

**INDICATIVE TERMSHEET**

This term sheet provides indicative terms and conditions for the facility proposed to be availed by Ugro Capital Limited ("Ugro" or "Company" or "Issuer") from BAC Acquisitions Private Limited and/or its affiliates / nominees ("Investor") on mutually agreed terms ("Term Sheet"). The Term Sheet is intended for your guidance and information only and does not constitute an offer, commitment or agreement to enter into any transaction. This Term Sheet is non-binding in nature other than the provisions described under the heads Costs and Expenses, Governing Law, Confidentiality and Press Announcements and Exclusivity.

<b>Issuer</b>	Ugro Capital Limited
<b>Investor(s)</b>	BAC Acquisitions Private Limited and/or its affiliates / nominees,
<b>Type of Instrument</b>	(500) Rated, Redeemable, Senior, Transferable, Secured, Non-Convertible, Listed Debentures ("Debentures")
<b>Mode of Issue</b>	Private Placement
<b>Form of issue</b>	Debentures will be issued in dematerialized form
<b>Purpose</b>	Onward lending
<b>Credit Rating</b>	Acuite A
<b>Total Facility Size</b>	INR 50 crores
<b>Face Value of Debentures</b>	INR 10,00,000 (Indian Rupees Ten Lacs)
<b>Date of Allotment</b>	3 <sup>rd</sup> October 2019
<b>Tenure / Final Maturity Date</b>	13 months from the date of allotment
<b>Coupon</b>	Fixed Rate: 11.50% papm
<b>Processing Fee</b>	1.05% pa payable at the following dates First Fee Date: 3 <sup>rd</sup> October 2019 Second Fee Date: 3 <sup>rd</sup> February 2020 Third Fee Date: : 3 <sup>rd</sup> May 2020 Fourth Fee Date: 3 <sup>rd</sup> August 2020
<b>Interest Reset Date</b>	N/A
<b>Maturity/Redemption Date</b>	3 <sup>rd</sup> November 2020
<b>Record Date</b>	7 days prior to each Coupon Payment / Redemption date.
<b>Redemption/ Early Redemption Price</b>	Par
<b>Call option</b>	N/A
<b>Call option Notice</b>	N/A
<b>Put option date</b>	Investor has a right to put the bonds in full on the dates mentioned below: First Put Option Date: 3 <sup>rd</sup> February 2020 Second Put Option Date: 3 <sup>rd</sup> May 2020 Third Put Option Date: 3 <sup>rd</sup> August 2020



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<b>Put option Notice</b>	15 calendar days prior to each Put Option date
<b>Coupon Payment Schedule</b>	The Coupon shall be payable on specific coupon payment dates from the period starting from and including the Date of Allotment and up to the Date of Redemption. In case of early redemption due to any reason, coupon shall be paid on such early redemption date and shall be paid for the period starting from the last coupon payment date till the date of early redemption on the amount of debentures outstanding.
<b>Coupon Payment Dates</b>	First Coupon Payment Date: 3 <sup>rd</sup> November 2019 Second Coupon Payment Date: 3 <sup>rd</sup> December 2019 Third Coupon Payment Date: 3 <sup>rd</sup> January 2020 Fourth Coupon Payment Date: 3 <sup>rd</sup> February 2020 Fifth Coupon Payment Date: 3 <sup>rd</sup> March 2020 Sixth Coupon Payment Date: 3 <sup>rd</sup> April 2020 Seventh Coupon Payment Date: 3 <sup>rd</sup> May 2020 Eighth Coupon Payment Date: 3 <sup>rd</sup> June 2020 Ninth Coupon Payment Date: 3 <sup>rd</sup> July 2020 Tenth Coupon Payment Date: 3 <sup>rd</sup> August 2020 Eleventh Coupon Payment Date: 3 <sup>rd</sup> September 2020 Twelfth Coupon Payment Date: 3 <sup>rd</sup> October 2020 Thirteenth Coupon Payment Date: 3 <sup>rd</sup> November 2020
<b>Coupon Basis</b>	Actual/ Actual
<b>Security</b>	<p>Exclusive first charge by way of hypothecation over identified receivables ("Portfolio" or "Hypothecated receivables") consisting of performing loans of the Company as detailed in the Transaction Documents, amounting to not less than 110% of the Principal Amount. The Borrower, shall replace such assets constituting the Portfolio that have one or more instalments of principal, interest, additional interest, fee or any other expected payments overdue with performing assets. Portfolio will be defined at the documentation stage. The security shall be created and perfected within 30 days of the deemed date of allotment. The company shall 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 Property.</p> <p>The company shall 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) ("<b>Monthly Hypothecated Asset Report</b>")</p> <p><u>Eligibility Criteria for the Hypothecated Receivables:</u></p> <ul style="list-style-type: none"> <li>the receivables are existing at the time of selection and have not been terminated or pre-paid;</li> <li>the receivables have not been restructured or rescheduled</li> </ul>



