

Termsheet

Particulars	Terms
Security Name	<b>3-Month T-Bill SKFL NCD 04 2025</b>
Issuer	<b>SK Finance Limited (Issuer /SK Finance)</b>
Type of Instrument	Rated, Listed, Senior, Secured, Redeemable, Taxable, Non-Convertible Debentures (“NCDs” or “Debentures”)
Nature of instrument	Secured
Seniority	Senior
Eligible Investor(s)/Debenture Holders	<p>The following categories of Investors, when specifically approached, and identified upfront by the Issuer, shall be eligible to apply for this private placement of Debentures subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form</p> <ol style="list-style-type: none"> <li>Mutual Funds</li> <li>NBFCs</li> <li>Provident Funds and Pension Funds</li> <li>Trust inclusive of public charitable trust subject to their investment guidelines</li> <li>Corporates</li> <li>Banks</li> <li>Insurance Companies</li> <li>Individual</li> <li>Any other person eligible to invest in the Debentures subject the relevant prevalent guidelines and as permitted under Applicable Laws.</li> </ol> <p>All Eligible Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of Debentures.</p> <p>Note: Participation by potential investors in the issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them</p>
Listing (including name of Stock Exchange(s) where it will be listed and timeline for listing)	<p>The NCDs are proposed to be listed on the Bombay Stock Exchange (“BSE”) within the timelines prescribed under the SEBI circular bearing reference number SEBI/HO/DDHS/CIR/P/2020/198 dated October 05, 2020.</p> <p>In case of delay in listing of securities issued on privately placement basis</p>

	beyond the timelines specified above, the issuer shall; <ul style="list-style-type: none"> <li>• pay penal interest of 1% p.a. over the coupon rate for the period of delay to the investor (i.e. from date of allotment to the date of listing)</li> <li>• be permitted to utilise the issue proceeds of its subsequent two privately placed issuances of securities only after receiving final listing approval from Stock Exchanges.</li> </ul>
Rating Agency	CRISIL Limited
Rating of instrument	CRISIL A+ (Stable)
Issuance Size	INR 99,00,00,000/- (Indian Rupees Ninety-Nine Crores Only)
Minimum subscription amount	INR 1,00,00,000/- (Indian Rupees One Crore Only) i.e. 10 Debentures
Option to retain oversubscription (Amount)	Not applicable
Objects of the Issue / Purpose for which there is requirement of fund	The net proceeds out of the issue after deduction of the issue related expenses would be used by issuer for augmenting the long term resources of the Company for meeting their gross operational funding and working capital requirement.
in case the issuer is a NBFC and the objects of the issue entail loan to any entity who is a 'group company' then disclosures shall be made in the following format:	The proceeds of the Issue will not be utilised for providing loans to any group company.
Details of the utilization of the Proceeds	The net proceeds of the Issuance will be utilized as mentioned under "Objects of the Issue / Purpose for which there is requirement of fund". However, the Issuer shall not use the proceeds of the Issue towards: <ol style="list-style-type: none"> <li>1. any capital market instrument such as equity and equity linked instruments or any other equity capital market related activities; or</li> <li>2. any speculative purposes; or</li> <li>3. indulging in any activities which are prohibited under Applicable Law; or</li> <li>4. Investment in the real estate sector.</li> </ol>
Initial Coupon Rate	The "Initial Coupon Rate" is set as rate of 3Month T-Bill <b>plus</b> "Spread" to arrive at a Coupon rate of <u>8.30%</u> p.a. ("Initial Coupon Rate") <p>3Month T-Bill as on April 21, 2022: 3.94% Spread: 436 Bps Initial Coupon rate: 8.30% p.a.p.m</p>
Subsequent Coupon Rate(s)	Coupon Rate for subsequent quarters shall be the sum of (a) simple average of 3 Month T-Bill (FBIL Benchmark) closing yield of 10 working days (rounding to 2 decimal) prior to each Coupon Reset Date(s) and (b) Spread. <p>Provided that any subsequent Coupon rates cannot be less than "Initial Coupon Rate" at any point of time during the tenor of facility</p>

