

Bond Issue - Term Sheet

Principal Terms	
Issuer/ Company	Kieraya Furnishing Solutions Private Limited
Promoter	Mr. Ajith Mohan Karimpana
Debenture Trustee	Axis Trustee Services Limited
Objects of the Issue	General corporate purposes of the Company
Mode of Placement	Private placement
Form of Issue	Dematerialized Form - by credit to the account of the investor(s) with National Securities Depositories Limited/ Central Depository Services Limited
Issue Amount	Up to Rs. 10,00,00,000 (Rupees Ten Crores only)
Face Value	Each NCD shall have a face value of Rs. 1,00,000/- (Rupees One Lakh only)
Issue	Up to 1000 (Thousand) Unrated, Unlisted, Taxable, Redeemable, Secured, Non-Convertible Debentures bearing a face value of Rs.1,00,000/- (Rupees One Lakh only) each and having an aggregate nominal value of Rs.10,00,00,000 (Rupees Ten Crores only) ("NCDs" or "Debentures" or "Issue")
Tenor	24 (Twenty Four) months from the Deemed Date of Allotment
Maturity Date	The date falling on the expiry of the Tenor or such earlier date on which the Debentures are redeemed in accordance with their terms.
Redemption Amount	With respect to each Debenture, the aggregate of: (a) the principal amount payable by the Company in respect of such Debenture (i.e. Rs. 1,00,000/- (Rupees One Lakh only) or part thereof as applicable; and (b) any Coupon (including Default Interest thereon, if any) accrued and payable by the Company in respect of such Debenture.
Repayment of Principal Amount	In 8 equal installments. Installments are payable quarterly on the last day of the quarter.
Interest Rate	18.5% per annum, payable monthly on outstanding amounts
Default Interest	All payments shall, in case the same are not made on the respective due dates, carry additional interest at the rate of 2% (two percent) per annum, computed from the relevant due date to the date on which the relevant overdue amounts have been paid to the holders of the Debentures.
Interest Payment Frequency	Monthly
Interest Period	The period commencing from the first day of a calendar month and ending on the last day of that calendar month provided however that, the first Coupon Period shall commence from the Deemed Date of Allotment and shall end on the last day of the calendar month in which the Deemed Date of Allotment occurs, and the last Coupon Period shall commence from the day immediately succeeding the preceding Coupon Payment Date and shall end on the Maturity Date.
Interest Payment Dates	The last day of each Coupon Period.

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Majority Debenture Holders	The Debenture Holder(s) holding an aggregate amount representing not less than 51% (Fifty One percent) of the value of the paid up amount of all the Debentures in the company, which for the time being outstanding.
Security	<p>The Company shall create charge in the nature of a hypothecation over the Hypothecated Property in favour of the Debenture Trustee within 30 (Thirty) days of the execution of Deed of Hypothecation, which shall rank <i>pari passu</i> with the Existing Charge.</p> <p>Unless an Event of Default has occurred, the Company shall be entitled to deal with the Hypothecated Property, in the ordinary course of its business,</p> <p>For the purposes of this term sheet the following terms shall have meanings set out below:</p> <p>"Existing Charge" shall mean the existing charge created over the Hypothecated Property, the details whereof are set out in Annexure A hereto;</p> <p>"Hypothecated Property" shall mean collectively the Fixed Assets and the Current Assets of the Company;</p> <p>"Current Assets" shall mean all the present and future, tangible and intangible, movable current assets of the Company, including all right, title, interest, benefit, claims and demands of the Company, in, to, or in respect of the receivables pertaining to the Company (including without limitation, credit card receivables pertaining to the Company), inventories of the Company, the cash and bank balances, deposits paid and recoverable, the short-term loans and advances made by the Company;</p> <p>"Fixed Assets" shall mean all the present and future, tangible and intangible, movable fixed assets of the Company, including any future fixed assets;</p> <p>For the purposes of this term sheet the following terms shall have meanings set out below:</p> <p>"Final Settlement Date" shall mean the date on which the Debentures have been redeemed in full in accordance with the terms of the transaction documents;</p> <p>"Management Information System" or "MIS" shall mean the monthly report in a format acceptable to the Debenture Trustee (acting on the instructions of the Majority Debenture Holders) to be provided by the Company to the Debenture Trustee setting out the Value of the Hypothecated Property for the period ending on the Security Cover Testing Date;</p> <p>"Security Creation Date" shall mean the date on which the security is created in respect of the Debentures by way of execution of the Deed of Hypothecation by the Company in favour of the Debenture Trustee.</p>
Financial Covenants	(a) The Company shall, at all times till the Final Settlement Date, ensure that the FACR of at least 1.0 (One Decimal Point Zero) times is maintained.