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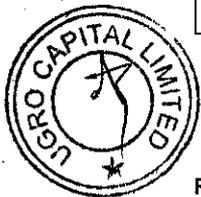
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	<ul style="list-style-type: none"> <li>All "Know Your Customer" norms have been complied with as prescribed by the Reserve Bank of India</li> <li>Every loan originated from the facility shall not exceed Rs. 2,00,00,000 (Rupees Two Crores).</li> <li>Credit and underwriting policies of the Company including credit referencing agency checks as commonly used should have been complied with.</li> <li>Every loan originated from the facility should be originated by the issuer and not loans purchased from a third party.</li> <li>Such loans shall not be overdue.</li> </ul>
<b>Issue Price (Rs)</b>	At Par
<b>Listing</b>	To be listed on WDM segment of BSE within 10 days from Date of Allotment
<b>Documentation</b>	As per Investor(s) and statutory requirement.
<b>Business Days</b>	Mumbai
<b>Business Day Convention</b>	Any day between Monday and Friday which is not a banking holiday in Mumbai

**Additional Terms:**

<b>Costs and Expenses</b>	All costs and expenses (including legal fees) incurred by Investor (s) in connection with the preparation, negotiation, printing, execution and syndication of the transaction documents and any other document referred to in it shall be paid by the Issuer on demand whether or not the transaction documents are signed.
<b>Transaction Documents</b>	Debenture Trust Deed, Information Memorandum, Fee letters, Security Documents (Security documents means Deed of hypothecation, and Security Trustee and sharing agreement, assignment and such other documents needed to perfect the security), Legal Opinions and any other document related to the Facility.
<b>Status of the Debentures</b>	As applicable for senior debt
<b>Representations and Warranties</b>	<p>The Issuer will make representations customary for a facility of this nature including</p> <ul style="list-style-type: none"> <li>Corporate existence, capacity and authority;</li> <li>Legal, valid and binding nature of the Transaction Documents;</li> <li>Corporate and governmental authorizations and consents (including those from central and state government, local authorities), no contravention of existing agreements and constitutional documents, or any document which is binding;</li> <li>No outstanding default, material litigation, violation of law or material agreements;</li> <li>Completeness and accuracy of financial statements and other information shared with investor(s)</li> <li>Any other representations as may be required by the Investor(s) including those pursuant to any due diligence in relation to the Issuer.</li> </ul>
<b>Financial Covenants</b>	<ol style="list-style-type: none"> <li>Capital adequacy ratio &gt; 25%</li> <li>Portfolio at risk 90+ days + trailing 12 months write off – not more than 3%</li> <li>Debt to Equity ratio capped at 2 times.</li> <li>At all times, a liquidity buffer estimated for subsequent 3 months shall be kept for: <ul style="list-style-type: none"> <li>a) debt servicing requirements – servicing principal &amp; interest; and</li> </ul> </li> </ol>



