

INDICATIVE TERM SHEET

The terms and conditions given below are indicative only and are not exhaustive and subject to change.

PARTIES INVOLVED IN THE ISSUE		
Issuer / Company	Satin Creditcare Network Limited	
Debenture Trustee	IDBI Trusteeship Limited	
Subscriber(s)	[Axis Trustee Services Limited acting in its capacity as the trustee of the Northern Arc Money Market Alpha Trust with Northern Arc Money Market Alpha Fund as its scheme.]	
Depository	NSDL	
Registrar and transfer agent	[●]	
Rating Agency	CARE	
Structurer and Arranger	Not Applicable	
Legal Counsel	Verist Legal	
Guarantor(s)	Not Applicable	
Credit Enhancer(s)	Not Applicable	
Other obligor(s)	Not Applicable	
DETAILS OF THE INSTRUMENT		
Type of instrument	Non-convertible debentures	
Nature of instrument	Rated Unsubordinated, Unsecured Transferable Redeemable Non-convertible Debentures (“Debentures”) (“NCDs”)..	
Ranking	Unsubordinated	
Security requirements	The Debentures shall be unsecured	
Listing requirements	To be listed in the Wholesale Debt Market segment of BSE within 20 Business Days from the Deemed Date of Allotment.	
Rating	CARE A-	
ISSUE DETAILS		
Mode of Issue	Private Placement	
Form of issue	Debentures will be issued in dematerialized form.	
Issue size	INR. 15,00,00,000/- (Indian Rupees Fifteen Crores only)	
Tenor	1year 2day	
Face value	INR. 10,00,000/- (Indian Rupees Ten lakhs only)	
Issue price	Debentures will be issued at par	
Issue Schedule	Issue Opening Date	August 07,2020

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For SATIN CREDITCARE NETWORK LTD.

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		Issue Payin Date	August 07,2020
		Issue Closing Date	August 07,2020
		Deemed Date of Allotment	August 07,2020
Objects of the issue	To augment the long-term resources of the Company, & to meet working capital requirements		
Utilization of issue proceeds	The Issuer shall utilize the proceeds of the Issue solely for meeting the Objects of the Issue as stated in the Information Memorandum		
REDMPTION			
Redemption Amount	Each Debenture shall be redeemed at par.		
Scheduled Redemption	Debentures shall be redeemed on a pro rata basis as set out in Schedule 1 (Redemption Schedule) hereto and shall be fully redeemed by the Final Redemption Date.		
Final Redemption Date	August 09,2021		
Early Redemption	<p>In case of early redemption of the Debentures at the instance of the Issuer after the Lock-in Period (i.e. 90 days from the Deemed Date of Allotment), on any date other than the Final Redemption Date and not arising due to an Event of Default, the Issuer shall pay an Early Redemption Premium. Early Redemption Premium will have to be paid over and above the Coupon Rate.</p> <p>Notwithstanding anything contained herein, any Early Redemption shall be subject to the consent of the Majority Debenture Holders. The Issuer shall give the Debenture Trustee and the Debenture Holders a written notice at least 30 (Thirty) days prior to the date of early redemption where consent of Debenture Holders shall be sought.</p>		
Early Redemption Premium	2% (Two percent) on the principal amount prepaid.		
Put Option	<p>The Debenture Holders shall have the right but not the obligation to call upon the Issuer to redeem all or any Debentures by issuing a notice to the Issuer at least 15 (Fifteen) calendar days prior to relevant Put Option Exercise Date. Upon receipt of such notice, the Issuer shall redeem the Debentures on the Coupon Payment Date falling after relevant Put Option Exercise Date by making payment of all outstanding principal, accrued by unpaid coupon/interest and other monies outstanding to the Debentures Holders. Provided However, in the event of exercise of Put Option, the accrued but unpaid interest amount payable to Debenture Holders shall be reduced by such an amount ("Yield Adjustment Amount") such that the interest paid by the Company excluding the One-time Interest from the Deemed Date of Allotment till the date of redemption of the Debentures in full is effectively at the Coupon Rate mentioned here below.</p>		
		Put Option Exercise Date	Effective Coupon Rate per annum