Benchmark	3 Month T-Bill (FBIL Benchmark) yield shall be taken as average closing yield of 10 working days (rounding to 2 decimal) prior to each Coupon Reset Date(s) (data source would be from FBIL).
Spread	436 bps (as calculated above)
Step-up	In case of downgrade of rating below A+ or assignment of any new rating which is lower than the credit rating of the NCDs/ Issuer i.e. 'A+', the Spread for the balance period would increase by 25 bps for each notch downgrade in rating and the same will be with effect from the rating downgrade date.
Step-Down	Not Applicable
Coupon payment frequency	Monthly and on Redemption
Coupon Payment dates	As per the Cash Flow as mentioned in Annexure I below
Coupon Type	Floating
Coupon Reset frequency	Quarterly reset
Day count basis	Actual/Actual
Interest on application money	Not Applicable
Default Coupon Rate	<ul style="list-style-type: none"> <li>In case of default in payment of Coupon and / or principal redemption on the due dates, additional Coupon @ 2% p.a. over the Coupon Rate will be payable by the Issuer for the defaulting period.</li> <li>In case of default by the Issuer in the performance of any of the covenants of this Issuance post a cure period of 30 days, including but not limited to the financial covenants of this Issuance, additional Coupon @ 2% p.a. over the Coupon Rate will be payable by the Issuer for the defaulting period.</li> </ul>
Tenor	36 months (Thirty Six months) from the Deemed Date of Allotment
Redemption/Maturity Date	April 29, 2025
Principal Redemption	The principal repayment by way of amortizing over quarterly redemption starting from the end of 3 <sup>rd</sup> month from Deemed Date of Allotment and every quarter thereafter subject to Business Day Convention
Redemption Amount	The sum of the principal outstanding on the Debentures, accrued Coupon, Default Coupon payable (if any), and other charges and fees payable (if any).
Redemption Premium/Discount	Not applicable.
Issue Price	INR 10,00,000/- (Indian Rupees Ten Lakh Only) per debenture
Premium /Discount at which security is issued and the effective yield as a result of such Premium /discount.	Not Applicable
Put Option Date	Not Applicable
Put Option Notification	Not Applicable
Put Option Price	Not Applicable
Call Option	Not Applicable
Call Option Notification	Not Applicable

## SK FINANCE LIMITED

(Formerly Known as ESS KAY FINCORP LIMITED)

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CIN: U65923RJ1994PLC009051 | GSTIN: 08AAACE5115F1Z2

Call Option Price	Not Applicable								
Face value per Debenture	INR 10,00,000/- (Indian Rupees Ten Lakhs Only)								
Minimum Application and in multiples of thereafter	10 Debentures and in multiples of 1 Debenture thereafter.								
Issue Schedule*	<table> <tr> <td>Issue Opening Date</td> <td>April 29 2022</td> </tr> <tr> <td>Issue Closing Date</td> <td>April 29 2022</td> </tr> <tr> <td>Pay-in Date</td> <td>April 29 2022</td> </tr> <tr> <td>Deemed Date of Allotment</td> <td>April 29 2022</td> </tr> </table>	Issue Opening Date	April 29 2022	Issue Closing Date	April 29 2022	Pay-in Date	April 29 2022	Deemed Date of Allotment	April 29 2022
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Issue Closing Date	April 29 2022								
Pay-in Date	April 29 2022								
Deemed Date of Allotment	April 29 2022								
Date of earliest closing of the issue, if any.	Not applicable								
Settlement mode	All interest, principal repayments, penal interest and other amounts, if any, payable by the Issuer to the Debenture Holders shall be paid to the Debenture Holders by electronic mode of transfer like RTGS/NEFT/direct credit to such bank account within India as the Debenture Holders' inform the Issuer in writing and which details are available with the Registrar.								
Depository	NSDL & CSDL								
Disclosure of Interest/Dividend / redemption dates	Please see the "Coupon payment Dates" and "Redemption/Maturity Date"								
Record Date	7 (Seven) Calendar Days prior to each coupon payment date and redemption date.								
All covenants of the issue (including side letters, accelerated payment clause, etc.):	The Issuer shall submit the following reports to the Debenture Trustee:								
Reporting Covenants	<ul style="list-style-type: none"> <li>i. Information on financials of the Issuer once approved by the Board of Directors;</li> <li>ii. List of Board of Directors of the Issuer on quarterly basis;</li> <li>iii. Shareholding Pattern of the Issuer on Quarterly basis;</li> <li>iv. Portfolio cuts (including PAR data) ;</li> </ul> <ul style="list-style-type: none"> <li>a) <b>Annual Reports</b> – within September 30 of each financial year</li> <li>b) Submit to the Debenture Trustee (and to the Debenture Holder(s), if so requested), its duly audited annual accounts, within 120 (One Hundred and Twenty) days from the close of its accounting year.</li> <li>c) Quarterly data and compliance certificate by an independent chartered accountant within 7 days of the relevant board meeting or 45 days from respective quarter whichever is earlier.</li> <li>d) <b>Event Based Reports</b> – Without prejudice to the quarterly report or any other report to the submitted by the Issuer to the Debenture Trustee, the Issuer shall also within 15 (Fifteen) Business Days from the date of occurrence of any event mentioned below, provide details of such events occurred in the format acceptable to the Debenture</li> </ul>								

