

Sanction Letter

This Sanction Letter (the “**Sanction Letter**”) sets out only the key terms and conditions pertaining to the transaction contemplated herein and does not attempt to describe all of the terms and conditions pertaining to the proposed transaction.

Except for terms below regarding “Costs and Expenses”, “Governing Law” and “Confidentiality, this Sanction Letter is non-binding and may not be construed as an offer of commitment to consummate the proposed transaction, which is, including but not limited to, completion of satisfactory due diligence, execution of the transaction documents to the satisfaction of the Investor/Arrangers and completion of various conditions precedent set forth herein in the form and manner satisfactory to the Investor/Arrangers.

The transaction documents shall override the term of the Sanction Letter.

Issuer	Capital Trust Limited (“ CTL ”)
Promoters	Mr Yogen Khosla
Obligors	Collectively the Issuer and Promoters
Arrangers/ Investors	BPEA Investment Managers or any investor(s) identified by BPEA Investment Managers
Debenture Trustee¹	Vistra ITCL (India) Limited
Facility	INR denominated senior, secured, rated, listed Non-Convertible Debentures (“ NCDs ”) to be issued in dematerialized form
Issue Size	Up to INR [100] ² crore – to be disbursed in one or more tranche
Facility purpose	Facility to be utilized as follows: <ol style="list-style-type: none"> 1. INR ~94.8 crores towards on-lending 2. Balance towards DSRA requirements, Upfront Fees and transaction-related expenses
Disbursement Schedule	Facility to be availed/ utilized within 6 months from initial disbursement
Tenure	51 months
Principal Moratorium	33 months
Repayment Schedule	Equal quarterly installments after the Principal Moratorium period provided no Trigger Breach Events (“ TBE ”) is outstanding Following the occurrence of a TBE (and the same not being rectified by the end of the Cure Period), principal repayments will start immediately and will be on a <u>monthly basis</u> for an amount that is higher of <ol style="list-style-type: none"> (i) equated monthly instalments for the remaining tenor and (ii) principal collection due in respect of the Collateral Pool for the month
Interest Rate	16.5% per annum, payable quarterly provided no TBE is outstanding

¹Note that the debenture trustee shall be a trustee only for the debenture holders and shall act upon the instructions of the debenture holders

²The documentation will be for 150 crores for an ability to do an additional tranche subject to full credit assessment

	Following the occurrence of a TBE (and the same not being rectified by the end of the Cure Period), interest will be payable on a monthly basis
Upfront Fee	1.0% of the Facility Amount (as a discount on the NCDs)
Prepayment Charges	No prepayments can be made during Principal Moratorium except if there is a TBE / EoD. Any amount prepaid shall carry prepayment charges of 2.0% of the prepaid amount. Any prepayments shall be made with prior notice of at least 60 days' period
Security	The Facility shall be secured by: <ul style="list-style-type: none"> • First exclusive charge over underlying identified pool of assets ("Collateral Pool") providing 1.25x cover ("Security Cover") <ul style="list-style-type: none"> ◦ The Collateral Pool shall be replenished every month so as to maintain the Security Cover. The Collateral Pool replenishment will be in accordance with the Collateral Pool Selection Criteria • Guarantees from the Promoters • First exclusive charge over Escrow & DSRA • Demand Promissory Note from the Issuer • PDCs from the Promoters and Issuer
Debt Service Reserve Account ("DSRA") / FLDG	<ul style="list-style-type: none"> • Initial DSRA equivalent to 1 quarters' interest payment obligation <ul style="list-style-type: none"> - If no TBE is outstanding - The DSRA to be enhanced every month to reach an overall cover of 1.29x by an amount equal to 0.50% per month of the Outstanding Facility Amount; additional portfolio of 0.04x to be provided over 6 months to reach the overall security cover of 1.33x - If TBE is outstanding - The DSRA to be enhanced every month to reach an overall cover of 1.33x by an amount equal to entire excess interest spread generated from the Collateral Pool. Once 1.33x is achieved 0.04x additional portfolio will be released • In case any part of the DSRA is utilized at any point, then the same has to be replenished by the Issuer within 15 days as per above • The funds kept in the DSRA will only be allowed to be invested in fixed deposit with the escrow bank wherein the Investors shall have a lien on these fixed deposits • DSRA will be released so long as no TBE has occurred so as to maintain an overall OC target of 1.33 of which no more than 1.25 will come in the form as Security Cover.
Escrow Mechanism	The Escrow Mechanism will be as follows: <ul style="list-style-type: none"> - In a TBE scenario, all the funds collected from the Collateral Pool shall be deposited in the escrow account (to be opened with HDFC Bank for the proposed facility) on a daily basis on a T+1 day and the MIS pertaining to the same to be shared by CTL with the Investors. All monies deposited in the escrow account will be accumulated until the amount due on the Facility on the next interest payment date is reached. Post this monies collected towards excess interest spread will be released to the company. - In an EoD scenario, all the Funds collected from the Collateral Pool shall be deposited in the escrow account on a daily basis on a T+1 day and the MIS pertaining to the same to be shared by CTL with the Investors. All monies deposited shall be utilized towards full repayment of the Facility
Permitted	The Issuer may avail additional indebtedness to be utilized towards on-lending /

