

SWAMIH INVESTMENT FUND I

Date: November 02, 2020

To,
Mr. Abhay Tated, Mr. Siddharth Bafna,
Pancharatna Buildcon Pvt. Ltd.,
803, Anmol Nayantara Hills,
Near MICO Circle, Tidke Colony,
Nashik 422002

Sub: Sanction of Investment by way of subscription to Non-Convertible Debentures (“NCDs”)

This is with reference to your request for seeking investment for funding of Phase 1 and 2 of the project “Nayantara Presidency, Nashik” (“Project”).

We are pleased to advise that Investment Committee of SWAMIH Investment Fund – I (“Fund”) has accorded a final approval to invest up-to **Rs. 40.00 Cr** and an additional amount of up to **Rs. 10.00 Cr** (Additional Investment Amount) by way of subscription to NCDs proposed to be issued by Pancharatna Buildcon Pvt. Ltd. **The Additional Investment Amount shall be made available, only later, on the basis of incremental internal approvals of the Fund after a review of the progress in the Project and solely at the discretion of the NCD Holders.**

Investment is subject to approval from advisory board of SWAMIH Investment Fund I in accordance with the policy of the Fund.

The investment proceeds shall be used solely for completion of the Project. The subscription to NCDs shall be subject to compliance of stipulated condition precedents and execution of the documents. An indicative but not exhaustive list of the key terms of the proposed investment are as provided in **Annexure 1**.

Nothing in this letter or its enclosure constitutes a commitment by the Fund to provide any financing. Provision of any financing shall be subject to receipt of all approvals / NOCs of other relevant financing parties / subscribers (including any necessary credit, legal, tax or regulatory approvals), legal documentation, stamping, registrations and satisfaction of conditions precedent and will be at the sole discretion of the Fund.

The terms provided herein are strictly confidential, for the sole use of the recipient and the information contained herein should not be disclosed, disseminated, or reproduced in whole or in part to any other party outside of the intended purpose.

Regards,

Irfan A. Kazi
CIO – SWAMIH Investment Fund I



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ANNEXURE I: NON-BINDING AND INDICATIVE HEAD OF TERMS

The key indicative but not exhaustive terms of the proposed investment are as follows:

Particular	Details
Issuer/LLP/Company	Pancharatna Buildcon Pvt. Ltd.
Investor	SWAMIH Investment Fund I (SWAMIH or "Fund")
Promoters	Mr. Abhay Tated, Mr. Siddharth Bafna
Project	Phase 1 and 2 of Nayantara Presidency, a residential project, being located at Pethe Nagar, Nashik, comprising of 383 residential units across 6 towers with saleable area of 4,52,557 sq. ft.
Project Land	Freehold land admeasuring 18,755 sq. m out of larger land bearing Survey No. 881/1A/1 admeasuring 2 Hectares 83 Ares equivalent to about 28,300 sq. m, i.e. approximately 7 Acres of Village Nashik, Taluka Nashik situated at Mumbai Agra Road within the limits of Nashik Municipal Corporation and within the Registration District and Sub-District of Nashik.
Existing Lender	State Bank of India (SBI) with loan outstanding of ~Rs. 14.8cr.
Object of the Issue	The Issuer shall use the proceeds from the issue of the Debentures towards completion of the Project only. The usage of funds shall be detailed in the definitive documents. However, it is to be noted that no part of funding shall be used towards any kind of payment to Existing Lenders in the Company or to the Promoters/Promoter Loans or unsecured loans.
Type of Instrument	Unrated Senior Secured Non-Convertible Debentures
Issue Amount	Initial Investment Amount: Up to Rs. 40 Cr. Additional Investment Amount: Up to Rs 10 Cr. Additional Investment Amount shall be based on additional incremental approvals of the Investor, review of Project performance going ahead and solely at the discretion of the Fund (Initial Investment Amount plus Additional Investment Amount is referred to as Issue Amount)
Tenor	Outer tenor of 48 months from the date of first Investment
Issue Price	Rs 1,00,000/- per NCD or any such amount in multiple of Rs. 1,000 only.
Repayment	Subject to repayment schedule, any project cash inflow, as directed by the Investor, shall be used for construction or to redeem the NCDs at the Redemption Price
Redemption Price	The NCDs will redeemed at an amount equal to the Issue Price plus the amount of Committed Return and Additional Return (If Applicable)
Redemption Schedule	100% by the end of the Tenor
Committed Return	12.00% IRR for redemption from project cash flows (receivables from sold and unsold units of the project).
Put Option	The Investor shall have Put Option any time during the investment tenure or on the occurrence of an Event of Default.



