

TATA

SANCTION LETTER

Date: October 12, 2017

Issuer/ Company	ABT Industries Limited ("Company")
Promoter(s)	ABT Foods Limited and Mr. M. Balasubramaniam
Promoter Group	"Promoter Group" shall mean the Promoters, and their 'associates' from time to time. For the purpose of this definition, the term "associates" of any person shall mean his relatives viz. such person's lineal ascendants and descendants including the spouses and daughters of such person and for avoidance of any doubt, the lineal ascendants and descendants of the spouses and daughters of such person and any company, body corporate, firm, association of persons or other organisation, whether incorporated or not, in which such person has the power, direct or indirect, to direct or cause the direction of the management and policies or the right to appoint and/or remove all or majority of the members of the board of directors or other governing body of the such entity, whether by contract or otherwise.
Option Providers	Mr. M. Balasubramaniam and The Gounder and Company Auto Limited
TMFSL	Tata Motors Finance Solutions Limited
TMF Entities	Tata Motors Finance Limited and its affiliates
Facilities	<ol style="list-style-type: none"> 1. Unlisted Unsecured Unrated Compulsory Convertible Debentures ("CCDs"): up to Rs.17,50,00,000/- (Rupees Seventeen Crore Fifty Lakh only); 2. Unlisted Secured Rated Non-Convertible Debentures ("NCDs"): up to Rs.7,50,00,000/- (Rupees Seven Crore Fifty Lakh only).
Objects	<p>The proceeds of the issuance of the CCDs and the NCDs shall be utilised by the Company to the extent and in the manner set out below:</p> <ul style="list-style-type: none"> • Rs.10,00,00,000/- (Rupees Ten Crore only) towards reduction of cash credit facility availed by the Company from Catholic Syrian Bank Limited; • Rs.30,00,000/- (Rupees Thirty Lakh only) towards repayment of term loan facility availed by the Company from Catholic Syrian Bank Limited; • Rs.4,52,00,000/- (Rupees Four Crore Fifty Two Lakh only) towards repayment by the Company of amounts due to other creditors not being entities or persons within the Promoter Group; • Rs.10,18,00,000/- (Rupees Ten Crore Eighteen Lakh only) towards working capital expenses of the Company. <p>It is hereby expressly clarified that the Company shall not be entitled to utilise the proceeds of the Facilities for any other purpose.</p> <p>The Company shall be obliged to furnish a detailed end-use certificate issued by the statutory auditor of the Company on or before 30 (Thirty) days from deemed date of allotment of debentures certifying the usage of the proceeds of the Facilities for the Objects. Without prejudice to the foregoing, TMFSL (either through its own officers or any external advisors appointed by it) shall also be entitled to audit and inspect the relevant books, records and accounts of the Company to monitor compliance with this covenant.</p>
Coupon Payment Frequency	CCDs and NCDs: Semi-annual basis.

FOR THE GOUNDER AND COMPANY AUTO LTD

TATA MOTORS FINANCE SOLUTIONS LIMITED

FORMERLY RAJASTHAN LEASING PRIVATE LIMITED

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Tel 91 22 6181 5400 Fax 91 22 6181 5700 website www.tmf.co.in CIN - U65910MH1992PLC187184





Conditions Precedent to Disbursement	<p>As are customary for a transaction of this nature including the following;</p> <ol style="list-style-type: none"> 1. Issuance of a personal guarantee by Mr. M. Balasubramaniam in respect of the obligations of the Company, in relation to the NCDs. 2. Submission of undated cheques by Mr. M. Balasubramaniam and the Company, in respect of payment obligations of the Company in relation to the NCDs (the cheque provided by Mr. M. Balasubramaniam will be provided in his capacity as and to discharge his obligation as guarantor). 3. Submission of undated cheques by each of the Option Providers in respect of the several obligations of the Option Providers (which would arise on the exercise of the Put Option/ Accelerated Put Option / Call Option) in relation to the CCDs. It is hereby clarified that the cheque to be provided by The Gounder and Company Auto Limited as aforesaid, shall be required to be signed by any of the promoter directors of The Gounder and Company Auto Limited. 4. Valuation report for the CCDs, including the terms of conversion thereof, as required under the Companies Act, 2013; 5. Valuation reports and encumbrance certificates for the immovable properties comprising part of the security; 6. Completion of financial, legal and tax due diligence to the sole satisfaction of TMFSL ("Due Diligence Exercise").
Preferred Retail Financier	The Company agrees that it shall provide TMFSL and/or its affiliates, preference in the context of referrals made by it for financing purchasers of vehicles at Tata Motors Limited (" TML ") dealerships of the Company and that the Company shall endeavour to promote the vehicle financing businesses of TMFSL and its affiliates.
Other Terms	The detailed terms and conditions applicable to the Facilities shall be set out in the transaction documents. In addition to the terms set out herein, the transaction documents shall contain the terms and conditions (including the representations, warranties, covenants and undertakings and event(s) of default) as are customary for a transaction of this nature and which are acceptable to TMFSL.
Exclusivity	For a period of 60 (Sixty) days from the date hereof, the Company and/or the Option Providers shall not solicit, encourage or initiate any offer or proposal from, or engage in negotiations with, any person concerning the availing of any financial indebtedness or issuance of any debentures by the Company (not including any channel finance facilities or working capital facilities which are availed of by the Company, in the ordinary course of its business).
Confidentiality	The Company and the Option Providers shall not share, distribute or disclose the contents of this document or the details of the proposals contained herein to any third party, without the consent of TMFSL.
Provision of the Facilities	The terms set out herein and the provision of the Facilities by TMFSL to the Company are subject to completion of satisfactory documentation, completion of the Due Diligence Exercise and prevailing market conditions.
Composite Transaction	The Company and the Option Providers acknowledge and confirm that the availing of each of the Facilities is a single composite transaction and the Company if desirous of availing of the Facilities would need to avail of both of them and will not be entitled to avail of any one of them only.
Validity Period	These heads of terms shall be valid only for a period of 45 (Forty Five) days from the date hereof and shall automatically fall away unless signed by the Company and the Option Providers within such time.
Governing Law and	This document and the transaction documents shall be governed by and