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	<p>b) sanctioned loans pending disbursement</p> <p>- First three covenants to be tested quarterly and the covenant no. 4 to be tested at the end of each month.</p>
Negative Covenants	<p>The issues shall take the prior written permission from the Investor / Debenture Trustee for the following:</p> <ul style="list-style-type: none"> <li>(a) Change in control or change in ownership of the existing shareholders beyond 5% change in their holding</li> <li>(b) Any dilution of stake by existing shareholders beyond 5% change in their holding</li> <li>(c) Total Shareholding of the Specified Shareholders (directly or indirectly) shall not fall below 51%. Specified Shareholders: <ul style="list-style-type: none"> <li>a. DBZ (CYPRUS) LIMITED</li> <li>b. SAMENA SPECIAL SITUATIONS MAURITIUS</li> <li>c. POSHIKA ADVISORY SERVICES LLP</li> <li>d. CLEARSKY INVESTMENT HOLDINGS PTE LIMITED</li> <li>e. NEWQUEST ASIA INVESTMENTS III LIMITED</li> </ul> </li> <li>(d) Any dilution of control over Board composition, other than appointment of independent directors subject to terms as mentioned in the Memorandum &amp; Articles of Association of the Company.</li> <li>(e) Mergers, acquisitions, investment in associates, JVs and subsidiaries including disposal of any of the above</li> <li>(f) Change in nature of business of the Company</li> <li>(g) Change in constitutional documents</li> <li>(h) Loans exceeding 5% of net-worth to any single party and/or guarantees on behalf of third parties</li> <li>(i) Declare dividend on equity shares before payment of coupon due on the NCDs.</li> <li>(j) Declare dividend on equity/preference shares before payment of coupon due on the NCDs when an Event of Default is subsisting</li> <li>(k) Change in statutory auditors apart from PwC, Deloitte, EY, KPMG, Grant Thornton.</li> <li>(l) Material compromise or settlement</li> </ul> <p>And as set out in greater detail in the Debenture Trust Deed</p>
Information Undertakings	<ul style="list-style-type: none"> <li>• Consolidated financial statements within period as may be statutorily provided after end of the financial half years.</li> <li>• Details of any material litigation, arbitration or administrative proceedings</li> </ul>



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	<ul style="list-style-type: none"> <li>• Notice of any change in authorised signatories of the Issuer with respect to the facility</li> <li>• Others as agreed between the Investor(s) and the issuer and as detailed in the transaction documents.</li> </ul>
<b>Conditions Precedent</b>	<p>The Company shall fulfil the following Conditions Precedent the satisfaction of the Debenture Trustee and submit Conditions Precedent documentation where applicable to the Debenture Trustee, prior to the Pay in Date:</p> <ul style="list-style-type: none"> <li>(a) Delivery of corporate approvals from the board of directors and shareholders of the issuer, if applicable approving the issuance of NCDs and creation of security.</li> <li>(b) Execution of the Debenture Trustee Agreement, Debenture Trust Deed, in a form and manner satisfactory to the Debenture Trustee shall have taken place;</li> <li>(c) Freezing of draft Deed of Hypothecation;</li> <li>(d) The Issuer shall have submitted to the Debenture Trustee the rating letter and rating rationale</li> <li>(e) The Issuer shall have submitted to the Debenture Holders / Debenture Trustee, all required documents for the purpose of satisfying its respective KYC requirements;</li> <li>(f) The Issuer shall have submitted to the Debenture Trustee a certified true copy of the constitutional documents of the Company (the Memorandum and Articles of Association and the Certificate of Incorporation)</li> <li>(g) The Issuer shall have submitted to the Debenture Trustee its audited account statements for the most recent financial year or audited financial half-year Certificate from practicing chartered accountant confirming that there are no tax proceedings pending against the Company that would affect the issuance of no-objection certificate under Section 281 of the Income Tax Act, 1961</li> <li>(h) Completion of due diligence exercise(s) by the Investor</li> <li>(i) Receipt of necessary consents / no-objections from the existing shareholders / lenders of the Company / security providers</li> </ul> <p>Others to be identified in the Transaction Documents.</p>
<b>Events of Default</b>	<p>Events of default as stated in the Debenture Documentation, including but not limited to the following:</p> <ul style="list-style-type: none"> <li>• Failure to pay amounts due under the Issue on the relevant due date by the Issuer;</li> <li>• Insolvency, reorganization, restructuring, liquidation, suspension of payment of debts, winding up, illegality, cessation of business by the Issuer;</li> </ul>



