

November 27, 2018

Non-binding Indicative Term Sheet

This document ("**Term Sheet**") is for discussion purposes only. The Term Sheet is non-binding and is a summary representation of the draft terms of a proposed Non-Convertible Debentures issued by the "Issuer" (defined below) and subscribed by the "Investors" (defined below). There is no binding obligation on the part of any negotiating party until the Transaction Documents (defined below) have been signed by all parties. The transactions contemplated by this Term Sheet are subject to the satisfactory completion of conditions precedent and approval by the Investors and the Issuer and execution of the Transaction Documents.

DEFINITIONS

	Terms	Details
1.	Issuer / Company	Jana Holdings Limited (" JHL ")
2.	Parent Company	Jana Capital Limited (" JCL "), a company incorporated and resident in India and is holding 100% shareholding in JHL
3.	Existing Shareholders of Parent Company	The Parent Company has the following shareholding as on date: a. Jana Urban Foundation (" JUF ") shareholding of 43.2% in JCL; b. Resident shareholders with shareholding of 51.30%; and c. Non-Resident shareholders with shareholding of 48.70%
4.	Target	Jana Small Finance Bank Limited (" JSFB "), a company incorporated and resident in India and is held 42.57% by JHL
5.	Pledgor	Pledgor means JHL
6.	Existing Debenture Holders	The Issuer has the following indebtedness as on date: An NCD issuance of INR 658 crores. The Debenture holders in this issuance are: a. TPG Capital – INR 403 crore b. GIC – INR 100 crore, and c. Edelweiss Capital – INR 155 crore
7.	Investors	Manipal Health Systems Pvt Ltd (or any of its affiliates)
8.	Transaction Legal Counsel	Cyril Amarchand Mangaldas for the Issuer and



		AZB & Partners for the Investors including TPG
9.	Debenture Trustee	Catalyst Trusteeship Limited
10.	Deemed Date of Allotment	Deemed Date of the Allotment shall mean the date of disbursement / pay-in date
11.	Day Count Convention	The Day Count Convention for the purpose of Yield on NCDs will be Actual/ 365
TERMS OF THE ISSUE		
12.	Issue and Issue Amount	Issue of [1,425 (one thousand four hundred and twenty five) to 1,500 (one thousand five hundred)] Secured, Rated, Listed, Redeemable, Non-Convertible Debentures ("NCDs/ Debentures") aggregating up to [INR 142,50,00,000/- (Indian Rupees One Hundred and Forty Two Crore Fifty Lakh only) to INR 150,00,00,000/- (Indian Rupees One Hundred and Fifty Crore only)].
13.	Face Value	INR 10,00,000/- (Rupees Ten Lakhs only) per Debenture
14.	Mode of Issue	Private placement
15.	Listing	<p>Debentures are to be listed on the WDM of the BSE within a maximum period of 20 (Twenty) calendar days from the Deemed Date of Allotment.</p> <p>In case the Debentures are not listed within this period for any reason whatsoever, the Issuer shall pay penal interest @ 2% p.a. over and above the Yield, from the expiry of 30 (thirty) calendar days from the Deemed Date of Allotment till the listing of the Debentures.</p>
16.	Rating of the Issue	Credit Rating from India Ratings & Research Private Limited
17.	Issue Timing	<p>Issue Opening Date: [28th November 2018]</p> <p>Issue Closing Date: [30th November 2018]</p> <p>Deemed Date of Allotment: [30th November 2018]</p>



