

**BINDING TERM SHEET BETWEEN SAMUNNATI FINANCIAL INTERMEDIATION & SERVICES PVT LTD
AND INCRED FINANCIAL SERVICES LTD**

*This term sheet ("**Term Sheet**") outlines the terms and conditions for the proposed subscription by INCRED FINANCIAL SERVICES LTD ("**Investor**", of Secured Non Convertible debentures ("**NCDs**") of SAMUNNATI FINANCIAL INTERMEDIATION & SERVICES PVT LTD, a private unlisted company having its registered office at Baid Hi Tech Park, 8th Floor, No 129 B, East Coast Road, Thiruvannamiyur Chennai Chennai TN 600041 ("**Company**") ("**Transaction**"). The Company is a non-deposit accepting non-banking financial company. The lending operation model of the company is primarily focused on agri value chain financing where it focuses to cater both supply and demand side of agri value chain. This Term Sheet proposes to capture the principal rights and obligations of the parties with respect to the subscription of NCDs by the Investors and also to capture the principal rights of the Investors.*

*Details of the outlined cornerstones and of other non-addressed issues are subject to further negotiations and the conclusion of definitive documentation to be entered into in this regard ("**Definitive Agreement**").*

1.	Investment	<p>The Investor shall invest INR 20 Crores (Rupees Twenty Crores) in the form of Secured, redeemable, transferable, unlisted NCDs having a face value of Rs. 1,00,000 (Rupees One Lakh) each ("Investor NCDs").</p> <p>The total amount being invested by the Investor shall hereinafter be referred to as "Subscription Consideration".</p>
2.	Terms the OCDs	<p>a. Interest: The Company shall pay interest @ 12.5% per annum ("Interest") accrued and payable on monthly basis. Interest and other charges shall be computed on the basis of Three hundred sixty five (365) days in a year.</p> <p>b. Ranking: Each Debenture constitutes direct and unconditional and secured obligations of the Company. The claims of the Debenture Holders shall be superior to all the claims of equity investors/ lenders of Tier I Capital and Tier II Capital (including without limitation, any Subordinated Debt) and shall rank at least pari passu inter se and to all other lenders who have not expressly agreed to subordinate their claims to those of other lenders of the Company.</p> <p>c. Default interest: In the event the Company fails to pay any amount payable by it on its due date ("Unpaid Sum"), interest shall accrue on the Unpaid Sum from the due date up to the date of actual payment (both before and after judgment) at a rate per annum which is the sum of 2% and the Interest rate or such higher rate being charged by</p>

		<p>the other creditors to the Company.</p> <p>d. <u>Debenture redemption reserve</u>: The Company shall create a debenture redemption reserve as per applicable laws.</p>
3.	Tenor	13 months from the deemed date of allotment
4.	Security	<p>The Debentures shall be secured by way of a first ranking, exclusive and continuing charge on identified receivables ("Hypothecated Receivables") created pursuant to the deed of hypothecation to be executed between the Company and the Debenture Trustee as described herein. The Hypothecated Property shall at all times be equal to the value of the outstanding principal amount of the Debentures. The issuer undertakes:</p> <ul style="list-style-type: none">▪ to maintain the value of security at all times equal to 1.10 (One decimal point one zero) time or 110% (One Hundred and Ten Percent) the aggregate amount of principal outstanding of the NCDs where at least 1.10 (One decimal point one zero) time or 110.0% (One Hundred and Ten Percent) of the security cover is from principal receivables ("Security Cover");▪ to create, register and perfect the security over the Hypothecated Assets as contemplated above no later than 30 (Thirty) 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 Property.▪ to pay a penal interest of 2.0% (Two Percent) p.a. over the coupon date 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 monthly 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) ("Monthly Hypothecated Asset Report")▪ to add fresh loan assets to the Security Cover to ensure that the

