

KKR INDIA ASSET FINANCE LIMITED: SECURED NCD ISSUE**KEY INDICATIVE TERMS**

This non-binding term sheet contains some of the key terms on the basis of which KKR India Asset Finance Limited (“**KKR India**”) may consider issuing secured, non-convertible, unlisted, redeemable, rated debentures (“**Debentures**”) at par against receipt of amounts equal to face value of the Debentures from investors. This term sheet is not an invitation or an offer or a proposal or a commitment on behalf of KKR India to issue the Debentures or to even engage in any further discussions and is merely indicative of some key terms on the basis of which investor interest can be gauged. Any invitation or an offer or a proposal or a commitment or any other engagement shall be at KKR India’s sole discretion. Notwithstanding the aforesaid, it is expressly understood that any Debentures would only be issued / considered for issuance on a private placement basis and unless this non-binding term sheet is expressly addressed / delivered to you, you shall not be deemed to have received this term sheet. Any recipient of this term sheet, including any person who obtained it even though not intended for them, shall keep the term sheet strictly confidential and not disclose it to any person save and except with express written consent of KKR India.

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| Issuer | KKR India Asset Finance Limited (“ KKR India ”). |
| Base Issue Size | Rs. 164,00,00,000 (Rupees One Hundred and Sixty Four Crores Only). |
| Option to retain oversubscription | NIL. |
| Type of Instrument | Secured, Non-convertible, Unlisted, Redeemable, Rated Debentures. |
| Type of Issue | Private Placement. |
| Nature of Instrument | Secured. |
| Series | August 2020 Debentures. |
| Issuance Mode | In Demat mode only. |
| Trading Mode | In Demat mode only. |
| Objects of the Issue | The proceeds of the Debentures shall be utilised by the Issuer for the purpose of repayments of existing loans availed by the Issuer. |
| Utilization of Issue Proceeds | End use of Funds shall be repayment of existing loans. The Issuer shall submit the details of repayment in prescribed format before the subscription. Further, the Issuer shall submit a certificate in prescribed format confirming the end use of funds not later than one month from disbursement. |

KKR India Asset Finance Limited (erstwhile KKR India Asset Finance Private Limited)

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CIN No. U65191TN1989PLC017616

