

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	Berar Finance Limited
Debenture Trustee	Catalyst Trusteeship Limited
Series	Series I Berar 2021-2022
Subscriber(s)	Axis Trustee Services Limited acting in its capacity as the trustee of the Northern Arc Income Builder Trust (Series II) with Northern Arc Income Builder Fund (Series II) as its scheme.
Depository	NSDL/CDSL
Registrar and transfer agent	Bigshare Services Pvt Ltd
Rating Agency	ICRA
Structurer and Arranger	Not Applicable
Legal Counsel	Verist Legal
Guarantor(s)	1. Mr. Maroti G. Jawanjar, 2. Mr. Sandeep M. Jawanjar
Credit Enhancer(s)	Not Applicable
Other obligor(s)	Not Applicable
Promoter	1. Mr. Maroti G. Jawanjar, 2. Mr. Sandeep M. Jawanjar
DETAILS OF THE INSTRUMENT	
Type of instrument	Principal protected non-convertible market linked debentures
Nature of instrument	Rated, Unsubordinated, Secured, Transferable, Redeemable, Principal Protected, Non-convertible Market Linked Debentures.
Ranking	Unsubordinated
Security requirements	Debentures shall be secured as per the terms and conditions stipulated under the heading 'Security Creation' hereunder
Listing requirements	Unlisted
Rating	ICRA PP-MLD BBB
ISSUE DETAILS	
Mode of issue	Private Placement
Form of issue	Debentures will be issued in dematerialized form
Issue size	Tranche I : Tranche II :

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	INR. 13,00,00,000/- (Indian Rupees Thirteen Crores only)	INR. 12,00,00,000/- (Indian Rupees Twelve Crores only)
Tenor	Tranche I : 38 (Thirty -Eight)months	Tranche II : 39 (Thirty -Nine)months
Face value	INR 10,00,000/- (Indian Rupees Ten Lakh only)	
Issue Price	Debentures will be issued at par	
Issue Schedule	Issue Opening Date	17 Sep 2021
	Issue Payin Date	17 Sep 2021
	Issue Closing Date	17 Sep 2021
	Deemed Date of Allotment	17 Sep 2021
Objects of the Issue	For onward lending of two- wheeler loans only	
Utilization of Issue proceeds	The Issuer shall use the proceeds of the Issue solely for meeting the Objects of the Issue as stated in the Information Memorandum	
REDEMPTION		
Redemption Amount	Face Value together with Effective Coupon Amount per Debenture. Effective Coupon Amount to be determined as per method of calculation set out in Schedule II.	
Scheduled Redemption	Debentures shall be redeemed on a pro rata basis as set out in Schedule-I (Redemption Schedule) hereto and shall be fully redeemed by the Final Redemption Date.	
Final Redemption Date	Tranche I : 31 st October 2024	Tranche II : 30 th November 2024
Put Option	Any of the Debenture Holders shall have the right but not the obligation to call upon the Issuer to redeem the Debentures held by them prior to the Put Option Date by issuing a notice to the Issuer. The notice shall be issued to the Issuer atleast 30 (Thirty) days prior to the Put Option Date mentioning the number of Debentures which requires to be redeemed. Upon receipt of such notice, the Issuer shall on the Put Option Date redeem such number of Debentures as is mentioned in the notice by making payment of all outstanding principal, coupon/interest and other monies outstanding to the relevant Debentures Holders.	
Put Option Date	September 30, 2023	
Early Redemption	Early redemption shall not be allowed within 24 months from Deemed Date of Allotment (" Lock-in Period ") by Debenture Holders or Issuer. In case of early redemption of the Debentures at the Instance of the Issuer after the Lock-in Period, 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 applicable 'Effective Coupon Amount'.	