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	<table> <tr> <td>November 26, 2020</td><td>11.50%</td></tr> <tr> <td>March 29, 2021</td><td>11.60%</td></tr> <tr> <td>June 29, 2021</td><td>11.65%</td></tr> </table> <p>The calculation of the aforesaid Yield Adjustment Amount will take into account the changes in the Coupon Rate on account of a rating upgrade, as provided below against the heading 'Step-up Coupon'.</p>	November 26, 2020	11.50%	March 29, 2021	11.60%	June 29, 2021	11.65%
November 26, 2020	11.50%						
March 29, 2021	11.60%						
June 29, 2021	11.65%						
Put Option Dates	<p>November 26, 2020</p> <p>March 29, 2021</p> <p>June 29, 2021</p>						
COUPON PAYMENT							
Coupon Type	Fixed						
Coupon Rate	11.69% (Eleven Decimal Six Nine per cent) per annum payable at such frequency as set out below against the heading 'Coupon Payment Frequency' and on such dates as set out below against the heading 'Coupon Payment Dates'.						
Coupon Payment Frequency	Monthly						
Coupon Payment Dates	As mentioned in Schedule-I						
One Time Interest	0.05% of Issue Size (To be paid upfront)						
Step-up Coupon	In the event the Credit Rating of the Debenture issued by the Issuer is downgraded from the current rating of A-, the Coupon Rate shall be increased by 0.5% for every notch of rating downgrade, applicable from the date of such downgrade until such event is cured, on the outstanding principal amount and accrued interest, if any, of the Debentures. If the Issuer of the Debenture is rated by more than one rating agency, then the lowest of the ratings shall be considered.						
Step-down Coupon	Not applicable.						
Default interest	5.00 % (Five-point Zero Zero percent) over the Coupon Rate till the time default is cured						
CONVENTIONS							
Day Count Basis	Actual/Actual						
Business Day	Means any day, other than a public holiday under Section 25 of the Negotiable Instruments Act, 1881 or a Sunday, on which banks are open for general business in Mumbai & Chennai;						
Date Convention	<p>(a) If the date of payment of any interest in respect of the Debentures falls on a day that is not a Business Day, such payment of interest shall be made on the next occurring Business Day;</p> <p>(b) If the date of payment of any redemption amount falls on a day that is not a Business Day, such payment of instalment shall be made on the immediately preceding Business Day; and</p>						

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	(c) If the Final Redemption Date or the Early Redemption Date (the date on which the Debentures are redeemed prior to the Final Redemption Date in terms of the Transaction Documents), as the case may be, falls on a day that is not a Business Day, such payment of interest and redemption amount shall be made on the immediately preceding Business Day.
THIRD PARTY OBLIGATIONS	
Guarantor(s)	Not applicable.
Credit Enhancer(s)	Not applicable.
Other Obligor(s)	Not applicable.
SECURITY CREATION	
Hypothecation	Not applicable
Pledge	Not applicable
Mortgage	Not applicable
OTHER COVENANTS	
Debenture Redemption Reserve	If so applicable for the Issue, the Issuer shall create debenture redemption reserve in accordance with the Companies Act, 2013 (and Rules thereunder) and in terms thereof earmark an amount not less than 15% of the amount maturing during the year ending on the 31 st day of March of the next year by way of investment and deposits in specified securities on or before the 30 th day of April in each year.
Related Party Transactions	Issuer shall not enter into any transaction(s) with a related party without the prior written consent of the Debenture Trustee.
Affirmative Covenants	As listed in the Debenture Trust Deed.
Negative Covenants	The issues shall take the prior written permission from the Investor / Debenture Trustee for the following: <ul style="list-style-type: none"> (a) Change in promoter, ownership or control; (b) Any dilution of control over Board composition, other than appointment of independent directors (c) Mergers, acquisitions, investment in associates, JVs and subsidiaries including disposal of any of the above (d) Change in nature of business of the Company (e) Change in constitutional documents (f) Loans exceeding 15% of networth to any single party and/or guarantees on behalf of third parties (g) Declare dividend on equity shares before payment of coupon due on the NCDs (h) Declare dividend on equity/preference shares before payment of coupon due on the NCDs when an Event of Default is subsisting (i) Change in auditors (j) Material compromise or settlement
Events of Default	As listed in the Debenture Trust Deed.