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Jurisdiction	construed in accordance with the laws of India. All disputes and differences between the parties shall be finally settled by a single arbitrator appointed mutually by the parties and the process for arbitration shall be as set out in the Arbitration and Conciliation Act, 1996. It is clarified that nothing contained herein shall prejudice or affect TMFSL's rights under the SARFAESI Act, 2002.
Costs and Expenses	The Company shall be solely responsible for making payment of all fees, charges, expenses and other costs which may be incurred in relation to the transaction, including, without limitation, any costs and expenses incurred in the preparation of this document, legal fees, expenses incurred and fees charged in relation to the Due Diligence Exercise and/or travelling expenses. The aforesaid obligation of the Company shall not be prejudiced in any manner by the non-completion or non-fructification of the transaction.
Proposed Reorganisation	<p>The Parties hereby agree and acknowledge that the Company is presently considering a potential reorganisation/ restructuring exercise whereunder the assets and liabilities of the Company shall be restructured and reorganised such that the 'TML commercial vehicle dealership' business of the Company and the 'dairy business' of the Company shall be transferred to and conducted by 2 (Two) separate entities which will be subsidiaries of the Company ("Proposed Reorganisation").</p> <p>The Company shall not be entitled to effect the Proposed Reorganisation or any other reorganisation, merger, demerger or other scheme of arrangement or similar exercise without the prior written consent of TMFSL. Upon finalisation of the reorganisation plan and prior to effectuation of the Proposed Reorganisation, the Company shall provide to TMFSL, complete details of the Proposed Reorganisation, in writing, with a view to seek the written consent of TMFSL for the Proposed Reorganisation. The Proposed Reorganisation will be effected only on TMFSL providing its prior written consent and in compliance with any conditions imposed by TMFSL at the time of provision of consent.</p>
Specific Terms applicable to CCDs	
Rating	Unrated
Coupon Rate	5% p.a. (Five percent per annum) payable semi-annually
Coupon Type	Fixed
Coupon Payment Dates	October 30 th and April 30 th of each year with the first coupon payment being due on April 30, 2018
Default Interest Rate	3% p.a. (Three percent per annum)
Mandatory Conversion Date	5 (Five) years from the deemed date of allotment of the CCDs.
Terms of Conversion	<p>1 (One) CCD with a face value of Rs.10,00,000 (Rupees Ten Lakh only) shall convert into 5682 (Five Thousand Six Hundred Eighty Two) equity shares of face value of Rs.10.00 (Rupees Ten only) of the Company, as determined after a valuation of the Company conducted by a chartered accountant with 10 (Ten) years' experience ("Conversion Ratio").</p> <p>The CCDs shall compulsorily convert into equity shares of the Company as per the conversion ratio on the Mandatory Conversion Date.</p>
Accelerated Conversion	On the occurrence of an event of default (the details whereof shall be more particularly provided for in the transaction documents), the CCD Holders

