

Ambit Finvest – NCD Issuance Term Sheet

1.1 Issue Details

Security Name	Ambit Finvest Private Limited 2024
Issuer	Ambit Finvest Private Limited
Type of Instrument	Non-Convertible Debentures
Nature of Instrument	Secured Rated Listed Redeemable Non-Convertible Debentures
Seniority	Secured
Mode of Issue	Private placement
Eligible/Identified Investors	As per regulation
Listing	<p>The Debentures are proposed 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 the event of any delay in listing of the debt securities beyond 20 (Twenty) calendar days from the Deemed Date of Allotment, the Issuer shall make payment to the Debenture Holders of at least 1% (One Percent) p.a. over the Coupon Rate from the expiry of 30 (Thirty) calendar days from the Deemed Date of Allotment till the listing of such Debentures.</p>
Rating of the Instrument	Aacute AA- (pronounced as "Aacute AA-") with stable outlook.
Issue Size	Rs. 30,00,00,000/- (Rupees Thirty Crores only).
Option to retain oversubscription	N.A.
Objects of the Issue	To raise secured debt to the extent up to Rs. 30,00,00,000/- (Rupees Thirty Crores only).
Details of the utilization of the Proceeds	<p>The proceeds of this issue shall be utilized for repayment or re-financing of existing debt of the Company, to finance the growth of the portfolio of the Company as permitted for bank finance by the Reserve Bank of India and augment long term growth of the Company.</p> <p>The Issuer shall not use the proceeds of the Issue towards:</p> <ul style="list-style-type: none"> (i) any capital market instrument such as equity, debt, debt linked, and equity linked instruments or any other capital market related activities; or (ii) any speculative purposes; or (iii) any activity on the Exclusion List; or (iv) investment in the real estate sector.
Coupon Rate	<p>shall mean the coupon payable on a monthly basis (floating) in respect of the Debentures from the Deemed Date of Allotment on each Coupon Payment Date until the Maturity Date, which shall be the aggregate of:</p> <ul style="list-style-type: none"> (i) Reference Rate (being the policy 6 Month T-Bill issued by the Reserve Bank of India) which is presently at 3.72% ("Reference Rate"); and



	<p>(ii) Credit Spread being 5.28% per annum ("Credit Spread").</p> <p>It is hereby clarified that the Coupon Rate, payable as on date of this Disclosure Document, shall be 9% (nine Percent).</p> <p>The Coupon Rate shall be reset subject to the mechanism as set out below clause "Coupon Reset Process"</p>
Step Up/ Step Down Coupon Rate	<p>In the event the credit rating assigned to the Issuer is downgraded by the Rating Agency or any other external credit rating agency, the Coupon Rate shall, without any act, deed or thing, automatically increase by 50 (Fifty) basis points for each notch of credit rating downgrade by such credit rating agency. The increase in the Credit Spread shall be applicable on and from the date of the downgrade of credit rating of the Issuer by such credit rating agency. As on the date of this Disclosure Document, the credit rating of the Issuer is "Aaite AA-".</p>
Early Redemption	<p>(a) In the event that the credit rating assigned to the Issuer, by the Rating Agency or any other external credit rating agency, is downgraded to A or below ("Early Redemption Event"), the Debenture Trustee (acting on the instructions of the Majority Debenture Holder(s)) shall have the option, without being obligated, to require the redemption of the Debentures from the Issuer (in full or in part) prior to its Maturity Date.</p> <p>(b) Upon the occurrence of an Early Redemption Event, the Issuer shall forthwith promptly issue a notice to the Debenture Holders and Debenture Trustee, informing such Debenture Holders and Debenture Trustee about the occurrence of such Early Redemption Event ("Early Redemption Notice"). In the event that any Debenture Holder is desirous of exercising the Early Redemption Event, the said Debenture Holder shall issue a notice to the Issuer (with a copy marked to the Debenture Trustee), in writing, within a maximum period of 30 (Thirty) Business Days from the receipt of Early Redemption Notice ("Early Redemption Option Exercise Notice").</p> <p>(c) Within 30 (Thirty) calendar days of receipt of the Early Redemption Option Exercise Notice (the "Early Redemption Date"), the Issuer shall compulsorily redeem the Debentures identified in the Early Redemption Option Exercise Notice by crediting to the beneficiary account of each Debenture Holder on the relevant Record Date available funds an amount that is equal to the Redemption Amount under the Debentures.</p>
Coupon Payment Frequency	Monthly
Coupon Payment Dates	Coupon shall be payable monthly until the Maturity Date with the first Coupon Payment Date commencing from July 31, 2021.
Coupon Type	Floating Coupon rate.
Coupon Reset Date(s)	Shall mean the following dates: December 31, 2021, June 30, 2022, December 31, 2022, June 30, 2023 and December 31, 2023
Coupon Reset Process	<p>(a) Rating Downgrade:</p> <p>In the event the credit rating assigned to the Issuer is downgraded by the Rating Agency or any other external credit rating agency, the Coupon Rate shall, without any act, deed or thing, automatically increase by 50</p>



(Fifty) basis points for each notch of credit rating downgrade by such credit rating agency. The increase in the Credit Spread shall be applicable on and from the date of the downgrade of credit rating of the Issuer by such credit rating agency. As on the date of this Disclosure Document, the credit rating of the Issuer is "Acutite AA-".

