

*Confidential***SANCTION LETTER**

December 13, 2017

**Sintex-BAPL Limited,**  
Abhijeet-1, 7th Floor,  
Mithakhali Six Roads,  
Ellisbridge Ahmedabad,  
Gujarat - 38000

Kind Attention: Mr. L. M. Rathod

Dear Sir,

**Subject:** Loan Application of Rs. 245,00,00,000 (Rupees Two Hundred and Forty Five Crores only).

1. We KKR India Financial Services Private Limited (hereinafter "**we**", "**us**", "**Lender**" or "**KKR**") refer to the request letter dated November 30, 2017 pursuant to which Sintex-BAPL Limited (hereinafter "**you**", "**your**" or "**Company**") has requested for credit facilities of Rs. 245 crores of an overall financing of Rs. 800 crores as per terms as indicated in Annexure I, for the purpose of repaying the facilities availed from certain existing lenders of the Company, payment of costs, commissions and expenses in relation to the facility and any other purpose approved by the Lender.
2. We write to inform you that we are, in principle, agreeable to provide the loan subject to the terms and conditions set out in the annexures to this letter.
3. You hereby agree that a processing fee of 0.5% ("**Fee**") shall be payable on the sanctioned amount by the Company to the Lender on the aforementioned credit facilities, on the date of first disbursement. The above Fee is exclusive of GST, which will, to the extent applicable, be charged separately.
4. KKR shall not be liable for loss of credit arising on account of incomplete, erroneous or wrong details provided by the Company to be captured on the invoice and/or upload made to GSTN. Additionally, providing correct registration number is on the Company and KKR will not be responsible for verification of GSTIN. Where the Company fails to furnish GST registration number, the Company will be treated as unregistered dealer by KKR.
5. The Company acknowledges and agrees that it would adhere to the applicable GST compliances and accept the output supply as mentioned in GSTR-1 filed by KKR within the specified timelines. The Company will be responsible to intimate if any corrections/rectifications is required to be made in outward supply mentioned by KKR in GSTR-1 against the Company, to KKR immediately without any delay.
6. This letter and the terms and conditions herein are strictly confidential and may not be shared or divulged to or used as a base for any discussions or arrangement with any third party except with the prior written consent of the Lender.

**KKR India Financial Services Private Limited** (erstwhile Multiflow Financial Services Private Ltd.)

Corporate Office: 2nd Floor, Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel (W), Mumbai 400 013, India

Registered Office: Regus CitiCentre, Level 6, 10/11 Dr. Radhakrishna Salai, Chennai, Tamil Nadu - 600 004, India

T +91.22.4355.1300 F +91.22.4355.1301 E kkrindia@kk.com W www.kkr.com

CIN No. U67190TN1995PTC030045



7. Please note that this communication should not be construed as giving rise to any binding obligation on the part of the Lender unless you have returned the duplicate copy of this letter duly signed in token of acceptance and signed/executed the definitive agreements/documents in connection with the loan including compliance with the terms and conditions set out herein.
8. Unless the Lender receives from the Company a duplicate copy of this letter, duly signed in token of acceptance, within 2 (two) working days from the date of this letter and unless the necessary documents in connection with the loan are signed/executed within 5 (five) working days from the date of this letter, the offer shall automatically lapse without any further communication from the Lender, unless the validity of the offer is expressly extended/revived by the Lender in writing.
9. Further, this letter shall unconditionally stand cancelled and revoked at the sole and absolute discretion of the Lender and without offering any cause or instance to be heard in the event:
  - (a) there are any material changes to the proposal for which this loan is considered;
  - (b) material changes occur in the Company's financial performance; and
  - (c) any material factors concerning the Company's ability to make payments in connection with the proposed loan as may be envisaged come to light or any relevant aspects concerning the information provided in connection with the proposed loan are found to be or are withheld, suppressed, concealed or are found to be incorrect or untrue.
10. The board of directors of the Lender has laid down appropriate grievance redressal mechanism within the organization to resolve any customer related disputes. Such a mechanism ensures that all disputes arising out of the decisions of the Lender are heard and disposed at least at the next higher level and the customer shall be entitled to approach the Chief Financial Officer and Compliance Head, India, who shall ensure to take up the grievance promptly and try to resolve the matter expeditiously. If the matter is not resolved within a period of 7 (seven) working days or is not capable of being resolved then the customer shall be informed appropriately at the earliest opportunity. Accordingly, customers may please write to [kkrintia@kkcr.com](mailto:kkrintia@kkcr.com) for grievances/complaints on which redressal is sought as also offer suggestions for improvements.
11. In addition to the terms and conditions relating to the proposed loan as may be set out either in this letter or any of the definitive documents (including under schedules and requirements thereof) relating to the loan, the Company consents to disclosure by the Lender of information and data relating to the Company, the loan, the obligations assumed or to be assumed by the Company in relation to the loan and default, if any, committed by the Company in discharge thereof and accordingly:
  - (a) agrees and consents to the disclosure by the Lender of all or any such information and data relating to it, the loan, and default, if any, committed by it in discharge of such obligations as the Lender may deem appropriate and necessary to disclose and furnish to the Credit Information Bureau (India) Ltd ("CIBIL"), other participating banks/financial institutions and any other agency authorized in this behalf by the Reserve Bank of India ("RBI");