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- (b) The Company shall ensure that, at all times until the Final Settlement Date, the Asset Utilisation Factor is not lower than 0.7 (Zero Decimal Point Seven).

For the purposes of this term sheet the following terms shall have meanings set out below:

"Fixed Assets Coverage Ratio" or "FACR" shall mean the ratio of (a) to (b) below:

- (a) Gross Rentable Fixed Assets of the Company;
- (b) Total Borrowings – Total cash / bank balance (including term deposits, marketable securities placed as cash collateral) – Firm Capital Commitments

"Asset Utilisation Factor" shall mean the ratio of (a) to (b) below:

- (a) Gross Rentable Fixed Assets Rented Out;
- (b) Gross Rentable Fixed Assets;

"Gross Rentable Fixed Assets" shall mean the aggregate value of the Fixed Assets (computed on the basis of the book value thereof) of the Company;

"Gross Rentable Fixed Assets Rented Out" shall mean the aggregate value of the Gross Rentable Fixed Assets which have been rented out by the Company;

"Firm Capital Commitment" shall mean a commitment evinced by a term sheet(s) or definitive documents entered into between the founders of the Company, the Company and the existing or new private equity investor(s) to infuse funds into the Company in the form of equity shares and/or compulsorily convertible preference shares within 90 (Ninety) days from the date of execution of such term sheet/ definitive document;

"Financial Covenants Certification" shall mean, for each period ending on a Financial Covenant Testing Date:

- (a) the management information system in a format acceptable to the Debenture Trustee (acting on the instructions of the Majority Debenture Holders) to be provided by the Company setting out the various parameters for testing compliance with the Financial Covenants; and
- (b) the certificate issued by a Director of the Company certifying parameters for testing compliance with the Financial Covenants and providing details of the manner of computation thereof;

"Financial Covenants Testing Date" shall mean the date falling at the end of the calendar month in which the Deemed Date of Allotment falls, and the dates falling at the end of each calendar month thereafter, until the Final Settlement Date;