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	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 45 (Fifteen) days prior to the date of early redemption where consent of Debenture Holders shall be sought.		
Early Redemption Premium	5.00% (Five percent) on the principal amount prepaid.		
COUPON PAYMENT			
Coupon Type	Linked to BSE SENSEX ("Reference Index")		
Coupon Rate	<table border="1"> <tr> <td>Tranche I: Effective Coupon Amount per Debenture shall be paid by the Company to the Debenture Holders as interest on the Final Redemption Date or the Early Redemption Date i.e. (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. The said 'Effective Coupon Amount' being the interest amount to be paid per Debenture by the Issuer to the Debenture Holders shall be determined in accordance with the method of calculation set out in <i>Schedule-I (Method of calculation of Effective Coupon Amount)</i></td> <td>Tranche II: Effective Coupon Amount per Debenture shall be paid by the Company to the Debenture Holders as interest on the Final Redemption Date or the Early Redemption Date i.e. (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. The said 'Effective Coupon Amount' being the interest amount to be paid per Debenture by the Issuer to the Debenture Holders shall be determined in accordance with the method of calculation set out in <i>Schedule-II (Method of calculation of Effective Coupon Amount)</i></td> </tr> </table>	Tranche I: Effective Coupon Amount per Debenture shall be paid by the Company to the Debenture Holders as interest on the Final Redemption Date or the Early Redemption Date i.e. (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. The said 'Effective Coupon Amount' being the interest amount to be paid per Debenture by the Issuer to the Debenture Holders shall be determined in accordance with the method of calculation set out in <i>Schedule-I (Method of calculation of Effective Coupon Amount)</i>	Tranche II: Effective Coupon Amount per Debenture shall be paid by the Company to the Debenture Holders as interest on the Final Redemption Date or the Early Redemption Date i.e. (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. The said 'Effective Coupon Amount' being the interest amount to be paid per Debenture by the Issuer to the Debenture Holders shall be determined in accordance with the method of calculation set out in <i>Schedule-II (Method of calculation of Effective Coupon Amount)</i>
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Coupon Payment Frequency	Bullet		
Coupon Payment Dates	Coupon payment at the time of redemption		
Step-up Coupon	In the event the Credit Rating of the Debenture issued by the Issuer is downgraded from the current rating of BBB, the Effective Annualised Coupon Rate shall be increased by 0.25% 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.		
Step-Down Clause	In the event the Credit Rating of the Debenture issued by the Issuer is upgraded from the current rating of ICRA BBB, the Effective Annualised Coupon Rate shall be decreased by 0.25% for rating upgrade of two notches, applicable from the date of such upgrade on the outstanding principal amount and accrued interest, if any, of the Debentures.		

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Default Interest	5.00 % (Five point Zero Zero percent) per annum on the amount outstanding until the default is cured.
CONVENTIONS	
Day Count Basis	Not applicable
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
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> <p>(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.</p>
THIRD PARTY OBLIGATIONS	
<u>Nature of Obligation: Personal Guarantee of Promoters</u>	
<u>Documents to be executed: Guarantee Deed</u>	
Guarantor(s)	<ol style="list-style-type: none"> 1. Mr. Maroti G. Jawanjar, 2. Mr. Sandeep M. Jawanjal
Credit Enhancer(s)	Not applicable
Other Obligor(s)	Not applicable
SECURITY CREATION	
Description regarding Security (where applicable) including type of security (movable/immovable/tangible etc.), type of charge (pledge/hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the	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 till the 90th day from the Date of Allotment. On and from 90 days from the Deemed Date of Allotment, the Issuer undertakes to maintain the Security Cover by way of replacement and/or top-up till the time debentures are redeemed in full.

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coupon rate as specified in the Deed of Hypothecation and disclosed in the Offer Document/ Information Memorandum

Security Cover shall be as set out below:

Period (Quarters)	Security Cover at the Start of Quarter
90 Days from the Date of Allotment	1.03
Q4 FY22	1.07
Q1 FY23	1.11
Q2 FY23	1.14
Q3 FY23	1.18
Q4 FY23	1.22
Q1 FY24	1.26
Q2 FY24	1.31
Q3 FY24	1.35
Q4 FY24	1.40
Q1 FY25	1.45
Q2 FY25	1.50
Q3 FY25	1.53

- To create, register and perfect the security over the Hypothecated Receivables as contemplated above no later than 90 (Ninety) 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; The Company shall also provide such information sought by the Debenture Trustee for the purpose of filing the prescribed forms and particulars with the Central Registry and Information Utility in connection with the Debentures and the Security Interest over the Hypothecated Receivables.
- The Issuer shall authorize the Debenture Trustee (by itself or through its nominee) to conduct credit bureau scrub on the Hypothecated Assets from time to time.
- To pay a penal interest of 2.0% (Two Percent) p.a. over the Coupon Rate (if any) in case there is any delay in the creation, registration and perfection of the security over the Hypothecated Receivables;
- To provide a list on a Quarterly 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) ("**Quarterly Hypothecated Asset Report**")
- To replace Hypothecated Receivables that have been overdue for more than 90 days. Such replacement shall be affected within 15 (Fifteen) Business Days of the Hypothecated Receivables becoming overdue.

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	<p><u>Eligibility Criteria for the Hypothecated Receivables:</u></p> <ul style="list-style-type: none"> 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 loans hypothecated to the investor should be new two-wheeler vehicle finance loans. all "Know Your Customer" norms have been complied with as prescribed by the Reserve Bank of India;
Pledge	Not Applicable
Undated Cheques (UDC)	5 (Five) undated and signed cheques of INR 5 crore each
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 as prescribed under the Companies Act, 2013.
Related Party Transactions	Issuer shall not enter into any transaction(s) with a related party without prior written intimation to the Debenture Holders/Debenture Trustee, the Borrower shall not enter into or perform any transaction(s) with a related party. Without prejudice to the foregoing, the Borrower shall not without the prior written consent of the Debenture Holders/Debenture Trustee (i) enter into any transaction(s) whereby the overall outstanding amount owed to the Borrower under all such transactions exceeds 5% (Five percent) of its net worth, (ii) whereby the overall expense incurred through such transactions during any financial year exceeds 5% (Five percent) of its net worth, or (iii) provide any guarantee for any indebtedness of a related party. The Debenture Holders/Debenture Trustee shall be granted access to any additional information that it deems necessary to monitor and evaluate this covenant. For the purposes of this clause, the terms 'net worth' and 'related party' shall respectively have the meaning ascribed to them in sections 2 (57) and 2 (76) of the Companies Act, 2013 (and the Rules framed thereunder).
Affirmative Covenants	<p>(a) To utilise the proceeds of this issue in accordance with applicable laws and regulations</p> <p>(b) To ensure presence of at least 1 independent director on its board at all times</p> <p>(c) To promptly inform notice of winding up / other legal proceedings</p> <p>(d) To promptly inform Material adverse effect</p>