(b) Coupon Rate Reset on Coupon Reset Date(s):

The Majority Debenture Holder(s) shall have the right to reset the Credit Spread and the Reference Rate in the manner set out below:

(i) Credit Spread Reset on the Coupon Reset Date(s)

- A. Save and except as set out in paragraph above, the Debenture Trustee, acting on the instructions of Majority Debenture Holders, shall also have the right to change, at its discretion, the Credit Spread on the Coupon Reset Date(s).
- B. The Majority Debenture Holders shall decide the revised Credit Spread which shall be applicable on and from the relevant Coupon Reset Date. The revised Credit Spread so approved by the Majority Debenture Holders, shall be communicated to the Debenture Trustee, with a copy marked to the Issuer, no later than 10 (Ten) days prior to the relevant Coupon Reset Date.
- C. The Debenture Trustee shall communicate the revised Credit Spread to the Issuer, by way of a written notice, no later than 9 (Nine) days prior to the relevant Coupon Reset Date ("**Credit Spread Reset Notice**").
- D. Upon receiving the Credit Spread Reset Notice, the Issuer shall communicate their written acceptance or rejection of the revised Credit Spread to the Debenture Holders and the Debenture Trustee, no later than 2 (Two) Business Days prior to the relevant Coupon Reset Date.
- E. If the Issuer accepts the revised Credit Spread pursuant to the written acceptance notice, as provided for hereinabove, the revised Credit Spread shall be applicable on and from the relevant Credit Spread Reset Date as set out in the Credit Spread Reset Notice, until the Maturity Date.
- F. If the Issuer rejects the revised Credit Spread by way of the written rejection notice, then the Issuer shall redeem the Debentures and shall prepay the principal amount of the Debentures along with accrued Coupon, Default Interest (if any), and other such costs, charges and expenses if any, payable under the Transaction Documents.
- G. It is hereby clarified that in the event the Issuer fails in communicating their acceptance or rejection of the revised Credit Spread in the manner stated herein above, then the revised Credit Spread as communicated by the Debenture



	<p>Trustee and/or the Debenture Holder to the Issuer, in the Credit Spread Reset Notice, shall be applicable on and from the relevant Coupon Reset Date as set out in the Credit Spread Reset Notice, until the Maturity Date.</p> <p>(ii) Reference Rate Reset on the Coupon Reset Date(s)</p> <p>A. Save and except as set out above, the Debenture Trustee, acting on the instructions of Majority Debenture Holders, shall also have the right to change, at its discretion, the Reference Rate on the Coupon Reset Date(s).</p> <p>B. The Majority Debenture Holders shall decide the revised Reference Rate adhering to RBI guideline with subject to time to time which shall be applicable on and from the relevant Coupon Reset Date. The revised Reference Rate so approved by the Majority Debenture Holders, shall be communicated to the Debenture Trustee, with a copy marked to the Issuer, no later than 2 (Two) Business Days prior to the relevant Coupon Reset Date.</p> <p>C. The Debenture Trustee shall communicate the revised Reference Rate to the Issuer, by way of a written notice, no later than 1 (One) Business Day prior to the relevant Coupon Reset Date.</p> <p>D. Upon the notices being issued by the Majority Debenture Holders and the Debenture Trustee in accordance with paragraph B and C above, the revised Reference Rate shall, without any act, deed or thing, be automatically reset and the Issuer shall be obligated to pay the same, on and from the relevant Coupon Reset Date.</p>
Day Count Basis	Actual/Actual
Interest on Application Money	At the Coupon Rate from the credit of subscription monies in respect of the Debentures, until the Deemed Date of Allotment and the same shall be paid to the relevant Investors <u>within 7 (Seven) Business Days from the Deemed Date of Allotment.</u>
Default Interest Rate	<p>(a) In case of failure by the Issuer in the performance of its payment obligations under the Debentures on the relevant Due Dates, the Issuer shall be liable to pay further default interest which shall be calculated at 2% (Two Percent) per annum over and above the Coupon Rate computed on the entire obligations, outstanding on the Debentures, for the period commencing from the date of the default and expiring on the date on which the default ceases or has been remedied or waived. The default interest under the terms of this paragraph may be waived by the Majority Debenture Holder(s) in the event the failure by the Issuer in the performance of its payment obligations is for the following technical reasons as set below and does not exceed 2 (Two) Business Days from the date of such failure to pay:</p> <p>(i) The Due Date for such payment falls on a day which is not a Business Day.</p>



