

Binding Term Sheet

1. **Recitals:** Sunworld Developers Pvt. Ltd., a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at 117, Hans Bhawan, 1 Bahadur Shah Zafar Marg, New Delhi-110002 ("Company"), is developing a residential project branded as "Sunworld Vanalika" on land admeasuring 30,000 square meters ("Project") in GH-01/B, Sector 107, NOIDA, Uttar Pradesh. Details of the Project are set out in Annexure I of this Term Sheet. Details of Project sales, costs incurred and amount due to NOIDA Authority have been provided in Annexures II, III and IV respectively.

The Company has approached IDFC SCORE Fund, a SEBI registered Category II alternate investment fund ("Fund") to receive financial assistance from the Fund of INR 110 crores. Accordingly, the Fund is considering making an investment in the Company through subscribing to secured redeemable listed non-convertible debentures of the Company, as per the binding terms and conditions outlined herein. The Company and the Fund are hereinafter collectively referred to as the "Parties" and individually referred to as "Party".

There shall be Company, Project and Security Package level due diligence that the Fund would undertake. Further depending on nature of security and guarantees provided, certain other due diligences may also be required.

2. **Facility:** The Fund shall make an investment into the Company by subscribing to secured, redeemable, unlisted non-convertible debentures ("Debentures"), for an aggregate value of Rs.1,100,000,000 (Rupees One Hundred and Ten Crores Only) ("Investment Amount") on a private placement basis in accordance with the provisions of the Companies Act, 2013 and the rules framed thereunder. Upon signing of the definitive documents amongst the Company and the Fund ("Transaction Documents") and upon completion of the Conditions Precedent (as defined in clause 14), the Investment Amount shall be paid by the Fund to the Company and the Debentures shall be issued by the Company to the Fund ("Allotment Date").
3. **Purpose:** The investment Amount is proposed to be utilized as follows:
- Up to INR 70 Cr - Towards land payments to NOIDA
 - INR 15 Cr - Towards Project Construction Expenses
 - One quarter's interest as DSRA (defined in clause 12)
 - Balance towards General Corporate Purpose
4. **Disbursement Tranches:** The investment Amount would be disbursed in 2 (two) tranches subject to compliance of Conditions Precedent to Tranche I & Tranche II (defined in clause 14). Amount and purpose of each of the tranches would be as below -
- Tranche I (Up to INR 85 Cr)- For NOIDA payments, DSRA creation and INR 10 Cr for construction expenses
 - Tranche II (Balance Amount)- For DSRA, balance construction expenses and general corporate purposes
5. **Tenor:** The tenor of the Debentures shall be 36 months from the Allotment Date.

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6. **Upfront Interest:** Company is required pay 1.5% of the Investment Amount exclusive of taxes, if any ("Upfront Interest"). The Upfront Interest shall be payable in 2 tranches - First tranche of INR 15 Lakhs shall be payable immediately on signing of this Term Sheet. The same will be refundable to the Company in case the transaction is not concluded by the Fund for any reason. Second tranche of balance Upfront Interest shall be deducted from the Investment Amount by the Fund on the Allotment Date.
7. **Interest:** Interest on the Investment Amount will be payable quarterly at an applicable interest rate of 17.5% p.a. ("Interest Payments").
8. **Repayment:** The Debentures will be redeemed in 6 (Six) equal quarterly installments ("Principal Payments") starting from the 7th quarter from the Allotment Date.
9. **Security Package:** The Company shall secure the Debentures by creation of the following security in favor of the Debenture Trustee ("Security Package"):
 - i) Mortgage of the Project land (subject to NOIDA's charge), structures (present and future), units, development rights of the Project
 - ii) All rights of the Company under the lease deed with NOIDA Authority dated March 31, 2010 and under any other related documents
 - iii) Hypothecation of all moveable fixed assets and the current assets of the Company including receivables from sold and unsold inventory in the Project
 - iv) Pledge of 100% shares of the Company
 - v) Corporate Guarantee of M/s. Smartest Corporate Services Pvt. Ltd. and M/s. Taurus Financial Services Pvt. Ltd. ("Corporate Guarantors") subject to provisions of the Companies Act, 2013
 - vi) Personal Guarantees of Mr. Yogendra Kumar Gupta, Mr. Sanjiv Gupta, Mr. Srav Gupta, Mr. Dinesh Goyal and Mr. Dharamveer Singh ("Personal Guarantors").
10. **Debenture Trustee:** The Company shall appoint a Debenture Trustee in accordance with the provisions of the Companies Act, 2013.
11. **Escrow Account and Mechanism:** All collections pertaining to the Project to be deposited in a designated account to be opened with IDFC Bank Ltd. ("Escrow Account"). Fund will have exclusive and sole signing rights in respect to the Escrow Account.