Indebtedness	<p>operations of the Issuer, without prior written consent of the Investors subject to adherence to Financial & Operational Covenants</p> <p>Provided however that the Issuer will provide a prior intimation in writing of not less than 15 days to the Investors</p>																		
Financial Covenants	<p>The Issuer will ensure adherence to the financial covenants customary to transactions of such nature including but not limited to the below covenants</p> <ul style="list-style-type: none"> • Total Debt / Net worth < 5.0x • CAR >= 18% • Net Interest Margin (NIM) >= 15.0% • Opex (before Credit Cost) =< 9.5% • ISCR > 1.6x • ALM requirements in line with regulations <p>The above financial covenants to be tested quarterly at the end of each financial quarter</p> <p>Definitions</p> <ol style="list-style-type: none"> 1. NIM = (Total Income – Total Interest Expenses) on Average AUM 2. ISCR = (Total Income – Opex (before Credit Cost) / Total Interest Expenses <p>Any breach of Financial Covenants to be remedied within 15 days</p>																		
Operational Covenants (Overall Balance Sheet Level)	<p>The Issuer shall comply with the below Operational Covenants. The covenant levels to be reviewed every 6 months and can be changed at the discretion of the Investors.</p> <ol style="list-style-type: none"> 1. Portfolio Diversification (% of AUM) <ul style="list-style-type: none"> • No single Sector more than 40% • No single State more than 35% • SEL no more than 20% • For any State that comprises more than 10% of loan book, no single Sector within the State to be more than 50% • New product (other than MEL/SEL) no more than 10% 2. Loan Quality <ul style="list-style-type: none"> • 0+ and 90+ levels at the overall portfolio level to be less than the levels below <table border="1" data-bbox="512 1330 1294 1572"> <thead> <tr> <th></th> <th>0+ PAR</th> <th>90+ PAR</th> </tr> </thead> <tbody> <tr> <td>Currently (Mar 18)</td> <td>28%</td> <td>11%</td> </tr> <tr> <td>6 month</td> <td>24%</td> <td>10%</td> </tr> <tr> <td>12 month</td> <td>20%</td> <td>8%</td> </tr> <tr> <td>18 month</td> <td>15%</td> <td>6%</td> </tr> <tr> <td>24 month & thereafter</td> <td>10%</td> <td>4%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> • Write-off not to exceed 5% in FY19 and 2.5% thereafter • Rating downgrade below BBB+ 3. Collection Metrics <ul style="list-style-type: none"> • Collection ratios for 0+ to be > 70% • Collection ratios for 90+ to be > 40% <p>The above operational covenants to be tested monthly at the end of each month</p> <p>Definitions</p> <ol style="list-style-type: none"> 1. Collection Ratio = Total amount collected / Total amount due <p>Any breach of Operational Covenants to be remedied within 25 days failing which it will be</p>		0+ PAR	90+ PAR	Currently (Mar 18)	28%	11%	6 month	24%	10%	12 month	20%	8%	18 month	15%	6%	24 month & thereafter	10%	4%
	0+ PAR	90+ PAR																	
Currently (Mar 18)	28%	11%																	
6 month	24%	10%																	
12 month	20%	8%																	
18 month	15%	6%																	
24 month & thereafter	10%	4%																	

