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Date-01/07/2020

TERM SHEET

This indicative term sheet and its annexure ("**Term Sheet**") sets out the preliminary proposal of the Promoters and the Issuer or the Company, as defined herein for seeking debt financing from Kautilya Real Estate Fund ("**Subscriber**") into the Company through fully secured, redeemable, transferable and interest bearing non-convertible debentures (the "**Proposed Transaction**"). The Company, the Promoters and the Subscriber are hereinafter collectively referred to as the "**Parties**" whereas the Issuer, Promoters, Guarantors, Pledgors, Mortgagors and all other security providers under this Term Sheet are hereinafter collectively referred to as the "**Obligors**".

The terms and conditions set forth in this Term Sheet are based on the Project data detailed herein and is subject to the completion of Due Diligence, as set out in Clause 16, to the satisfaction of KFIA. In case of any inconsistency in the data mentioned in **Annexure A** hereto, based on which the Term Sheet is set forth, this Term Sheet shall be infructuous. The terms and conditions set out in this Term Sheet are non-binding, except for the terms set out in Clause 20 (*Confidentiality*). In the event the Parties decide to enter into a binding commitment to pursue the Proposed Transaction, such commitment will be evidenced only through written agreements (the "**Definitive Agreements**") reflecting the understandings described in this Term Sheet, together with such further terms and conditions as may be agreed to by the Parties.

1.	The Issuer / Company	A private limited company to be incorporated under the Companies Act, 2013 (“ Issuer ”) The Issuer shall hold minimum 90% partnership and beneficial interest in M/s. Shreeji Construction, a partnership firm that owns the Project.												
2.	The Promoters	i. Premji H Shah ii. Deven P Shah iii. Himmatlal G Kachhara iv. Mehul P Sanghvi												
3.	Subscriber	Kautilya Real Estate Fund												
4.	Guarantors	i. Premji H Shah ii. Deven P Shah iii. Himmatlal G Kachhara iv. Mehul P Sanghvi v. M/s. Shreeji Constrcution												
5.	Project	Details of the Project, Project Land and Project Approvals are set forth in Annexure A hereto.												
6.	Proposed Transaction	Subscription of fully secured, redeemable, transferable and interest bearing Non-Convertible Debentures issued by the Issuer on private placement basis in dematerialized form (“ NCDs ” or “ Debentures ”) of an aggregate amount of up to Rupees 47 Crores (Rupees Forty Seven Crores only) (“ Subscription Amount ”). Subscription Amount shall be paid in the manner stated below: <table><tr><th>Amount (in Rs. crs.)</th><th>Purpose</th></tr><tr><td>26.2</td><td>Towards repayment to existing lenders</td></tr><tr><td>14.6</td><td>Towards Development and Construction (D&C) cost of the Project</td></tr><tr><td>4.0</td><td>Towards obtaining all requisite Approvals in respect to the Project</td></tr><tr><td>0.6</td><td>Towards Processing Fee</td></tr><tr><td>1.8</td><td>Towards maintenance of DSRA</td></tr></table>	Amount (in Rs. crs.)	Purpose	26.2	Towards repayment to existing lenders	14.6	Towards Development and Construction (D&C) cost of the Project	4.0	Towards obtaining all requisite Approvals in respect to the Project	0.6	Towards Processing Fee	1.8	Towards maintenance of DSRA
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7.	Interest and Processing Fee	<p>NCDs shall carry an interest rate of 15% per annum, accrued on day to day basis, compounded and payable quarterly ("Interest") from the Deemed Date of Allotment of NCDs until the date of actual payment of the Interest.</p> <p>Kautilya Finance Investment Advisors LLP (the "Investment Manager" or "KFIA"), who is Subscriber's Investment Manager will be paid a one-time upfront processing fee of 1% + GST.</p> <p>"Deemed Date of Allotment" shall mean the date on which the Subscription Amount in respect to the NCDs is received in the Utilisation Escrow Account, opened and maintained by the Company with the Escrow Agent.</p>
8.	Tenor and NCD Redemption	NCDs will be redeemed pursuant to the Tenor and Redemption Schedule as set forth in Annexure B .
9.	Prepayment Terms	<p>The Parties agree and undertake that there shall be no prepayment penalty on the prepayments of the NCDs from the Designated Cash Flows. Further, it has been agreed that no redemption or repayment of NCDs shall be made by the Company from any source other than the Designated Cash Flows.</p> <p>Any prepayment shall only be done in multiples of Rs.50,00,000/- (Rupees Fifty Lacs Only). For the avoidance of doubt, it is clarified that in the event of any prepayment of the Redemption Amounts by the Company, such prepaid amount shall be adjusted/ deducted from the Redemption Amounts payable on the immediately succeeding Redemption Date.</p> <p>"Designated Cash Flows" shall mean any and all monies/ amounts received, receivable and, or, to be received by the Company, directly or indirectly, in any form, including cash, cheques, demand drafts, pay orders, electronic transfers or in any other form and all such monies/ amounts with respect to the following:</p> <ol style="list-style-type: none"> any payments received or to be received from existing and new buyers/ customers of Units in the Project including as sale consideration, bookings amounts, advances, towards basic sale price, and charges for amenities, club charges, parking charges, preferential location charges, transfer charges, maintenance charges, cancellation charges, GST, service tax and deposits to utility providers or otherwise, any amounts as penal interest; It is clarified that the definition of Units includes flats/apartments, plots (residential or otherwise), and retail shops. advances received from customers and, or, their lenders/ banks which have extended financial assistance to such customers in the Project towards purchase of Units in the Project; receipts from sale/ lease of land area, built-up area and, or, saleable area in the Project. It is clarified that any such sale shall be subject to the provisions of the Definitive Agreements; refunds/receipts from debtors, creditors, contractors, vendors, any other person or any governmental authority including tax refunds received in relation to the Project; bank/cash balance in relation to the Project; any and all amounts received pursuant to or under any other agreements pertaining to the Project; insurance proceeds from insurance companies with which the Project is insured; monies infused by the Promoters for purposes of meeting deficit in the amounts available in the bank accounts of the Issuer to fund working capital or ongoing D&C cost or other corporate and Project expenses or to