- (b) declares that the information and data furnished by it to the Lender was true and correct as of the date such information and data was provided to the Lender or, where such information and data relate to a specific date or period, on such date or in respect of such period; and
- (c) undertakes that CIBIL and any other agency so authorized may use and process the said information and data disclosed by the Lender in the manner as deemed fit by them and furnish for consideration, the processed information and data or products thereof prepared by them, to banks/financial institutions and other credit grantors or registered users, as may be specified by the RBI in this behalf.
12. The terms and conditions set out in this letter and the annexures hereto do not contain a complete description of the terms of the facility and are subject to change. Details of the outlined cornerstones and of other, non-addressed issues are subject to further negotiations and the conclusion of definitive agreements including a facility agreement, security documents and other ancillary documents between the Lender and the borrower.
13. In case the above terms and conditions are acceptable to you, we request you to return the duplicate copy of this letter duly signed in token of acceptance by your authorized signatory. Also arrange to furnish to us two certified true copies of the resolutions passed by your Board of Directors / Committee / Members.

Yours faithfully,

For **KKR India Financial Services Private Limited**

Name:

Signature:

Date:



*Accepted*

For **Sintex-BAPL Limited**

Name:

Signature:

Date:

**Encl.: As above**



## ANNEXURE I

### Key Indicative Terms

*The intent of the indicative terms ("Terms") below is to describe, for discussions purposes only, certain key proposed terms of the Facility. The Terms do not contain a complete description of the terms and are subject to change. Details of the outlined cornerstones and of other, non-addressed issues are subject to further negotiations and the conclusion of definitive agreements including a facility agreement, security documents and other ancillary documents between the Lender and the Borrower ("Definitive Agreements"). The Terms are intended solely as a basis for further discussion, and unless otherwise provided herein, are not intended to be and do not constitute a legally binding obligation.*

|    |   |  |
|----|---|--|
| 1. | <i>Borrower / Issuer / Reference Entity</i> | Sintex-BAPL Limited ("SBAPL")  |
| 2. | <i>Promoter Group</i>                       | Amit Patel, Rahul Patel and relatives (" <b>Promoter Family</b> "), including group entities owned and controlled by the Promoter Family, which directly / indirectly (through Sintex Plastics Technology Limited) hold shares of the Reference Entity   |
| 3. | <i>Facility</i>                             | Up to Rs. 800 crores, out of the aggregate financing of INR 1,250 crores including the Tranche I Facility of Rs 450 crores   |
| 4. | <i>Total Financing</i>                      | Rs 1,250 crores, across the Tranche I & Tranche II Facility  |
| 5. | <i>Tranche II Facility / Facility</i>       | Up to Rs 800 crores, of which: <ul style="list-style-type: none"> <li>○ Rs 555 crores to be issued in the form of non-convertible debentures</li> <li>○ Rs 245 crores to be provided by way of a loan by KKR India Financial Services Private Limited</li> </ul>   |
| 6. | <i>Door-to-door Tenor</i>                   | 10 years from the date of disbursement   |
| 7. | <i>Put Option</i>                           | <p><u>Annual Put / Call Option</u></p> <p>The lenders shall have an annual put or call the entire (and not part of) redeem the outstanding Tranche II Facility upon the expiry of 6 years from the date of disbursement.</p> <p><u>Staggered Put Option</u></p> <p>The lenders shall have a staggered put option to redeem the outstanding Tranche II Facility on the dates and upto the following extent:</p> |