		<p>value of the Hypothecated Assets is equal to 1.10 (One decimal point one zero) time or 110.0% (One Hundred and Ten Percent) the aggregate amount of principal outstanding of the NCDs where at least (One decimal point one zero) time or 110.0% (One Hundred and Ten Percent) of the security cover is from principal receivables.</p> <ul style="list-style-type: none">▪ to replace/top up any Hypothecated Receivables that become overdue with current receivables in terms of the hypothecation agreement
5.	Long Term Rating	IVR A-/Stable Outlook from Infomercials
6.	Debentures Trustee	Catalyst Trusteeship Ltd
7.	Post dated cheques	One PDC signed by an Authorized Signatory for redemption amount of INR 20 Crs to be provided within 60 days from date of allotment or as extended by the Investor in writing.
8.	Put option	After 6 months. 15 calendar days' notice shall be given for exercising option. Interest rate to be re-negotiated if Put option is not exercised.
9.	Redemption Amount/Put option amount	INR 1,00,000 (Rupees One Lakhs only) per debenture plus accrued interest, if any.
10.	Redemption Schedule	Bullet at maturity or exercise of put option.
11.	Step-up/down of coupon	<ul style="list-style-type: none">• In the event the long term credit rating of the Company is downgraded from BBB+, Interest shall be increased by 0.5% for every notch of rating downgrade, applicable from the date of such downgrade until such event is cured, on the outstanding principal amount and accrued interest, if any, of the Debentures. If the issuer of the debenture is rated by more than one rating agency, then the lowest of the ratings shall be considered.• In the event the long term credit rating of the Company is upgraded from BBB+ by CRISIL, Interest shall be decreased by 0.25% applicable from the date of such upgrade, on the outstanding principal amount of the Debentures.

12.	Tax deduction	The Company shall make all payments to be made by it to the Investor free and clear of and without any tax deduction, unless a tax deduction is required by law in which case the Company will furnish the TDS certificate for the amount so deducted to the investor within the timelines stipulated by the applicable laws.
13.	Use of proceeds	The Subscription Consideration shall be utilised solely for providing loans to agri customers as per regulatory guidelines.
14.	Prepayment Penalty	Prepayment shall not be allowed within 6 months from Deemed Date of Allotment. In case of early redemption of the Debentures at the instance of the Issuer, on any date other than the Due Date and not arising due to an Event of Default, the Issuer shall pay a penalty of 3% on the principal amount prepaid.
15.	Other terms	<p>The prior written approval of the Investor, which shall not be unreasonably withheld, is required to place and approve the following actions, by the Company at its respective board of directors and shareholder levels:</p> <ol style="list-style-type: none">entering into transactions except in the ordinary course of business on arm's length basis;declaration of dividends or redemption of shares unless dividends are declared only out of the profits relating to that year and after making all due and necessary provisions, and provided further that there have been no defaults in repayments under the facility. In all other cases, the Company shall seek the prior written consent of the Lender before declaring dividends;entering into or establish any management, partnership, profit-sharing, royalty agreement or other similar arrangement whereby the Company's income or profits are, or might be, shared with any other person; or enter into any management contract or similar arrangement whereby its business or operations are managed by any other person, unless undertaken in the normal course of business on an arm's length basis and for so long as it does not have any adverse impact on any rights of the Investor;form, dispose of, acquire or incorporate any subsidiary;change in the object clause of charter documents of the Company in any manner, which would have an adverse impact on the rights of the Investor;material change in the nature or scope of the present business or operations;