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		<p>service the Interest and Redemption Amounts which the Promoters shall be liable to make good from their own sources;</p> <p>ix. interest accrued and credited, from time to time, on the balances lying in the PREA and POA; and</p> <p>x. any other Project-specific cash flows of the Company.</p> <p>“Redemption Amount” shall mean the aggregate of the Subscription Amount plus any other outstanding amounts viz. the entire outstanding amount due in respect of the NCDs, including the Interest, the Default Interest, fees (including the fees and reimbursements payable to the Debenture Trustee, the Subscriber, the depository and the depository’s agent, credit rating fee and the escrow agents) costs, charges, indemnities, legal awards, penalties and expenses and other amounts payable in respect of the NCDs and/or under the Definitive Agreements.</p>
10.	Escrow Mechanism	<p>It is clarified that escrow accounts will be maintained and all Designated Cash Flows will be deposited in escrow accounts and the same shall be operated on joint signatures of the nominees of the Company and the representatives of the Debenture Trustee (“DT”).</p>
11.	PMC Rights	<p>The Obligors have agreed to constitute Project Monitoring Committee (“PMC”) which shall comprise of 5 (five) members, 3 (three) of which shall be nominated by the Debenture Trustee and the remaining 2 (two) members shall be nominated by the Promoters. The Obligors to also accord certain rights to the PMC (“PMC Rights”) which shall include but are not limited to the following rights:</p> <ul style="list-style-type: none"> (a) To monitor and supervise the development and construction of the Project; (b) To monitor and supervise the sales and collections from the Project; (c) To apply for and obtain any required approvals; (d) To sell apartment units; (e) To develop and construct the Project; (f) To execute and register builder buyer agreement/ sale deed, conveyance deed and handing over of possession in respect of any Unit in the Project. <p>It may be noted that the PMC shall only have the right to but not the obligation to exercise these rights. It is clarified that all obligations and liabilities of the completion, development and construction of the Project, including under RERA, shall be that of the Company and the Promoters and shall not be the liability of the PMC. The repayment of the outstanding NCDs and any ongoing interest is independent of the working of the PMC and remains the obligation and the liability of the Obligors.</p> <p>It is also agreed that the entity owning the Project shall also provide PMC Rights over the Project to the NCD Subscribers.</p>
12.	Project Milestones	<p>Project Milestones shall mean sales, D&C, approval and collection milestones to be achieved by the Obligors. These shall be to the satisfaction of the Subscriber and will be finalised and set forth in the Definitive Agreements.</p> <p>The Escrow Realizable Price (“ERP”) or Minimum Selling Price for the Project is Rs.17,000/- per sq. ft.</p> <p>It is clarified that the ERP for any Unit shall be Sale Price net of brokerage payable, GST and subvention scheme interest cost to be borne by the Company (if any). The ERP represents the net monies being collected per sq. feet from the customers after deduction of brokerage payable, GST payable and after</p>