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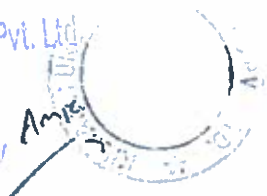
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Issue Date	Opening	01/11/2019
Issue Date	Closing	06/11/2019
Pay-In Date		06/11/2019
Deemed Date of Allotment		On or before 10/11/2019
Day Basis	Count	Actual / Actual
Interest on Application		The Company shall be liable to pay the holders of the Debenture Interest on application money at the Coupon Rate for the period commencing on the date of receipt of the application monies by the Company up to one day prior to the Deemed Date of Allotment.
Representations and Warranties		Representations and Warranties as are set out in the Transaction Documents.
Covenants and Undertakings		<p>As shall be set out in the Transaction Documents, including but not limited to:</p> <p>(a) The Company intends to raise upto Rs. 50,00,00,000 (Rupees Fifty Crores only) from banks, financial institutions, and in the form of "Non Convertible Debentures" from third parties within the next 180 (One Hundred and Eighty) days from the date of closing of this round. The Company shall not avail any further financial indebtedness (excluding the Above), without obtaining the prior written consent of the Debenture Trustee (acting on the instructions of the Majority Debenture Holders). It is clarified that any instrument issued by the Company which provides to the holder the right to receive coupon/ interest shall be treated as financial indebtedness for the purposes of this provision, irrespective of whether such instrument is optionally or compulsorily convertible into equity shares of the Company;</p> <p>(b) The Company shall remain the registered owner of the "Furlenco" trademark till the Final Settlement Date and shall ensure that the trademark is not encumbered or otherwise dealt with. The Company shall preserve the registration of the trademark and undertakes to initiate all processes required to renew the registration of the trademark (if necessary) including making payment of any renewal or other fee with the appropriate authority, for this purpose during the tenor of the Debentures;</p> <p>(c) The Company shall ensure that, at all times until the Final Settlement Date:</p> <ol style="list-style-type: none"> Mr. Ajith Mohan Karimpana continues to remain the Managing Director of the Company; the Promoters continue to have control over the Company (the term 'control' shall have the meaning assigned to such term in the Companies Act, 2013).

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For Kieraya Furnishing Solutions Pvt. Ltd.

K. Abhishek
Company Secretary



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K. S. Srinivas

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Events of Default	As shall be set out in the Transaction Documents, including but not limited to: (a) Mr. Ajith Mohan Karimpana ceasing to remain in office as the managing director of the Company whether as a result of not being re-appointed at the expiry of his term or any other incapacity.
Consequences of Event of Default	On the occurrence of an Event of Default, the Debenture Trustee (acting on the instructions of the Majority Debenture Holders) shall be entitled to accelerate the redemption of the Debentures, enforce the security documents and exercise any other right that the Debenture Trustee and / or Debenture Holders may have under the Transaction Documents and/or under Applicable Law.
Depository	National Securities Depository Limited/ Central Depository Services Limited
Settlement Mode	Credit to the account of the investor(s) with the Depository.
Business Day	Any day of the week (excluding Saturdays, Sundays and any day which is a public holiday for the purpose of Section 25 of the Negotiable Instruments Act, 1881 (26 of 1881)) on which banks are open for general banking business in Mumbai, and the term "Business Days" shall be construed accordingly.
Business Day convention	In case any due date falls on a day which is not a Business Day the payment to be made on such due date shall be made on the next Business Day, except in the event that the Maturity Date falls on a day which is not a Business Day, all payments to be made on such date (including accrued Coupon), shall be made on the immediately preceding Business Day.
Record Date	2 (Two) Business Days prior to any due date
Status	The obligations of the Company under the issue documentation will constitute direct, secured and unconditional obligations of the Company <i>pari passu</i> to other senior lenders.
Transaction Documents	Transaction documents customary for a transaction of this nature, including but not limited to: (a) Debenture Trustee Agreement; (b) Debenture Trust Deed; (c) Deed of Hypothecation; and (d) Information Memorandum.
Expenses	All costs and expenses arising out of the issuance of the Debentures (including but not limited to any amounts payable under applicable law as stamp duty on the issuance of the Debentures and/or in respect of the transaction documents) shall be solely borne by the Company.
Other terms & conditions	Other terms and conditions not set out herein but which are customary for a transaction of this nature shall also be set out in the Transaction Documents.
Governing Law and Jurisdiction	Indian laws, jurisdiction of courts of Bangalore, India.