18.	Issuance and Trading mode of the Instrument	Dematerialized only
19.	Depositories	NSDL
20.	Use of Proceeds	Proceeds of Issue shall be used to subscribe to fresh equity shares issued by the Target (" Acquisition Shares ")
21.	Final Maturity Date	60 months from Deemed Date of Allotment, subject to Mandatory Redemption
22.	Outstanding Amount	To be calculated as the sum of the following: a. Maturity amount b. Default Interest due or Payable, if any; and c. Other charges, expenses or fees due or payable, if any, as per the Transaction Documents
23.	Maturity Amount	Issue Amount and any accrual of Yield, Base IRR and Additional IRR on NCDs
24.	Yield on NCDs	5% p.a. per annum compounded annually, payable on Final Maturity Date at the time of redemption.
25.	Base IRR	XIRR of 16.5% computed for 5 years from the Deemed Date of Allotment and thereafter 16.5% p.a. simple interest payable on the Maturity Date
26.	Additional IRR	XIRR, in addition to the Base IRR, calculated in accordance with valuation formula (<i>given below</i>), provided that the aggregate of Base IRR and Additional IRR payable on the principal amount of the NCDs shall not, at any time, exceed an IRR of 25%. Additional IRR is payable on the Maturity Date.
27.	Valuation formula	Additional IRR = [(Value of equity shares of the Target company on the Maturity Date / Value of equity shares of the Target company on the Deemed Date of Allotment) ^ Number of years to Maturity Date of the Debentures-1] *100 - 16.5



28.	Default or Penal Interest	An interest of 2% per annum is payable over and above existing Yield on NCDs on the defaulted amount
29.	Mandatory Redemption	<p>Subject to paragraph 31 below, the Outstanding Amount shall be paid on account of the following:</p> <p>a. Proceeds from sale of any equity or equity-linked fund raise (secondary sale) in the Issuer or JCL / Parent Company shall be mandatorily used for repayment for this Issue.</p> <p>b. Proceeds from the secondary stake sale of equity in Target by JHL shall also be mandatorily used for repayment for this Issue</p>
30.	Voluntary Early Redemption	Subject to applicable law, the Issuer may any time after the expiry of 3 (three) years from the Deemed Date of Allotment, by giving the Debenture Trustee not less than 30 (thirty) days' prior notice, redeem in full all or in part redeem NCDs. The redemption will be of the full Outstanding Amount which shall be repaid in accordance with paragraph 31 below.
31.	Cash Flow Waterfall	<p>The following waterfall mechanism shall be followed:</p> <p><u>Disposal proceeds waterfall</u></p> <p>a. In case of an IPO in March 2021 or any liquidity event any time before the Final Maturity Date of this Issue, the proceeds as realized by the Issuer entity <u>from</u> the sale of the shares already pledged for the benefit of Edelweiss, GIC and TPG ("Existing Pledged Shares") will be first used to redeem existing indebtedness of the Company towards NCDs subscribed by Edelweiss and GIC in the ratio of the principal amounts outstanding to them towards such indebtedness, post which the balance proceeds, if any, shall be applied towards redeeming the principal amount of existing indebtedness of the Company towards NCDs subscribed by TPG and the Outstanding Amount under this Issue in such manner and ratio as mutually agreed between TPG and the</p>