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		deduction of cost of any scheme including but not limited to any subvention scheme.												
13.	DSRA	DSRA means the debt service reserve amount to be maintained by the Company, until the redemption of the NCDs, in a separate account having minimum amount being equivalent to the three months of Interest and scheduled Redemption Amounts payable for the next quarter.												
14.	Additional Interest In Event Of Default	<p>Default Interest will accrue daily and be compounded quarterly, over and above the applicable Interest and shall be charged on the entire amount outstanding on the date of default. It is hereby clarified that the Default Interest shall be due & payable on scheduled Interest payment dates. The following Default Interest rates will apply:</p> <table border="1"> <thead> <tr> <th>Default Type</th><th>Default Interest</th><th>Cure Period</th></tr> </thead> <tbody> <tr> <td>Payment Default</td><td>4 % p.a.</td><td>0 business days</td></tr> <tr> <td>Acceleration Default (to be detailed in the Definitive Agreement)</td><td>2% p.a.</td><td>0 business days</td></tr> <tr> <td>Non-Payment Default (to be detailed in the Definitive Agreement)</td><td>2 % p.a.</td><td>30 business days</td></tr> </tbody> </table>	Default Type	Default Interest	Cure Period	Payment Default	4 % p.a.	0 business days	Acceleration Default (to be detailed in the Definitive Agreement)	2% p.a.	0 business days	Non-Payment Default (to be detailed in the Definitive Agreement)	2 % p.a.	30 business days
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15.	Security	<p>The redemption of the NCDs and the repayment of the Redemption Amounts shall be secured by the creation of the security set forth below ("Security") in a form and manner satisfactory to the Subscribers in favour of the DT.</p> <p>The following Security will be provided to the Subscribers:</p> <p>(i) <u>Mortgage</u>:</p> <ol style="list-style-type: none"> Exclusive first ranking charge by way of mortgage over the rights of the mortgagor in respect to free sale component of the Project as per LOI bearing No. SRA/ENG/987/RS/ML/LOI dated 2 December 2005 issued by the Slum Rehabilitation Authority including all revisions thereto together with all present and future constructions forming part of the free sale component in the Project along with all unsold units therein; Exclusive first ranking charge by way of mortgage over Shop No.1, 2, 3, 4 and No. 5 at Shreeji Apartment, A Wing; and <p>(ii) <u>Hypothecation of Designated Cash flows</u>: Exclusive first ranking charge on all cash flows of the Project and all immovable and fixed assets of the Issuer by way of a Deed of Hypothecation along with escrow of the Designated Cash Flows.</p> <p>(iii) <u>Charged Partnership Interest</u>: Exclusive first, sole and exclusive charge by way of hypothecation of the Partnership Interest of all the Partners of M/s. Shreeji Construction.</p> <p>(iv) <u>Guarantee</u>: Unconditional and irrevocable Guarantee of all the Guarantors.</p> <p>(v) <u>100% Share Pledge of the Issuer</u>: Charge by way of pledge over 100% issued and paid-up share capital (on fully diluted basis) of the Issuer, through Share Pledge Agreement and Power of Attorney executed in</p>												