| Date                  | Cumulative Percentage of the Tranche II Facility |
|-----------------------|--|
| First Repayment Date  | 15.00  |
| Second Repayment Date | 30.00  |
| Third Repayment Date  | 65.00  |
| Fourth Repayment Date | 100.00   |
| Fifth Repayment Date  | 100.00   |
| Sixth Repayment Date  | 100.00   |

8. *Tranche I Facility* Senior secured unlisted NCDs for an aggregate amount of up to INR 450 crores, to be availed from the Lenders
9. *Use of Proceeds*
- Refinancing of existing term debt at the Reference Entity
  - Transaction expenses and any other end use as mutually agreed
10. *Amortization* Contracted repayment schedule :
- 5% at the end of Year 4
  - 5% at the end of Year 5
  - 15% at the end of Year 6
  - 15% at the end of Year 7
  - 20% at the end of Year 8
  - 20% at the end of Year 9
  - 20% at the end of Year 10
11. *Mandatory Prepayment Event*
- The Borrower shall mandatorily prepay the Facility and the Tranche I Facility, from the proceeds generated in the following events which shall be mandatorily deposited in the Designated Account on realization of proceeds from occurrence of such events, without the payment of any prepayment penalty:
- Proceeds from any primary equity infusion in SBAPL (including but not limited to proceeds raised via an initial public offering, or from a private equity investor or strategic investor)
  - Proceeds from the sale of any subsidiary (direct and indirect).
- Further, on or before July 31<sup>st</sup> in each year beginning from 2019, the Company shall provide the calculation of the Cash Sweep Amount (defined below), along with supporting documents, to the Debenture





Trustee. The Company shall calculate the Cash Sweep Amount based on the audited financial statements of the Company for the immediately preceding Fiscal Year. Upon receipt of the calculation and relevant documents from the Company, the Debenture Trustee shall confirm the calculation in writing within 15 (fifteen) days of receipt. If the Debenture Trustee does not confirm the calculation in writing within 15 (fifteen) days, the calculation made by the Company shall be deemed to be confirmed by the Debenture Trustee.

- “Cash Sweep Amount” shall mean the amount equal to the sum of (i) cash and cash equivalents available with the Company, and (ii) in case the funded working capital drawn down as at the end of the relevant Fiscal Year is less than INR 221,00,00,000 (Rupees Two Hundred and Twenty One Crores only), the differential amount, if any, between the amount of funded working capital facilities of the Company drawn down by the Company at the end of such Fiscal Year and INR 221,00,00,000 (Rupees Two Hundred and Twenty One Crores only); less an amount of INR 150,00,00,000 (Rupees One Hundred and Fifty Crores only).

12. *Waterfall on any Mandatory Prepayment Event*

- The amounts available in the Designated Account shall be used to service the Tranche I Facility and Tranche II Facility, in proportion to their respective outstanding principal amounts as on date of such prepayment as per the waterfall indicated below.
- All amounts received in the Designated Account in relation to the Tranche II Facility shall then be applied by the Company firstly, towards payment of any costs and/or fees then due to the Tranche II lenders and/or the requisite debenture trustee and/or security trustee or any receiver or advisor, attorney or agent appointed for the benefit of the Tranche II lenders and/or the requisite debenture trustee and/or security trustee, secondly, towards outstanding amounts of Default Interest, thirdly, towards payment of Base Redemption Interest (as defined below) on the Tranche II Facility, fourthly, towards the principal amounts payable under the Tranche II Facility, along with the relevant ELR on the said principal amounts if the Tranche II lenders choose to receive ELR, and lastly, the surplus (if any) of such monies to the Company.