	<p>Investors in respect of this Issue.</p> <p>In case of a sale of the Acquisition Shares in case of an IPO in March 2021 or any liquidity event any time before the Final Maturity Date of this Issue, the proceeds as realized by the Issuer entity from such sale or liquidity event will be used to redeem (i) the existing indebtedness of the Company towards NCDs subscribed by Edelweiss, GIC and TPG, and (ii) the Outstanding Amounts under this Issue, in the ratio of the principal amounts outstanding to them towards such indebtedness.</p> <p>b. In case of any Event of Default and enforcement of the Security over the Existing Pledged Shares, any proceeds realized by the Issuer entity from such enforcement will be first used to redeem existing indebtedness of the Company towards NCDs subscribed by Edelweiss and GIC in the ratio of the principal amounts outstanding to them in respect of such indebtedness, post which the balance proceeds, if any, shall be applied towards redeeming the principal amounts of the existing indebtedness of the Company towards NCDs subscribed by TPG, and the principal Outstanding Amount under this Issue, in such manner and ratio as mutually agreed between TPG and the Investors in respect of this Issue.</p> <p>In case of any Event of Default and enforcement of the Security over the Acquisition Shares, the proceeds as realized by the Issuer entity from such enforcement will be used to redeem (i) the existing indebtedness of the Company towards NCDs subscribed by Edelweiss, GIC and TPG, and (ii) the Outstanding Amounts under this Issue, in the ratio of the principal amounts outstanding to them towards such indebtedness.</p> <p><u>Call Option</u></p> <p>c. In case the Issuer proposes to redeem the existing indebtedness of the Company towards NCDs subscribed by Edelweiss, TPG or GIC ahead of their maturity date whether by refinance or by exercise of a call option, the Debenture</p>
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		<p>Trustee is entitled to call upon the Company to simultaneously redeem the Debentures under this Issue.</p> <p><u>Cash flow Subordination</u></p> <p>Any claims of the holders of the Debentures / Debenture Trustee in respect of the Debentures shall be subordinated to the existing indebtedness of the Company towards NCDs subscribed by TPG, Edelweiss and GIC in the manner specified above and the Fresh Funds Waterfall set out below.</p> <p><u>Fresh Funds Waterfall</u></p> <p>If the Debentures are proposed to be repaid from any fresh funds infused into the Issuer, whether by way of issuance of equity shares, preference shares, incurrence of additional debt or through internal accruals, then the existing indebtedness of the Company towards NCDs subscribed by TPG, Edelweiss and GIC shall be redeemed / repaid prior to the redemption of the Debentures under the Issue. Balance proceeds, if any, after redemption of the existing indebtedness of the Company towards NCDs subscribed by TPG, Edelweiss and GIC shall be utilized towards repayment of other financial indebtedness of the Company, including the Debentures on a <i>pari passu</i> basis.</p> <p>Provided however that, if the Debentures are refinanced / repaid from any fresh indebtedness incurred by the Issuer, the maturity of which exceeds the maturity of the TPG NCDs, Edelweiss NCDs and GIC NCDs, then the existing indebtedness of the Company towards NCDs subscribed by TPG, Edelweiss and GIC need not be so redeemed prior in time.</p>
32.	Security	<p>Issue shall be secured by a pledge of 87,000 shares of the Target held by Issuer.</p> <p>The Security provided shall rank first and exclusive and created in favour of the Debenture</p>



		<p>Trustee under or pursuant to the Pledge Agreement.</p> <p>Note: Total number of shares of the Target held by the Issuer that are in excess of 40% (or such lower limit as may be prescribed) will be pledged to the Existing Debenture Holders and Debentures to be issued under this Term Sheet as mutually acceptable to the Existing Debenture Holders and the debenture holders subscribing to the Debentures pursuant to the current transaction. The pledge for this facility will be independent of the other facility (or facilities) and is independently enforceable. In case of any further increase in equity at Target entity level, the equity value above shall be proportionately adjusted.</p>
KEY CONDITIONS		
33.	Conditions Precedent	<p>Usual and customary of financings of this nature including but not limited to:</p> <ol style="list-style-type: none"> Requisite NOC's from Existing Debenture Holders. The NOC's shall be obtained in a form and manner acceptable to the Debenture Trustee. Appointment of Debenture Trustee. Requisite Board and shareholder approvals from the Issuer and Pledgors. Certificate from a reputed chartered accountant, as agreeable to the Debenture Trustee, confirming the current status of pending assessments, notices or claims which entitle the Income Tax department or any other Government Authority or statutory authority to exercise any lien or charge on the Company and Shareholders of the Company. Absence of material adverse effect or force majeure event. Receipt of satisfactory legal opinion from Transaction Legal Counsel on, amongst other things, the enforceability of the Transaction Documents and capacity and authorization of the Issuer. Audited financials of the Issuer and Target for the financial year ended March 31, 2018.



		<p>h. Limited review of financials of the Issuer and Target as on September 30, 2018.</p> <p>Any such other Conditions Precedent as may be agreed in the Transaction Documents.</p>
34.	Conditions Subsequent	<p>Including but not limited to:</p> <ol style="list-style-type: none"> Independent practicing chartered accountant certified End Use certificate within 10 days of disbursement that the proceeds of the Issue has been utilized solely for the end use stated herein. Letters of allotment in relation to the Debentures to be issued within 2 (two) business days from the Deemed Date of Allotment. Debentures to be credited to the dematerialized account of the holders of the Debentures within [60 (sixty)] days from the Deemed Date of Allotment. Allotment of the Acquisition Shares by the Target within 3 (three) Business Days of Deemed Date of Allotment. Creation of pledge over 87,000 shares of the Target held by Issuer by transferring the shares into the Company's DP account, which shall be pledged in favour of the Debenture Trustee within 4 (four) business days of Deemed Date of Allotment. Perfection of Security in relation to the Issue within 6 (six) business days of Deemed Date of Allotment. The process of credit rating of the NCD's and listing in WDM segment of NSE has to be completed within 20 (twenty) days from the Deemed Date of Allotment of this Issue, failing which the Issuer shall pay penal interest @ 2% p.a. over and above the Yield, from the expiry of 30 (thirty) calendar days from the Deemed Date of Allotment till the listing of the Debentures. <p>Any such Conditions Subsequent as may be agreed in the Transaction Documents</p>
35.	Other Key Conditions	Usual and Customary of financings of this