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For Kieraya Furnishing Solutions Pvt. Ltd. **MANAGING DIRECTOR**
Kieraya **Investor(s)**

Company Secretary

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Company
(Kieraya Furnishing Solutions Private Limited)

Annexure A
Existing Charge

S.No.	Name of charge holder	Date of allotment/ disbursement/ retention/ modification of charge	Particulars of charge	Amount (Rs. INR)
1.	Axis Trustee Services Limited	July 07, 2017	Hypothecation by way of pari passu charge on assets to secure NCDs of Rs.3.30 Cr	3,30,00,000
2.	Axis Trustee Services Limited	July 31, 2017	Hypothecation by way of pari passu charge on assets to secure NCDs of Rs.1.05 Cr	1,05,00,000
3.	Axis Trustee Services Limited	November 10, 2017	Hypothecation by way of pari passu charge on assets to secure NCDs of Rs.7.70 Cr	7,70,00,000
4.	Trifecta Debt Venture Fund I	December 12, 2017	Hypothecation by way of pari passu charge on assets to secure NCDs of Rs.8.00 Cr	8,00,00,000
5.	Axis Trustee Services Limited	January 12, 2018	Hypothecation by way of pari passu charge on assets to secure NCDs of Rs.10.00 Cr	10,00,00,000
6.	Axis Trustee Services Limited	February 13, 2018	Hypothecation by way of pari passu charge on assets to secure NCDs of Rs.5.00 Cr	5,00,00,000
7.	Axis Trustee Services Limited	March 22, 2018	Hypothecation by way of pari passu charge on assets to secure NCDs of Rs.0.90 Cr	90,00,000
8.	Northern Arc Capital Limited	May 25, 2018	Hypothecation by way of pari passu charge on assets to secure term loan of Rs. 5.00 Cr	5,00,00,000
9.	Trifecta Debt Venture Fund I	October 01, 2018	Hypothecation by way of pari passu charge on assets to secure NCDs of Rs.8.00 Cr	8,00,00,000
10.	Northern Arc Capital Limited	November 08, 2018	Hypothecation by way of pari passu charge on assets to secure term loan of Rs. 5.00 Cr	5,00,00,000
11.	Axis Trustee Services Limited	January 23, 2019	Hypothecation by way of pari passu charge on assets to secure NCDs of Rs.10.00 Cr	10,00,00,000
12.	Axis Trustee Services Limited	May 09, 2019	Hypothecation by way of pari passu charge on assets to secure term loan of Rs. 2.92 Cr	2,92,00,000
13.	Axis Trustee Services Limited	March 22, 2019	Hypothecation by way of pari passu charge on assets to secure NCDs of Rs.10.00 Cr	10,00,00,000
14.	Northern Arc Capital Limited	February 13, 2019	Hypothecation by way of pari passu charge on assets to secure term loan of Rs. 5.00 Cr	5,00,00,000
15.	Vivriti Capital Private Limited	May 27, 2019	Hypothecation by way of pari passu charge on assets to secure term loan of Rs. 5.00 Cr	5,00,00,000
16.	Vivriti Capital Private Limited	July 23, 2019	Hypothecation by way of pari passu charge on assets to secure term loan of Rs. 5.00 Cr	5,00,00,000
17.	Axis Trustee Services Limited*	July 30, 2019	Hypothecation by way of pari passu charge on assets to secure term loan of Rs. 2.00 Cr	2,00,00,000
18.	Vivriti Capital Private Limited	September 02, 2019	Hypothecation by way of pari passu charge on assets to secure term loan of Rs. 5.00 Cr	5,00,00,000
19.	Axis Trustee Services Limited*	September 05, 2019	Hypothecation by way of pari passu charge on assets to secure term loan of Rs. 7.00 Cr	7,00,00,000
20.	Incred Financial Services Limited	September 20, 2019	Hypothecation by way of pari passu charge on assets to secure term loan of Rs. 5.00 Cr	5,00,00,000
21.	Axis Trustee Services Limited*	October 24, 2019	Hypothecation by way of pari passu charge on assets to secure term loan of Rs. 2.50 Cr	2,50,00,000
Grand Total				1,10,87,00,000
*The company is in process to file CHG 9 towards hypothecation in favour of Axis Trustee for an amount of Rs. 11.5Crores				

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For Kieraya Furnishing Solutions

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Company Secretary



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MANAGING DIRECTOR