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CHARTERED ACCOUNTANT





	shall be entitled without being obliged to require conversion of the CCDs into equity shares of the Company, based on the Conversion Ratio (" Accelerated Conversion Option ").
Conversion	<p>No action is required on the part of the CCD Holders at the time of conversion of the CCDs into equity shares of the Company on the Mandatory Conversion Date or on the exercise of the Accelerated Conversion Option.</p> <p>All CCDs will be simultaneously converted through appropriate debit corporate action as on the Mandatory Conversion Date or on the exercise of the Accelerated Conversion Option, as applicable.</p>
Put Option	<p>Each CCD Holder shall have the right, but not the obligation, to require the Option Providers (or any of them) to purchase all the CCDs held by such CCD Holder, on the Put Option Exercise Date at the Option Price ("Put Option") by provision of a notice in writing atleast 30 (Thirty) calendar days prior to the Put Option Exercise Date.</p> <p>"Put Option Exercise Date" shall mean the date falling at the expiry of 4 (Four) years and 6 (Six) months from the deemed date of allotment of the CCDs.</p>
Call Option	<p>The Option Providers shall have the right, but not the obligation, to require the CCD Holders to sell CCDs to the Option Provider(s), at a minimum lot size of 25 (Twenty Five) CCDs, at the Option Price ("Call Option"), at any time during the Call Option Period, by provision of a notice in writing at least 30 (Thirty) calendar days in advance of the date on which the Call Option is proposed to be exercised ("Call Option Date").</p> <p>"Call Option Period" shall mean the period commencing from the expiry of 3 (Three) years from the deemed date of allotment of the CCDs and expiring on the Mandatory Conversion Date.</p>
Accelerated Put Option	<p>On the occurrence of any of the following events ("Trigger Events"), each CCD Holder shall be entitled to require the Options Providers (or any of them), to purchase all the CCDs held by such CCD Holder at the Option Price ("Accelerated Put Option"), by provision of a notice in writing at least 5 (Five) calendar days in advance of the date on which the Accelerated Put Option is proposed to be exercised:</p> <ul style="list-style-type: none"> (a) any payment default by the Company, in respect of the Facilities or any breach of the terms and conditions thereof; (b) any failure of the Company or the Option Providers, to make payment of any financial indebtedness when due or otherwise any breach of the provisions of any agreement entered into by the Company or the Option Providers, in respect of any financial indebtedness availed of by it; (c) Any failure to meet the CCD Minimum Security Cover and/or the NCD Minimum Security Cover which is not rectified/ topped up within the stipulated time period; (d) Any failure by the Company to maintain debt availed of from the Promoter Group at atleast Rs.21,68,00,000/- (Rupees Twenty One Crore Sixty Eight Lakh only), all of which debt shall not bear an interest rate/ yield of more than 13% (Thirteen percent); (e) the occurrence of any Force Majeure Event (as shall be defined in the transaction documents), in relation to Mr. M. Balasubramaniam;

FOR THE COMPANY AND COMPANY AUTOTLO

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TATA MOTOR DIRECTOR

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	<p>(f) if the Promoters cease to hold the entire share capital of the Company;</p> <p>(g) if the Promoters cease to have 'control' (as defined under the Companies Act, 2013) over the Company;</p> <p>(h) The Company either directly or through group entities, ceases to be a dealer of vehicles manufactured by TML;</p> <p>(i) any application/ proceeding for liquidation, receivership, administration, insolvency, dissolution, arrangements or compositions being filed against the Company and/or the Option Providers or the Company and/or any of the Option Providers making any compromise or arrangements;</p> <p>(j) In the event that the credit rating assigned to the Company by any credit rating agency falls two notches or more below the current rating of BB+;</p> <p>(k) Other events which are customary to a transaction of this nature and which will be incorporated in the transaction documents.</p>
Option Price	<p>The Option Price payable to each of the CCD Holders shall be such that the IRR to such CCD Holder (after adjustment of any Coupon payments made (where applicable) and net of any taxes which may be payable in the hands of TMFSL as a result of the sale of the CCDs) is equal to 9.50% (Nine Decimal Point Five Zero percent).</p> <p>"IRR" shall mean the internal rate of return on an annual basis as calculated by Microsoft Excel using XIRR formula</p>
CCD Option related Security	<p>The obligation of the Option Providers to purchase the CCDs on the exercise of the Call Option, the Accelerated Put Option or the Put Option shall be secured by a first and exclusive mortgage created by The Gounder and Company Auto Limited over the immovable property situated at 51A, Palakkad Main Road, South Ukkadam, Coimbatore 641001, Tamil Nadu ("CCD Mortgaged Property"), which shall be required to be created by The Gounder and Company Auto Limited, as a condition subsequent to the Company availing of the Facilities within a period of 60 (Sixty) days from the deemed date of allotment of the CCDs.</p> <p>Each of the Option Providers shall ensure that the value of the CCD Mortgaged Property, shall at all times be at least equal to 1.50 (One Decimal Point Five Zero) times of the Option Price (as computed up to the Put Option Exercise Date) ("CCD Minimum Security Cover"). In the event that the CCD Minimum Security Cover is breached for any reason, the Option Providers shall be obliged to top up the security to the extent required by providing additional security over such properties and assets, within a time period to be stipulated in the transaction documents and in such manner as is acceptable to the CCD Holders such that the CCD Minimum Security Cover is maintained after the creation thereof.</p> <p>It is hereby clarified that the security over the CCD Mortgaged Property shall be released after the date on which all the CCDs held by the CCD Holders are acquired by the Option Providers (or any of them) in accordance with the terms of the transaction documents.</p> <p>In the event of security cover being in excess of the CCD Minimum Security Cover as stipulated above, the Option Providers may replace the mortgage over the CCD Mortgaged Property by creation of a first and exclusive mortgage over another immovable property subject to the acceptance of such replacement, in writing, by TMFSL and maintenance of CCD Minimum</p>

