

TERM SHEET

Security Name	Shriram City, 9.25% P.a.payable quarterly February 2023
Issuer	Shriram City Union Finance Limited
Type of Instrument	Secured, Redeemable, Non-Convertible Debentures ("NCDs" or "Debentures")
Nature of Instrument	Secured
Seniority	Senior
Mode of Issue	Private placement
Eligible Investors	<ol style="list-style-type: none"> 1. Scheduled Commercial Banks; 2. Financial Institutions; 3. Qualified Institutional Buyer; 4. Primary/ State/ District/ Central Co-operative Banks (subject to permission from RBI); 5. Regional Rural Banks; 6. Mutual Funds; 7. Companies, Bodies Corporate authorized to invest in Debentures; 8. Provident Funds, Gratuity, Superannuation, subject to their Investment guidelines. 9. High Net Worth Individuals 10. Foreign Portfolio Investors 11. Foreign Institutional Investors 12. Any other investor authorized to invest in these debentures
Listing	Proposed to be listed on Wholesale Debt Market segment of M/s BSE Ltd within 15 days from the date of allotment of NCDs. In case of further issuance where the bond is already listed on the exchange, necessary arrangements will be made to give effect of further issuance.
Rating of the Instrument	'IND AA' Outlook Stable by India Ratings & Research Ltd
Issue Size	Private Placement by Shriram City Union Finance Limited ("Company or the Issuer") of Redeemable Secured Non-convertible Debentures ("SNCDs") of face value of ` 10,00,000 each 100 Redeemable SNCDs amounting to ` 10 crores ("Base Issue Size") with green shoe option upto 4,900 Redeemable SNCDs amounting to ` 490 crores aggregating upto 5,000 NCDs amounting to ` 500 crores in one or more tranches as fully paid-up ("Issue")
Option to retain oversubscription (Amount in crores)	` 490 crores
Objects of the Issue	The Company proposes to raise Redeemable Secured Non-convertible Debentures ("SNCDs") of face value of ` 10,00,000 each 100 Redeemable SNCDs amounting to ` 10 crores ("Base Issue Size") with green shoe option upto 4,900 Redeemable SNCDs amounting to ` 490 crores aggregating upto 5,000 NCDs amounting to ` 500 crores in one or more tranches as fully paid-up through the issue of NCDs by way of private placement as per the terms and conditions of this SDD. The Main Object Clause of the Memorandum of Association of the Company enables it to undertake the existing activities and the activities for which the funds are



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	being raised through this Issue. The Capital Adequacy Ratio of the Company as on March 31, 2019 was 23.12%. The object of the issue is to augment resources of the Company.
Details of utilization of the proceeds	The proceeds from the Issue shall not be utilized by the Company in contravention of any regulation issued by RBI, Central Government and SEBI in this regard. Subject to applicable law, the management of the Company, according to the policies formulated by it from time to time, will have flexibility in deploying the proceeds, after meeting expenses of the Issue, including interim usage in temporarily investing in mutual funds, deposits with banks/institutions/balances in current accounts.
Coupon Rate	9.25% p.a. payable quarterly
Step Up / Step Down Coupon Rate	Nil
Coupon Payment Frequency	Quarterly
Coupon Payment Dates	Coupon Payments are quarterly, tentative due dates 28-05-2020 28-08-2020 28-11-2020 28-02-2021 28-05-2021 28-08-2021 28-11-2021 28-02-2022 28-05-2022 28-08-2022 28-11-2022
Coupon Type	Fixed
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc)	Not Applicable
Rating downgrade clause	a) For one notch downgrade, coupon rate increases by 25 bps. b) DT has option to demand accelerated redemption at downgrade of 2 notch or more from Initial Rating.
Day Count Basis	(Actual/Actual)
Interest on Application Money	Nil
Default Interest Rate	<ul style="list-style-type: none"> In case of default in payment of interest and / or principal redemption on the due dates, additional interest @ 2% p.a. over the Coupon Rate will be payable by the Issuer for the defaulting period. In case of default by the Issuer in the performance of any of the covenants of this Issuance, including but not limited to the financial covenants of this Issuance, additional interest @ 2% p.a. over the Coupon Rate will be payable by the Issuer for the defaulting period
Tenor	36 months from the deemed date of allotment