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Reporting Covenants	<p>(a) QUARTERLY REPORTS – within 45 (forty five) calendar days after the end of each calendar quarter:</p> <ul style="list-style-type: none"> a. Information on financials, operations, portfolio growth & asset quality, funding in formats acceptable to the Investor b. List of Board of Directors c. Shareholding Pattern d. Financial covenant compliance certificate e. Copy of returns filed with RBI f. information on: <ul style="list-style-type: none"> • New products introduced, or change in existing product features • New business correspondent relationships or discontinuance of existing relationships • Geographical expansion to any new state • Material changes to the IT / MIS systems • Change in credit bureaus used • Revision in the Business Plan • Changes in the Accounting Policy • Any fraud amounting to more than 1% of GLP <p>(b) ANNUAL REPORTS – within 120 days after the end of each fiscal year</p> <ul style="list-style-type: none"> a. Audited financials b. A certificate from the Director/CFO confirming that there is no Potential Default or Event of Default; c. Copy of all annual information submitted to the RBI; and d. corporate social responsibility report <p>(c) EVENT BASED REPORTS – within 5 business days of event occurring</p> <ul style="list-style-type: none"> a. change in the shareholding structure b. change in the Senior Management officials (any CXO, or equivalent) c. change in statutory auditors d. Board approval of annual business plan e. change in the Constitutional Documents of the Company; f. Material Adverse Effect. g. Any dispute, litigation, investigation or other proceeding which could result in a Material Adverse Effect. h. Winding up proceedings i. Any Event of Default or Potential Default, and any steps taken / proposed to remedy the same. j. Any prepayment or notice of any prepayment of any indebtedness of the Issuer.
Financial Covenants	<p>The Issuer shall at all times until the redemption of all outstanding debentures maintain a:</p> <ol style="list-style-type: none"> 1. Ratio of A:B not greater than 5% where A is Portfolio at Risk > 90 and B is the Gross Loan Portfolio.*

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2. Ratio of A:B not greater than 15% where A is the sum of Portfolio at Risk > 90 net of loan loss provisions and B is the Tangible Net Worth;*

3. Tier 1 Capital Ratio (Tier 1 Capital / Risk Weighted Assets) of >10% or as per the regulatory requirement prescribed by Reserve Bank of India, whichever is higher;

4. Capital Adequacy (Tier 1 Capital + Tier 2 Capital) / Risk Weighted Assets) of >17% or as per the regulatory requirement prescribed by Reserve Bank of India, whichever is higher;

For the purpose of the calculations of the Capital Adequacy as mentioned above:

- i. The first loss credit enhancement provided by the Company on securitization shall be reduced from Tier I Capital and Tier II Capital and the deduction shall be capped at 15% of the outstanding securitized portfolio.
- ii. The first loss credit enhancement provided by the Company on Client Loans originated on behalf of other institutions to be considered 100% under Risk weighted Assets (RWA) but not reduced either from Tier 1 Capital or Tier 2 Capital as per RBI guidelines.
- iii. Any Investments made by the Company in share capital greater than 10% of own funds to be reduced from Tier I Capital, remaining to be included in Risk Weighted assets (RWA) as per RBI guidelines.

5. Ratio of A: B less than 6 where A is Total Outside Liabilities and B is Tangible Net Worth;*

6. Maintain monthly bucket-wise positive mismatch in the structural liquidity statement at all times during the tenure of the loan

7. Operating Self Sufficiency Ratio (Operating Income/ Operating costs) >100%

8. Positive after-tax Net Income

*For the purpose of this clause, the following terms shall have the meaning ascribed to them as provided below:

"Gross Loan Portfolio" shall mean the outstanding principal balance of all outstanding client loans, including current, delinquent and restricted client loans, and includes principal balance of loans securitized, assigned, originated on behalf of other institutions or otherwise sold off in respect of which the Issuer has provided credit enhancements in any form or manner whatsoever, but not including client loans that have been charged off, or any interest.