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	<p>(e) To provide the investor with access to data / information / meetings with the management team for periodical portfolio monitoring</p> <p>(f) To comply with corporate governance, fair practices code prescribed by RBI</p> <p>And as set out in greater detail in the Debenture Trust Deed.</p>
<p>Negative Covenants</p>	<p>The issues shall take the prior written permission from the investor / Debenture Trustee for the following:</p> <ul style="list-style-type: none"> (a) Mr. Sandeep Jawanjai ceasing to hold an executive position in the company (b) Change in shareholding, ownership or control; (c) Change in Promoter (d) Any dilution of control over Board composition, other than appointment of independent directors (e) Mergers, acquisitions, investment in associates, JVs and subsidiaries including disposal of any of the above (f) Change in nature of business of the Company (g) Change in constitutional documents (h) Loans exceeding 15% of net worth to any single party and/or guarantees on behalf of third parties (i) Declare dividend on equity shares before payment of coupon due on the NCDs (j) Declare dividend on equity/preference shares before payment of coupon due on the NCDs when an Event of Default is subsisting (k) Change in auditors (l) Material compromise or settlement <p>And as set out in greater detail in the Debenture Trust Deed.</p>
<p>Events of Default</p>	<ul style="list-style-type: none"> (a) Non-payment of any of the dues under this term sheet (b) Default in compliance with financial covenants (c) Default in compliance with non-financial covenants (d) Default or trigger of event of default on any other indebtedness (cross default) (e) Misrepresentation or misleading information in any of the Transaction Documents (f) Insolvency, winding up, liquidation (g) Creditors' processes initiated against the company (h) Repudiation of Transactions Documents (i) Cessation of business (j) The rating of any instrument rated from any of the external rating agency gets downgraded to a rating of B or below (k) Erosion of 50% or more of the Company's net worth as compared to previous financial year <p>And as set out in greater detail in the Debenture Trust Deed</p>
<p>Reporting Covenants</p>	<p>(a) QUARTERLY REPORTS - within 45 (Forty-five) Calendar days after the end of each calendar quarter;</p>

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- (i) Information on financials, operations, portfolio growth & asset quality, repossessed assets, funding/borrower profile in formats acceptable to the Investor
- (ii) List of Board of Directors
- (iii) Shareholding Pattern
- (iv) Financial covenant compliance certificate
- (v) Copy of returns filed with RBI
- (vi) Information on:
 - 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

(b) ANNUAL REPORTS – within 120 days after the end of each fiscal year

- (i) Audited financials
- (ii) A certificate from the Director/CFO confirming that there is no Potential Default or Event of Default;
- (iii) Copy of all annual information submitted to the RBI, and
- (iv) corporate social responsibility report

(c) EVENT BASED REPORTS – within 5 business days of event occurring

- (i) Change in Board of Directors
- (ii) Change in the shareholding structure
- (iii) Change in the Senior Management officials (any CXO, or equivalent)
- (iv) Change in statutory auditors
- (v) Board approval of annual business plan
- (vi) Any fraud amounting to more than 1% of Gross Loan Portfolio
- (vii) Changes in accounting policy
- (viii) Change in credit bureaus used
- (ix) Change in the Constitutional Documents of the Company;
- (x) Material Adverse Effect.