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 Registered Office 10th Floor 106 A and B Maker Chambers III Nariman Point Mumbai 400 021

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M.B

Director





	Security Cover after such replacement
Conditions Precedent to Disbursement	Other than the conditions precedent set out hereinabove, other conditions precedent as are customary for a transaction of this nature and as shall be set out in the transaction documents.
Conditions Subsequent to Disbursement	As are customary for a transaction of this nature and as shall be set out in the transaction documents.
Events of Default	As are customary for a transaction of this nature and as shall be set out in the transaction documents.
Covenants	As are customary for a transaction of this nature and as shall be set out in the transaction documents.
Representations and Warranties	As are customary for a transaction of this nature and as shall be set out in the transaction documents.
Specific Terms applicable to NCDs	
Rating	The NCDs shall be required to be rated by an accredited rating agency (acceptable to TMFSL).
Coupon Rate	11.00% p.a. (Eleven percent per annum) payable semi-annually
Tenor	6 (Six) years
Coupon Type	Fixed
Options for early redemption	NIL
Principal Repayment Dates	The principal amount in respect of the NCDs shall be repaid by the Company, in the following manner: 1. Up to 20% (Twenty percent) at the expiry of 4 (Four) years from the deemed date of allotment of the NCDs; 2. Up to 55% (Fifty Five percent) at the expiry of 5 (Five) years from the deemed date of allotment of the NCDs; and 3. 100% (One Hundred percent) at the expiry of 6 (Six) years from the deemed date of allotment of the NCDs.
Security	The NCDs shall be secured by the creation of a first and exclusive mortgage, over the following property of the Company, which shall be created as a condition subsequent to availing of the Facilities within 60 (Sixty) days from the deemed date of allotment of the NCDs (" NCD Mortgaged Property "): <p>S.F.No.140/2, 140/8, 144/1 Ward No. XI, Door No.586 B, Bye Pass Road, Nadathara (Post) Mannuthy, Thrissur – 680751 Kerala.</p> <p>The Company shall ensure that the value of the NCD Mortgaged Property is at all times at least equal to 2.0 (Two Decinral Point Zero) times the amounts outstanding in respect of the NCDs ("NCD Minimum Security Cover"). In case the NCD Minimum Security Cover is breached for any reason, the Company shall be obliged to top up the security by providing or requiring the provision of additional security over such properties and assets, within a time period to be stipulated in the transaction documents and in such manner as is acceptable to the NCD Holders such that the NCD Minimum Security Cover is maintained after the creation thereof. It is</p>

For THE GOUNDER AND COMPANY AUTO 111

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TATA Director

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		<p>hereby clarified that the security created over the NCD Mortgaged Property shall be released after the repayment of all amounts outstanding in relation to the NCDs in accordance with the terms of the transaction documents.</p> <p>In the event of security cover being in excess of the NCD Minimum Security Cover as stipulated above, the Company may replace the mortgage over the NCD Mortgaged Property by creation of a first and exclusive mortgage over another immovable property subject to the acceptance of such replacement, in writing, by TMFSL and maintenance of NCD Minimum Security Cover after such replacement.</p>
Conditions Precedent Disbursement	to	Other than the conditions precedent set out hereinabove, other conditions precedent as are customary for a transaction of this nature and as shall be set out in the transaction documents.
Conditions Subsequent Disbursement	to	As are customary for a transaction of this nature and as shall be set out in the transaction documents.
Events of Default		As are customary for a transaction of this nature and as shall be set out in the transaction documents.
Covenants		As are customary for a transaction of this nature and as shall be set out in the transaction documents.
Representations and Warranties		As are customary for a transaction of this nature and as shall be set out in the transaction documents.

Signed by: Vishwanathan Nallepalli; Head-Corporate Lending
(On behalf of Tata Motors Finance Solutions Limited)
For ABT INDUSTRIES LTD.,

R. SESHATHRI,
GENERAL MANAGER (FINANCE),
Signed by: (On behalf of ABT Industries Limited)

For THE GOUNDER AND COMPANY AUTO

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Director

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