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| Security | <p>The Debentures shall be secured by way of a first ranking, pari passu and continuing charge on identified receivables (“Hypothecated Assets”), i.e. a first priority hypothecation on a floating charge basis to be shared pari passu with existing lenders and debenture holders (as applicable) over all loans and advances of the Company excluding any non-performing assets as categorized in accordance with the relevant guidelines issued by Reserve Bank of India from time to time with an asset cover of 1.25 times principal outstanding (“Security Cover”), and subject to Permitted Security Interest. Such security interest shall be created pursuant to the deed of hypothecation to be executed between the Company and the Debenture Trustee as described herein. The Issuer undertakes:</p> <ul style="list-style-type: none"> • to maintain the Security Cover at all times equal to 1.25 times or 125% of the aggregate amount of principal outstanding of the Debentures over the Hypothecated Assets. • to replace any slippage in loan receivables specifically charged to us with standard receivables. Security Cover will be maintained as aforesaid. • to create the security over the Hypothecated Assets as contemplated above on or prior to the Deemed Date of Allotment by executing a duly stamped deed of hypothecation (“Deed of Hypothecation”) and to perfect and register the security (including filing CHG-9) within the time period applicable and no later than 30 days from the Deemed Date of Allotment. • to provide a CA certificate on a monthly basis & Debenture Trustee, ensuring adequate charge on loan receivables/identified book debts to the Debenture Trustee over which the charge is created and subsisting by way of hypothecation in favour of the Debenture Trustee (for the benefit of the Debenture Holders) (“Monthly Hypothecated Asset Report”). The certificate to be shared on 20th of succeeding month for the previous month • to add fresh loan assets to the Hypothecated Assets to ensure that the Security Cover is maintained <p><u><i>Eligibility Criteria for the Hypothecated Receivables:</i></u></p> <ul style="list-style-type: none"> • the receivables are existing at the time of selection and have not been terminated or pre-paid; • the receivables have not been restructured or rescheduled • all “Know Your Customer” norms have been complied with as prescribed by the Reserve Bank of India; • It is clarified that the assets would be ‘current’ on inclusion and replacement of receivables (to be carried out within 30 calendar days) would be upon becoming NPA (i.e. on crossing 90 Days Past Due); • Each client loans must satisfy the Issuer's credit and underwriting policies, including credit referencing agency checks where commonly used; • Each client loan must be directly originated by the Issuer and not loans purchased from a third party; • All loans hypothecated under the deed of hypothecation comply with RBI norms and guidelines <p>Subject to maintenance of the Security Cover, KKR India may from time to time deal with loans, NCDs, OCDs and/or receivables at its discretion including to accept prepayment, delay repayment / redemptions / interest</p> |
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| | <p>payment, reduce yield, modify security, assign the benefits in part or in whole, etc.</p> <p>It is clarified that proceeds of any repayment/redemption of loans made by KKR India may be used by KKR India in its ordinary course of business, including to further lend to others.</p> <p>KKR India shall be at liberty at any time during the continuance of this security, to withdraw any of the Encumbered Assets from such of the security trusts, powers and provisions hereof or pursuant hereto without requiring the prior permission of the Debenture Trustee and/or the Debenture Holders provided the Security Cover should have been available.</p> <p>KKR India shall create the Security within 30 (thirty) days of the Deemed Date of Allotment and make all requisite filings as are required to perfect the security interest. It is further clarified that KKR may deploy and use the funds raised vide the issuance of Debentures as per the terms of the debenture documents during the pendency of creation and/or perfection of Security.</p> |
| Permitted Security Interest | <p>“Permitted Security Interest” shall mean the (i) encumbrance created/ to be created in favour of the Debenture Trustee for the benefit of the Debenture Holders in relation to the Debentures; and (ii) any encumbrance created over any rights, titles, interests, assets or properties of KKR India including any loans, receivables, investments etc, provided that in case any security interest is created over the Encumbered Assets, KKR India shall ensure that the Security Cover is always maintained and available for the benefit of the Debenture Trustee /Debenture Holders; and (b) no Event of Default is continuing as on the date of such security creation.</p> |
| Further Borrowings/ Security Creation | <p>No consent is required for availing additional indebtedness which is intended to be secured by security interest over the assets which have been charged for securing the Debentures if Security Cover of 1.25x is maintained and there is no event of default is continuing as on the date of such borrowing and/or security creation as the case may be.</p> <p>It is hereby clarified that:</p> <ul style="list-style-type: none"> (i) no consent is required from the Debenture Holders/Debenture Trustee for availing additional financial indebtedness which is not intended to be secured by security interest over the assets which have been charged for securing the Debentures; (ii) no consent is required from the Debenture Holders/Debenture Trustee for creating any security interest on KKR India’s other assets which have not been charged for securing the Debentures; and (iii) no consent is required for creating of security over the Encumbered Assets for securing any additional indebtedness, if the Security Cover asset cover ratio of 1.25x is maintained and there is no event of default is continuing as on the date of such security creation. |
| Seniority | Senior. |
| Contribution being made by the promoters or directors either as part of the offer or | Nil. |

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| separately in furtherance of such objects | |
| Listing | Unlisted. |
| Trustees | Catalyst Trusteeship Limited. |
| Credit Rating | CRISIL AA/Stable (Reaffirmed). |
| Credit Enhancement | Nil. |
| Face Value | Rs. 1,00,00,000 (Rupees One Crore) per Debenture. |
| Premium on issue | Nil. |
| Discount on issue | Nil. |
| Issue Price | At par, i.e. at Rs. 1,00,00,000 (Rupees One Crore) per Debenture. |
| Premium on redemption | Nil. |
| Discount on redemption | Nil. |
| Minimum Application | 164 (One Sixty Four) Debentures. |
| Tenor | 90 days from the Deemed Date of Allotment. |
| Put Option | None. |
| Put Option Price | Not Applicable. |
| Put Option Date | Not Applicable. |
| Put Notification Time | Not Applicable. |
| Call Option | None. |
| Call Option Price | Not Applicable. |
| Call Option Date | Not Applicable. |
| Call Notification Time | Not Applicable. |
| Coupon | At the Coupon Rate and payable on the Redemption Date. |
| Coupon Rate | 7.15% p.a. and payable on the Redemption Date. |
| Redemption Amounts | At Par. Redemption Amounts shall mean on any Redemption Date, in respect of the August 2020 Debentures being redeemed, the outstanding principal amount of the August 2020 Debentures being redeemed on such Redemption Dates together with the accrued Coupon thereon. |
| Redemption Date | 90 (ninety) days from the Deemed Date of Allotment, i.e. November 19, 2020. |
| Step Down / Step Up Coupon Rate | None. |