	a TBE
Collateral Pool Covenants	<p>The Issuer shall adhere to the below Collateral Pool Covenants on an on-going basis</p> <ul style="list-style-type: none"> • Initial Pool Selection <ul style="list-style-type: none"> ○ Only unencumbered loans and current loans to be selected at tranche disbursement ○ 50% of the loans with vintage of at least 6 months on tranche disbursement date or as mutually agreed between the Investors and Issuer • Portfolio Diversification <ul style="list-style-type: none"> ○ No single sector more than 25% ○ No single State more than 25% (only non-affected states) ○ For any State that comprises more than 10% of the Collateral Pool, no single Sector within the State to be more than 50 % ○ SEL no more than 15%; Max LTV of any SEL loan of 50% ○ New product (other than MEL/SEL) no more than 0% • Borrower Characteristics <ul style="list-style-type: none"> ○ 70% of the loans to Borrowers with a credit score in line with underwriting policy • Loan Quality <ul style="list-style-type: none"> ○ 0+ no more than 2% ○ 90+ no more than 1% <p>The Collateral Pool Covenants to be tested on a monthly basis and appropriate replacement of the collateral meeting the above Collateral Pool Covenants to be done within 7 days, failing which it will be a TBE</p>
Trigger Breach events ("TBE")	<p>Any breach of any Operational or Collateral Pool covenants will be treated as Trigger Breach Events if not remedied within the Cure Period</p> <p>Following the occurrence of a TBE (and the same not being rectified by the end of the Cure Period), the principal repayments will start immediately and will be on a <u>monthly basis</u> for an amount that is higher of</p> <ul style="list-style-type: none"> (i) equated monthly instalments for the remaining tenor and (ii) principal collection due in respect of the Collateral Pool for the month <p>The Investors will also have a right to appoint a nominee director on the Board if a TBE / EoD has occurred</p>
Specific Conditions Precedent	<ul style="list-style-type: none"> • NOCs from existing lenders, as applicable • Rating of the NCD instrument to be completed with minimum rating of BBB+ • Creation of security on the Collateral Pool
Specific Conditions Subsequent	<ul style="list-style-type: none"> • The Articles of Association (AoA) to be amended to make it compliant with the Companies Act, 2013 within [6] months of the initial disbursement • Portfolio Monitoring to be done on a quarterly basis by an external agency. All costs to be borne by the Company
Information Undertaking	Monthly Data Dump (in a form agreeable to the Investor) to be provided within 7 days from end of the month

Additional Terms and Conditions

Interest Payment Dates	<ul style="list-style-type: none"> • If no TBE/EOD is outstanding - 1st February; 1st May, 1st August and 1st November of each calendar year • If TBE/EOD is outstanding – 1st of every month
Default Interest Rate	Additional 2.0% per annum over and above the Interest Rate on the outstanding Facility Amount from the date of occurrence of an Event of Default (EoD) till the date of remedy of such event. The Investor shall not be required to provide any notice to the Issuer before levying such Default Interest Rate on occurrence of an Event of Default, irrespective of whether the Investor has or has not called it an EoD.
Initial Due Diligence	<p>The Investors shall conduct a full diligence including but not limited to the following:</p> <ol style="list-style-type: none"> Corporate diligence Financial diligence Pool diligence KYC requirements <p>Due Diligence expenses will be borne by the Company</p>
Transaction Documents	The Transaction Documents will be usual for the facilities of this nature. They will contain other customary clauses relating to representations and warranties by the Issuer and the Obligors, covenants and events of default, conditions precedent and conditions subsequent to the drawdown of the Facility Amount and information and other provisions. The Issuer will appoint a Registrar and Transfer Agent acceptable to the subscriber for the Debenture Issue.
General Conditions Precedent <i>(Indicative only, to be provided in detail in Transaction Documents)</i>	<p>Conditions Precedent shall be usual for a transaction of this type in form and substance acceptable to the Investor including, but not limited to the following:</p> <ul style="list-style-type: none"> • All constitutional documents have been provided along with appropriate Shareholder and Board resolutions. • Satisfactory due diligence with all recommendations being met. • Appointment of the Debenture Trustee and execution of Debenture Trustee Agreement. • Execution and delivery of Transaction Documents (including security documents) in form and substance satisfactory to the Debenture Trustee. • Post-dated cheques covering all principal and interest obligations from the Issuer • Single PDC from each Promoter /Personal Guarantor for the entire Facility Amount • Execution of all undertakings as required under the Transaction Documents • Evidence of payment of all fees, costs and expenses due from the Company. • Amendment of Articles of Association if required, for the purposes of incorporating the provisions of the relevant Transaction Documents. • Certificate from a Chartered Accountant certifying that the borrowing from the issue of the Facility is within the borrowing limits of the Issuer. • Investors obtaining all internal approvals. • Any other condition precedent which any of the advisors and consultants appointed by the Investor, may recommend based on the due diligence.
General Conditions Subsequent	<p>Including but not limited to the following:</p> <ul style="list-style-type: none"> • The Issuer shall provide the Investor with an end use certificate from a reputed CA within 30 business days of the drawdown.