		<ul style="list-style-type: none">g. undertake or permit any merger, spin-off, consolidation or reorganization of the Company; or sale, transfer, lease or otherwise dispose of all or a substantial part of the Company's assets;h. claim any immunity or limitation of liability against any payment obligations arising towards the Investor;i. voluntary winding up of Company;j. any change in the provisioning policy of the Company other than as required by a regulator;k. the Company shall not enter into any transaction(s) (except salary & rent) with a related party during the Tenor of the Facility where the value in aggregate exceeds the 10% of the Tangible Net Worth during a financial year.l. initial public offering; Dilution in promoter's equity shareholding which would bring promoters' shareholding below 10%;m. such other matters as are usual and customary to transactions of this nature.
16.	Warranties and Covenants	<p>The Definitive Agreements shall have representations, covenants and warranties as are usual and customary to transactions of this nature including covenants relating to provision of periodic information pertaining to the Company.</p> <p>The Company shall, however, adhere to the following Covenants:</p> <ul style="list-style-type: none">a. The Capital Adequacy Ratio (Tier 1 and Tier 2 capital) shall not fall below 17%;b. Gross Net Performing Assets as a % of average portfolio of the Company shall not increase beyond 4%; and
17.	Events of default	<p>Events of default shall include the following ("Event of Default"):</p> <ul style="list-style-type: none">a. failure to make payments on due date;b. breach of covenants, undertakings, representations and warranties;c. cross-default;d. expropriation, nationalisation, seizure of assets;e. any action for dissolution, winding up or initiation of bankruptcy proceedings or consent to any entry of an order for relief; an involuntary proceeding under applicable law, or consent to the appointment or taking possession by a receiver, liquidator, assignee (or similar official) for any or a substantial part of its property;f. appointment of a receiver or a liquidator in respect of the whole or material part of the assets of the Company;g. any Agreement is repudiated or its validity or enforceability at any

		<p>time is challenged by the Company;</p> <p>h. the Company ceases or threatens to cease to carry on its business or any substantial part thereof;</p> <p>i. failure to provide such information and documents as required by the investor from time to time; and</p> <p>j. such other events as are usual and customary to transactions of this nature.</p> <p>At any time after an Event of Default has occurred, the Investor shall have the right to exercise any of the Options.</p>
18.	Update of events	During the validity period of this Term Sheet, the Company and the Promoters shall keep the Investor informed of all the material events related to the Company.
19.	Non-exhaustive	This Term Sheet is not intended to be exhaustive and the Parties shall have the right to raise further issues in the process of negotiating the terms of the Definitive Agreements.
20.	Confidentiality	The Parties agree to keep the contents of this Term Sheet confidential, unless there is mutual agreement to disclose certain terms, or if the Parties are required to disclose such information as required for regulatory or other statutory purposes or in the ordinary course of business.
21.	Governing Law and Jurisdiction	The Definitive Agreement to be executed between the Parties and this Term Sheet shall in all respects be governed and interpreted by, and construed in accordance with the laws of India, without giving effect to the principles of conflict of laws thereunder, and shall be subject to the exclusive jurisdiction of the courts at Delhi.
22.	Dispute Resolution	If any dispute, controversy or claim between the Parties arises, the affected Party shall serve on the other Party, a notice providing the details of the dispute. The Parties shall use all reasonable endeavours to negotiate with a view to resolving the dispute amicably. If the Parties are unable to resolve the dispute amicably, the dispute shall be referred to arbitration in accordance with the Arbitration and Conciliation Act, 1996. The venue of the arbitration proceedings will be Delhi.

23.	Transaction Documents	<ul style="list-style-type: none">a. Information Memorandum;b. Debenture Trustee Agreement;c. Debenture Trust Deed;d. Hypothecation Agreement;e. Trustee Appointment Letter;f. Board Resolutions;g. Shareholder Resolutions, if applicable;h. Issuer's confirmation of allotment of debentures; andi. Any other document related to the Debentures as agreed between the parties.
24.	Miscellaneous	<ul style="list-style-type: none">j. The Parties acknowledge the binding nature of this Term Sheet.k. The costs of the transaction including legal costs will be borne by the Company.l. The validity of this term sheet will be 30 days or mutually agreed between the Parties.

AGREED AND ACCEPTED ON DD / MMM / YYYY

For and on behalf of INCRED FINANCIAL SERVICES LTD



For and on behalf of SAMUNNATI FINANCIAL INTERMEDIATION & SERVICES PVT LTD

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