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Step-in rights	The Investor shall have step-in rights including but not limited to change of developer, appointing a development manager or sole selling agent or marketing agents, reset of sales price at regular intervals to improve sales velocity and bulk inventory sales in case of Event of Default as detailed in the definitive documents. Appropriate documentation in this regard, if required to be entered into along-with transaction documentation.
Right to Appoint Director	The Investor reserves the right to appoint a Nominee Director or Board Observer at any time during investment period.
Right of conversion	The Investor also reserves the right to covert NCD into equity in case of an Event of Default.
Project Monitoring Consultant	Investor shall appoint a suitable Project Monitoring Consultant and a Financial Consultant to monitor the progress of the Project, usage of funds and monitoring of Escrow Account(s). The cost of such consultants will be borne by the Issuer. Such consultants shall be stationed and operating from the Company's site office.
Event of Default	Events of Default shall be defined in definitive documents and shall be linked to the Redemption Schedule, collections and/or construction milestones, compliances and covenants as may be stipulated in the definitive documents.
Security	<ul style="list-style-type: none"> • First ranking mortgage over the <ul style="list-style-type: none"> ○ Project Land admeasuring 18,755 sq. m ○ Development rights/ FSI of the Project ○ All structures and construction on the Project excluding units sold • First ranking charge by way of hypothecation over the Project receivables of the Issuer. • First ranking charge by way of hypothecation of all the current and non-current assets of the Project • First Ranking charge on all assets pertaining to the Project including receivables, bank accounts, documents, authorizations pertaining to the Project insurance policies etc. • Personal Guarantees of Mr. Abhay Tated and Mr. Siddharth Bafna • 100% pledge of shares of Pancharatna Buildcon Pvt. Ltd. • Promissory Notes, as applicable • Registration of charges with ROC / Central Registry (CERSAI) <p><i>The Security Structure mentioned above is indicative and shall be finalized in consultation with the Legal Counsel.</i></p>
Key Conditions Precedent	<ul style="list-style-type: none"> • Issuer to open escrow accounts as required under RERA Act along with Escrow mechanism in control of the Fund prior to date of 1st Investment. • Issuer to shift at least 52 unit buyers in Phase 3 and 4 to the Project prior to first disbursement. • Issuer to send intimations to all unit buyers who have paid in excess of 10% of sale value of their apartments to register sale of their units.



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	<ul style="list-style-type: none"> • Issuer to apply for revalidation of Commencement Certificate before first disbursement. • Issuer to apply for renewal of Consent to Establish before first disbursement. • Issuer to apply for extension of validity of registration under RERA by 12 months such that these timelines are in line with underwritten project execution timelines. • Issuer to obtain confirmation letter from Everplus Properties and Developers LLP (EPDL) stating that they will not claim any amount from pending receivables of units sold in Phase 1 & 2 and no new sales in Phase 1 & 2 will be made by EDPL during the loan tenor of SWAMIH Fund. • Issuer to obtain No Objection Certificate (NOC) from SBI for ceding of first charge on the Project in favour of SWAMIH Fund. • Inter Creditor Agreement (ICA) on terms to be mutually agreed with SBI (subject to cash flow sharing as proposed herein) to be executed prior to first disbursement. • Issuer to deposit entire overdue employee's contribution to Provident Fund amount (along with any interest/ penalty therein) before first disbursement. • Issuer to file audited financial statements of FY 2018-19 with ROC with requisite forms (eform AOC-4 and e-form MGT-7) before first disbursement. • Issuer to obtain registration for the project under the BOCW Act, 1996 and Maharashtra Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2007. • Issuer to obtain all applicable Labour Permits/ Licenses as specified under The Contract Labour (Regulation and Abolition) Act, 1970 and Contract Labour (Regulation & Abolition) Central Rules, 1971 and copies of the permits shall be submitted to SWAMIH. • Issuer to apply for grant of NOC to the Nashik Municipal Corporation/Central Ground Water Authority for ground water withdrawal from the borewell/s installed at the project site. If no such NOC is required, then company to submit an opinion from a consultant/advisor to that effect. • AOA of Issuer to be modified suitably in consultation with Transaction lawyers to provide suitable provisions for securing the funds and appointment of Nominee Director/observer. • Legal Agency should have conducted physical search at the sub-registrar offices in relation of the title deeds with no adverse findings. • Approval from Advisory Board of the Fund to be obtained prior to first disbursement.
Key Conditions Subsequent	<ul style="list-style-type: none"> • Issuer to undertake rectification of 7/12 extract pertaining to Survey No. 881/1A/1 for deletion of the reference of the Entry