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| Coupon Payment Frequency | Annually. Accrued Coupon will be paid on the Redemption Date. |
| Coupon Payment Dates | Redemption Date. |
| Coupon Type | Fixed. |
| Coupon Reset | None. |
| Day Count Basis | Actual/Actual. |
| Issue Timing | NA. |
| Issue Opening Date | 19 August 2020. |
| Issue Closing Date | 19 August 2020. |
| Pay-in Date | 21 August 2020. |
| Deemed Date of Allotment | 21 August 2020. |
| Default Interest Rate | In case of default in payment of Coupon and/or principal Redemption Amounts on the Redemption Date, additional interest of 2% (Two percent) p.a. over the Coupon Rate shall be payable by the Issuer for the defaulting period. |
| Settlement Mode | Payment of interest and repayment of principal shall be made by way of cheque(s)/ credit through RTGS/ Electronic Fund Transfer or any other electronic mode offered by the Banks. |
| Settlement Cycle for EBP | Not Applicable. |
| Depositories | NSDL / CDSL. |
| Registrar | KFin Technologies Private Limited. |
| Business Day Convention | <p>‘Business Day’ shall be a day on which commercial banks are open for business in the city of Mumbai, Maharashtra and when the money market is functioning in Mumbai. If the date of payment of interest/redemption of principal does not fall on a Business Day, the payment of interest/principal shall be made in accordance with SEBI Circular CIR/IMD/DF-1/122/2016 dated November 11, 2016.</p> <p>If the Redemption Date of the Debentures falls on a day that is not a Business Day, the Redemption Amounts shall be paid by the Issuer on the immediately preceding Business Day which becomes the new Redemption Date, along with interest accrued on the Debentures until but excluding the date of such payment, i.e. such new Redemption Date.</p> |
| Record Date | The Record Date shall be 7 Calendar days prior to each coupon payment date / redemption date. |
| Transaction Documents/Debenture Documents | <p>The Issuer has executed/ shall execute the documents including but not limited to the following in connection with the Issue:</p> <ul style="list-style-type: none"> • Consent Letter from Catalyst Trusteeship Limited to act as Trustee to the Debenture holders; Debenture Trusteeship Agreement; • Debenture Trust Deed; |

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| | <ul style="list-style-type: none"> • Deed of Hypothecation • Information Memorandum • Rating Letter from Crisil; • Tripartite Agreement between the Issuer; Registrar and NSDL for issue of Bonds in dematerialized form; • Tripartite Agreement between the Issuer, Registrar and CDSL for issue of Bonds in dematerialized form • Board resolution • Shareholder's resolution |
| Conditions Precedent | <p>The Issuer represents and warrants to the Investor or its successors or assigns, prior to and upon the execution of the Transaction Documents/Agreement and at the time of issuance of the Debentures and at all time during the currency of the Transaction Documents, that:</p> <ul style="list-style-type: none"> • The Issuer is duly incorporated, validly existing, and in good standing; • The Issuer is authorized to enter into the Transaction Documents within the time period as per applicable law, and the Transaction Documents are a valid and binding obligation of the Issuer enforceable in accordance with its terms; and the execution and performance of the Transaction Documents by the Issuer is lawful and does not constitute a default, acceleration or termination of any other agreement to which the Issuer is a party or breach of any judgment, decree, order or award. • All information provided by the Issuer to the Investor at any time is true, complete, and accurate in material respects, • The Issuer is the sole owner of all assets shown on the Issuer's financial statements delivered to the Investor save and except as stated in the said financial statements. • The Issuer is solvent and capable of paying its obligations as and when they become due. • There is no material litigation including winding up proceedings or governmental proceeding pending against the Issuer and the Issuer is not aware of any such proceeding being threatened, which could impair the Issuer's net worth or ability to perform this Agreement. • The Issuer maintains and shall maintain accurate business and financial records and prepares and shall prepare its financial statements in accordance with generally accepted accounting principles. • In case the Issuer is a Company under the Companies Act, 1956 or Companies Act, 2013, as the case may be:- All corporate authorizations required for entering into the Transaction Documents and performing the transactions pursuant hereto have been obtained and are in full force and effect, and the Transaction Documents and all transactions pursuant hereto are and will be in accordance with all applicable provisions of law; • Obligation hereunder are not in conflict with any other obligations of the Issuer • The execution of Transaction Documents is binding on the Issuer and such executed documents are valid and admissible in evidence in the court of law. • There is no material adverse change occurred or event of default has occurred or continuing with respect to the Issuer and no such event |