BPEA Credit

Baring Private Equity Asia

<i>(Indicative only, to be provided in detail in Transaction Documents)</i>	<ul style="list-style-type: none">• Filing of all relevant forms with ROC/other authorities and compliance with all other statutory corporate/secretarial compliances within the statutory timelines.• Any other condition as may be stipulated by Investors.
Other Conditions <i>(Indicative only, to be provided in detail in Transaction Documents)</i>	<ul style="list-style-type: none">• All obligations of the Obligor are on joint and several basis.• No further debt beyond the Permitted Indebtedness to be availed by the Obligor without prior written consent of the Investors/debenture trustee• Promoter to keep minimum 51% shares of the Issuer held by them free from any pledge/ encumbrances at all times. Intimation of any share pledge to be provided to the Investors.• Shortfall undertaking to be provided by the Promoters/Personal Guarantors for making specified repayments from their own sources in case of any shortfall.• Unsecured loan from Promoter / Directors / Friends or relatives of Directors/ Any other party invested in the Issuer shall be subordinate to this Facility and will not be repaid until the Facility is completely repaid with no interest / principal dues outstanding.• Any event of equity raising in form of primary infusion into Issuer, secondary sale by Promoter(s), IPO, etc. ("Equity Raising") shall be a Mandatory Prepayment event at the option of the Investors if EoD/TBE is continuing. In case where Investors exercise the Mandatory Prepayment rights, no prepayment premium shall be payable on such prepayment amounts
Protective Provisions <i>(Indicative only, to be provided in detail in Transaction Documents)</i>	<p>The prior consent of the Investor will be required which will not be unreasonable withheld for the following actions by the Issuer:</p> <ul style="list-style-type: none">• incur any other financial indebtedness in excess of the Permitted Indebtedness;• change the capital structure including issuance of new equity shares, preference shares or warrants or any other instrument with the same effect;• transfer (in part) the rights and interest of the Issuer to any entity;• change the material accounting methods or policies or change the statutory auditors;• grant any guarantees or indemnities outside the ordinary course of business;• any related party transactions either in funded or non-funded form, including any transaction which might be outside normal course of business• any amendment of the constitution documents;• any merger, acquisition, spin-off or consolidation or reorganization of the Issuer;• change in its statutory auditors; and• Such other conditions as may be stipulated by the Investors. <p>The prior consent of the Investor will be required for the following actions by the Issuer:</p> <ul style="list-style-type: none">• initiate bankruptcy or liquidation proceedings;• apply to a court for winding-up;• transfer (in full) the rights and interest of the Issuer to any entity;• Such other conditions as may be stipulated by the Investors.
Information Undertaking <i>(Indicative only, to be provided in detail in Transaction Documents)</i>	<p>Among other documents to be specified in the Financing documents, the Issuer must supply the following</p> <ul style="list-style-type: none">• Consolidated system-generated monthly dump, in a form agreeable to the Investors, to be provided within 7 days from end of the month• Proof of payment of TDS to be furnished within statutory timelines and TDS certificates to be provided within statutory timelines;

BPEA Investment Managers Private Limited

(Formerly known as KAS India Advisory Services Private Limited)

