / 27th / 30th month
8.	Coupon Rate	14.5% per annum; payable quarterly, at the end of each quarter, from the date of allotment of the NCDs.
9.	Redemption Premium	A redemption premium on the respective Subscription Amount payable to OCDs Holders so as to yield an IRR of 17% over the Tenure of the OCDs. It is clarified that the quarterly interest payment at the Applicable Interest Rate would be taken into account for calculation of the 17% IRR.
10.	Pre-Allotment Interest	Pre-Allotment Interest will be payable at the applicable IRR of 17% from the date each investor deposit their subscription amount into the escrow account to the date of allotment and subject to completion of the conditions precedent to the allotment of debentures. The Pre-Allotment Interest will be payable along with the first Interest Payment Due for the tenure.
11.	Arranger Fees	An arranger's fee of 3% of the fund raised plus applicable taxes including service tax shall be paid towards the services of product structuring and fund raising. This fee shall be payable upfront and will be debited and paid to the Arranger from the escrow account opened with the Debenture Trustee and the net amount will be disbursed to the Company.
12.	Security	Creation of the following Security will be upfront, before disbursement a) First charge on loan / advances / investments from balance sheet of the issuing company (to meet the company act 2013 requirement of 1x of tangible security from company balance sheet)

		b) PFL shall pledge PFT's Equity Shares held by it being equivalent to 3x the par value of the Issue Size. The Equity Shares of PFT offered as collateral will be valued at the fair value as determined by the Valuer prior to the allotment date c) Corporate Guarantee of PFL d) Personal Guarantee of the Promoters – Naresh Malhotra & Namit Malhotra e) Second charge on all Fixed Assets of PFT f) Fixed deposit of one quarter worth interest payment g) Post-dated cheques for all the outstanding principal and interest repayment h) Demand Promissory Note
13.	Conversion/Redemption & Election notice	The Debenture Holder shall inform in writing to the Company (**"Election notice 1"**) within 30 days prior to the last mandatory redemption i.e 30th month: a) Redeem entirely the Subscription Amount at a premium to achieve the Safety Net Return; or b) Redeem 75% of the Subscription/Invested Amount at a premium to achieve the Safety Net Return and convert the remaining 25% Subscription/Invested Amount, plus premium to achieve the Safety Net Return, to Equity Shares at a PFT Conversion Price; or c) In the event of any prepayment in accordance with the provisions of this Term Sheet, either redeem entirely the remaining Subscription Amount at a premium to achieve the Safety Net Return or convert the remaining Subscription Amount to Equity Shares at a PFT Conversion Price. The Investor shall also have an option to inform in writing to the Company (**"Election notice 2"**) (a) before any public offer of securities/equity shares of the Company or before achieving any closing for a strategic sale or (b) within 30 days prior to the last mandatory redemption i.e 30th month or (c) the next calendar day from the date of an Event of Default to either: a) Redeem entirely the Subscription Amount at a premium to achieve the Safety Net Return; or b) Redeem 75% of the Subscription/Invested Amount at a premium to achieve the Safety Net Return and convert the remaining 25% Subscription/Invested Amount, plus premium to achieve the Safety Net Return, to Equity Shares at a PFT Conversion Price; or In an event, the Company does not receive the Election Notice from the Debenture Holders within the above mentioned period; the entire investment amount in respect of the said investor shall be redeemed at a premium to achieve the Safety Net Return.
14.	Optionally Convertible Option Conversion Price	If any Debenture Holder exercises the Optionally Convertible Option, the price of the equity shares of the Company to be transferred will be determined at a price