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	<p>No. 32001 dated 8 July 1994 and mutation entry no 54314 dated 9 November 2005 within 6 months of first disbursement.</p> <ul style="list-style-type: none"> • Issuer to send demand letters to all unit buyers with short payments within 3 months from first disbursement, demanding payment of balance due / overdue amount. • Issuer to ensure significant collections are received from unit buyers with short payments (including buyers whom more than 1 unit are sold) in 9 months from first disbursement or else sales are to be cancelled. • Issuer to file forms CHG 1 for modification of charge of SBI and also creation of charge of SWAMIH Investment Fund I within 30 days of first disbursement. • Issuer shall ensure that the project contractors shall obtain all applicable Labour Permits/ Licenses as specified under The Contract Labour (Regulation and Abolition) Act, 1970 and Contract Labour (Regulation & Abolition) Central Rules, 1971 including contract labour license within two months of first investment. The Developer shall regularly submit the Half Yearly Environmental Compliance Report to the MoEF&CC and submit a copy of the report to the Fund. • Issuer shall submit to SWAMIH an updated project level Environment, Health, Safety and Social (EHSS) plan that shall include standard operating procedures aligned with The Building and other Construction Workers' (BOCW) (Regulation of Employment and Conditions of Service) Act, 1996 pertaining to workers' safety, PPE Usage, material storage, construction debris management and storage, site cleanliness, access and lighting, designated eating and rest areas for construction workers and dwelling units for workers residing at site and also include responsibilities of contractors in adhering with EHSS requirements defined in the plan within two months of first investment. • Issuer shall submit the application and get registered under the Inter-State Migrant Workers Act within three months of first disbursement and ensure that its Contractors obtain license for engaging inter-state migrant workers under the Inter-State Migrant Workers Act within two months of first investment. • Issuer to provide acknowledgement of Intimation letters to all existing sold unit customers for deposition of all future payments in to designated Escrow account set up by the Fund within 1 month from the date of 1st Investment date. • Issuer to provide acknowledgement of Intimation letters to all existing lenders (Banks/NBFC's/HFC's) of homebuyers for deposition of all future payments in to designated Escrow account setup by the Fund within 1 month from the date of 1st Investment date • Issuer to close all existing Collection accounts of the Project and shall route all the sales proceeds from designated Escrow