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	<p>(xi) Any dispute, litigation, investigation or other proceeding which could result in a Material Adverse Effect.</p> <p>(xii) Winding up proceedings</p> <p>(xiii) Any Event of Default or Potential Default, and any steps taken / proposed to remedy the same.</p> <p>Any prepayment or notice of any prepayment of any indebtedness of the Issuer</p>
<p>Financial Covenants</p>	<p>The Company shall at all times until the redemption of all outstanding Debentures:</p> <p>(a) 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; Tier 1 Capital and Tier 2 Capital defined as per the norms applicable by the Reserve Bank of India from time to time</p> <p>For the calculation of the Capital Adequacy as mentioned above:</p> <ul style="list-style-type: none"> - the first loss credit enhancement provided by the Company on securitization shall be reduced from Tier I Capital and Tier II Capital [without any ceiling] and the deduction shall be capped at 15% of the outstanding securitized portfolio. - the first loss credit enhancement provided by the Company on Client Loans originated on behalf of other institutions shall be reduced from Tier I Capital and Tier II Capital without any ceiling. - It is also clarified that in computing the amount of subordinated debt eligible for inclusion in Tier II Capital, the aforementioned subordinated debt shall be subject to discounting as prescribed by RBI. <p>(b) maintain a ratio of A:B not greater than 7% upto 31st Dec 2021 and 6% from 1st January 2022 where A is PAR-90 (including repossessed stock & Write Offs) and B is the Gross Loan Portfolio</p> <p>(c) maintain a ratio of A:B not greater than 35% upto 31st Dec 2021 and 30% (Thirty percent) from 1st January 2022 where A is sum of PAR-90 (including repossessed stock & Write Offs) and B is the Tangible Net Worth</p> <p>(d) maintain a ratio of A:B not greater than 6x (Six) where A is Total Financial Indebtedness to Tangible Net Worth</p> <p>(e) maintain a ratio of A:B not greater than 35% where A is Off-Balance Sheet Portfolio and B is Gross Loan Portfolio</p>

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- (f) maintain positive cumulative mismatch of 5% of Total Assets in ALM (structural liquidity statement) from 6 months prior to the redemption date till the redemption date
- (g) Operating self sufficiency Ratio (Operating Income / Operating Costs) > 100%.
- (h) After-tax Quarterly Net Profit to be positive;

where,

"Gross Loan Portfolio" shall include on-balance sheet and off-balance sheet portfolio

"Off Balance Sheet Portfolio" shall mean principal balance of loans securitized, assigned, originated on behalf of other institutions in respect of which the issuer has provided credit enhancements in any form or manner whatsoever

"Tangible Net Worth" shall mean the Net worth of the Company, net of intangible assets and deferred tax assets.

"Adjusted Tangible Net Worth" shall mean Tangible Net worth of the Company, after deduction of credit enhancement provided as first loss protection cash collateral on a non-recourse sale of receivables.

"PAR-90" shall mean the outstanding principal amount of all client loans that have one or more instalments of principal past due for ninety days or more.

"Write-offs" shall mean bad debts removed from balance sheet and deemed as non-collectible.

"Total Financial Indebtedness" means any indebtedness for or in respect of (a) moneys borrowed; (b) any amount raised by acceptance under any credit facility; (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument; (d) any amount payable for redemption of any redeemable preference share which (i) is redeemable at the option of the Borrower; or (ii) according to the terms of its issue, is redeemable prior to the maturity of this Facility; (e) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease; (f) receivables sold or discounted (other than any receivables to the extent they are

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	<p>sold on a non-recourse basis); (g) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; (h) the acquisition cost of any asset or service to the extent payable before or after its acquisition or possession by the party liable where the advance or deferred payment (i) is arranged primarily as a method of raising finance or of financing the acquisition of that asset or service or the construction of that asset or service; or (ii) involves a period of more than six months before or after the date of acquisition or supply; (j) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account); (k) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; (l) any obligation under any call or put option arrangement in respect of any shares or any form of guarantee or indemnity in respect of any call or put option arrangement; and (m) without double counting, the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (k) above</p> <p>And as set out in greater detail in the Debenture Trust Deed</p>
<p>Transaction documents</p>	<p>Debenture Trust Deed, Hypothecation Agreement, Hypothecation Confirmation Letter, Deed(s) of Guarantee, Undertaking(s), 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>

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	<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	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.
Governing Law and Jurisdiction	Indian Law with jurisdiction of the courts and tribunals of Chennai.
Waiver	Delay or omission by investor or debenture trustee in exercising any rights or remedies upon any breach of any covenant, shall not impair any rights, power or remedies available to investor or debenture trustee for any present and continuing or future breaches of any covenants.
Indemnification	The Company will indemnify and hold harmless the Debenture Holder(s) from and against any claim, liability, demand, loss, damage, judgment or other obligation or right of action which may arise as a result of a breach of this Term Sheet by the Company.
Confidentiality	The parties (i.e. investors, Debenture Trustee and all such parties who gets to view this term sheet, for whatever reason) undertake to keep confidential all information with respect to this agreement/sanction and the same shall not be disclosed to any person other than its officers, directors, employees, accountants, attorneys and other advisors, and the information shall be shared only on a "need to know" and "confidential" basis and such disclosure shall be solely for the permitted purpose or if required under applicable law. The parties shall further ensure that all confidential information including unpublished price sensitive information arising out of this agreement or transactions contemplated herein shall be identified and its confidentiality shall be maintained as per the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended or replaced from time to time.
Risk Factors associated with Market Linked Debentures	The securities are created on the basis of complex mathematical models involving multiple derivative exposures which may or may not be hedged and the actual behavior of the securities selected for hedging may significantly differ from the returns predicted by the mathematical models.