13. *Voluntary Prepayment (from refinancing of the Facility)*

Any refinancing of the Facility will require prior consent from KKR.

14. *Overall Facility Rate*

Overall Facility Rate equivalent to A + B, adjusted for Cash Coupon:

A = 8.00% on XIRR basis (“Base Rate”)

B = ELR

ELR =  $50/100 \times \text{EBITDA CAGR}$



|     |                     |  |
|-----|---------------------|--|
|     |                     | <p><math>EBITDA\ CAGR = \{ [Relevant\ EBITDA / 2018\ EBITDA] ^ { (1 / X)} - 1</math></p> <p>Relevant EBITDA shall mean the EBITDA as per the financial statements of the immediately preceding Fiscal Quarter on which the ELR is being calculated</p> <p>2018 EBITDA shall mean EBITDA as of March 31, 2018 and as per the audited financial statements as indicated in writing no later than June 30, 2018</p> <p>X shall mean (i) the number of days that have elapsed between the Allotment Date of the relevant Second Debentures and the date as on which such Second Debentures are being repaid or prepaid, <u>divided by</u> (ii) 365</p> <p>The Overall Facility Rate is subject to a cap of 19% XIRR</p>  |
| 15. | Cash Coupon         | <p>Cash Coupon of 5% p.a. payable semi-annually, on June 30 and December 31</p> <p>Note: The Cash Coupon will be determined basis the final allocations of capital pools, and the requirement for the same thereof</p>   |
| 16. | Redemption Interest | <p>Shall mean A+B, where:</p> <p>A = Base Redemption Interest, which shall mean an amount payable upon any repayment/prepayment such that, together with Cash Coupon, the investors make an XIRR equal to the Base Rate on such principal amount being repaid / prepaid.</p> <p>B = ELR Redemption Interest, which shall mean an amount calculated on the Stipulated ELR Date as an amount payable upon any such Stipulated ELR Date such that, together with Cash Coupon and Base Redemption Interest, the investors make an XIRR equal to the Overall Facility Rate on such principal amount being repaid / prepaid.</p>   |
| 17. | Default Interest    | <p>In addition to all other sums which are due from time to time by the Borrower to the Lenders, the Borrower shall on each interest payment date, pay to the Lenders as default interest:</p> <ul style="list-style-type: none"> <li>• for any delay in repayment of any principal, cash coupon, default interest, redemption interest, fees, costs, charges, reimbursements or any other monies that are payable under the Definitive Agreements, a sum calculated at the rate of 1% (one percent) per annum on the unpaid sums, which shall accrue from the due date of the unpaid sum to the date of actual payment;</li> <li>• for any failure to comply with any covenant or a breach of any term of the Definitive Agreements, other than a <b>payment default</b>, whether by the Borrower and/or any security provider, including a breach of any representation and/or warranty and a failure or delay to create and perfect the Security in terms of the Definitive Agreements, a sum calculated at the rate of 1% (one percent) per annum on the outstanding principal amounts payable by the</li> </ul> |