Registered Office: 707, 7th floor, Time Tower, M. G. Road, Gurugram-122001

CIN No. : U74999HR2016PTC065809

<p><i>Documents)</i></p>	<ul style="list-style-type: none"> • Annual audited financial statements of Obligor within 180 days of the close of the year; • Details of any litigation, arbitration or administrative proceedings or tax proceedings against any of the Obligor which are current, threatened or pending and which have or might, if adversely determined, have a material adverse effect; • Notice of any change in the authorized signatories of the Issuer accompanied by requisite board resolutions authorizing the signatories and attaching the specimen signatures of any new authorized signatory; • Such further information regarding the financial condition, business and operations of the obligors as the Investors may reasonably request; • The Investors may, if required by law, statutory regulation, court order, subpoena or other similar legal process, disclose to banks/government and statutory authorities information in connection with the Facility, Issuer etc.
<p>Events of Default <i>(Indicative only, to be provided in detail in Transaction Documents)</i></p>	<p>Event of Default will be specifically defined in the Transaction Documents and shall be standard to a transaction of this nature, including but not limited to:</p> <ul style="list-style-type: none"> • A delay in payment of either principal or interest on the Facility on the relevant due date; • Non-creation / Top up of Security within the stipulated time frame, as applicable; • Failure to top up the DSRA within stipulated timelines; • Borrowing beyond the Permitted Indebtedness as set out under the Transaction Documents; • Termination of material agreements or constitutive documents of the Obligor without the prior approval of the Investors; • The appointment of a receiver in respect of the whole or any part of the property of the Obligor; • Cross-default; • Breach of representations and warranties; misrepresentation, willful default or fraudulent act, unlawfulness; bankruptcy, insolvency, illegality of or by the Obligor; • Repudiation of the Transaction Documents; • Any information given by the Obligor which is misleading or incorrect in any material respect; • Any material litigation or an adverse order issued by a statutory authority, government body which may have a material adverse effect on the Facility; • Failure to furnish proof of payment of TDS (challan copies) within statutory timelines or failure to furnish proof of filing TDS return within statutory timelines or failure to provide the TDS certificates issued in the name of Debenture Holders statutory timelines; • A failure by the Obligor to observe any of the covenants set forth in the Transaction Documents; • Any other Event of defaults as may be set out in the Transaction Documents.
<p>Consequences of events of default <i>(Indicative only, to be provided in detail in</i></p>	<p>Upon occurrence of an Event of Default, the Investor shall have the immediate right to:</p> <ul style="list-style-type: none"> • Accelerate the Facility. • At their discretion, enforce any security and / or en-cash the post-dated cheques (either together or in multiple) to the extent required to recover the amounts due from the Issuer and any other amounts due under the Transaction Documents. • Step in rights to the Investors to either appoint an independent agent to sell the

<i>Transaction Documents)</i>	<p>Collateral Pool.</p> <ul style="list-style-type: none"> • Appoint a nominee director on the board of the Issuer. • Have a right to disclose particulars of defaults to CIBIL or any other agency at their discretion • Avail of such other rights and remedies as are available under applicable law and / or in terms of the Transaction Documents. • Enforce and exercise all its rights against the Obligors.
Taxes	<ul style="list-style-type: none"> • All duties and taxes (including without limitation stamp duties, transfer charges, service tax, withholding tax etc.) relating to the Facility shall be borne by the Issuer / Promoter / Obligors as the case may be. • All payments by the Issuer under the Transaction Documents shall be made free and clear of all present and future taxes, levies, imposts, charges, deductions and withholdings of whatsoever nature except Income Tax. • Interest payments under this facility would be paid by the Issuer without any deductions other than statutory withholding taxes if any. Any levies or taxes on the principal repayments would be grossed up such that the Investors would receive the same amount as if no such deduction had been applied.
Inspection	<p>Inspection of assets charged to the Investors will be carried as such intervals as decided by the Investors by their own officials or through external advisors. The cost of inspection is to be borne by the Issuer.</p>
Cost & Expenses	<p>All costs and expenses (including due diligence costs, stamp duty costs, debenture trustee fees, registrar fees, escrow agent fees, any other cost related to post monitoring diligence, inspection etc.) to be borne by the Issuer irrespective of whether the Transaction Documents are signed or not.</p>
Assignment/Transfers	<p>Investors may assign or transfer by novation or sell or securitize all or a part of its rights and obligations under the Facility without the permission of the Issuer to any other Financial Institution or Investors. Upon such transfer or assignment or sale, the transferee or assignee or purchaser shall become Investors for all purposes of the Facility documentation.</p>
Indemnification	<p>The Transaction Documents will contain customary indemnities for the Investors and their employees, agents and affiliates (other than as a result of such person's gross negligence or wilful misconduct as determined by a court of competent jurisdiction in a final and non-appealable decision).</p>
Governing Law	<p>This Term sheet will be governed by, and construed in accordance with Indian law. The place of jurisdiction would be Delhi.</p> <p>The Transaction Documents will be governed by, and construed in accordance with Indian law. The place of jurisdiction would be Delhi.</p>
Confidentiality	<p>The contents and terms and conditions described in this Term Sheet including its existence shall be confidential information and shall be disclosed only on a need-to-know basis, and not to any third party.</p> <p>Any announcements, communication or publicity regarding this Term Sheet or any other information will require the consent of the Issuer and the Investor. However, the above restriction shall not apply to internal reporting required by the Investors.</p> <p>If either Party determines that it is required by law to disclose information regarding this Term Sheet it shall within a reasonable time before making any such disclosure or filing, if permissible under law, consult with the other Party regarding such disclosure or filing and</p>

seek confidential treatment for such portions of the disclosure or filing as may be requested by the other Party.

Agreed and Accepted

For Investor Name: Designation: Date:	For Issuer Name: Designation: Date:
For Personal Guarantors Name: Designation: Date:	