This document does not constitute an offer, or an invitation to offer, or a recommendation to enter into any transaction. We advise you this document in our capacity as a potential counterparty to the debt instrument. We do not intend to provide any financial advice or a financial opinion in respect of this proposed transaction or any other transaction with you unless otherwise expressly agreed by each writing. Before entering into any transaction you should take steps to ensure that you understand the transaction and have made an independent assessment of the appropriate use of the transaction in the light of your own objectives and circumstances, including the possible risks and benefits of entering into such transaction. You should not consider seeking advice from your own advisors in making this assessment.



	The principal amount is subject to the credit risk of the Issuer whereby the investor may or may not recover all or part of the funds in case of default by the Issuer.
Transaction Costs	The Issuer shall bear all transaction related costs incurred by the Investor with respect to valuers and auditors / consultants. Such costs include: 1. Trustee fees Stamping and registration in relation to creation of Security and all Definitive Agreements.
Taxes duties cost and expenses	Relevant taxes, duties and levies are to be borne by the Company.

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Schedule 1

Redemption Schedule

Redemption Installments	Tranche	Redemption Date	Amount to be redeemed per Debenture (In INR)
1	I	October 31 st 2024	10,00,000
1	II	November 30 th , 2024	10,00,000

This document was prepared on offer, or in relation to offer, of securities and is not intended to constitute an offer or a recommendation to enter into any transaction. It is intended for the use of the recipient only and is not intended to be relied upon in making any investment decision. It is not intended to constitute an offer or a recommendation to enter into any transaction. It is intended for the use of the recipient only and is not intended to be relied upon in making any investment decision. We are not providing any financial advice or a financial opinion in respect of the proposed transaction or any other transaction with you unless otherwise expressly agreed by your advisor. Before entering into any transaction you should take steps to ensure that you understand the transaction and have made an independent assessment of the merits and risks of the transaction in the light of your own objectives and circumstances, including the possible risks and benefits of entering into such transaction. You should also consider seeking advice from your own adviser in making this assessment.



Schedule-II- Tranche -I

Method of calculation of Effective Coupon Amount

Effective Coupon Amount	$Face\ Value * [(1 + Effective\ Annualized\ Coupon\ Rate)^{(Tenor\ in\ Days/365)} - 1]$								
Effective Annualized Coupon Rate	Based on 'Reference Index Performance', corresponding 'Effective Annualized Coupon Rate' function' will be applicable <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Reference Index Performance</th> <th>'Effective Annualized Coupon Rate' function</th> </tr> </thead> <tbody> <tr> <td><= -75%</td> <td>0%</td> </tr> <tr> <td>> -75% but <= 12.88%</td> <td>Max (14.22% XIRR, Annualized Coupon Rate)</td> </tr> <tr> <td>> 12.88%</td> <td>14.66% XIRR*</td> </tr> </tbody> </table> <p>(*14.52% XIRR is thus a ceiling and translates into a comparable coupon rate of 13.63% per annum when the coupon is paid out on a monthly basis. Please refer 'Scenario Analysis' section of the term sheet for further details)</p>	Reference Index Performance	'Effective Annualized Coupon Rate' function	<= -75%	0%	> -75% but <= 12.88%	Max (14.22% XIRR, Annualized Coupon Rate)	> 12.88%	14.66% XIRR*
Reference Index Performance	'Effective Annualized Coupon Rate' function								
<= -75%	0%								
> -75% but <= 12.88%	Max (14.22% XIRR, Annualized Coupon Rate)								
> 12.88%	14.66% XIRR*								
Annualized Coupon Rate	$[(\frac{Face\ Value + Coupon\ Amount}{Face\ Value})^{(\frac{1}{Tenor\ in\ Days/365})} - 1]$								
Coupon Amount	$Face\ Value * \{ [(1.1437)^{(\frac{Tenor\ in\ Days}{365})} + (Participation\ Ratio * Reference\ Index\ Performance)] - 1 \}$								
Face Value	INR 10,00,000 (Rupees Ten Lakh only) per Debenture								
Tenor In Days	1140 Days from Deemed Date of Allotment** **In the case of an Early Redemption, Tenor in Days will be number of days between the Deemed Date of Allotment and Early Redemption Date								
Participation Ratio	5%								
Reference Index	BSE SENSEX								
Reference Index Performance	$(\frac{Final\ Fixing\ Level}{Initial\ Fixing\ Level}) - 1$								
Initial Fixing Level	Official closing level of the Reference Index as on Initial Fixing Date								
Initial Fixing Date	Deemed Date of Allotment								