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Redemption Date	28 th Feb 2023.
Redemption Amount	The sum of the principal outstanding on the Debentures, accrued Coupon
Redemption Premium / Discount	At Par
Issue Price	10,00,000
Discount at which security is issued and the effective yield as a result of such discount	Not Applicable
Put Date	Date 1: Shall be the date falling on the completion of 15 months from the Deemed Date of Allotment ie 28-5-2021 Date 2: Shall be the date falling on the completion of 24 months from the Deemed Date of Allotment ie 28-2-2022, if put option date falls on a non-business day, the redemption proceeds shall be paid on the immediately preceding day along with Coupon/Interest accrued on the debentures until but excluding the date of such pay.
Put Price	Not Applicable
Call Date	Not Applicable
Call Price	Not Applicable
Put Notification Time	30 (Thirty) calendar days before the exercise date
Call Notification Time	Not Applicable
Face Value	Rs. 10,00,000
Minimum Application and in multiples of Ten Debt securities thereafter	Rs. 10,00,00,000
Issue Timing	
1. Issue Opening Date	27 th Feb 2020
2. Issue Closing Date	27 th Feb 2020
3. Pay-in Date	28 th Feb 2020
4. Deemed Date of Allotment	28 th Feb 2020
Issuance mode of the Instrument	Demat
Trading mode of the Instrument	Demat
Settlement mode of the Instrument	RTGS / Any other electronic mode
Depository	NSDL and CDSL
Business Day	Any being a day excluding Saturdays, Sundays or a Public Holiday in Mumbai
Business Day Convention	If any Coupon Payment Date or the due date for the performance of any event falls on a day that is not a Business Day, the payment shall be made on the immediately succeeding Business Day. The interest for such additional period shall be adjusted and paid in the next coupon cycle. Hence the subsequent coupon payment period remains intact. If the Redemption Date/Maturity Date (also being the last Coupon Payment Date) of the Debentures falls on a day that is not a Business Day, the redemption proceeds shall be paid on the immediately preceding Business Day, along with coupon/interest accrued on the Debentures until but excluding the date of such payment.
Record Date	(15 days prior to each Coupon payment / Put Date / Call Date / Redemption date)



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Security (including description, type of security, type of charge, likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deeds and disclosed in the Offer Document)

The Debentures shall be secured by way of a first ranking, exclusive and continuing charge on identified receivables ("Hypothecated Receivables") created pursuant to the deed of hypothecation to be executed between the Company and the Debenture Trustee as described herein. The Hypothecated Receivables shall at all times be equal to the value of the outstanding principal amount of the Debentures. The issuer undertakes::

- to maintain the value of security at all times equal to 1.25 (One decimal point Two Five) time or 125.0% (One Hundred and Twenty Five Percent) the aggregate amount of principal outstanding of the NCDs where at least 1.25 (One Decimal Point Two Five) time or 125.0% (One Hundred and Twenty Five Percent) of the security cover is from principal receivables ("Security Cover");
- to create, register and perfect the security over the Hypothecated Assets as contemplated above no later than 60 (Sixty) calendar days after the Deemed Date of Allotment by executing a duly stamped deed of hypothecation ("Deed of Hypothecation") and filing CHG-9 within the time period applicable;
- to pay a penal interest of 2.0% (Two Percent) p.a. over the coupon date in case there is any delay in the creation, registration and perfection of the security over the Hypothecated Assets;
- to provide a list on a monthly basis, of specific loan receivables/identified book debts to the Debenture Trustee over which the charge is created and subsisting by way of hypothecation in favour of the Debenture Trustee (for the benefit of the Debenture Holders) ("Monthly Hypothecated Asset Report")
- to add fresh loan assets to the Security Cover to ensure that the value of the Hypothecated Assets is equal to 1.25 (One Decimal point two five) time or 125.0% (One Hundred and Twenty Five Percent) the aggregate amount of principal outstanding of the NCDs where at least 1.25 (One Decimal Point Two Five) time or 125.0% (One Hundred and Twenty Five Percent) of the security cover is from principal receivables.
- to replace any Hypothecated Receivables that become overdue with current receivables. Such replacement shall be effected within 30 (Thirty) Business Days of the receivables becoming overdue

Eligibility Criteria for the Hypothecated Receivables:

- the receivables are existing at the time of selection and have not been terminated or pre-paid;
- the receivables have not been restructured or rescheduled
- all "Know Your Customer" norms have been complied with as prescribed by the Reserve Bank of India;



