

Term Sheet – Avendus Finance Private Limited

Security Name	Series "A" AFPL 9.49% 2017-2018
Issuer	Avendus Finance Private Limited
Sponsor	Avendus Capital Private Limited
Type of Instrument	Secured, Rated, Unlisted, Redeemable Non-Convertible Debentures
Nature of Instrument	Secured
Seniority	Senior, on pari passu basis with current and future secured security holders/lenders
Mode of Issue	Private placement
Eligible Investors	As permitted under applicable law
Rating of the Instrument	CRISIL A+ (pronounced CRISIL A plus)
Issue Size	Rs. 50 Crores (Rupees Fifty Crores only)
Option to retain oversubscription	Not Applicable
Objects of the Issue	The funds raised through this Issue, after meeting the expenditures of and related to the Issue, will be used for our various financing activities, repay our existing loans and for our business operations.
Details of the utilization of the Proceeds	The proceeds would be utilized for meeting the Object of the Issue.
Interest/Coupon Rate	9.49% p.a.
Step Up/Step Down Coupon Rate	Not Applicable
Coupon Payment Frequency	Annually and payable at Maturity
Coupon payment dates	February 2, 2019 and on maturity i.e. January 31, 2020
Coupon Type	Fixed
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc.).	Not Applicable
Day Count Basis	Actual/ Actual
Interest on Application Money	Not Applicable
Default Interest Rate	In case of default in payment of interest and/or principal redemption on the due dates, additional interest @ 2% (Two percent) p.a. over and above the applicable Coupon Rate will be payable by the Company from the date of the occurrence

	of the default until the default is cured or the debentures are redeemed pursuant to such default, as applicable.
Tenor	728 Days
Redemption Date	January 31, 2020
Redemption Price Per Debenture	At par i.e. Rs. 10,00,000/- (Rs. Ten Lakh Only) per debenture.
Issue Price	At par, i.e. Rs. 10,00,000/- (Rs. Ten Lakh only) per Debenture
Face Value	Rs. 10,00,000/- (Rs. Ten Lakh only) per Debenture
Discount at which security is issued and the effective yield as a result of such discount.	Not Applicable
Put Date	Not Applicable
Put Price	Not Applicable
Call Option	Not Applicable
Call Date	Not Applicable
Call Price	Not Applicable
Put Notification Time	Not Applicable
Call Notification Time	Not Applicable
Rollover Option	Not Applicable
Minimum Application and multiples of debt securities thereafter	10 Debentures and in multiples of 1 Debenture thereafter
Issue Timing	Tranche Opening Date: February 2, 2018 Tranche Closing Date: February 2, 2018 Pay-in Date: February 2, 2018 Deemed Date of Allotment: February 2, 2018
Issuance mode of the Instrument	Demat only
Trading mode of the Instrument	Demat only
Settlement mode of the Instrument	Cheque / Demand Draft / Pay Order / Direct Credit / ECS / NEFT / RTGS / other permitted mechanisms
Depository(ies)	NSDL and CDSL
Business Day	Means a day from Monday to Friday excluding a bank holiday in Mumbai where any payment/repayment is to be made or