	<p>Trustee</p> <ul style="list-style-type: none"> <li>• Change in Shareholding structure</li> <li>• Change in Board composition</li> <li>• Changes in Accounting Policy, which have a material impact, and excluding changes required due to compliance with statutory requirements</li> <li>• Change in senior management officials (any CFO/CEO or equivalent)</li> <li>• Any fraud amounting to more than 1.0% of gross loan portfolio of the Issuer</li> <li>• Change in the constitutional documents of the Company</li> <li>• Material Adverse Effect</li> <li>• Any dispute, litigation, investigation or other proceeding which could result in a Material Adverse Effect.</li> </ul> <p>2. The Issuer shall provide to the Debenture Trustee and to the Debenture Holder(s), information in respect of the following events forthwith and in any event not later than 5 (Five) calendar days from the occurrence of such event</p> <ul style="list-style-type: none"> <li>• Winding up proceedings</li> <li>• Any Event of Default or Potential Default, and any steps taken / proposed to remedy the same.</li> </ul> <p>e) Any other information as may be required by the Debenture Trustee/ Debenture Holders</p>
Financial Covenants	<p>The Issuer shall maintain below mentioned covenants at all times during the entire of the NCDs:</p> <ul style="list-style-type: none"> <li>• The Capital Adequacy Ratio (CAR) should be 18% or more;</li> <li>• The Debt to equity ratio shall not be more than 5.0 times</li> <li>• The Non-Performing Loan Ratio shall be less than 6%. <ul style="list-style-type: none"> <li>○ Non-Performing Loan Ratio” shall mean sum of the Issuer’s outstanding balance of loans and other credit facilities overdue for more than ninety (90) days, plus the outstanding balance of loans and other credit facilities Restructured or Rescheduled or Refinanced Loans but not overdue for more than ninety (90) days, divided by the Issuer’s Gross Loan Portfolio.</li> <li>○ “Restructured or Rescheduled or Refinanced Loans” shall mean, with respect to the Company, the outstanding principal balance of all past due client loans that have been renegotiated or modified or either lengthen or postpone the originally scheduled instalments of the principal or to substantially alter the original</li> </ul> </li> </ul>

	<p>terms, of such client loans. It does, however, not include any loans renegotiated or modified or either lengthen or postpone the originally scheduled instalments of the principal or to substantially alter the original terms as a result of Covid-19 pandemic which is allowed by the regulator/authorities under a regulation/framework enacted as a direct result of the COVID 19 pandemic.</p> <ul style="list-style-type: none"> <li>• The Net Stage 3 assets shall be less than 4%</li> <li>• No Cumulative mismatch in next 1 year bucket considering put option and interest reset and unutilised CC / WCDL Lines</li> </ul> <p>All covenants would be tested on a quarterly basis for the Company, i.e. as on 30<sup>th</sup> June, 30<sup>th</sup> September, 31<sup>st</sup> December and 31<sup>st</sup> March every year, on consolidated and standalone balance sheet till the redemption of the Debentures.</p> <p>The covenants shall be certified by the Company within 45 (Forty-Five) calendar days from the end of each quarter.</p>
Negative Covenants	<p>The Issuer shall not without prior written consent to the Debenture Holders and Debenture Trustee, do or undertake to do any of the following:</p> <ol style="list-style-type: none"> <li>1. Change in promoter, change in promoter shareholding resulting in promoter shareholding falling below 35% or change in control by promoter.</li> <li>2. Any change in shareholding pattern as on March 31,2022 (as disclosed in Placement Memorandum) due to primary future equity issuances/secondary sale by any existing stakeholders except any change in shareholding due to exercise/transfer of ESOPs in accordance with ESOP plan of the company.</li> <li>3. M&amp;A, de-merger, consolidation, re-organization, scheme of arrangement or compromise with its creditors or shareholders or acquisition, restructuring, amalgamation without prior-written consent of Debenture Holders over and above 10% of the Net-worth of the Issuer in a financial year ;</li> <li>4. 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, without prior consent to the Debenture Trustee;</li> </ol> <p>The Debenture Holders /Debenture Trustee (acting on instructions of Debenture Holders) shall respond within 21 (Twenty-One) Calendar days from receipt of written request (in the form of email) failing which the request shall be deemed accepted.</p>