|     |   |   |
|-----|---|---|
|     |   | Borrower.   |
| 18. | Alternative Mode of Discharge of Obligation | NIL   |
| 19. | Security                                    | <p>The Facility, including all cash interest, redemption interest, default interest, all and any other costs, charges, expenses, fees or amounts payable to any of the Lenders and/or the Trustee under the Definitive Agreements and all other obligations and undertakings of the Borrower and the security providers under the Definitive Agreements shall be secured by:</p> <ul style="list-style-type: none"> <li>• First ranking exclusive pledge on 100% shareholding of SBAPL, in favour of the Trustee, of which 49% shall be created prior to the first date of disbursement of the Facility and 51% shall be created upon receipt of approval of shareholders of SPTL, which shall be obtained not later than September 30, 2018</li> <li>• First ranking <i>pari passu</i> charge by way of mortgage on all immovable fixed assets of the Reference Entity, in favour of the Trustee, which shall be created before March 31, 2018, on a <i>pari passu</i> basis with lenders of Tranche I Facility and holders of NCD for an amount of INR 200 crores (except for the properties located at Nagpur, Maharashtra and Uluberia, West Bengal, where such lenders shall not have a charge).</li> <li>• First ranking <i>pari passu</i> charge by way of hypothecation on all movable fixed assets of the Reference Entity, in favour of the Trustee, which shall be created before March 31, 2018, on a <i>pari passu</i> basis with lenders of Tranche I Facility and holders of NCD for an amount of INR 200 crores (except for the properties located at Nagpur, Maharashtra and Uluberia, West Bengal, where such lenders shall not have a charge)</li> <li>• Demand promissory note</li> <li>• First ranking charge by way of hypothecation on the Designated Account of the Reference Entity, in favour of the Trustee, which shall be created prior to the first date of disbursement of the Facility, on a <i>pari passu</i> basis with lenders of Tranche I Facility.</li> </ul> |
| 20. | Key Conditions Precedent                    | <p>Conditions as are customary for such transaction, including but not limited to:</p> <ul style="list-style-type: none"> <li>• Receipt of all relevant corporate approvals by the Borrower and the security providers with respect to availing further borrowing, creation of security and issuance of debentures on a private placement basis.</li> <li>• Receipt of no objection certificates from the existing lenders of the Borrower and Security Providers.</li> <li>• In case of lenders being repaid, letters indicating outstanding</li> </ul>  |





balances payable to them and release of security (if applicable)

- Application for obtaining no objection certificates by each security provider from the Income Tax Officers under section 281(1)(ii) of the Income Tax Act, 1961 for the creation of security.
- Completion of legal, technical and financial due diligence and resolving all issues raised in such diligences.
- Title search reports for all the immovable assets forming part of the security.
- Creation of the Designated Account, with the trustee as a sole signatory.

21. *Financial Covenants*

Covenants as are customary for such transaction, including but not limited to:

- The shareholders of the Reference Entity, Sintex Plastics Technology Limited ("SPTL") and/or the subsidiaries of the Reference Entity shall not create any encumbrance over the shares of Reference Entity, SPTL and / or subsidiaries, other than as required for this Facility and without the permission of the Lenders.
- Covenants on Reference Entity (on a standalone basis) related to:
  - The Reference Entity shall not make any incremental capital expenditure, make any investments, including in the form of debt, loans, advances, inter corporate deposits, equity shares, preference shares or other securities of any of its subsidiaries, joint ventures, Affiliates or any other Person or otherwise exceeding an amount of INR 60 crores per annum, without the prior written consent of the Lenders.
  - The Borrower shall not incur any incremental indebtedness or issue any additional corporate guarantees, without the prior written consent of the Lenders, apart from working capital debt.
  - The Borrower shall ensure that the net debt to EBITDA ratio (on a standalone basis) shall not exceed the ratios set out below:

| Relevant Period          | FY18  | FY19  | FY20  | FY21 onwards |
|--------------------------|-------|-------|-------|--------------|
| Net Debt to EBITDA Ratio | 5.00x | 4.00x | 3.25x | 3.00x        |

- The Borrower shall ensure that the Selling, General and Administrative expenses (on a standalone basis) shall not exceed



8% of the net sales of the Company in any year

- The Borrower shall not provide any incremental loans and advances to any group company or Affiliate of the Borrower and/or enter into any related party transactions in excess of a mutually agreed threshold, without the prior written consent of the Lenders.
- Until the final settlement of the Tranche I Facility, the Promoters of SPTL shall own at least 28.14 % of the shareholding of SPTL on a fully diluted basis, and SPTL shall own and continue to hold 100% of the fully diluted shareholding of SBAPL and Sintex Prefab and Infra Limited ("SPIL"). Both SBAPL and SPIL shall remain a subsidiary of SPTL until the final settlement of the Tranche I Facility. SPTL shall maintain its control of SPIL and SBAPL until the final settlement of the Tranche I Facility.
- There shall be no sale or transfer of the subsidiaries of SBAPL (directly or indirectly through any intermediate holding company) without the consent of KKR. The Company shall at all times, directly and/or indirectly own at least 51% of the fully paid-up equity share capital and voting rights of each of its subsidiaries. Any issuance of shares or other securities convertible into shares by the subsidiaries shall be made only for repayment of Indebtedness of such subsidiary.
- Inventory Days of SBAPL shall not exceed 50 till FY 18.
- Inventory Days of SBAPL shall not exceed 40 after FY 18.
- Receivable Days of SBAPL shall not exceed 80.
- Receivable Days of SBAPL in respect of receivables from SPIL shall not exceed 80.
- Payable Days of SBAPL shall not be less than 65.
- The Borrower shall not make any distributions to its shareholders other than to the extent of INR 7.5 crores per annum without the consent of KKR, provided that no distributions shall be made if any event of default has occurred and such event of default has not been cured or waived.
- The Borrower shall not license, sell, assign or transfer or otherwise encumber the 'Sintex' brand
- Other covenants as are customary for such transactions
- Covenants on subsidiaries of the Reference Entity will be as mutually agreed
- Covenants based on financial statements to be tested on a semi-annual basis