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	<ul style="list-style-type: none"> <li>• Bankruptcy, CDR proceedings admitted with respect to the Issuer;</li> <li>• Breach of any covenants and representations and warranties</li> <li>• Breach of any of the terms of the Transaction Documents by the Issuer</li> <li>• Cross default with other financial indebtedness of the Issuer. It is clarified that this cross-default clause will apply only with respect to payment default to financial creditors/lenders and not payment default to other creditors (like vendor payments obligations etc).</li> </ul> <p>The issuer will have a 7 working-day curing period to rectify a breach in non-financial covenants, other than breach in those covenants resulting in an Event of Default.</p> <p>Upon the occurrence of an event of default (EOD), additional interest @ 2% per annum on the face value of outstanding NCDs will be applicable from the date of occurrence of the EOD till the date it is cured.</p>
<p><b>Accelerated/Early Redemption</b></p>	<p>The following events can trigger exercise of the Acceleration Option (each, a "Trigger Event"):</p> <ul style="list-style-type: none"> <li>• Occurrence of any Events of Default except for delay for 2 business days for technical default, or as detailed in DTD;</li> <li>• The Credit Rating of the Company is withdrawn, or the rating is downgraded/ assigned below A by Acuite or any other rating agency.</li> </ul> <p>Financial Covenants to be tested on a quarterly basis.</p> <ul style="list-style-type: none"> <li>• In case of breach of any of the covenants, the investor can immediately exercise the Accelerated Redemption option. The issuer will repay the investor the entire outstanding amount within 7 (seven) working days from when the Accelerated Redemption option is exercised.</li> </ul>
<p><b>Governing Law, Jurisdiction and Dispute Resolution</b></p>	<p>This Term Sheet shall be governed in accordance with Indian Law. Courts at Bengaluru alone shall have the exclusive jurisdiction to entertain and try any disputes arising thereof. The Transaction Documents shall be governed by Indian law. Any disputes shall be referred to arbitration under SIAC Rules, with venue in Bengaluru, without prejudice to any debenture holder's rights under IBC, DRT, SARFAESI or other applicable laws.</p>
<p><b>Documentation</b></p>	<p>Transaction Documents, any ancillary documentation related to the Facility proposed herein will be subject to the negotiation, preparation and execution in form and substance satisfactory to Investor(s) and will contain provisions standard for transaction of this nature.</p>
<p><b>Confidentiality and Press Announcements</b></p>	<p>The Term Sheet is confidential, and contents of this Term Sheet may not be disclosed by the Company without Investor's prior written consent. If the Company determines that it is required by law to disclose the information regarding this Term Sheet to any regulatory body, it shall in a reasonable time before making such disclosure or filing consult with the Investor regarding such disclosure or filing and shall seek confidential treatment for such portions of the disclosure or filing as may be requested by the Investor. The Company shall not make any press releases / announcements to the public</p>



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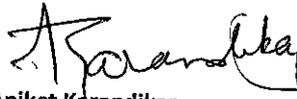
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	or to any third party regarding the arrangements contemplated by this Term Sheet, unless the same has been approved by the Investor.  The debenture holders shall be entitled to disclose information pertaining to the Company to CIBIL or any other agency, CERSAI, RBI and/or electronic repositories maintained by the Insolvency and Bankruptcy Board of India, upon default.
<b>Validity</b>	This Term Sheet is valid for 7 days from date of issuance.

For UGRO Capital Limited



Aniket Karandikar  
Company Secretary

Date: 26<sup>th</sup> September, 2019



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