	<p>The Issuer shall not without prior written intimation to the Debenture Holders and Debenture Trustee, do or undertake to do any of the following:</p> <ol style="list-style-type: none"> <li>1. Change in Statutory auditors of the Company</li> <li>2. Issuer shall not change its financial year-end from 31st March (or such other date as may be approved by Debenture Holders) without prior intimation to the Debenture Trustee;</li> <li>3. 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 intimation to the Debenture Holders;</li> <li>4. No dividend payment or declaration, if any Payment Default has occurred and is subsisting</li> <li>5. Not undertake any new major business outside financial services or any diversification of its business outside financial services, without intimation to Debenture Holders.</li> </ol> <p>The Debenture Holders /Debenture Trustee (acting on instructions of Debenture Holders) shall respond within 21 (Twenty-One) Calendar days from receipt of written intimation (in the form of email) failing which the request shall be deemed accepted.</p>
NOC	No NOC would be needed by the company to make any further fresh borrowing subject to maintenance of adequate Security Cover.
Description regarding Security (where applicable) including type of security (movable/immovable/tangible etc.), type of charge (pledge/ hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the Offer Document/ Placement Memorandum.	<ol style="list-style-type: none"> <li>1. The Debentures shall be secured by way of a first ranking, exclusive and continuing charge on identified receivables (“<b>Hypothecated Receivables</b>”) created pursuant to the deed of hypothecation to be executed between the Company and the Debenture Trustee as described herein. The Hypothecated Property shall at all times be equal to 1.10x of the value of the outstanding principal amount of the Debentures plus accrued interest. The issuer undertakes: <ul style="list-style-type: none"> <li>• to maintain the value of security at all times equal to 1.10 x (One Decimal Point One Zero) times or 110.0% (One Hundred and Ten Percent) of the aggregate amount of principal outstanding of the NCDs where at least 1.10x (One Decimal Point One Zero) times or 110.0% (One Hundred and Ten Percent) of the security cover is from principal receivables (“<b>Security Cover</b>”);</li> <li>• to create the security before Deemed Date of Allotment and perfect the same no later than 30 (Thirty) calendar days from the Deemed Date of Allotment by filing CHG-9 within the time period applicable or within the time as provided under Applicable Law whichever is less;</li> <li>• to provide a list on a monthly basis in a mutually acceptable format , 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</li> </ul> </li> </ol>

