

INDICATIVE TERM SHEET

The terms and conditions given below are indicative only and are not exhaustive and subject to change.

PARTIES INVOLVED IN THE ISSUE	
Issuer / Company	Star Agri Finance Limited
Debenture Trustee	Catalyst Trusteeship Limited
Subscriber(s)	Union Bank
Depository	NSDL/ CDSL
Registrar and transfer agent	Link Intime India Pvt. Ltd.
Rating Agency	Infomerics Valuation & Rating Private Limited
Structurer and Arranger	Northern Arc Capital Limited
Legal Counsel	Phoenix Legal
Guarantor(s)	Not Applicable
Credit Enhancer(s)	Not Applicable
Other obligor(s)	Not Applicable
DETAILS OF THE INSTRUMENT	
Type of instrument	Non-convertible debentures
Nature of instrument	Rated, Unsubordinated, Secured, Transferable, Redeemable, Non-convertible Debentures.
Ranking	Unsubordinated

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Security requirements	Debentures shall be secured as per the terms and conditions stipulated under the heading ' Security Creation ' hereunder.		
Listing requirements	To be listed in the Wholesale Debt Market segment of BSE within 20 calendar days from the Deemed Date of Allotment.		
Rating	IVR BBB		
ISSUE DETAILS			
Mode of Issue	Private Placement		
Form of issue	Debentures will be issued in dematerialized form.		
Issue size	INR 10,00,00,000/- (Indian Rupees Ten Crores only)		
Tenor	36 (Thirty Six) months		
Face value	INR 10,00,000/- (Indian Rupees Ten lakhs only)		
Issue price	Debentures will be issued at par.		
Issue Schedule	Issue Opening Date	03 July 2020	
	Issue Closing Date	03 July 2020	
	Issue Payin Date	06 July 2020	
	Deemed Date of Allotment	06 July 2020	
Objects of the issue	<p>The proceeds of the Issuance will be utilized for the following purposes:</p> <ul style="list-style-type: none"> • General Corporate Purpose • On-lending to Agri borrowers 		
Utilization of issue proceeds	<p>The Company shall utilise the amounts received from the subscription of the Debentures for the Purpose. No part of the proceeds from the Issue will be used towards:</p>		

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	<ul style="list-style-type: none"> i. any capital market instrument such as equity and equity linked instruments or any other capital market related activities; ii. any speculative purposes; iii. investment in the real estate sector; or iv. in contravention of any applicable law.
REDEMPTION	
Principal Amortisation	Bullet
Redemption Amount	Each Debenture shall be redeemed at par.
Scheduled Redemption	Debentures shall be redeemed on a pro rata basis (bullet) as set out in Schedule 1 (Redemption Schedule) hereto and shall be fully redeemed by the Final Redemption Date.
Final Redemption Date	06 July 2023
Early Redemption	Not Applicable
Early Redemption Premium	Not Applicable
COUPON PAYMENT	
Coupon Type	Fixed
Coupon Rate	12% (Twelve per cent) per annum payable at such frequency as set out below against the heading 'Coupon Payment Frequency' and on such dates as set out below against the heading 'Coupon Payment Dates'.
Coupon Payment Frequency	Annual
Coupon Payment Dates	As set out in Schedule 1
Step-up Coupon	Not applicable
Step-down Coupon	Not applicable
Default interest	Coupon Rate plus 2.00 % (Two point Zero Zero percent)
CONVENTIONS	