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Transaction Documents	<p>The Issuer has executed/ shall execute the documents including but not limited to the following, as required, in connection with the Issue as per latest SEBI guidelines / Companies Act 2013 (as applicable) for issuance of NCDs through Private Placement:</p> <ol style="list-style-type: none"> 1. Letter appointing Trustees to the Debenture Holders; 2. Debenture Trusteeship Agreement; 3. Debenture Trust Deed; 4. Deed of Hypothecation 5. Information Memorandum; 6. Private Placement Offer Letter (Form PAS 4); 7. Board Resolution authorizing this Issuance; 8. Applicable Shareholder Resolutions under the Companies Act 2013; 9. Rating Agreement with the aforesaid Rating Agency(ies) with respect to this Issuance; and 10. Tripartite Agreements with the Depository(ies) and Registrar & Transfer Agent 11. Agreed Term Sheet
Conditions Precedent to Disbursement	<p>The Company shall fulfil the following Conditions Precedent to the satisfaction of the Debenture Trustee and submit Conditions Precedent documentation where applicable to the Debenture Trustee, prior to the Pay in Date:</p> <ol style="list-style-type: none"> 1. All corporate approvals from the Board of Directors and shareholders of the Issuer, if applicable, shall have been received for the issuance of the NCDs, and the execution, delivery and performance by the Issuer of the Transaction Documents in accordance with the Companies Act, 2013, the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 and other rules prescribed; 2. Execution of the Debenture Trustee Agreement, the Deed of Hypothecation and Debenture Trust Deed, in a form and manner satisfactory to the Debenture Trustee shall have taken place; 3. The Issuer shall have submitted to the Debenture Trustee the rating letter and rating rationale; 4. The Issuer shall have submitted to the Debenture Holders / Debenture Trustee, all required documents for the purpose of satisfying its respective KYC requirements; 5. 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) 6. The Issuer shall have submitted to the Debenture Trustee its audited account statements for the most recent financial year or audited financial half-year 7. Issuer to provide India Ratings letter of minimum IND AA for the NCDs



Particulars

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Conditions Subsequent to Disbursement	The Issuer shall ensure that the following documents are executed/activities are completed as per the time frame stipulated in the Debenture Trust Deed <ol style="list-style-type: none">1. The Issuer shall immediately on receipt of funds, take on all necessary steps to, including making all applicable filings in the Registrar of Companies and obtaining all necessary approvals including filing Form PAS 5 along with the Information Memorandum and Form PAS 3 along with requisite fee within prescribed timelines;2. To create, register and perfect the security over the Hypothecated Assets no later than 60 (Sixty) calendar days from the Deemed Date of Allotment or as applicable under relevant regulation and Law, whichever is earlier.3. Receive final listing approval from the BSE within 20 calendar days from the Deemed Date of Allotment4. The Issuer shall ensure credit of demat account(s) of the allottee(s) with the number of NCDs allotted within 2 (Two) Business Days of the Deemed Date of Allotment5. The Issuer shall ensure compliance with SEBI / Companies Act 2013 (as applicable) for issuance of NCDs.
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Events of Default	Customary for financings of this nature and others appropriate in the judgment of the Debenture Holders, including but not limited to: <ol style="list-style-type: none">1. Non-payment of any of the dues under this Issuance on the payment day,2. Default or trigger of event of default on any other indebtedness (cross default)3. Misrepresentation or misleading information in any of the Transaction Documents4. Issuer is unable or admits in writing its inability to pay its debts as they mature or suspends making payment of any of its debts, by reason of actual or anticipated financial difficulties or proceedings for taking it into liquidation have been admitted by any competent court or a moratorium or other protection from its creditors is declared or imposed in respect of any indebtedness of the Company;5. Insolvency, winding up, liquidation6. If an attachment or expropriation or restraint of act of sequestration is levied on the Hypothecated Assets or any part thereof;7. A receiver or liquidator, provisional liquidator, supervisor, receiver, administrative receiver, administrator, compulsory manager, trustee or other similar officer in respect of the Company or any of its assets is appointed or allowed to be appointed of all or any part of the undertaking of the Company;8. Creditors' processes initiated against the company9. Repudiation of Transaction Documents10. Cessation of business11. Any material act of fraud, embezzlement, misstatement, misappropriation or siphoning off of the Issuer / Promoter funds or revenues or any other act having a similar effect being committed by the management or an officer of the Issuer12. The Company has taken or suffered to be taken any action for re-organisation of its capital or any rearrangement, merger or amalgamation without the prior written approval of the Debenture Holders;13. Promoters or key management personnel of the Company being declared willful defaulter14. The promoter/s and/or the directors of the Company are accused of, charged with, arrested or convicted a criminal offence involving moral turpitude, dishonesty or which otherwise impinges on the integrity of the promoter/s and/or director, including any accusations, charges and/or convictions of any offence relating to bribery;15. All or a material part of the undertaking, assets, rights or revenues of the Company are condemned, seized, nationalised, expropriated or compulsorily acquired, or
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shall have assumed custody or control of the business or operations of the Company, or shall have taken any action for the dissolution of the Company, or any action that would prevent the Company, their member, or their officers from carrying on their business or operations or a substantial part thereof, by or under the authority of any Government or Government authority;