	<p>the Debenture Holders) (“<b>Monthly Hypothecated Asset Report</b>”). Such report is to be shared by the Debenture Trustee with the Debenture Holders on the same day.</p> <ul style="list-style-type: none"> <li>to add fresh loan assets to the Security Cover to ensure that the value of the Hypothecated Receivables is equal to 1.10x (One Decimal Point One Zero) times or 110.0% (One Hundred and Ten Percent) of the aggregate amount of principal outstanding plus accrued interest of the NCDs where at least 1.10x (One Decimal Point One Zero) times or 110.0% (One Hundred and Ten Percent) of the security cover is from principal receivables.</li> <li>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 overdue.</li> </ul> <p><u>Eligibility Criteria for the Hypothecated Receivables:</u></p> <ul style="list-style-type: none"> <li>the receivables are existing at the time of selection and have not been terminated or pre-paid;</li> <li>all loans hypothecated under the deed of hypothecation comply with RBI norms and guidelines;</li> <li>all loans should be given against the security originated by the Issuer only;</li> <li>all loans should be free from any other current or future encumbrances;</li> <li>the receivables are current loans not having any principal, interest, additional interest, fee or any other overdues of any kind whether accrued/ capitalized (“<b>Current Loans</b>”) in the books of the Company (in accordance with the criteria prescribed by the Reserve Bank of India);</li> <li>all “Know Your Customer” norms have been complied with as prescribed by the Reserve Bank of India.</li> </ul> <p>The Company shall replace all such receivables constituting the Hypothecated Receivables that become overdue non-standard with such loans that meet the eligibility criteria for Hypothecated Receivables provided herein.</p> <ol style="list-style-type: none"> <li>In case issuer offers personal guarantee (PG) of Mr. Rajendra Kumar Setia to any other lender post settlement of this issue, then PG shall be provided to debenture holder/debenture trustee for this issue within 30 calendar days of PG given to any other lender.</li> <li>The company may provide its fixed deposits or Investments in mutual funds or other liquid investments (not exceeding 25% of the total</li> </ol>
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	<p>Security Cover), from time to time as security, and the value of such fixed deposits, investments in Mutual fund or other liquid investments shall be at all times equal to 1.10 x (One Decimal Point One Zero) times or 110.0% (One Hundred and Ten Percent) of the aggregate amount of principal outstanding plus accrued interest of the NCDs.</p> <p>4. The company may provide security by mixing of receivables (as defined in clause 1 above) or its investments (as mentioned in clause 3 above).</p>
Transaction documents	<p>The Issuer has executed/ 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"> <li>1. Letter appointing Trustees to the Debenture Holders;</li> <li>2. Debenture Trusteeship Agreement;</li> <li>3. Debenture Trust Deed;</li> <li>4. Deed of Hypothecation</li> <li>5. Placement Memorandum;</li> <li>6. Private Placement Offer Letter (Form PAS 4);</li> <li>7. Board Resolution authorizing this Issuance;</li> <li>8. Applicable Shareholder Resolutions under the Companies Act 2013;</li> <li>9. Rating Agreement with the aforesaid Rating Agency(ies) with respect to this Issuance; and</li> <li>10. Tripartite Agreements with the Depository(ies) and Registrar &amp; Transfer Agent</li> <li>11. Any other documents as may be agreed between the Parties.</li> </ol> <p>All transaction documents will comply with the requirements prescribed by the RBI (if applicable), SEBI (if applicable) and under the Companies Act, 2013 for the issuance of non-convertible debentures.</p>
Conditions Precedent	<p>The Company shall fulfil the following Conditions Precedent the satisfaction of the Debenture Trustee and submit Conditions Precedent documentation where applicable to the Debenture Trustee, prior to the Pay in Date:</p> <ol style="list-style-type: none"> <li>1. All corporate approvals from the Board of Directors and shareholders of the Issuer, if applicable, shall have been received for the issuance of the NCDs, and the execution, delivery and performance by the Issuer of the Transaction Documents in accordance with the Companies Act, 2013, the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 and other rules prescribed;</li> <li>2. Execution of the Debenture Trustee Agreement, Debenture Trust Deed and Security Documents (Deed of Hypothecation), in a form and manner satisfactory to the Debenture Trustee shall have taken place;</li> </ol>

	<ol style="list-style-type: none"> <li>3. The Issuer shall have submitted to the Debenture Trustee the rating letter and rating rationale;</li> <li>4. The Issuer shall have submitted to the Debenture Holders / Debenture Trustee, all required documents for the purpose of satisfying its respective KYC requirements;</li> <li>5. The Issuer shall have submitted to the Debenture Trustee a certified true copy of the constitutional documents of the Company (the Memorandum and Articles of Association and the Certificate of Incorporation);</li> <li>6. The Issuer shall have submitted to the Debenture Trustee its audited account statements for the most recent financial year or unaudited financial half-year or latest available unaudited results.</li> </ol>
<p>Conditions Subsequent</p>	<p>The Issuer shall ensure that the following documents are executed/activities are completed as per the time frame stipulated in the Debenture Trust Deed:</p> <ol style="list-style-type: none"> <li>1. The Issuer shall immediately on receipt of funds, take on all necessary steps to, including making all applicable filings in the Registrar of Companies and obtaining all necessary approvals including Form PAS 3 along with requisite fee within prescribed timelines;</li> <li>2. To perfect the security over the Hypothecated Receivables no later than 30 (Thirty) calendar days from the Deemed Date of Allotment or as applicable under relevant regulation and Law, whichever is earlier.</li> <li>3. The Issuer shall, furnish proof of necessary registrations made with the relevant authorities including the Registrar of Companies with respect to the security on the Hypothecated Receivables and evidencing that the security extends to the aggregate Redemption Amounts due at all times to the extent of the Security Cover.</li> <li>4. Receive final listing approval from the BSE within the timelines prescribed under the SEBI circular bearing reference number SEBI/HO/DDHS/CIR/P/2020/198 dated October 05, 2020</li> <li>5. The Issuer shall ensure credit of demat account(s) of the allottee(s) with the number of NCDs allotted within the timelines prescribed under the SEBI circular bearing reference number SEBI/HO/DDHS/CIR/P/2020/198 dated October 05, 2020</li> <li>6. The Issuer shall ensure compliance with SEBI/ Companies Act 2013 (as applicable) for issuance of NCDs.</li> <li>7. The Company shall file Form CHG 9 with the ROC within 30 (Thirty) days of the Deemed Date of Allotment and Form I with CERSAI within 30 (Thirty) days of Deemed Date of Allotment in a form and substance satisfactory to the Debenture Trustee or within timeline as provided under Applicable Law whichever is less.</li> </ol>
<p><i>Events of Default</i> (including manner of voting /conditions of</p>	<p>Customary for financings of this nature and others appropriate in the judgment of the Debenture Holders, including but not limited to:</p>