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		<p>favour of the Debenture Trustee;</p> <p>(vi) <u>Demand Promissory Notes and Post-dated Cheques ("PDCs")</u>: Demand Promissory Notes along with PDCs from the Issuer for each interest and principal payment;</p> <p>(vii) <u>Charge on Insurance Policies</u>: Charge on insurance policies in respect of the Project;</p> <p>(viii) <u>Lien over DSRA</u>;</p> <p>(ix) <u>Additional Security</u>: As required on completion of due diligence.</p> <p>All security interest mentioned hereinabove, save and except as mentioned in (i) above, shall be created and perfected prior to payment of Subscription Amount. It is agreed that creation and perfection of the security interest in respect to (i) above, shall be carried out within 5 days of disbursement of initial tranche of Subscription Amount. It is also agreed that any disbursement over and above the initial tranche shall be subject to creation and perfection of the security interest in respect to (i) above.</p>
16.	Conditions Precedent	<p>The completion of the Proposed Transaction shall be subjected to fulfilment of General Conditions Precedent and the Specific Conditions Precedent to the full and complete satisfaction of the Subscriber. The indicative list of Conditions Precedent are set forth below:</p> <p>Conditions Precedent to Subscription of the NCDs</p> <p>(i) <u>Appointment of Debenture Trustee</u>;</p> <p>(ii) <u>Letter from existing lender(s)</u>: Letter from existing lender(s) which confirming the total outstanding amount payable and the terms of closure of their loan and release of subsisting charge over the Project and the Project Land.</p> <p>(iii) <u>Completion of Due Diligence</u>: Completion of inter alia, KYC, legal, financial, project approvals and market due diligence on the Project, the Project Land and the Obligors as required by the Subscribers.</p> <p>(iv) <u>Title Due Diligence</u>: Title due diligence of the Project Land including but not limited to title search report, ROC search report, sub registrar searches, public notice and litigation searches.</p> <p>(v) <u>Environment Clearance</u>: submission of a copy of application for the Environment Clearance for the Project to the Subscribers;</p> <p>(vi) <u>Dematerialisation of shares</u>: The Company and the Promoters shall have converted the physical share certificates of the Company into dematerialised form;</p> <p>(vii) <u>Amendment of the Articles of Association</u>: The Board and the Shareholders shall have approved and adopted the amended draft of the Articles of Association of the Obligors incorporating the relevant provisions of the Definitive Agreements;</p> <p>(viii) <u>Structure and Design</u>: The Subscribers have to be satisfied with the design</p>