22. *Negative Covenants*
- The Borrower shall not undertake the following actions, without the prior written consent of the Lenders:
- issue any fresh equity or preference shares or any other instruments convertible into equity or preference shares
  - enter into any transaction of merger, acquisition, de-merger, divestment, spin-off, consolidation, amalgamation, restructuring, reorganisation or implement any scheme of amalgamation or reconstruction
  - sell and/or otherwise dispose of its assets outside the ordinary course of business
  - sell and/or otherwise dispose of its assets with an aggregate realisable sale value in excess of INR 25 crores in the ordinary course of business in any year
  - amend or modify their respective memorandum and articles of association if the same would materially prejudice the rights of the Lenders
  - engage in any business or activities other than those which it is currently engaged in, either alone or in partnership or joint venture with any other Person
  - enter into any compromise or arrangement or restructuring or settlement with any of its secured creditors
  - make, provide, issue, incur or offer, or undertake any act which has the effect of, making an investments in, or providing loans to, or issuing guarantees for or on behalf of, or incurring any other indebtedness or offering any sponsor support in respect of, any Person
  - agree, authorise or otherwise consent to any proposed settlement, resolution or compromise of any litigation, arbitration or other dispute with any Person
- The abovementioned list is an indicative list and a detailed list will be incorporated in the Definitive Agreements.
23. *Information Covenants*
- The Borrower shall provide, *inter alia*, the following information:
- any breach of any representations and warranties or covenants made under the Definitive Agreements
  - any security interest being granted or established as per applicable law or becoming enforceable over any of the assets provided as security for the Facility
  - an end-use certificate of the proceeds of the Facility from a practicing chartered accountant



|     |                          |  |
|-----|--------------------------|--|
|     |                          | <ul style="list-style-type: none"> <li>• management information reports</li> <li>• audited annual financial statements</li> <li>• unaudited financial statements</li> </ul>  |
| 24. | <i>Events of Default</i> | The Definitive Documents will contain events of default as are customary for such transactions   |
| 25. | <i>Fees and Expenses</i> | All due diligence expenses and expenses incurred by the lenders and their consultants/advisors/lawyers in connection with the transaction including those incurred in connection with the preparation and execution of the Definitive Agreements (including stamp duty costs) will be paid by the Borrower |
| 26. | <i>Governing Law</i>     | Any disputes arising out of or in connection with the validity, interpretation or implementation of this Term Sheet or the Definitive Agreements shall be governed by the laws of India.   |



## ANNEXURE II

### Conditions Precedent to Drawdown

1. Receipt of all relevant corporate approvals by the Borrower and the security providers with respect to availing further borrowing, creation of security and issuance of debentures on a private placement basis.
2. Receipt of no objection certificates from the existing lenders of the Borrower and Security Providers.
3. In case of lenders being repaid, letters indicating outstanding balances payable to them and release of security (if applicable)
4. Application for obtaining no objection certificates by each security provider from the Income Tax Officers under section 281(1)(ii) of the Income Tax Act, 1961 for the creation of security.
5. Completion of legal, technical and financial due diligence and resolving all issues raised in such diligences.
6. Title search reports for all the immovable assets forming part of the security.
7. Creation of the Designated Account, with the trustee as a sole signatory.