	<p>(ii) Payment infrastructure i.e. RTGS transfers, experiencing any downtime</p> <p>(b) Without prejudice to any other rights and remedies available to the Debenture Trustee pursuant to the terms of Transaction Documents, in case of default by the Issuer in the performance of any other covenants, including Financial Covenants as provided for in the Debenture Trust Deed, the Issuer shall be liable to pay default interest which shall be calculated at 2% (Two Percent) per annum over the Coupon Rate computed on the entire obligations, outstanding on the Debentures, for the period commencing from the date of the default and expiring on the date on which the default ceases or has been remedied or waived.</p> <p>(The default interest payable in terms of this paragraph is hereinafter referred to as the “Default Interest”).</p>
Delay Penalty	In case of any delay in execution of the Debenture Trust Deed, the Company will refund the subscription monies with agreed rate of interest or will pay interest of 2% (Two percent) per annum over and above the Coupon Rate till these conditions are complied with at the option of the Debenture Holder.
Tenor	36 (Thirty Six) months from the Deemed Date of Allotment.
Redemption Date/Maturity Date	June 30, 2024 being 36 (Thirty Six) months from the Deemed Date of Allotment.
Redemption Amount	The principal amount of the Debenture on the Principal Payment Date(s) plus accrued Coupon along with the Default Interest (if any), and other such costs, charges and expenses if any, payable on the Due Date(s) under the Transaction Documents.
Redemption Premium/Discount	N.A.
Issue Price	Rs. 10,00,000/- (Rupees Ten Lakhs only) per Debenture.
Discount at which security is issued and the effective yield as a result of such discount	N.A.
Put Option Date	December 31, 2022
Put Option Price	Par
Put Option Notification Time	30 Calendar days
Call Option Date	December 31, 2022
Call Option Price	Par
Call Option Notification Time	30 Calendar days
Face Value	Rs. 10,00,000/- (Rs. Ten Lakhs only) per Debenture
Minimum Application size and in multiples of 1 thereafter	10 Debentures and in multiples of 1 Debenture thereafter
Issue Timing	<p>Issue Opening Date: June 30, 2021;</p> <p>Issue Closing Date: June 30, 2021;</p> <p>Pay-in Date: Jun 30, 2021 and</p> <p>Deemed Date of Allotment: June 30, 2021.</p>



Issuance mode of the Instrument	Demat only
Trading mode of the Instrument	Demat only
Settlement mode of the Instrument	Cheque(s)/ electronic clearing services (ECS)/credit through RTGS system/funds transfer to the specified bank account of the Debenture Holder.
Depositories	NSDL, CDSL
Business Days	Any day of the week (excluding non-working Saturdays, Sundays, and any day on which banks are closed for business in Mumbai) on which banks are open for business in Mumbai, and "Business Days" shall be construed accordingly.
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. 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.
Record Date	The date which will be used for determining the Debenture Holders who shall be entitled to receive the amounts due on any Due Date, which shall be the date falling 15 (Fifteen) calendar days prior to any Due Date.
Security (Including description, type of security, type of charge, likely date of creation of security, minimum security cover, revaluation, replacement of security)	<p>The Issue shall be secured by a charge created by the Issuer in favour of the Debenture Trustee (for the benefit of the Debenture Holders) being an exclusive first ranking charge by way of hypothecation over specific identified receivables, present and future (as set out more particularly in the Deed of Hypothecation), representing amounts due from the various borrowers of the Company at all times to the extent equal to an amount aggregating to the total outstanding in relation to the Issue ("Hypothecated Assets") such that the value of security shall be equal to 1.20 (Two Decimal Point One Zero) times the aggregate amount of principal amount outstanding of the Debentures ("Asset Cover"). The Issuer undertakes:</p> <ul style="list-style-type: none"> (a) to maintain the value of the Asset Cover at all times till the obligations under the Issue are discharged. (b) to create the security over the Hypothecated Assets by executing a duly stamped deed of hypothecation ("Deed of Hypothecation") within 30 (Thirty) calendar days from the date of execution of the Debenture Trust Deed. (c) To perfect the security created over the Hypothecated Assets by filing the relevant Form CHG-9 with the Registrar of Companies immediately and no later than 30 (Thirty) calendar days from the date of execution of the Debenture Trust Deed. (d) Upon the execution of the Deed of Hypothecation, in the event of any fall in the Asset Cover, additional Hypothecated Assets shall be taken in the manner as provided for in the Deed of Hypothecation.
	<ul style="list-style-type: none"> (e) Upon the execution of the Deed of Hypothecation, to provide a list, on a monthly basis, of specific loan receivables / identified book debt to the Debenture Trustee and over Debenture Holders