<p>joining Inter Creditor Agreement)</p>	<ol style="list-style-type: none"> <li>1. Non-payment of any of the dues under this Issuance;</li> <li>2. Payment Default on any other indebtedness (cross default), with a grace period of 5 (Five) calendar days, if covered under relevant transaction documents and subject to delay being on account of technical reasons;</li> <li>3. Misrepresentation or misleading information in any of the Transaction Documents;</li> <li>4. Issuer is unable or admits in writing its inability to pay its debts as they mature or suspends making payment of any of its debts, by reason of actual or anticipated financial difficulties or proceedings for taking it into liquidation have been admitted by any competent court or a moratorium or other protection from its creditors is declared or imposed in respect of any indebtedness of the Company;</li> <li>5. Insolvency, winding up, liquidation</li> <li>6. A receiver or liquidator, provisional liquidator, supervisor, receiver, administrative receiver, administrator, compulsory manager, trustee or other similar officer in respect of the Company or any of its assets is appointed or allowed to be appointed of all or any part of the undertaking of the Company;</li> <li>7. If an attachment or expropriation or restraint of act of sequestration is levied on the Hypothecated Receivables or any part thereof;</li> <li>8. Lenders processes initiated against the company</li> <li>9. Repudiation of Transaction Documents</li> <li>10. Cessation of business</li> <li>11. Any material act of fraud, embezzlement, misstatement, misappropriation or siphoning off of the Issuer / Promoter funds or revenues or any other act having a similar effect being committed by the management or an officer of the Issuer</li> <li>12. The Company has taken or suffered to be taken any action for re-organization of its capital or any rearrangement, merger or amalgamation without the prior written intimation to the Debenture Holders;</li> <li>13. All or a material part of the undertaking, assets, rights or revenues of the Company are condemned, seized, nationalized, expropriated or compulsorily acquired, or shall have assumed custody or control of the business or operations of the Company, or shall have taken any action for the dissolution of the Company, or any action that would prevent the Company, their member, or their officers from carrying on their business or operations or a substantial part thereof, by or under the authority of any Government or Government authority;</li> <li>14. Occurrence of a Material Adverse Effect, not driven due to Force Majeure event, as determined by the Debenture Trustee, acting solely on the instructions of the Majority Debenture Holders.</li> </ol>
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	<p>15. Change in management control (as defined below) without prior written intimation.</p> <p>16. 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>17. Breach of any of the following covenants:</p> <ol style="list-style-type: none"> <li>Financial Covenants</li> <li>Negative Covenants</li> </ol> <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> <ol style="list-style-type: none"> <li>require the Company to mandatorily redeem the Debentures and repay the principal amount on the Debentures, along with accrued but unpaid Coupon, and other costs, charges and expenses incurred under or in connection with this Deed and other Transaction Documents;</li> <li>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.</li> <li>enforce security.</li> </ol> <p>“Management Control” shall mean Mr. Rajendra Setia continuing to be the Managing Director of the Company.</p>
Creation of recovery expense fund	<p>The Company has created a recovery expense fund with BSE and shall maintain the fund in the manner as specified in the SEBI Circular dated October 22, 2020 vide reference no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 and as may be supplemented or amended from time to time, and inform the Debenture Trustee about the same.</p> <p>The recovery expense fund may be utilized by the Debenture Trustee upon occurrence of an Event of Default, for taking appropriate legal actions to enforce the Security in accordance with the relevant SEBI circulars.</p>
Conditions for breach of covenants (as specified in Debenture Trust Deed)	As set out under the Clause “All covenants of Issue” and “Events of Default” above.
Provisions related to Cross Default Clause	As set out herein under the clause “Event of Default”.
Role and Responsibilities of	To oversee and monitor the overall transaction for and on behalf of the