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		<p>plans of the Project with regards its design and structural stability;</p> <p>(ix) <u>Execution of Definitive Agreements</u>: The Obligors, the Subscribers, the Debenture Trustee and the Parties shall have executed all the Definitive Agreements;</p> <p>(x) <u>Security Creation and Perfection</u>: The Company and the Promoters undertake to create and perfect the Security, as stated in Clause 15 of this Term Sheet, in favour of the Debenture Trustee.</p> <p>(xi) <u>Compliance with the Definitive Agreements</u>: The Obligors shall have performed and complied with, in all material respects, all their obligations, covenants and agreements under the Definitive Agreements.</p> <p>(xii) <u>No subsisting Event of Default</u>: The Company and the Promoters shall ensure that there are no subsisting Events of Default.</p> <p>(xiii) <u>No Material Adverse Change</u>: No material adverse change in the condition of the Company or the Project shall have taken place during the period between the execution of this Term Sheet and the Deemed Date of Allotment.</p> <p>(xiv) <u>Letters from Unsecured Lenders</u>: The Company shall furnish letters in the form prescribed by the Subscribers for minimum 90% of the loans availed from the current unsecured lenders of the Company. For the balance unsecured loans availed from unsecured lenders, Promoter(s) shall provide undated cheques.</p> <p>(xv) <u>Full Commencement Certificate</u>: The Company shall have furnished a copy of full Commencement Certificate availed for the Project.</p>
17.	Other Conditions	Within 90 days of the initial subscription, the Obligors to procure and submit to the Subscribers a copy of the Environment Clearance availed for the Project. Failure to comply with the same shall result in a <i>Non-Payment Default</i> .
18.	Due Diligence and Documentation Expenses	The Parties agree that fees of the legal counsels/financial consultants/technical consultants appointed by the Subscribers, to draft the Definitive Agreements, conduct KYC, legal, financial, Project approvals, technical due diligence, external appraisal and advise on the capital structuring of the Company, amounting to Rs. 25 lacs approximately, shall be borne by the Issuer (and no part thereof shall be claimed against the Subscribers notwithstanding that the Proposed Transaction is not consummated).
19.	Monitoring Fees	The Company will be responsible for paying ongoing monitoring fees to KFIA. The monitoring fee shall be Rs. 2 Lakhs per quarter.
20.	Confidentiality	<p>Unless otherwise agreed to in writing by the Parties hereto and subject to all applicable laws in India in this regard, neither party shall, directly or indirectly, disclose, or permit the disclosure of, the contents of this Term Sheet including its existence, the discussions regarding a possible transaction between the Parties, or any other aspects of the Proposed Transaction in this Term Sheet or subsequently proposed by either Party, except as required by law or other competent authority or for purposes of making appropriate filings for permissions from relevant regulatory authorities or to the Party's advisors, employees, consultants, directors on a need to know basis.</p> <p>The Parties acknowledge that the Subscriber may need to disclose certain information to its employees, Investment Manager and investment committee.</p>
21.	Dispute	If any dispute arises between the Parties in connection with or relating to the



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	Resolution and Governing Law	Definitive Agreements, the same shall be, at the request of a Party, settled by arbitration to be conducted by a sole arbitrator to be appointed by the Subscriber. The seat of the arbitration shall be Mumbai and the language of the arbitration proceedings shall be English. Any decision of the arbitrator will be final, binding and incontestable. Notwithstanding anything contained hereinabove, this Term Sheet shall be governed and construed exclusively in accordance with the laws of India. The courts at Mumbai shall have exclusive jurisdiction to adjudicate any disputes arising out of this Term Sheet.
22.	Term and Termination	All Parties shall cooperate with each other and take all steps in good faith as may be necessary to ensure that the Definitive Agreements are executed within 60 days from the date of execution of this Term Sheet or such other time period as may be mutually agreed by the Parties.

SIGNATURES:

NAME: MR. DEVEN SHAH ON BEHALF OF M/S. SHREEJI CONSTRUCTIONS
DATE:

NAME: Mr. Premji Shah
DATE:
ON BEHALF OF SELF AS PROMOTER AND GUARANTOR

NAME: Mr. Deven Shah
DATE:
ON BEHALF OF SELF AS PROMOTER AND GUARANTOR

NAME: Mr. Himmat Kachhara
DATE:
ON BEHALF OF SELF AS PROMOTER AND GUARANTOR

NAME: Mr. Mehul Sanghvi
DATE:
ON BEHALF OF SELF AS PROMOTER AND GUARANTOR

DocuSigned by:
Piyush Chandra
NAME: Mr. Piyush Chandra
DATE:
ENTITY: KAUTILYA FINANCE INVESTMENT ADVISORS LLP AS INVESTMENT MANAGER
ON BEHALF OF KAUTILYA REAL ESTATE FUND