		<p>nature, including but not limited to:</p> <ol style="list-style-type: none"> The Target company shall do its Initial Public Offering ("IPO") by March 31, 2021. JHL to mandatorily sell (in Offer for Sale in the above IPO) the entire shareholding in excess of and so as to maintain 40% shareholding or as stipulated by RBI on the minimum shareholding guidelines. The equity shares issued from this Proceeds will be done at pre money equity valuation of 5,742 crores Reserved matters as identified by the Investors and listed in the Transaction Documents, will require prior written approval / affirmative vote of the Investors on behalf of the investors. No related party transactions unless pre-approved by the Investors
36.	Most Favored Nation	<p>Subsequent to this Issue, if the Issuer enters into any new debt financing transaction on terms which are more favorable to the terms of this this Issue, then the same favorable terms under the new debt financing will be applicable to this Issue</p>
37.	Covenants	<p>Usual and Customary of financings of this nature, including but not limited to:</p> <ol style="list-style-type: none"> Affirmative covenants: <ol style="list-style-type: none"> Utilization of Proceeds Carrying on operations with due diligence and efficiency, keeping proper books of accounts. Ensure that net worth is positive Compliance with relevant SEBI regulations in relation to listing of Debentures Preserve Corporate Status Furnishing information to Debenture Trustee Reporting covenants: Usual and customary of financings of such nature and an exhaustive list shall be mentioned in the Transaction Documents Negative Covenants: <ol style="list-style-type: none"> No change of business



		<ul style="list-style-type: none">ii. No Merger, Restructuring etc.iii. Indebtedness - The Company shall not incur any further indebtedness and any further indebtedness shall be with the prior written consent of Debenture holders under this Issue, save and except if such further indebtedness (a) is availed for refinancing the NCDs under this Issue; or (b) results in the Company raising further indebtedness of an amount of upto the difference of Rs.300 crore and the amount raised from the NCDs under this Issue, in which case the Fresh Funds Waterfall (set out above) will be applicable.iv. Indebtedness - JCL shall not incur any further indebtedness without the prior written consent of Debenture holders under this Issue, save and except if such further indebtedness (a) is availed for refinancing the NCDs under this Issue; or (b) results in JCL raising further indebtedness of an amount of upto the difference of Rs.300 crore and the amount raised from the NCDs under this Issue (if such further indebtedness is not availed by the Company).d. Financial Covenants:<ul style="list-style-type: none">i. Total Debt / Net Worth of Target company: shall not exceed 12x. For clarity purpose Total Debt / Net Worth ratio will be tested biannually starting from Mar 2019 based on audited numbers. Further clarified that Total Debt will exclude Deposits/Commercial Deposits/ CPs and Equity will exclude Tier-2 capitalii. Capital Adequacy Ratio for Target: at least 15% in FY19, FY20 & FY21 and at least 15% FY21 onwards- to be tested Bi-annually based on audited Numbersiii. Net Interest Margin of Target company is at least 5%.
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		<p>iv. Operational profit of the Target company (before provisioning): Losses to be restricted to Rs. 550 crores for FY19, and thereafter, losses to be restricted to Rs. 200 crores.</p> <p>e. Operational Covenants: <u>Restrictions on loan portfolio of the Target company:</u></p> <p>i. Unsecured loans to be not more than 85% of the gross loan portfolio, starting from April 2019;</p> <p>ii. High Risk Portfolio to be not more than 20% of the gross portfolio</p> <p>iii. Exposure to a single borrower should not be more than 10% of the gross portfolio</p> <p>iv. Gross NPA on new disbursements (after December 2017) to be lower than 4% of the gross portfolio.</p> <p>v. Portfolio Resolution rates (90+ dpd portfolio) to be greater than 15%</p> <p>f. Credit Rating of the Target should be minimum of ICRA BBB – (negative) at all times</p>
38.	Representation and Warranties	Usual and customary of financings of such nature and an exhaustive list shall be mentioned in the Transaction Documents, including representation that the Company does not require any approval or consent from any Governmental Authority under Section 281 of the Income Tax Act, 1961 for creation of the security for the Issue.
39.	Transaction Documents	<p>The Transaction Documents shall include the following:</p> <p>a. Private Placement Offer Letter in the form PAS 4 and such other forms, as required under the provisions of the Companies Act, 2013;</p> <p>b. Debenture Trust Agreement;</p> <p>c. Debenture Trust Deed;</p>