	over which charge is created and subsisting by way of hypothecation in favour of the Debenture Trustee (for the benefit of the Debenture Holders) and sufficient to maintain the Asset Cover (" Monthly Hypothecated Assets Report ").
Transaction Documents	Transaction Documents" shall mean the documents executed in relation to the issue of the Debentures and shall include the Information Memorandum, the Private Placement Offer cum Application Letter, the Deed of Hypothecation, the Debenture Trustee Agreement, shareholder resolution authorising private placement of debentures under Section 42 of the Companies Act, 2013, board resolution authorising the issuance of Debentures under Section 179 of the Companies Act, 2013, the credit rating letter from the Rating Agency, the consent letter from the Debenture Trustee, this Deed and any other document that may be designated by the Debenture Trustee as a Transaction Document
Conditions Precedent to Deemed Date of Allotment	<ol style="list-style-type: none"> 1. The Issuer shall have obtained all corporate approvals from the Board of Directors authorizing the issue of Debentures as also execution of the necessary documents in that behalf and a certified true copy of the resolution of the shareholders of the Company under section 42 of the Companies Act, 2013 and the execution, delivery and performance by the Company 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. The Issuer shall have issued the governmental and corporate authorizations (including board / committee resolution permitting the issuance of the Debentures and the listing of the Debentures), as applicable. 3. Execution by the Issuer of the Debenture Trustee Agreement and the Debenture Trust Deed, in a form and manner satisfactory to the Debenture Trustee shall have taken place; 4. The Issuer shall have submitted to the Debenture Trustee, the rating letter from the Rating Agency within a minimum credit rating of Aacute AA- (pronounced as "Aacute AA-"); 5. The Issuer shall have obtained the consent letter from the Debenture Trustee; 6. The Issuer shall have submitted to the Debenture Trustee a certified true copy of the constitutional documents of the Company and the Certificate of Incorporation. 7. The Issuer shall have provided a certificate to the Debenture Trustee, (including board resolution permitting issuer for listing of securities), confirming that issuance and allotment of the Debentures would not cause any borrowing, or similar limit binding on the company to be exceeded 8. The Issuer shall provide such other undertaking as may be required by the Debenture Holder(s); and 9. The Issuer shall ensure that all necessary approvals have been obtained for the Issue.
Conditions Subsequent to Deemed Date of Allotment	<ol style="list-style-type: none"> 1. Filing of the relevant documents <i>inter alia</i> Form PAS-3 for return of allotment etc. with the Registrar of Companies within the timelines specified under the rules under the Companies Act, 2013. 2. The Issuer shall make an application to list the Debentures to the Wholesale Debt Market (WDM) segment of the BSE within 15



	<p>(Fifteen) calendar days from the Deemed Date of Allotment and within 20 (Twenty) calendar days from the Deemed Date of Allotment, the Company shall obtain the final listing approval from the Bombay Stock Exchange (BSE).</p> <p>3. Dematerialised credit of the Debentures within 3 (Three) Business Days from the Deemed Date of Allotment.</p> <p>4. Execution of the Deed of Hypothecation in form and manner satisfactory to the Debenture Trustee shall have taken place;</p> <p>5. Filing of the relevant forms with the Registrar of Companies for the perfection of charge over the Hypothecated Assets within and no later 30 (Thirty) calendar days from the date of execution of the Debenture Trust Deed;</p> <p>6. The Issuer shall ensure compliance with SEBI / Companies Act, 2013 (as applicable) for issuance of Debentures.</p>
Events of Default	As mentioned in Clause DTD.
Provisions related to Cross Default Clause	As mentioned in Clause DTD.
Role and Responsibilities of Debenture Trustee	To oversee and monitor the overall transaction for and on behalf of the Debenture Holders.
Covenants	<ul style="list-style-type: none"> Debt/NOF not to be more than 4 times. NOF to be Adjusted for Intangible Assets and Deferred Tax Assets. Capital Adequacy ratio should not be less than 20%. (Gross NPA + Restructuring portfolio + Annualized write off) as a % of AUM should not exceed 15.00 % starting March 31, 2022. Gross NPA should not exceed 5.00 % Net NPA should not exceed 3.00 % starting December 31, 2021. <p>Further, Breach of below covenants shall give right to AU SMALL FINANCE BANK to recall the facility:</p> <p>In case prior permission from the lender is not taken before dilution below 51% in the shareholding of Ambit Private Limited in the Company.</p>
Representation and warranties	As mentioned in DTD.
Illustration of Bond Cashflows	Kindly refer Information Memorandum
Governing Law and Jurisdiction	The Debentures and documentation will be governed by and construed in accordance with the laws of India and the parties submit to the exclusive jurisdiction of the courts in Mumbai, India and as more particularly provided for in the Debenture Trust Deed.