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Day Count Basis	Actual/Actual
Business Day	Means any day, other than a public holiday under Section 25 of the Negotiable Instruments Act, 1881 or a Sunday, on which banks are open for general business in Mumbai;
Date Convention	<p>(a) If the date of payment of any interest in respect of the Debentures falls on a day that is not a Business Day, such payment of interest shall be made on the next occurring Business Day;</p> <p>(b) If the date of payment of any redemption amount falls on a day that is not a Business Day, such payment of installment shall be made on the immediately preceding Business Day; and</p> <p>(c) If the Final Redemption Date or the Early Redemption Date (the date on which the Debentures are redeemed prior to the Final Redemption Date in terms of the Transaction Documents), as the case may be, falls on a day that is not a Business Day, such payment of interest and redemption amount shall be made on the immediately preceding Business Day.</p>
THIRD PARTY OBLIGATIONS	
Guarantor(s)	Not applicable
Credit Enhancer(s)	Not applicable
Other Obligor(s)	Not applicable
SECURITY CREATION	
Hypothecation	The Debentures shall be secured by way of a first ranking, exclusive and continuing charge on identified receivables (“ Hypothecated Receivables ”/” Hypothecated Assets ”) created pursuant to the deed of hypothecation to be executed between the Company and the Debenture Trustee as described herein. The Hypothecated Assets shall at all times be equal to the value of the outstanding principal amount of the Debentures. The Issuer undertakes:

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- to maintain the value of security at all times equal to 1.1 (One decimal point one) time or 110.0% (One hundred and ten percent) the aggregate amount of principal and interest outstanding of the NCDs where at least 1.1 (One decimal point one) time or 110.0% (One hundred and ten percent) of the security cover is from principal and interest receivables (“**Security Cover**”);
- to create, register and perfect the security over the Hypothecated Assets as contemplated above no later than 60 (Sixty) calendar days after the Deemed Date of Allotment by executing a duly stamped deed of hypothecation (“**Deed of Hypothecation**”) and filing CHG-9 within the time period applicable; The Company shall also provide such information sought by the Debenture Trustee for the purpose of filing the prescribed forms and particulars with the Central Registry and Information Utility in connection with the Debentures and the Security Interest over the Hypothecated Assets.
- to pay a penal interest of 2.0% (Two Percent) p.a. over the Coupon Rate in case there is any delay in the creation, registration and perfection of the security over the Hypothecated Assets;
- to provide a list on a quarterly basis, 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 the Debenture Holders) (“**Hypothecated Asset Report**”)
- to add fresh loan assets to the Security Cover to ensure that the value of the Hypothecated Assets is equal to 1.1 (One decimal point one) time or 110.0% (One hundred and ten percent) the aggregate amount of principal outstanding of the NCDs where at least 1.1 (One decimal point one) time or 110.0% (One hundred and ten percent) of the security cover is from principal receivables.
- to replace Hypothecated Receivables that have been overdue for more than 90 days with current receivables. Such



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	<p>replacement shall be affected within 15 (Fifteen) Business Days of the Hypothecated Receivables becoming overdue (by more than 90 days)</p> <p><u>Eligibility Criteria for the Hypothecated Receivables:</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;
Pledge	None
Mortgage	None
OTHER COVENANTS	
Related Party Transactions	Issuer shall not enter into any transaction(s) with a related party without the prior written consent of the Debenture Trustee.
Affirmative Covenants	<p>(a) To utilise the proceeds of this issue in accordance with applicable laws and regulations</p> <p>(b) To promptly inform notice of winding up / other legal proceedings</p> <p>(c) To promptly inform Material adverse effect</p> <p>(d) To provide the investor with access to data / information / meetings with the management team for periodical portfolio monitoring</p> <p>(e) To comply with corporate governance, fair practices code prescribed by RBI</p> <p>And as set out in greater detail in the Debenture Trust Deed</p>
Negative Covenants	<p>The issuer shall take the prior written permission from the Investor / Debenture Trustee for the following:</p> <p>(a) Any change in Promoter, or control.</p>