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	Account by SWAMIH Investment Fund I within 30 days from the date of 1st Investment. Any collections deposited in existing collections accounts during this interim period shall be transferred to escrow accounts controlled by the Fund.
Cash flow sharing / distribution	<p>From the date of 1st investment:</p> <ul style="list-style-type: none"> • Proceeds from the sold and unsold receivables of the Project will be distributed such that 85% of the same is utilized towards Project expenses/NCD redemption as per discretion of Investor. Balance 15% of inflows is proposed to be shared with the Existing Lender (SBI) on a quarterly basis for the exclusive use of debt servicing of Existing Lender • In the event there is a shortfall in actual cash inflows (compared to business plan), all subsequent cash flows from the Project will first go towards project expenses/payment/redemption of Investor NCDs as per discretion of the Investor until such shortfall is met • Investor will have the discretion to use the project cash inflows (post sharing) for construction or redemption of NCDs • Detailed cash flow distribution mechanism will be captured in Definitive Agreements.
Disbursement Schedule	<p>The NCD's shall be issued in tranches generally once in any given quarter based on progress of the Project as certified by Investor's Project Monitoring Consultant from time to time and as detailed during final documentation.</p> <p>Investor reserves the right to reduce Issue Amount or Additional Investment Amount at the end of every year on the basis of an internal review of the progress of the Project and compliance with the agreed business plan</p> <p>Additional Investment Amount may be funded, solely at the discretion of Investor, only after the project performance parameters are achieved. These would be detailed in the transaction documents.</p>
Covenants	<p>Sales Collection</p> <p>The Issuer shall abide by the Sales collections detailed during final documentation and incase the Issuer is not able to meet the committed collections during any given period, the Issuer shall be obliged to reduce the sales price or do bulk inventory sales at a discount as per the directions of the Investor.</p> <p>Minimum Sale Price</p> <p>Minimum selling price (on saleable area) for the project is <u>Rs. 3,200 psf</u>. In case the issuer desires to sell below the minimum selling price, the promoters/director shall infuse equity to the extent of differential amount into the Escrow Account prior to issue of NOC for release of charge for registration of flats or for mortgage finance to be taken by unit-buyers.</p>



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	<p>The minimum selling price considered is all-inclusive (i.e. including all charges received from customers) but excluding pass-through charges and any applicable taxes.</p> <p>Borrower to ensure that on an ongoing basis (quarterly) sales in the Project should be as per the Business Plan agreed.</p> <p>Other Covenants</p> <ul style="list-style-type: none"> • Issuer to not launch sales/ construction on Phase 3 & 4 of Nayantara Presidency till receipt of Occupancy Certificate of Phase 1 and 2 unless otherwise approved by the Investor. Such approval may be given solely at the discretion of the Investor upon such terms as may be mutually decided and agreed. • Any sale proceeds from the project shall not be used to repayment of any other loans of Issuer/unsecured loans/payment of inter-company dues/advancing loans to any party • Final business plan to be part of DTD. Issuer will have to achieve business plan milestones. • Issuer must obtain approval from SWAMIH Investment Fund – I prior to launching / registering with RERA any development over and above the current sanctioned plan on the Project Land. • Issuer must obtain Investor’s prior approvals before launching any sales scheme / discounted rates/barter scheme etc. in the Project • Issuer to undertake to not to engage into any barter sale with supplier/vendor. • Indemnity/Representation/Warranties/Undertaking from Issuer/ Company/ Promoters: <ul style="list-style-type: none"> • To bring in funds whenever required to meet any shortfall for project completion or debenture redemption • Not to repay unsecured loans from project cashflows or investor disbursement(s) • All potential cancellations/ refunds to be paid from project receivables/own sources and not from SWAMIH Fund, unless required as per any regulatory order • All pending refunds to cancelled units to be borne by the Promoters. • To Indemnify SWAMIH Investment Fund from any adverse financial liability due to on-going homebuyers litigations/other complaints/court cases related to the project/other projects/company/group • To not to cancel/refund any unit without prior written NOC from SWAMIH Investment Fund I • To raise demands to all customers in line with agreed payment terms on go forward basis or cancel the same if substantial collections are not received.