16. Occurrence of a Material Adverse Effect as determined by the Debenture Trustee, acting solely on the instructions of the Majority Debenture Holders.
17. Change in management control without prior written consent from the Debenture Holders
18. Any Transaction Document once executed and delivered, ceases to be in full force or becomes unlawful, invalid and unenforceable;
19. A petition for the reorganization, arrangement, adjustment, winding up or composition of debts of the Company is filed on the Company (voluntary or otherwise) or have been admitted or makes an assignment for the benefit of its creditors generally and such proceeding is not contested by the company for staying, quashing or dismissed within 15 (Fifteen) days
20. Any failure by the Company to comply with any of the provisions of the Transaction Documentation in relation to the security including but not limited to the failure by the Company to provide additional or alternate security to the satisfaction of the Debenture Trustee

Breach of any covenants (including financial /management/affirmative/negative) would give the DT the option, but not the obligation to demand accelerated redemption of all outstanding amounts from the Issuer.

Consequence of event of default

Upon occurrence of any of the aforesaid event of default, the Debenture Trustee may by a notice in writing to the Company initiate actions as may be contemplated in the Transaction Documents including the following:

- (a) require the Company to mandatorily redeem the Debentures and repay the principal amount on the Debentures, along with accrued but unpaid interest, and other costs, charges and expenses incurred under or in connection with this Deed and other Transaction Documents, subject to prior approval of the RBI, if so required;
- (b) declare all or any part of the Debentures to be immediately (or on such dates as the Debenture Trustee may specify) due and payable, whereupon it shall become so due and payable subject to prior approval of the RBI, if so required.



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Provisions related to Cross Default Clause	N/A (Not Applicable) in case of clause is not there else full description of the clause to be provided
Role and Responsibilities of Debenture Trustee	To oversee and monitor the overall transaction for and on behalf of all Debenture holder
Governing Law and Jurisdiction	The Debentures and Documentation will be governed by and construed in accordance with the laws of India and the Courts in Chennai shall have jurisdiction to determine any dispute arising in relation to the Debentures.
Reporting Covenants	<ol style="list-style-type: none">1. Quarterly Reports – within 15 (Fifteen) calendar days from the end of each financial quarter result announced date<ol style="list-style-type: none">a) Information on financialsb) Financial and other covenant compliance certificate signed by CA and CFO/authorized signatory of the company.2. Quarterly MIS data pack - giving Operational Highlights, Disbursement breakup, standard portfolio cuts with corresponding asset quality indicators. To be submitted within 15 days post announcement of result of each quarter as per format shared by Debenture Holder.3. Event Based Reports – within 5 (Five) Business Days of the event occurring. In case of changes initiated by the company requiring approval of the board, the reporting would be 5 days post approval of the board<ol style="list-style-type: none">a) Change in list of Board of Directorsb) Change in Shareholding structurec) Change in Key Managerial Personsd) Board approval of annual business plane) Any fraud amounting to more than 1% of Gross Loan Portfoliof) Changes in accounting policyg) New products introduced or change in existing product featuresh) New business corresponding relationships or discontinuance of existing relationshipsi) Geographical expansion to any new state/city/district/locationj) Material changes to IT/MIS systemsk) Change in credit bureaus usedl) Revision in business planm) Change in the constitutional documents of the Companyn) Material Adverse Effecto) Any dispute, litigation, investigation or other proceeding which could result in a Material Adverse Effect.p) Winding up proceedings