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	<ul style="list-style-type: none"> (b) Redeem, purchase, buyback, defease, retire, return or repay any of its equity share capital or resolve to do so. (c) Mergers, acquisitions, investment in associates, JVs and subsidiaries including disposal of any of the above (d) Change in nature of business of the Company (e) Change in its Memorandum or Articles of Association except for increasing the authorized share capital and for common seal clause (f) Loans exceeding 10% of net-worth to any single party and/or guarantees on behalf of third parties (g) Declare dividend on equity shares before payment of coupon due on the NCDs (h) Declare dividend on equity/preference shares when an Event of Default is subsisting (i) Material compromise or settlement <p>And as set out in greater detail in the Debenture Trust Deed</p>
Events of Default	As listed in the Debenture Trust Deed.
Reporting Covenants	<p>Quarterly Reports – within 60 (Sixty) calendar days from the end of each financial quarter</p> <ul style="list-style-type: none"> a) Information such as financials, operations, portfolio , and asset quality (including but not limited to static portfolio cuts, collection efficiency and portfolio at risk data), funding data, ALM in formats acceptable to the Debenture Holders b) Financial covenant compliance certificate signed by a Director or the Chief Financial Officer c) Copy of returns filed with the Reserve Bank of India (“RBI”) and the SEBI (as applicable) <p>Annual Reports – within 180 (One Hundred and Eighty) calendar days from the end of each financial year</p> <ul style="list-style-type: none"> a) Audited financial statements

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	<p>Event Based Reports – within 30 (Thirty) Business Days of the event occurring</p> <ul style="list-style-type: none"> a) Change in list of Board of Directors b) Changes in accounting policy c) Change in Shareholding structure d) Change in senior management officials (any CXO or equivalent) e) Snapshot of Board approved annual business plan f) Any fraud amounting to more than 1.0% of Gross Loan Portfolio g) Change in the constitutional documents of the Company except for authorized share capital clause and for common seal clause h) Material Adverse Effect i) Any dispute, litigation, investigation or other proceeding which could result in a Material Adverse Effect. j) Winding up proceedings k) Any Event of Default or Potential Default, and any steps taken / proposed to remedy the same. l) Any prepayment or notice of any prepayment of any Indebtedness of the Issuer
Financial Covenants	Minimum CRAR as per the regulatory minimum prescribed by the Reserve Bank of India under the NBFC Master Directions.
Transaction documents	<p>Debenture Trust Deed, Hypothecation Agreement, Hypothecation Confirmation Letter, Disclosure Documents, Resolutions, the letters issued by the Rating Agency and the Registrar and all other documents in relation to the issuance of the Debentures.</p> <p>Disclosure Documents means collectively,</p>



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	<p>(a) the debt disclosure document to be issued by the Issuer in terms of sub-regulation (1) of Regulation 21 (<i>Disclosures in respect of Private Placements of Debt Securities</i>) of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (if applicable); and</p> <p>(b) private placement offer letter to be issued by the Issuer in terms of section 42 (<i>Offer or invitation for subscription of securities on private placement</i>) of the Companies Act, 2013.</p> <p>Resolutions means collectively,</p> <p>(a) special resolution of the shareholders of the Company under Section 180(1)(a) of the Companies Act, 2013;</p> <p>(b) special resolution of the shareholders of the Company under Section 180(1)(c) of the Companies Act, 2013;</p> <p>(c) board resolution of the board of directors of the Company under Section 42 and other applicable provisions of the Companies Act, 2013 and Rules thereunder;</p> <p>(d) special resolution of the shareholders of the Company under the applicable provisions of the Companies Act, 2013 and Rule 14(2) and other applicable provisions of Companies (Prospectus and Allotment of Securities) Rules, 2014.</p>
Other Costs & Conditions	<p>The Issuer shall bear the costs and expenses incurred in connection with the transactions contemplated hereby including stamp duty and registration fee (if applicable) on the Transaction Documents (and the Debentures), appointment of the Debenture trustee, legal advisors' expenses and expenses incurred in the preparation for the Transaction Documents.</p>
Governing Law and Jurisdiction	<p>Indian Law with jurisdiction of the courts and tribunals of Mumbai.</p>

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Schedule 1

Redemption Schedule

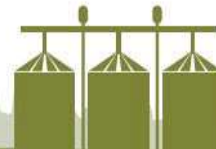
Illustration of Bond Cash Flows per Debenture

Cashflows	Date	No of Days in a Coupon Period	Amount (IN INR)
0	06 July 2020		-10,00,000.00
1	06 July 2021	365	1,20,000.00
2	06 July 2022	365	1,20,000.00
3	06 July 2023	365	1,20,000.00
Principal	06 July 2023	1095	10,00,000.00

For Staragri Finance Limited



Amith Agarwal
Director
DIN: 01140768



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