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	<ul style="list-style-type: none"> • To not to make any further advances to any other group company from project receivables till the exit of the Fund. • Tax related indemnities/representations/warranties (as applicable) • Property Tax related indemnities/representations/warranties • Title related indemnities/representations/warranties (as applicable) • All project inflows to be routed through Designated Escrow Account going forward • Penalty (if applicable) for non-compliance with applicable RERA rules (if any) to be borne by the Promoters. • Issuer to bear any potential liability from on-going litigations with contractors/homebuyers/labors from project receivables/own sources and not from SWAMIH fund. • Issuer to provide indemnities/representations/warranties against any potential loss arising due to defaults committed under Water (Prevention And Control Of Pollution) Act. • Issuer to provide regular updates (monthly/ quarterly) on the progress of Criminal Case no. S.C.C./300499/2015 (filed by Maharashtra Pollution Control Board) and any adverse order/outcome shall be immediately informed to the Fund. • Issuer to maintain separate ledgers for each group project for all the suppliers/vendors. All bills/expenses to be vetted by the PMC Agency before making such payments to the vendors/suppliers. • Contractors All risk policy/Project Insurance of all mortgaged properties in favor of the Fund, against loss or damage for risks and contingencies as the Fund deems fit, with an insurer acceptable to the Fund. • The Issuer shall provide the requisite information and access to SVL/SWAMIH or a consultant/PMC appointed by SVL/SWAMIH for monthly/quarterly monitoring of the Project expenses/construction progress/Bills/accounts/Sales MIS/Bank Account statements etc. • No cancellation refund shall be paid on the units sold to related party. • To ensure project cashflows will not be utilized for any future liability arising out of land purchase from Surana & Dhirwani family and will be paid by the Promoter from his own sources. • Issuer to undertake that the Project Land is not affected in any manner by ULC and there are no order/s passed under the ULC pertaining to the Project Land and no permission/s are required under the ULC in respect of the said Property. • Issuer shall regularly submit the Half Yearly Environmental Compliance Report to the MoEF&CC and submit a copy of the report to SVL-SWAMIH Investment Fund. • Issuer shall ensure payment of remuneration equal to or above the minimum wages to the workers engaged in the project as



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	stipulated by the State Labour Department. The Developer shall maintain such registers and records as stipulated under The Payment Of Minimum Wages Act 1948 & The Maharashtra Minimum Wages Rules 1963.
Negative Covenants	The Definitive Documents will have standard negative covenants.
Additional Return	<p>1% IRR as penal rate over and above the Committed Return, in the event, that the Investor determines, there has been a breach of any of the covenants, terms/conditions and/or business plan milestones as provided in the Transaction Documents. Such Additional Return shall be calculated from the date of occurrence of such breach, up to the actual date on which such breach is cured to the satisfaction of the Investor.</p> <p>3% IRR as default rate over and above the Committed Return on occurrence of an Event of Default or redemption from any external means of finance (either debt, mezzanine, equity apart from sales collections of this project or group cash flows).</p>
Documentation	Documentation shall be in form and substance customary for transactions of this nature like DTD, mortgage deed and any such document as required by legal counsel.
Costs & Expenses	<p>All costs, expenses, charges, fees and all out of pocket expenses (including without limitation stamp duty, registration fees, inspection charges, Project Monitoring Consultants fee and charges, audit fees, Security creation costs etc.) shall be the account of and/or borne, paid or reimbursed by the Company whether or not the NCDs or any part thereof are issued.</p> <p>Cost/Fee, if any, payable to the advisor, financial consultant, broker, investment banker, placement agent, syndication agent for the purpose of intermediation in the proposed investment shall be included in the total project cost to be funded from the investment proceeds. However, the maximum amount to be funded from the investment proceed shall be lowest of the below:</p> <ol style="list-style-type: none"> 1) 0.5% of the Investment Amount 2) Rs 50 lacs 3) Fee as agreed between the Issuer and the intermediary <p>Any cost/fee in excess of as provided above shall be paid by the Issuer directly and such excess shall not form part of project cost/ business plan.</p>
Assignment	The NCDs' so issued will be fully marketable. The Investor reserves right to assign the NCDs' to any other financial institution without any intimation to or permission of the Issuer / Company.
Non- Exhaustive	This document is not exhaustive and captures only the broad terms of the transaction contemplated herein. Other terms, such as protective provisions, covenants, event of default etc. shall be stipulated in Definitive Agreements.



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Validity of the term sheet	This Term sheet shall be valid for 15 days from date of issue.

Please note that we shall be initiating documentation as per the process of *SWAMIH Investment Fund I*.