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| | <p>or circumstance would occur as a result of its executing the Transaction Documents or performance of any obligation there under.</p> <ul style="list-style-type: none"> • The Investor or it's successors and assigns shall have a first ranking pari-passu charge on the identified business loan receivables of our Company subject to Permitted Security Interest. • The Issuer shall take appropriate measures and/or authorization to create Security in favour of the Trustees or its successors and assigns and avail the financial indebtedness. • The Issuer shall have good title to assets, to be provided as security. |
| Conditions subsequent to subscription of Debentures | <p>The Issuer shall ensure that the following documents are executed/ activities are completed as per time frame mentioned in the relevant Transaction Documents:</p> <ul style="list-style-type: none"> • Ensuring that the payment made for subscription to the Debentures is received from the bank account of the person/ entity subscribing to the Debentures and keep record of the bank accounts from where payments for subscriptions have been received. In case of subscription to the Debentures to be held by joint holders, application monies is received from the bank account of the person whose name appears first in the Application Form; • Maintaining a complete record of private placement offers in Form PAS-5; • Filing a return of allotment of Debentures with complete list of all Debenture holders in Form PAS-3 under section 42 of the Companies Act, 2013, with the Registrar of Companies, within the prescribed time limit along with fee as provided in the Companies (Registration Offices and Fees) Rules, 2014; • Credit of demat account(s) of the allottee(s) by number of Debentures allotted within two working days from the Deemed Date of Allotment; • Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in the relevant Transaction Documents. |
| Representations and Warranties | <ul style="list-style-type: none"> • Due capacity • Due authority and corporate approvals • Subject to standard reservations around bankruptcy, etc., enforceability and legality of the obligation to repay and pay interest • No winding – up or bankruptcy • No court order prohibiting the issuance of debentures • No Event of Default • Security being in full force and effect. |
| Covenants | <p>(a) In case of default in repayment of the redemption amounts or in the payment of the interest in relation to the Debentures, on due date(s) by KKR India, the Debenture Trustee and/or the RBI will have an unqualified right to disclose or publish KKR India's name or the name of KKR India/unit and its directors/partners/proprietors as defaulters / wilful defaulters in such manner and through such medium as the Debenture Trustee or RBI in their absolute discretion may think fit.</p> <p>(b) The Debenture Trustee/Debenture Holder will have the right to share credit information as deemed appropriate with Credit Information</p> |

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| | <p>Companies (CICs) or any other institution as approved by RBI from time to time.</p> <p>(c) KKR India should not induct into its Board a person whose name appears in the willful defaulters list of RBI/CICs. In case such a person is already on the Board of KKR India, it would take expeditious and effective steps for removal of that person from its Board. Nominee directors are excluded for this purpose.</p> <p>(d) KKR India will utilize the funds for the purpose they have been lent. Any deviation will be dealt with as per RBI guidelines and terms of sanction.</p> <p>(e) KKR India shall within 2 days from the Deemed Date of Allotment (i) issue and allot to the Subscriber the August 2020 Debentures to the Subscribers as requested for by the Subscriber in the Application Form and (ii) execute the Debenture Trust Deed and the relevant security documents.</p> <p>(f) Security Creation: If the Company fails to execute the Debenture Trust Deed & Deed Of Hypothecation within the time period as per applicable law, the Company shall pay penal interest at the rate of 2.00% p.a. over the Coupon Rate till the execution of the trust deed.</p> |
| Events of Default | <p>Occurrence of any of the following events constitutes an event of default with respect to the Issuer -:</p> <ul style="list-style-type: none"> • The Issuer shall fail to promptly pay any amount now or hereafter owing to the Investors as and when the same shall become due and payable; or • Breach of any of the material covenants, as specified above, which are not remedied within such period of time, if any, as the Debenture Trustee (acting on the instructions of the Majority Debenture Holders) may allow. • the Issuer entering into any material arrangement or composition with its creditors or committing any act of insolvency, or any act the consequence of which may lead to the insolvency or winding up of the Issuer; • execution or distress or other process being enforced or levied upon or against the whole or any part of the Issuer's property whether secured to the Investor or not; • any order being made or a resolution being passed for the winding up of the Issuer (except for the purpose of amalgamation or reconstruction with the prior approval of the Investor); • a Receiver being appointed in respect of the whole or any part of the property of the Issuer; • the Issuer being adjudicated insolvent or taking advantage of any law for the relief of insolvent debtors;(x) the Issuer ceasing or threatening to cease to carry on business or giving or threatening to give notice of intention to do so; • Inability to pay debts, proceedings of winding up, or the Issuer's being declared or considered to be a sick company, or a relief undertaking or a protected company or a sick industrial company or a protected industrial company or otherwise, under any law, statute, rule, ordinance etc. which would have the effect of suspending or waiving all or any right against the Issuer or in respect of any contract or agreement concerning the Issuer, • Breach of any of the covenants, representations and warranties. Cure period for (a) any breach of material covenants to be given at |