	received in accordance with the terms of any of the Transaction Documents.
Business Day Convention	Should any of the Due Date(s), for payment of coupon/interest or principal as defined above, fall on day other than a Business Day, the next immediately succeeding Business Day shall be considered as the effective date for the purpose of coupon/interest payment and the immediate previous Business Day shall be considered as the effective date for the purpose of payment of redemption proceeds.
Record Date	15 (Fifteen) days prior to any Due Date. In the event the Record Date falls on a day which is not a Business Day, the next Business Day will be considered as the Record Date.
Security	The NCDs being issued shall be secured through a first pari passu charge by hypothecation over the book debts of the Company. The Company shall maintain security cover of at least 1.1 times of the entire redemption amount throughout the tenure of the NCDs.
Security Creation	Security to be created and perfected within a period of 90 days from the deemed date of allotment. In the event of delay in security creation, Issuer shall pay penal interest of 2% per annum over the Interest Rate for the delayed period beyond 90 days.
Transaction Documents	<ol style="list-style-type: none"> 1. Security documents i.e., Deed of Hypothecation 2. Letter appointing Trustees to the Debenture holders 3. Debenture Trust Agreement 4. Debenture Trust Deed 5. Rating Agreement with the aforesaid rating agency(ies) as regards to this Issue 6. Tripartite Agreements between the Issuer, Registrar and Depository for issue of NCDs in dematerialized form.
Conditions Precedent to disbursement	<ol style="list-style-type: none"> 1. Execution of all Transaction Documents save and except security documents, to the satisfaction of the investors 2. Letter from trustees conveying their consent to act as trustees for the debenture holders

	<ol style="list-style-type: none"> 3. All corporate approvals from the Board of Directors and shareholders of the Company, if applicable, shall have been received for the issuance of the NCDs 4. Final Rating of the Debentures being completed and the rating agency having provided a minimum rating of 'A+' for the Debentures and the rating letter issued by the Rating Agency being in a form and manner satisfactory to the Debenture Trustee; 5. Due execution of the Tripartite Agreement by, inter-alia, the Registrar and Transfer Agent, Depository and the Issuer; 6. Submission of certified true copies of the Memorandum and Articles of Association and such other documents of the Issuer as may be required by the Debenture holders / Debenture Trustee
<p>Conditions subsequent to disbursement</p>	<p>The Issuer shall ensure that the following documents are executed/ activities are completed as per time frame mentioned elsewhere in this Document:</p> <ol style="list-style-type: none"> 1. Credit of demat account(s) of the allottee(s) by number of NCDs allotted within 2 Business days from the Deemed Date of Allotment; 2. Security will be created/ perfected within specified timelines. <p>Any other conditions as agreed in the Transaction Documents.</p>
<p>Early redemption</p>	<p>In case the NCDs are downgraded to credit rating to A- or lower by CRISIL Limited, the debenture holders can exercise early redemption of the NCD.</p>
<p>Events of Default</p>	<ol style="list-style-type: none"> 1. Failure to pay the amounts due under the NCDs 2. Insolvency, liquidation, suspension of payment of debts, winding up, cessation of business by the Issuer and such breach is not cured within cure period specified thereon. 3. CDR proceedings filed with respect of the Issuer and such breach is not cured within cure period specified thereon. 4. Breach of any terms or covenants of the Transaction Documents by the Issuer which has a material adverse effect and such breach is not cured within cure period specified thereon. 5. Repudiation of any Transaction Document and such breach is not cured within cure period specified thereon. 6. Breach of any Representation and Warranties which has a material adverse effect 7. Nationalisation or expropriation of a material part of the assets of the Issuer

	<p>Cure Period for the above events of default shall be detailed in the transaction documents.</p>
<p>Covenants</p>	<p>The Issuer shall provide for followings covenants for the Facility.</p> <p>Financial Covenants for AFPL on standalone basis</p> <ol style="list-style-type: none"> 1) Net Debt to Equity Ratio not exceeding 3 times 2) No loss on annual basis (PAT Basis) <p>Non-compliance, though shall not be treated as event of default, will give right to the debenture holder(s) to demand full redemption of the NCDs within 30 Business Days of notice.</p> <p>All financial covenants would be tested on an annual basis for the Company, starting from 31st March 2018 on standalone balance sheet till the redemption of the Debentures.</p> <p>“Net Debt” shall mean aggregate of</p> <ol style="list-style-type: none"> 1. All long-term debt outstanding, whether secured or unsecured, plus 2. Contingent liability pertaining to corporate/ financial guarantees given on behalf of any company / SPV / subsidiary/affiliate to the extent of outstanding of such guaranteed debt, plus 3. Any short-term debt outstanding, whether secured or unsecured, availed of in lieu of long-term debt or by way of bridge financing for long term debt 4. Receivables sold or discounted (other than any receivables to the extent they are sold on a non- recourse basis) 5. Any amount raised under any other transaction having the commercial effect of a borrowing, <p>less</p> <ol style="list-style-type: none"> a) Cash & Bank Balances and b) Investments in marketable securities inter alia including investment in liquid mutual funds and fixed deposits which are not earmarked. c) unsecured / subordinated loans from related parties <p>“Equity” shall mean issued and paid up Equity and Preference Share capital (+) all reserves (excluding revaluation reserves) (-) any dividend declared (+) deferred tax liability (-) deferred tax asset (-) intangibles (including but not restricted to brand valuation, goodwill etc) as per the latest audited financials of the Issuer.</p>