		that is lower of, any one of the following scenarios: a) 25% less than the valuation at which any shares of PFT have been purchased or subscribed by by way of public offer, between the Deemed Date of Allotment till the date of the Election Notice or b) 10% less than the valuation at which any shares of PFT have been purchased or subscribed by any person (excluding the ESOPs and excluding any equity raise by the Company from individuals aggregate raise of upto a maximum of Rs.50cr.), between the Deemed Date of Allotment till the date of the Election Notice or c) 25% less than the Fair value as determined by an Independent Valuation Agency, which shall be one amongst big four chartered accounts in India) For the avoidance of doubt there would not be any 'double-dip' discount in relation to point a) if multiple events happen within the tenure
15.	Prepayment	The company cannot prepay or redeem the debentures in the first 12 months from the date of allotment. No prepayment penalty in the event the OCDs are redeemed from any source any time after a period of 12 months. At the time of prepayment, the company has to give a 30 day advance notice to Debenture Holders for prepayment.
16.	Transaction Documents	The Transaction Documents shall include the following: 1. Private Placement Offer Letter in the form PAS 4 and such other forms, as required under the provisions of the Companies Act, 2013; 2. Debenture Trust Agreement 3. Debenture Trust Deed; 4. Escrow Agreement; 5. Share Pledge Agreement; 6. Deed of Hypothecation 7. Deed of Personal Guarantee; 8. Such other documents as may be mutually agreed between the parties to the Transaction Documents, including such powers of attorney as may be required
17.	Conditions Precedent	1. Satisfactory diligence on the following documents by the lawyers: a) Articles & Memorandum of Association of the Company; b) All Loan Agreements including Sanction Letters and Security Documents entered into by the Company; c) Resolutions authorising the borrowing limits of the Company; d) Agreements entered into with various shareholders, if any; e) Latest DP statement of the Company; f) Certificate of charge in relation to create of security on the assets of the Company. 2. Receipt of the valuation reports in relation to the valuation of the PFT Shares given as Security;

		3. Receipt of certified true copies of the Balance Sheet and income tax returns of the Borrower for the last 3 years, 4. Execution and delivery of Transaction Documents in form and substance satisfactory to the Arranger/debenture trustee to be appointed for the issue of the NCDs; 5. Creation of security on the NCDs (excluding second charge on Fixed Assets of PFT); 6. Corporate actions necessary for the borrowing having been taken by the Company; 7. Specimen signatures of the authorized signatories of the Company for issue of NCDs to be provided; 8. Certificate from statutory auditor of the Company confirming that issuance and allotment of the NCDs would not cause any borrowing, or security creation limit binding on Company to be exceeded; 9. Latest audited financial statements relating to the Company haven been provided; 10. All governmental and/or regulatory approvals and other third party consents, including NOCs (if any) 11. Such other Conditions Precedent as may be required by the Arranger in the Transaction Documents
18.	Conditions Subsequent	1. Creation of Second Charge on Fixed Assets of PFT within 90 days from deemed date of allotment of first tranche 2. Other than any statutory mandatory requirements, the Conditions Subsequent shall be as may be decided by and between the Parties in the Transaction Documents.
19.	Costs and Expenses	All costs and expenses associated with the transaction including the arranger's fees, fees for engaging lawyers, security trustee, registrars, independent valuer's fees, etc and stamp duties incurred in relation to preparation, negotiation and execution of the Transaction Documents shall be to the account of the Issuer. Fifty percent of the fees of lawyers, security trustee, independent valuer, etc. will be payable upfront and balance will be deducted from the escrow account.
20.	Out of pocket expenses of the Arranger	All out-of-pocket expenses which shall include travelling, accommodation and such other related expenses, reasonably and properly incurred by the Arranger in connection with fund raising for the Debenture Issuer shall be reimbursed by the Company.
21.	Exclusivity	From the date of this Term Sheet upto 3 Month, the Issuer or the promoter will not approach or participate in any manner in any discussions or negotiations, either directly or indirectly, with any other person(s), similar to or relating to the Transaction (whether by way of loan, bond, securities or otherwise).
22.	Termination	The Term Sheet shall automatically terminate upon (i) the signing of the Transaction Documents or (ii) mutual termination of this Term Sheet or (iii) the expiry of 3 months from the date of execution of this Term Sheet.

This Term Sheet is subject to due diligence, completion of comprehensive legal, financial, technical and other due diligence to the satisfaction of the Arranger. The Company shall make available all necessary and material

April 20, 2016

information and extend full cooperation to lawyers and other advisors of the Arranger for undertaking the due diligence. Upon the full cooperation received from the Company to satisfaction of the lawyers and other advisors of the Arranger, the transaction is expected to be successfully completed within 3 months from signing of the term sheet.

Your signature on the acknowledgement of this signifies your acceptance for the terms and the proposal as set out in this Term Sheet.

Centrum Wealth Management Limited:

Name: Ms. Arpita Vinay
Designation: Director
Date: April 20, 2016
Place: Mumbai

Prime Focus Technologies Private Limited

Name: Mr. Vikas Rathee
Designation: Group CFO
Date: April 20, 2016
Place: Mumbai