

Subject to Contract

15.09.2018

Non-Binding Indicative Term Sheet

This letter has been issued at the request of Sark Projects (India) Private Limited (hereinafter referred to as "the Investee", "the Company" or "SPPL"), a company registered in Hyderabad.

Background:

SPPL is in the business of real estate development since 2012 and has delivered more than 5.0 million square feet of residential developments in Telangana. The Company principally focuses on execution of residential villas, plotted development and apartments, largely in and around Hyderabad. The Group has an established track record and is renowned for its execution capabilities. The Group has recently forayed into Affordable Housing segment with the planned launch of "Sark One Heights" and requires the proposed facility for development of villa project ("Garden Villas") and the affordable housing project ("Sark Aaditri Heights One").

The Company has approached Sundaram AMC (via its new AIF Category II fund vehicle, hereinafter referred to as "SAMC" or "the Investor") to fund at a corporate level. This term sheet does not constitute an offer or a proposal and the availability of the credit facility referred to herein are subject to receipt of internal approvals, satisfactory due diligence on the Investee & the Security and the execution of binding agreements related to the Facility as well as security ("Agreements") between the Investor and the Investee, to the satisfaction of the Investor. The broad terms at which SAMC intends to fund the Investee are set out below.

1.	Facility	Unlisted Non-Convertible Debentures ("Facility")
2.	Facility Amount	INR 40,00,00,000 (Rupees Forty Crores Only)
3.	Use of Proceeds	Proposed facility is the general corporate loan to be utilized for the development of ongoing villa project and 1 new affordable housing project in Hyderabad as follows <ul style="list-style-type: none">Up to INR 20 Cr towards general corporate purposeUp to INR 2 Cr towards transaction closure charges (ISRA, fee etc)Up to INR 11 Cr towards CF for Sark Garden Villa ProjectUp to INR 7 Cr towards project expenses of new apartment project
4.	Tenor	3 years (door-to-door) including principal moratorium of 3 quarters
5.	Interest Rate	16.25% per annum, compounded monthly and payable quarterly
6.	Processing Fees	1.5% of the Facility Amount (plus relevant taxes); INR 15 lakhs of the Processing Fees shall be payable by Investee upon signing of term of sheet and remaining upon execution of Definitive Documents
7.	Repayment	9 Quarters of equal installments post the principal moratorium period
8.	Drawdown	The entire facility shall be drawn down as follows <ul style="list-style-type: none">Upfront INR 25 Cr towards general corporate purpose, transaction charges and working capital requirement of Garden villa projectUp to INR 8 Cr to be drawn in tranches on need basis for construction of Garden villa project within 3 quarters from initial drawdown dateUp to INR 7 Cr to be drawn in tranches on need basis for project expenses of new affordable housing project upon approvals of the project
9.	Security Structure	<ul style="list-style-type: none">Exclusive first charge by way of Equitable Mortgage with Registered MODT on the project, to an extent of 2x asset coverExclusive first charge by way of Hypothecation of receivables of the Projects through escrow arrangement

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		<ul style="list-style-type: none"> Personal Guarantee of Promoters Demand Promissory Note, Affirmative step in rights in case of default <p>At all times, security shall provide a cash cover and security cover of at least 2x the value of the Facility outstanding.</p>
10.	<i>Pre-disbursement Conditions</i>	<p>For Tranche 1, The Investee and Obligors (as applicable) shall:</p> <ul style="list-style-type: none"> Confirm and produce all necessary documents to show that Investee's project(s) are RERA compliant, if applicable. Execute all the documents, in form and substance satisfactory to the Investor Ensure completion of Legal (Title) and Commercial Due Diligence (Valuation & Receivables) to the satisfaction of the Investor Creation and registration/perfection of security through the registered mortgage along with submission of original title deeds Hand over the post-dated cheques to the Investor/Trustee Creation of ISRA equivalent to 1 quarter in the form of FD; ISRA for one more quarter to be held in the undrawn limit Comply with any other conditions as may be required by the Investor after Due Diligence <p>For the remaining tranches, the Investee shall comply with the milestones set above in the Drawdown section for respective tranches, to the satisfaction of the Investor.</p>
11.	<i>Post disbursement conditions</i>	<p>The Investee shall do the following within 15 days after 1st disbursement or as specified below:</p> <ul style="list-style-type: none"> Mention in demand notice (to end customers) that cheques will be issued in favor of "Escrow A/c No" Comply with any other conditions as may be mutually agreed by the Parties in the Definitive Agreements
12.	<i>Prepayment Charges</i>	<ul style="list-style-type: none"> Prepayment of the Facility from the project cash flows (sale receipts) shall not attract any prepayment penalty. However, prepayment from promoter contribution up to INR 10 Cr within 12 months of the facility shall be permitted subject to payment of minimum money multiple of 1.2x Apart from the above, prepayment from any other source (permitted after moratorium period) shall attract a penalty of 2% of the amount being prepaid. <p>Any amount of Mandatory Prepayment so made shall be adjusted towards the next installment due from the Investee.</p> <p>The Investee shall submit a CA Certificate certifying source of funds for the prepayment within 7 days of the prepayment.</p>
13.	<i>Transaction Costs</i>	<p>The Investee shall bear the cost of legal due diligence, security valuation, documentation, stamp duty charges and asset monitoring expenses etc.</p>
14.	<i>Other terms and conditions</i>	<p>In addition to the terms and conditions contained in this letter, the Agreement shall contain other rights, terms and conditions, including but not limited to Financial/ Affirmative/ Negative/ Information Covenants, Representations & Warranties, Indemnities, and Events of Default & Remedies as maybe relevant and applicable.</p>
15.	<i>Jurisdiction</i>	<p>The Agreement shall be subject to the exclusive jurisdiction of the Courts at Chennai.</p>

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16. <i>Validity</i>	This offer is valid for a period of 7 days from the date of this term sheet. Once accepted, the term sheet will be valid for 30 days within which the Parties will enter into Definitive Agreements and conclude the transaction. This period may be extended with mutual agreement.
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Nothing contained in this letter shall constitute any obligation or liability on the part of the Investor to make available to the Investee, or any right or entitlement on the part of the Investee to avail from the Investor the credit facility described above till the Binding Agreements are executed. Your signature on the acknowledgement of this letter signifies your acceptance of the terms and the proposal as set out in this Letter.

Thanking You,
Yours Truly,

Authorized Signatory
For Sundaram AMC

SARK PROJECTS INDIA PVT LTD

Authorized Signatory
For Sark Projects (India) Pvt. Ltd.



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