Debenture Trustee	Debenture Holders. Further, the Debenture Trustee has undertaken the necessary due diligence in accordance with Applicable Law.
Risk factors pertaining to the issue	As per the “Risk Factors” mentioned in Section 4 under the Placement Memorandum.
Governing Law & Jurisdiction	This Term Sheet shall be governed and construed exclusively in accordance with the laws of India and any disputes arising there from shall be subject to the jurisdiction of appropriate courts and tribunals at Mumbai & Jaipur, India.
Terms and conditions of debenture trustee agreement including fees charged by debenture trustees(s), details of security to be created and process of due diligence carried out by the debenture trustee	Please refer to Annexure 3 of the Placement Memorandum.
Debenture Trustee	Vardhman Trusteeship Pvt Ltd
Registrar & Transfer Agent	Kfin Technologies Private Limited
Issuance mode	Dematerialized, Private Placement
Trading mode	Dematerialized
Business Days	A day (other than a Saturday, a Sunday or a Bank Holiday) on which banks are open for general business in Mumbai. Additionally, the day on which payment of interest/redemption with respect to debt securities falls due, it has been decided that interest/redemption payments shall be made only on the days when the money market is functioning in Mumbai.
Business Day Convention	<ul style="list-style-type: none"> <li>• If any coupon payment date falls on a day that is not a working day, the payment shall be made on the immediately succeeding working day.</li> <li>• If the redemption date of the Debentures falls on a day that is not a working day, the redemption proceeds shall be paid on the immediately preceding working day</li> <li>• If the Maturity Date (also the last coupon payment date) of the Debentures falls on a day that is not a working day, the redemption proceeds and coupon payment shall be paid on the immediately preceding working day.</li> </ul>
Payment Mechanism	On each Payment Date (“T”), Issuer shall make payments of Coupon and Principal amounts due along with all other obligations (if any) under the Transaction Documents by 5 PM India time on T Business Days.
Voluntary Redemption	<p>The Company shall be entitled to redeem (in whole or in part) or buy back all (or less than all) of the Debentures held by one or more Debenture Holders before its maturity provided that:</p> <ol style="list-style-type: none"> <li>the Company issues a written notice of voluntary redemption / buy-back to all Debenture Holders and the Trustee in the manner as more particularly set out in the Transaction Documents</li> <li>the Debenture Holder from whom the Debentures are proposed to</li> </ol>

	<p>be redeemed/ bought-back by the Company consents to such redemption/ buy-back in writing.</p> <p>(iii) no Event of Default has occurred and is continuing or shall occur pursuant to such buy-back or redemption,</p> <p>Detailed procedure to be captured in the Transaction Documents.</p>
Early Redemption	<p>Subject to regulatory approvals if required, any Debenture Holder may require early redemption of the Debentures held by them upon the occurrence of any of the following events:</p> <ol style="list-style-type: none"> <li>1. Rating of the Issuer is downgraded to a level of BBB+ or below;</li> <li>2. Failure of the Issuer to comply with covenants set out in other documents of this issue amounting to acceleration of more than 5% of on balance sheet liabilities ;</li> </ol> <p>Upon the receipt of early redemption notice, the Issuer shall be required to redeem the relevant Debentures within 60 (Sixty) calendar days of the notice.</p>
Consolidation of ISINs	<p>The Company shall have the right/shall be entitled to add additional securities (for such additional amounts as may be issued by the Company from time to time) to the existing ISINs from time to time subject to the prevailing guidelines, rules/regulations of Reserve Bank of India, the Securities and Exchange Board of India and any other authorities.</p>
Right to re-purchase and re-issue debentures	<p>The Company, subject to the prevailing guidelines, rules/regulations of Reserve Bank of India, the Securities and Exchange Board of India and any other authorities shall have the option from time to time to repurchase a part or all of the Debentures from the secondary markets or otherwise, on prior mutual consent(s) from the debenture holders). at any time prior to the date of maturity. In the event of a part or all of its Debentures being repurchased as aforesaid or redeemed under any circumstances whatsoever, the Company shall have, and shall be deemed to have had, the power to reissue the Debenture either by reissuing the same Debentures or by issuing other Debenture in their place. Further the Company, in respect of such repurchased/redeemed Debenture shall have the power exercisable either for a part or all of those Debenture, to cancel, keep alive, appoint nominee(s) to hold or reissue at such price and on such terms and conditions as it may deem fit and as permitted by law.</p>
Indemnification	<p>The Issuer will indemnify, and hold harmless the Debenture Holders from and against any 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.</p>
Confidentiality	<p>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.</p>