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Final Fixing Level	Simple Average of the official closing level of the Reference Index on the Observation Dates.																														
Observation Dates	<p>The Deemed Date of Allotment (DDA) and the subsequent Reference Index futures expiry date in the months of March, June, September & December falling over life of the instrument. The same are expected to be as below***:</p> <table border="1" data-bbox="518 481 1189 1075"> <thead> <tr> <th>Observation Date No.</th> <th>Observation Date</th> </tr> </thead> <tbody> <tr><td>1</td><td>17 September 2021</td></tr> <tr><td>2</td><td>30 September 2021</td></tr> <tr><td>3</td><td>30 December 2021</td></tr> <tr><td>4</td><td>31 March 2022</td></tr> <tr><td>5</td><td>30 June 2022</td></tr> <tr><td>6</td><td>29 September 2022</td></tr> <tr><td>7</td><td>29 December 2022</td></tr> <tr><td>8</td><td>30 March 2023</td></tr> <tr><td>9</td><td>29 June 2023</td></tr> <tr><td>10</td><td>28 September 2023</td></tr> <tr><td>11</td><td>28 December 2023</td></tr> <tr><td>12</td><td>28 March 2024</td></tr> <tr><td>13</td><td>27 June 2024</td></tr> <tr><td>14</td><td>26 September 2024</td></tr> </tbody> </table> <p>In the event the Debentures are to be redeemed on Early Redemption Date, the final Observation Date for calculating the Coupon Amount, if any, will be 15 business days from the date on which the Debenture Trustee receives the Early Redemption Notice.</p> <p><i>***Provided that, if any such date except the DDA is not a scheduled Reference Index futures expiry date, then the Reference Index futures expiry date as notified by the Bombay Stock Exchange for that month will be considered as the observation date.</i></p>	Observation Date No.	Observation Date	1	17 September 2021	2	30 September 2021	3	30 December 2021	4	31 March 2022	5	30 June 2022	6	29 September 2022	7	29 December 2022	8	30 March 2023	9	29 June 2023	10	28 September 2023	11	28 December 2023	12	28 March 2024	13	27 June 2024	14	26 September 2024
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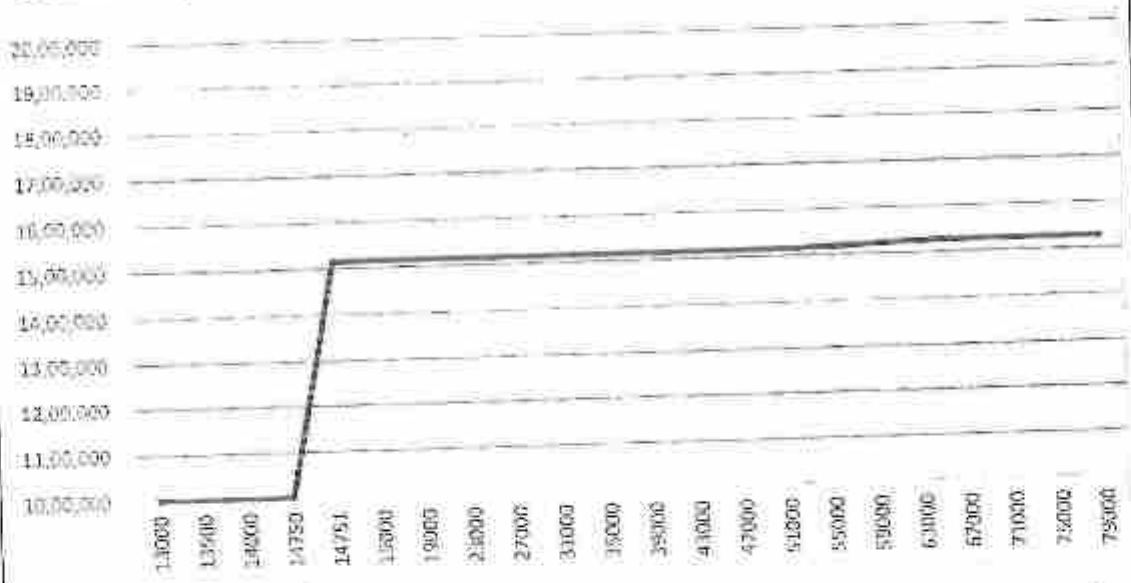
Scenario Analysis					
Scenario Analysis: Tabular Representations					
Falling Scenario					
Initial Level	Final Level	Performance	Ann. Coupon Rate (XIRR)	Comparable Monthly Coupon Rate	Redemption at Face Value plus Coupon Amt.
59000	8850	-85.0%	0.00%	0.00%	10,00,000
59000	14750	-75.0%	0.00%	0.00%	10,00,000
59000	20650	-65.0%	14.22%	13.37%	15,14,765
Stable Scenario					
Initial Level	Final Level	Performance	Ann. Coupon Rate (XIRR)	Comparable Monthly Coupon Rate	Redemption at Face Value plus Coupon Amt.
59000	53100	-10.0%	14.25%	13.40%	15,15,987
59000	59000	0.0%	14.37%	13.50%	15,20,987
59000	64900	10.0%	14.49%	13.61%	15,25,987
59000	70800	20.0%	14.52%	13.63%	15,27,226
Rising Scenario					
Initial Level	Final Level	Performance	Ann. Coupon Rate (XIRR)	Comparable Monthly Coupon Rate	Redemption at Face Value plus Coupon Amt.
59000	85550	45.0%	14.52%	13.63%	15,27,226
59000	91450	55.0%	14.52%	13.63%	15,27,226
59000	97350	65.0%	14.52%	13.63%	15,27,226

Note: This scenario analysis is being provided for illustrative purposes only. It does not represent all possible outcomes.