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| | <p>the sole discretion of the Investor, and (b) breach of any other covenants, representation and warranties to be cured within 30 days.</p> <ul style="list-style-type: none"> • Failure to file a Form CHG 9 with the Registrar of Companies in form and substance required to perfect the Security within 30 days from deemed date of allotment. • Security provided being invalid security or loss of lien on collateral • Unlawfulness or unenforceability of finance or security • Repudiation of any Transaction Document • Illegality for the Issuer to perform any of its obligations under the Transaction Document • The withdrawal, failure of renewal, or failure to obtain any statutory or regulatory approval in any relevant jurisdiction for the Debentures or any Security. • material Representations or Warranties are found to be untrue or misleading when made or deemed to be made. • The security cover falls below 1.25 times of the Outstanding principal Amount and interest thereon at any time during the currency of the Debentures and if the Issuer fails to reinstate to 1.25 times within 30 working days. <p>In the event of occurrence of any of the events of default as mentioned above, the entire outstanding principal amounts on the NCDs (i.e. redemption at par) along with other monies/accrued interest due in respect thereof shall become due for payment within a period of 30(thirty) ((if not cured during the cure period of 30 days) days from the occurrence of such event of default, except in case of occurrence of the event of default set out in sub-clause (i) above, where such amounts shall become due immediately upon acceleration in accordance with the Transaction Documents.</p> |
| Consequence of Event of Default | <p>Upon the occurrence and during continuance of an Event of Default, the Debenture Holders may, after providing for any cure periods as provided in the debenture documents, by notice accelerate all outstanding amounts and the Issuer shall pay the outstanding amounts within 15 (fifteen) days of demand. If the Debentures are not redeemed within 15 (fifteen) days of demand, then the Debenture Holders, with consent of the Majority Debenture Holders, exercise any of the following rights or remedies:</p> <ol style="list-style-type: none"> apply for winding-up of KKR India enforce security. |
| Role and Responsibilities of Trustees | <p>The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustees by the holder(s) of the Debentures and shall further conduct itself, and comply with the provisions of all applicable laws. The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, as amended from time to time, the Debenture Trusteeship Agreement, Disclosure Document and all other related transaction documents, with due diligence and loyalty.</p> |
| Taxes | <p>All payments to be made by KKR India shall be subject to deduction of all relevant taxes.</p> |

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| Costs | Each Party shall bear their own costs for the purposes of review, preparation and finalization of any Transaction Documents. KKR India shall pay the stamp duty on any Transaction Document and on the Debentures. |
| Type of Bidding | Closed bidding |
| Manner of Allotment | Uniform – yield |
| Approvals | The Issuer will be responsible for taking all necessary authorization and / or approvals internal, external regulatory, statutory or otherwise. |
| Governing Law and Jurisdiction | The Debentures are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction of district courts of Mumbai, Maharashtra. |

For KKR India Asset Finance Limited

Yeshwant Nadkarni
Executive Director and Chief Executive Officer
DIN: 02782082

Date: August 19, 2020
Place : Mumbai