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NAME: Mr. Vipul Jain

DATE:

ENTITY: KAUTILYA FINANCE INVESTMENT ADVISORS LLP AS INVESTMENT MANAGER
ON BEHALF OF KAUTILYA REAL ESTATE FUND

NAME: Mr. Noel Silveria

DATE:

ENTITY: KAUTILYA FINANCE INVESTMENT ADVISORS LLP AS INVESTMENT MANAGER
ON BEHALF OF KAUTILYA REAL ESTATE FUND

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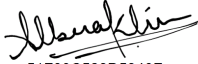
Himanshu Shah

Kautilya Finance Investment Advisors




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Kautilya Finance Investment Advisors LLP

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Priyank Modi

Kautilya Finance Investment Advisors LLP

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ANNEXURE A

Project details

A residential project named as Royal Samarpan comprised of "B" and "C" wings both having 2 Basements+ Stilt+ 2 Podiums + 19 upper floors bearing RERA registration number P51800006923 being developed and constructed by M/s Shreeji Construction, on the Project Land (the "Project").

Location	Kandivali West, Mumbai
Total Number of units	177 Units
Total Carpet Area	99,197 Sqft
Sold Area	53,450 Sq ft
Unsold Area	45,747 Sq ft
Average Selling price achieved in Last 6 Months	Rs. 17,867 psf
Average Selling price achieved till date	Rs 16,123 psf
Structure	2 Basements+ Stilt+ 2 Podiums + 19 upper floors
Configuration	1BHK, 2BHK and 3BHK
Construction Status	B Wing - 17 th floor RCC, C wing - 13 th floor RCC + Lobby + Amenities – Gym, Indoor Sports Room, Yoga Room fully complete
Approval Status	Wing B: CC till 19 th floor Wing C: CC till 13 th Floor
Sales Receivables	Rs 30.8crs
Value of Unsold Inventory	Rs 77.2crs
Total Inflows	Rs. 107.9 crs
Construction Cost	Rs 28.9crs
Approval Cost	Rs 4.0crs
Other Cost	Rs 5.5crs
Debt outstanding	Rs 26.2crs
Total Out flow	Rs 64.6crs

Project Land

Land admeasuring 6011 Square meters situate at CTS No. 1110(part) and 1111(part).

Project Approvals

Sr. no	Approval	Description
1.	LOI	• Dated-05.02.2010 (Revised)
2.	Tree NOC	• Dated-16.08.2010
3.	MPCB	• Dated-21.10.2010 (consent to Establish)



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Sr. no	Approval	Description
4.	Occupation certificate	<ul style="list-style-type: none"> Dated-03-11-2010: Rehab Tower 2, Part Ground + 7 Residential floors Dated- 24.05.2011: Rehab Tower 1, Ground + 14 floors (Draft OC) Dated-16.01.2016: Tower A- Part Stilt + 13 Residential floors
5.	CFO NOC	<ul style="list-style-type: none"> Dated-23.12.2015: Wing A- Stilt + 13 Residential floors Wing B & C – Stilt + 2 Podium + 20 Residential floors
6.	Environment clearance	<ul style="list-style-type: none"> Dated-24.04.2017: Received up to 20th residential floors for wing B and 17th residential floors for wing C
7.	CC	<ul style="list-style-type: none"> Dated-14.03.2019: Wing B: up to 19th Residential Floor Wing C: 13th Residential floor
8.	Amended IOD	<ul style="list-style-type: none"> Dated-18.02.2020: Wing B: 2 Basements +Stilt + 2 podiums +19 Residential Floors Wing C: 2 Basements +Stilt + 2 podiums +19 Residential Floors
9.	Traffic NOC	<ul style="list-style-type: none"> Dated-20.02.2020