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Scenario Analysis: Graphical Representation of Effective Coupon Amount vs Final SENSEX Levels



Note: This scenario analysis assumes Initial SENSEX Level as 59,000 and is being provided for illustrative purposes only. It does not represent all possible outcomes.

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Schedule-II

Method of calculation of Effective Coupon Amount

Effective Coupon Amount	$Face\ Value * [(1 + Effective\ Annualized\ Coupon\ Rate)^{(Tenor\ in\ Days/365)} - 1]$								
Effective Annualized Coupon Rate	Based on 'Reference Index Performance', corresponding 'Effective Annualized Coupon Rate' function will be applicable <table border="1" data-bbox="582 548 1348 795"> <thead> <tr> <th>Reference Index Performance</th> <th>Effective Annualized Coupon Rate function</th> </tr> </thead> <tbody> <tr> <td><= -75%</td> <td>0%</td> </tr> <tr> <td>> -75% but <= 13.22%</td> <td>Max (14.22% XIRR, Annualized Coupon Rate)</td> </tr> <tr> <td>> 13.22%</td> <td>14.56% XIRR*</td> </tr> </tbody> </table> <p>(*14.52% XIRR is thus a ceiling and translates into a comparable coupon rate of 13.63% per annum when the coupon is paid out on a monthly basis. Please refer 'Scenario Analysis' section of the term sheet for further details)</p>	Reference Index Performance	Effective Annualized Coupon Rate function	<= -75%	0%	> -75% but <= 13.22%	Max (14.22% XIRR, Annualized Coupon Rate)	> 13.22%	14.56% XIRR*
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Coupon Amount	$Face\ Value * \{[(1.1437)^{\frac{Tenor\ in\ Days}{365}} + (Participation\ Ratio * Reference\ Index\ Performance)] - 1\}$								
Face Value	INR 10,00,000 (Rupees Ten Lakh only) per Debenture								
Tenor In Days	1170 Days from Deemed Date of Allotment** **In the case of an Early Redemption, Tenor in Days will be number of days between the Deemed Date of Allotment and Early Redemption Date								
Participation Ratio	5%								
Reference Index	BSE SENSEX								
Reference Index Performance	$(\frac{Final\ Fixing\ Level}{Initial\ Fixing\ Level}) - 1$								
Initial Fixing Level	Official closing level of the Reference Index as on Initial Fixing Date								
Initial Fixing Date	Deemed Date of Allotment								

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Final Fixing Level	Simple Average of the official closing level of the Reference Index on the Observation Dates.																														
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Scenario Analysis

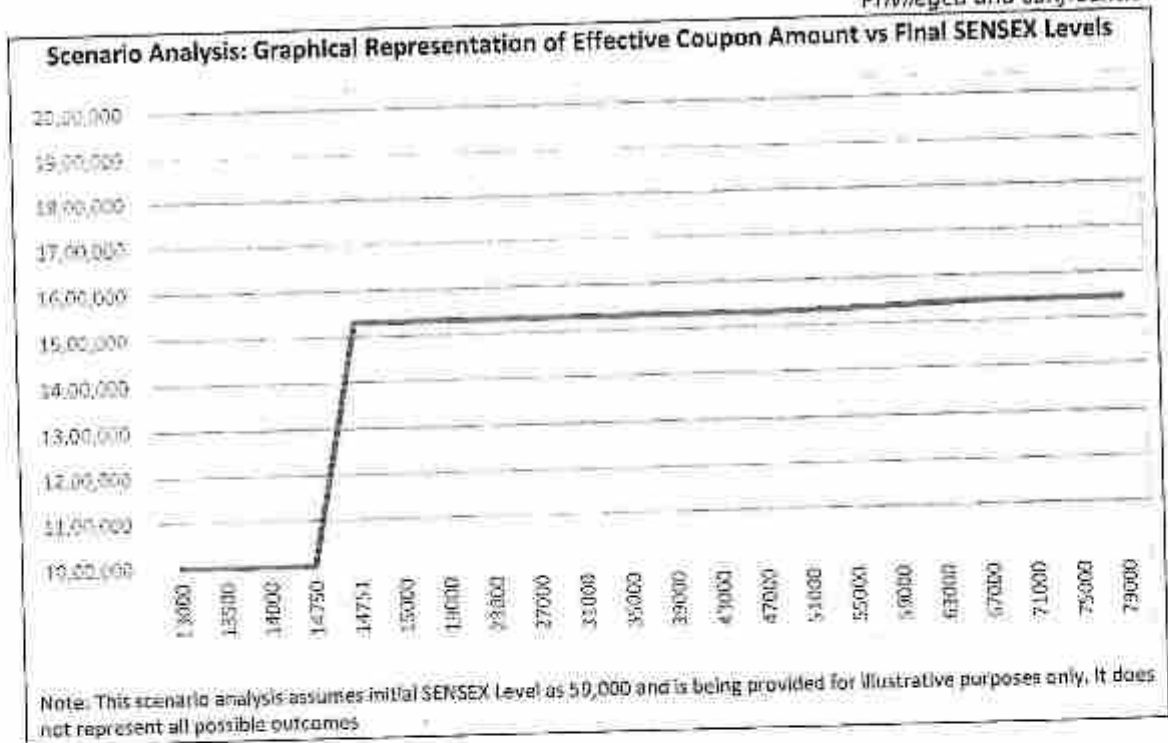
Scenario Analysis: Tabular Representations