"Loan Loss Provision" shall mean expense set aside as an allowance for uncollected loans and loan payments

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	<p>"Portfolio at Risk" shall mean the outstanding principal amount of all client loans that have one or more instalments of principal past due more than a certain number of days.</p> <p>"Tangible Net Worth" means the Net Owned Funds of the Company, net of credit enhancements provided by the company in any form or manner whatsoever in respect of principal balance of loans securitized, assigned, originated on behalf of other institutions or otherwise sold off.</p> <p>"Total outside liability" shall mean the sum of all the short and long term liabilities of the business, and off balance sheet liabilities, including guarantees and contingent liabilities.</p>
Transaction documents	<p>Debenture Trust Deed, Disclosure Documents, Resolutions, the letters issued by the Rating Agency and the Registrar and all other documents in relation to the issuance of the Debentures.</p> <p>Disclosure Documents means collectively,</p> <p>(a) the debt disclosure document to be issued by the Issuer in terms of sub-regulation (1) of Regulation 21 (<i>Disclosures in respect of Private Placements of Debt Securities</i>) of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (if applicable); and</p> <p>(b) private placement offer letter to be issued by the Issuer in terms of section 42 (<i>Offer or invitation for subscription of securities on private placement</i>) of the Companies Act, 2013.</p> <p>Resolutions means collectively,</p> <p>(a) special resolution of the shareholders of the Company under Section 180(1)(a) of the Companies Act, 2013;</p> <p>(b) special resolution of the shareholders of the Company under Section 180(1)(c) of the Companies Act, 2013;</p> <p>(c) board resolution of the board of directors of the Company under Section 42 and other applicable provisions of the Companies Act, 2013 and Rules thereunder;</p> <p>(d) special resolution of the shareholders of the Company under the applicable provisions of the Companies Act, 2013 and Rule 14(2) and other applicable provisions of Companies (Prospectus and Allotment of Securities) Rules, 2014.</p>
Other Costs & Conditions	<p>The Issuer shall bear the costs and expenses incurred in connection with the transactions contemplated hereby including stamp duty and registration fee (if applicable) on the Transaction Documents (and the Debentures), appointment of the Debenture trustee, legal advisors' expenses and expenses incurred in the preparation for the Transaction Documents.</p>

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Governing Law and Jurisdiction	Indian Law with jurisdiction of the courts and tribunals of Chennai.
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Schedule I

Redemption Schedule

Cashflow Date	Principal	Interest Payment	Cashflows
07-08-2020	(15,00,00,000)		
31-08-2020		11,49,836	11,49,836
30-09-2020		14,37,295	14,37,295
31-10-2020		14,85,205	14,85,205
30-11-2020		14,37,295	14,37,295
31-12-2020		14,85,205	14,85,205
31-01-2021		14,89,274	14,89,274
28-02-2021		13,45,151	13,45,151
31-03-2021		14,89,274	14,89,274
30-04-2021		14,41,233	14,41,233
31-05-2021		14,89,274	14,89,274
30-06-2021		14,41,233	14,41,233
31-07-2021		14,89,274	14,89,274
09-08-2021	15,00,00,000	4,32,370	15,04,32,370

Put Option (If Exercised on November 26, 2020):-

Cashflow Date	Principal	Interest Payment	Yield Adjustment Amount	Cashflows
07-08-2020	(15,00,00,000)			
31-08-2020		11,49,836		11,49,836
30-09-2020		14,37,295		14,37,295
31-10-2020		14,85,205		14,85,205
26-11-2020	15,00,00,000	12,45,656	(86,434)	15,11,59,222

Put Option (If exercised on March 29, 2021):-

Cashflow Date	Principal	Interest Payment	Yield Adjustment Amount	Cashflows
07-08-2020	(15,00,00,000)			
31-08-2020		11,49,836		11,49,836
30-09-2020		14,37,295		14,37,295
31-10-2020		14,85,205		14,85,205
30-11-2020		14,37,295		14,37,295
31-12-2020		14,85,205		14,85,205
31-01-2021		14,89,274		14,89,274
28-02-2021		13,45,151		13,45,151
29-03-2021	15,00,00,000	13,93,192	(86,400)	15,13,06,792

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Put Option (If exercised on June 29, 2021):-

Cashflow Date	Principal	Interest Payment	Yield Adjustment Amount	Cashflows
07-08-2020	(15,00,00,000)			
31-08-2020		11,49,836		11,49,836
30-09-2020		14,37,295		14,37,295
31-10-2020		14,85,205		14,85,205
30-11-2020		14,37,295		14,37,295
31-12-2020		14,85,205		14,85,205
31-01-2021		14,89,274		14,89,274
28-02-2021		13,45,151		13,45,151
31-03-2021		14,89,274		14,89,274
30-04-2021		14,41,233		14,41,233
31-05-2021		14,89,274		14,89,274
29-06-2021	15,00,00,000	13,93,192	(53,524)	15,13,39,668

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