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	<p>q) Any Event of Default or Potential Default, and any steps taken / proposed to remedy the same.</p> <p>r) Any prepayment or notice of any prepayment of any Indebtedness of the Issuer</p>
Financial Covenants	<p>i) Gross NPA ratio to not exceed 9.5%</p> <p>ii) Net NPA/NW ratio to not exceed 25%</p> <p>All covenants would need to be maintained at all times, and will be tested on quarterly basis for the Company, till the redemption of the Debentures.</p> <p>The covenants shall be certified and signed by a CA as well as the CFO/authorized signatory of the company within 15 (Fifteen) calendar days after the disclosure of results of each financial quarter. The choice of CA must be amenable to Debenture Trustee.</p>
Affirmative Covenants	<ol style="list-style-type: none">1. To comply with corporate governance, fair practices code prescribed by the RBI2. Notification of any potential Event of Default or Event of Default;3. Obtain, comply with and maintain all licenses / authorizations4. Provide details of any material litigation, arbitration or administrative proceedings (materiality threshold to be finalized during documentation)5. Maintain internal control for the purpose of (i) preventing fraud on monies lent by the Company; and (ii) preventing money being used for money laundering or illegal purposes6. Permit visits and inspection of books of records, documents and accounts to debenture holders as and when required by them7. Comply with any monitoring and/or servicing requests from Debenture Holders
Negative Covenants	<p>The Issuer shall not without the prior written permission of the Debenture Holders and Debenture Trustee, do or undertake to do any of the following:</p> <ol style="list-style-type: none">1. Any M&A, acquisition, restructuring, amalgamation without approval of Debenture Holders involving assets of >Rs 100 crores.2. The Issuer shall not, without the prior approval of Debenture Holders, enter into any transaction of merger, de-merger, consolidation, re-organization, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction; provided however that this restriction shall not apply in the event that the compliance with this restriction would result in the Issuer defaulting in relation to any of its payment obligations in relation to the Debentures.



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	<ol style="list-style-type: none"> 3. The Issuer will not purchase or redeem any of its issued shares or reduce its share capital without the Debenture Holders' prior written consent; 4. Issuer shall not amend or modify clauses in its Memorandum of Association and Article of Association, where such amendment would have a Material Adverse Effect, without prior consent of the Debenture Trustee 5. Any sale of assets/business/division that has the effect of exiting the business or re-structuring of the existing business, to be with the prior consent of the debenture holder 6. No dividend, if an Event of Default has occurred and is subsisting 7. Not undertake any new major new business outside financial services or any diversification of its business outside financial services, without approval of the Debenture Holders
<p>Representations & Warranties</p>	<ol style="list-style-type: none"> 1. The Company is registered with the RBI as an NBFC. 2. No Event of Default has occurred and is continuing on the date of this transaction 3. The Debentures under this Issuance shall rank pari passu amongst themselves and with all other senior, secured creditors 4. Binding obligation of Transaction Documents 5. No conflict with other obligations / constitutional documents 6. No Material Adverse Change in business, condition or operations of the Issuer 7. Company has the power and authority to issue Debentures and such Transactions Documents are valid and admissible in evidence 8. Absence of any pending or threatened litigation, investigation or proceedings that may have a material adverse effect on the business condition (financial or otherwise), operations, performance or prospects of the Issuer or that purports to affect the Facility 9. Illegality 10. The Transaction Documents executed or to be executed constitute legal, valid and enforceable security interest in favour of the Debenture Trustee and for the benefit of the Debenture Holders on all the assets thereby secured and all necessary and appropriate consents for the creation, effectiveness, priority and enforcement of such security have been obtained. And as set out in greater detail in the Debenture Trust Deed.
<p>Indemnification</p>	<p>The Issuer will indemnify, and hold harmless the Debenture Holders from and against any claim, liability, demand, loss, damage, judgment or other obligation or right of action</p>



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	which may arise as a result of breach of this Term Sheet by the Issuer.
Delay in Listing	In case of delay in listing of SNCs beyond 20 days from the deemed date of allotment, the Company shall pay penal interest of atleast 1% p.a. over the coupon rate from the expiry of 30 days from the deemed date of allotment till the listing of such debt securities to the investor.
Mandatory disclosures	<ul style="list-style-type: none">• Pay in date : T+1• Manner of Bidding : Open Book• Mode of Allotment:Uniform Price• Mode of Settlement : ICCL

For Shriram City Union Finance Ltd

Authorised Signatory



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