Falling Scenario					
Initial Level	Final Level	Performance	Ann. Coupon Rate (XIRR)	Comparable Monthly Coupon Rate	Redemption at Face Value plus Coupon Amt.
59000	8850	-85.0%	0.00%	0.00%	10,00,000
59000	14750	-75.0%	0.00%	0.00%	10,00,000
59000	20650	-65.0%	14.22%	13.37%	15,31,409
Stable Scenario					
Initial Level	Final Level	Performance	Ann. Coupon Rate (XIRR)	Comparable Monthly Coupon Rate	Redemption at Face Value plus Coupon Amt.
55000	49500	-10.0%	14.26%	13.40%	15,32,865
55000	55000	0.0%	14.37%	13.50%	15,37,865
55000	60500	10.0%	14.48%	13.60%	15,42,865
55000	66000	20.0%	14.52%	13.63%	15,44,340
Rising Scenario					
Initial Level	Final Level	Performance	Ann. Coupon Rate (XIRR)	Comparable Monthly Coupon Rate	Redemption at Face Value plus Coupon Amt.
59000	85550	45.0%	14.52%	13.63%	15,44,340
59000	91450	55.0%	14.52%	13.63%	15,44,340
59000	97350	65.0%	14.52%	13.63%	15,44,340

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This indicative term sheet is not a commitment or agreement to lend or provide financing to BERAR. Please note that it only summarizes some of the terms and conditions which may be reflected in final documentation and that nothing herein obligates the Subscriber or its affiliates to provide, arrange or syndicate any credit or other financing in favour of the Issuer or its affiliates. Pricing in the term sheet is based on the credit markets as of today, and on the current evaluation we have of your institution. The final offer will be subject to the necessary internal approvals, including credit approvals, and market conditions at the time of disbursement. As a result of these, actual terms at the time of closing may differ from those indicated herein.

This indicative term sheet is for the confidential use of BERAR only and is not to be reproduced, used for any other purpose, nor disseminated to any other parties without the prior written consent of the Fund Manager. Should you wish to proceed, please kindly confirm to allow us to start cooperating with you on related documentation to best meet your funding needs.

We look forward to collaborating with you

Yours sincerely,

Ravi Vukkadala
CEO, Northern Arc Investments

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COMMITMENT TO PURSUE ISSUANCE OF MLDs TO Northern Arc Income Builder Fund (Series II)

Berar Finance Limited (Berar acknowledges the receipt of the Indicative Term Sheet sent by Northern Arc Investments and agrees to pursue, in good faith, the MLD issuance for subscription in the name of Northern Arc Income Builder Fund (Series II).

Signed: _____

Title: _____

Date: _____



Schedule-III

ESG Declaration

The Issuer shall not permit any of the Debenture proceeds to be used to fund any activity listed below:

1. Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES,
2. Production or trade in weapons and munitions,
3. Production or trade in alcoholic beverages (excluding beer and wine),
4. Production or trade in tobacco,
5. Gambling, casinos and equivalent enterprises,
6. Production or trade in radioactive materials (this does not apply to the purchase of medical equipment, quality control (measurement) equipment),
7. Production or trade in unbonded asbestos fibers (this does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%),
8. Drift net fishing in the marine environment using nets in excess of 2.5 km. in length,
9. Production or activities involving harmful or exploitative forms of forced labor,
10. Harmful child labor,
11. Production, trade, storage, or transport of significant volumes of hazardous chemicals; or commercial scale usage of hazardous chemicals (hazardous chemicals include gasoline, kerosene, and other petroleum products),
12. Production or activities that impinge on the lands owned, or claimed under adjudication, by indigenous peoples, without full documented consent of such peoples.

This document does not constitute an offer, or an invitation to offer, or a recommendation to invest in any transaction. We limit and you shall limit our liability to our capacity as a financial intermediary acting at arm's length. We are not acting as your financial advisor or in a fiduciary capacity in respect of the proposed transaction or any other transaction with you unless otherwise expressly agreed by us in writing. Before entering into any transaction you should take steps to ensure that you understand the transaction and have made an independent assessment of its appropriateness in the light of your own objectives and circumstances, including the possible risks and benefits of entering into such transaction. You should also consider seeking advice from your own advisors in making this assessment.