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"> <li>1. Trustee fees</li> <li>2. Listing fees</li> <li>3. Rating fees</li> <li>4. Stamping and registration in relation to all Transaction Documents</li> </ol> <p>Any other reasonable transaction related expense incurred by the Debenture Holders</p>
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**Notes:**

- a. If there is any change in Coupon Rate pursuant to any event including lapse of certain time period or downgrade in rating, then such new Coupon Rate and events which lead to such change should be disclosed.
- b. The list of documents which has been executed in connection with the issue and subscription of debt securities shall be annexed.
- c. While the debt securities are secured to the tune of 100% of the principal and interest amount or as per the terms of Placement Memorandum, in favour of Debenture Trustee, it is the duty of the Debenture Trustee to monitor that the security is maintained.
- d. The issuer shall provide granular disclosures in their placement memorandum, with regards to the "Object of the Issue" including the percentage of the issue proceeds earmarked for each of the "object of the issue".

**For SK Finance Limited**

**Authorised signatory**

**Name:** Anagha Bangur

**Date:** 26/04/2022

**Place:** Jaipur

### Annexure I: Cash Flows

Issuer	<b>SK Finance Limited</b>
Face Value per NCD	Rs.10,00,000 (Rupees Ten Lakh only)
Date of Allotment	April 29, 2022
Redemption	The principal repayment by way of amortizing over quarterly redemptions starting from the end of 3 <sup>rd</sup> month from Deemed Date of Allotment and every quarter thereafter subject to Business Day Convention hereto.
Initial Coupon Rate	8.30% p.a. (Eight Decimal Three Zero percent per annum)
Frequency of the Coupon	Monthly and on Redemption
Day Count Convention	Actual/ Actual

### Cash-flow on Per Debenture Basis

Months	Date	Net Cash Flow	Principal	Interest	Principal O/s	days
	29 April 2022	(10,00,000)			10,00,000	
1	29 May 2022	6,822		6,822	10,00,000	30
2	29 June 2022	7,049		7,049	10,00,000	31
3	29 July 2022	90,155	83,333.00	6,822	9,16,667	30
4	29 August 2022	6,462		6,462	9,16,667	31
5	29 September 2022	6,462		6,462	9,16,667	31
6	29 October 2022	89,586	83,333.00	6,253	8,33,334	30
7	29 November 2022	5,874		5,874	8,33,334	31
8	29 December 2022	5,685		5,685	8,33,334	30
9	29 January 2023	89,207	83,333.00	5,874	7,50,001	31
10	28 February 2023	5,116		5,116	7,50,001	30
11	29 March 2023	4,946		4,946	7,50,001	29
12	29 April 2023	88,606	83,333.00	5,273	6,66,668	31
13	29 May 2023	4,536		4,536	6,66,668	30
14	29 June 2023	4,687		4,687	6,66,668	31
15	29 July 2023	87,869	83,333.00	4,536	5,83,335	30
16	29 August 2023	4,101		4,101	5,83,335	31
17	29 September 2023	4,101		4,101	5,83,335	31
18	29 October 2023	87,302	83,333.00	3,969	5,00,002	30
19	29 November 2023	3,515		3,515	5,00,002	31
20	29 December 2023	3,402		3,402	5,00,002	30
21	29 January 2024	86,848	83,333.00	3,515	4,16,669	31
22	29 February 2024	2,929		2,929	4,16,669	31
23	29 March 2024	2,740		2,740	4,16,669	29
24	29 April 2024	86,270	83,333.00	2,937	3,33,336	31
25	29 May 2024	2,274		2,274	3,33,336	30
26	29 June 2024	2,350		2,350	3,33,336	31

27	29 July 2024	85,607	83,333.00	2,274	2,50,003	30
28	29 August 2024	1,762		1,762	2,50,003	31
29	29 September 2024	1,762		1,762	2,50,003	31
30	29 October 2024	85,038	83,333.00	1,705	1,66,670	30
31	29 November 2024	1,175		1,175	1,66,670	31
32	29 December 2024	1,137		1,137	1,66,670	30
33	29 January 2025	84,508	83,333.00	1,175	83,337	31
34	28 February 2025	569		569	83,337	30
35	29 March 2025	550		550	83,337	29
36	29 April 2025	83,924	83,337.00	587	-	31

\*Note:

Coupon Rate shall be subject to Coupon Rate Reset Date(s) Clause.