	<p>Other Covenants</p> <ol style="list-style-type: none"> 1) Obtain, comply with and maintain all material licenses / authorizations; 2) the Issuer will not purchase or redeem any of its issued shares or reduce its share capital without the prior written consent of majority of the Investors; 3) No dividend, if an Event of Default has occurred and is subsisting 4) The Issuer shall maintain its corporate existence and right to carry on its business and operations 5) The Issuer shall not, without the prior approval of majority of the Investors, enter into any transaction of merger, de-merger, consolidation, re-organization, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction; provided however that this restriction shall not apply in the event that the compliance with this restriction would result in the Issuer defaulting in relation to any of its payment obligations in relation to the Debentures.
Information Undertakings	<ol style="list-style-type: none"> 1) Issuer shall provide audited financial statements at the end of the financial year 2) Issuer to provide end-use certificate from management within 3 months of Deemed Date of Allotment
Representations, Warranties	<p>The Issuer will make representations customary for the facilities of this nature, including but not limited to:</p> <ol style="list-style-type: none"> 1) full title on all the rights, property and undertakings subject to the security (free from any litigations) 2) No Event of Default has occurred and is continuing and no such event or circumstance will result as a consequence of the Issuer performing any obligation contemplated under the Transaction Documents. 3) Compliance with all material laws and regulations
Rating Downgrade	<p>In case of downgrade in external credit rating of NCDs, the interest rate for the balance period will be increased by 0.25% p.a. for each notch downgrade in rating and the same will be with effect from the rating downgrade date.</p>
Governing Law and Jurisdiction	<p>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 exclusive jurisdiction of appropriate courts and tribunals at Mumbai.</p>
Transaction Costs	<p>The Issuer shall bear all transaction related costs including:</p> <ol style="list-style-type: none"> 1. Legal fee payable to Law firm engaged for transaction documentation

	<ol style="list-style-type: none">2. Trustee fees3. Stamping and registration in relation to creation of security and all definitive agreements.
Taxation	All the taxes as per law excluding income tax, as and when applicable on the Instrument from time to time shall be borne by the Issuer

Disclosure of cash flows:
(by way of illustration)

The below mentioned cash flow for the payment of principal and interest amount is calculated on the face value of one Debenture. Any change in the below mentioned data due to unforeseeable circumstances in the future during the tenure of the Debentures would be intimated to Stock Exchange and the Debenture Trustees before effecting the change.

Cash Flow:

Cash Flows	Coupon Payment Date*	No. of Days in Coupon Period	Coupon Payout Date*	Amount (in Rupees)
Coupon	Saturday, February 02, 2019	365	Monday, February 04, 2019	₹ 94,900.00
Coupon	Friday, January 31, 2020	363	Friday, January 31, 2020	₹ 94,380.00
Total Coupon Payments				₹ 605,273.00
Cash Flows	Principal due for Payment	No. of Days from Issue Date	Principal Payout Date*	Amount (in Rupees)
Principal	Friday, January 31, 2020	728	Friday, January 31, 2020	₹ 1,000,000.00
Total Payments (Principal + Coupon) (A+B)				₹ 1,605,273.00