		<ul style="list-style-type: none"> d. Share Pledge Agreement; e. Power of Attorney in relation to pledge; and f. Such other documents as may be mutually agreed between the parties to the Transaction Documents, including such powers of attorney as may be required
40.	Events of Default	<p>Including but not limited to:</p> <ul style="list-style-type: none"> a. Failure to pay any Outstanding Amounts when due b. Any Illegality or invalidity of any of the Transaction Documents by the Issuer, or any or rescissions of any of the Transaction Documents by the Issuer c. Cross default with financial indebtedness of Company or Target d. Material adverse effect, as will be defined in the Transaction Documents e. Failure to comply with any of the conditions, covenants as stipulated in the Transaction Documents (except covenant on listing) <p>Upon an Event of Default:</p> <ul style="list-style-type: none"> a. the Investors representing not less than 66.67% in value of the nominal amount of the Debentures for the time being outstanding ("Majority Debenture Holders") have an option to require immediate payment of the Outstanding Amount under this Issue; b. the Majority Debenture Holders have the option to enforce the Security; c. the Majority Debenture Holders have the option to cause the Debenture Trustee to take such other actions that is customary for a transaction of this nature
41.	Transferability of the NCDs	The NCDs shall be freely transferable in the manner provided under applicable law and shall not require the consent of the Company.
42.	Costs and Expenses	All costs and expenses associated with the transaction including fees for engaging lawyers, security trustee, registrars etc. and stamp duties incurred in relation to preparation, negotiation and execution of the Transaction Documents



		shall be to the account of the Issuer. These Cost and Expenses will be pre-approved by the Company
43.	Out of pocket expenses of the Investors	All out-of-pocket expenses which shall include travelling, accommodation and such other related expenses, reasonably and properly incurred by the Investors in connection with fund raising for the Debenture Issuer shall be reimbursed by the Company. These out-of-pocket expenses will be pre-approved by the Company.
44.	Termination	The Term Sheet shall automatically terminate upon the earlier of the following: (i) the signing of the Transaction Documents or (ii) mutual termination of this Term Sheet or (iii) the expiry of 30 days from the date of execution of this Term Sheet.
45.	Exclusivity	From the date of this Term Sheet up to 30 Days, the Issuer will not approach or participate in any manner in any discussions or negotiations, either directly or indirectly, with any other person(s), similar to or relating to the Transaction (whether by way of loan, bond, securities or otherwise).
46.	Governing Laws and Jurisdiction	<p>This Term Sheet and the NCDs shall be governed by and will be construed in accordance with the Indian law. The courts in Mumbai shall have non-exclusive jurisdiction with respect to matters relating to this Term Sheet and the NCDs.</p> <p>Provided that the Debenture Holders shall have the option of initiating proceedings with respect to matters relating to this Term Sheet and the NCDs in any other court of competent jurisdiction or jurisdictions, including New Delhi and Bangalore.</p>

Your signature on the acknowledgement of this signifies your acceptance for the terms and the proposal as set out in this Term Sheet.



ACCEPTED
FOR Jana Holdings Limited



Name:
Designation:
Date:
Place:

FOR [Manipal Health Systems Pvt Ltd] (or any of its
affiliates)

Name:
Designation:
Date:
Place:

SIGNATURE PAGE FOR NON BINDING SHEET BETWEEN JANA Holdings Limited and MAIPAL HEALTH
SYSTEMS PVT LTD)