All monies deposited in the Escrow Account, except the taxes and government dues pertaining to the sale of units in the Project, shall be subject to the following waterfall mechanism. All amounts deposited in the Escrow Account shall be utilized in the following order of priority -

- i. Replenishment of DSRA, if utilized
- ii. Payment of Default Interest (defined in clause 22), if any
- iii. Interest Payments

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- iv. Principal Payments (monies shall be retained in the Escrow Account for Principal Payments starting 18th month from Tranche I disbursement)
- v. Any surplus available after meeting i. to iv, above will be split between the Fund and the Company in the ratio of 85:15. Such ratio will be reviewed after 12 months and may be revised with the consent of the Fund

Amounts retained by the Fund to be mandatorily utilized towards accelerated payment of the Debentures ("Mandatory Prepayment"). Minimum Mandatory Prepayment that can be made at any time will be INR 2 Cr, in multiples of INR 1 Cr.

- 12. **Debt Service Reserve Amount:** Amount equivalent to one quarter's interest on the Debentures to be retained in the Escrow Account towards creation of Debt Service Reserve Amount ("DSRA"). Pro-rata DSRA to be created from each disbursement tranche. DSRA may be maintained in the form of fixed deposit and lien marked in favor of the Fund.
- 13. **Lock-In:** Lock-in period shall be 24 months during which no part of the Debentures can be redeemed from any source other than Mandatory Prepayment. Debentures can be redeemed in full after expiry of the lock-in period subject to payment of 2% penalty ("Prepayment Penalty").
- 14. **Conditions Precedent:** The conditions precedent for the subscription of the Debentures shall be as follows ("Conditions Precedent"), to the satisfaction of the Fund:
 - a) **Tranche I –**
 - i. Obtaining no-dues certificate from Oriental Bank of Commerce and form filing for satisfaction of charge for its loan in the Company;
 - ii. Confirmation from NOIDA Authority on outstanding premium, interest and penal interest in relation to the Project and schedule for balance payment
 - iii. Letter from NOIDA Authority that on payment of all outstanding dues (amounting to INR 70 Cr), it will provide Permission to Mortgage (PTM) to create first charge in favour of the Fund
 - iv. Creation and perfection of security in clause 9
 - v. Opening of Escrow Account;
 - vi. Submission of undated cheques by the Company, for Interest Payments and Principal Payments
 - vii. Finalization of Business Plan (as defined in clause 18) and
 - viii. Satisfactory completion of financial, title, technical and environmental due diligence on the Project, Company and Security Package
 - b) **Tranche II –**
 - i. Permission to Mortgage (PTM) from NOIDA Authority for creation of charge on the Project;
 - ii. No Dues letter from NOIDA for the entire payment
 - iii. Receipt of Occupancy Certificate for Towers 1 to 6 and the commercial area

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15. **Conditions Subsequent:** The conditions subsequent to subscription of Debentures shall be as follows ("Conditions Subsequent"), to the satisfaction of the Fund:

- i) Fulfillment of Clause 14(b)(i & ii) within 30 days of Tranche I disbursement
- ii) Fulfillment of Clause 14(b)(iii) within 90 days of Tranche I Disbursement
- iii) Completion of the Project within 150 days of Tranche I Disbursement. Completion of the Project would include completion of all units, project amenities, landscaping and all services with the exception of minor internal finishes of the unsold units prior to hand-over. Occupancy Certificate for the balance 6 towers within 270 days of Tranche I Disbursement

16. **Other Conditions:** The conditions to be satisfied by the Company at all times during the Tenor shall be as follows:

- i) Company is required to deposit 100% of the cash flows from the sale units in the Project in the Escrow account. Failure to comply with this condition shall be treated as an Event of Default (and the Company shall be liable to pay Default interest for the period of non-compliance. The government dues including indirect taxes applicable on sale of units shall be released from the Escrow account.
- ii) All income taxes pertaining to the sale of Secured Units to be paid by the Company/promoter from sources other than Project cash flows
- iii) Company to include details of Escrow Account in demand notices sent to all customers including existing unit owners in the Project requiring them to deposit all proceeds in respect of the purchased units in the Escrow Account.
- iv) When the Company proposes to sell any unit in the Project, it must request the Fund through the Debenture Trustee (acting on the approved instructions of the Fund) to issue a no-objection certificate prior to the sale of any unit. The Fund would cause the Debenture Trustee to issue the no-objection certificate within a period of 2 working days from the request for such a no-objection certificate
- v) Company to provide monthly sales MIS and cost MIS in a format to be agreed between the Company and the Fund.
- vi) Key project milestones to be achieved as per the Business Plan.

The above lists of conditions in clauses 14, 15 and 16 of this Term Sheet are only indicative in nature and the Transaction Documents shall incorporate, in the respective lists, other conditions that are customary or are deemed necessary by the Fund to be included pursuant to the due diligence findings.

17. **Unsecured Loans:** The Company shall not repay any unsecured loans/equity availed by it from the Promoters or any other third parties till the Fund's investment is fully repaid. No interest shall be paid on unsecured loans, if any, availed by the Company from the Project cash flows.

18. **Business Plan:** In the Transaction Documents, the Company and the Fund shall agree to a comprehensive business plan for the Project, covering amongst others key business milestones to be achieved in the form of pricing, sales velocity, collection schedule,

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construction progress and approvals of the Project. This Business Plan shall be updated on a half yearly basis and any changes to the Business Plan shall need to be agreed to in writing by the Fund.

19. **Shortfall:** In case of shortfall in Project cash-flows to service the Debentures or to complete the construction and hand-over of units, the Company shall bring in additional equity/ unsecured subordinate interest free loans to meet the shortfall. Non-compliance of the above shall be considered as an Event of Default.
20. **Revenue Guarantees:** The Company guarantees that all pre sales/ bookings of the Secured Units, commencing from the Allotment Date shall be permitted only at a minimum all inclusive selling price ("Minimum Selling Price") of INR 5,500 per sq. ft. of saleable area. The Minimum Selling Price excludes any government dues including indirect taxes, any charges of a pass through nature collected from customers and any subvention related costs.
21. **Release of Security Package:** The Security Package shall be released on full redemption of Debentures and Default Interest, if any and the Fund having issued a no-dues certificate in relation to the above.
22. **Default Interest:** Default interest shall be charged at the rate of 2% per month on the outstanding principal amount.
23. **Cross Default:** Any material breach or willful default of any loan agreement or shareholders agreement of the Company, if prejudicial to its interest in the Fund's view, shall tantamount to an Event of Default.
24. **Expenses for Due Diligence, Transaction Documentation, etc.:** All expenses including but not limited to valuations, technical diligence including diligence on regulatory approvals, title search, legal, accounting and taxation, transaction structuring, drafting and negotiation of the Transaction Documents, listing related costs, opening and operation of the Escrow Account during the Tenor and appointment of Security Trustee shall be borne by the Company.
25. **Taxes:** All rates of interest and other charges to be paid by the Company as mentioned herein are exclusive of service tax and/ or any such other levies/ duties or any other charges or burden of interest imposed or levied by any Government authorities. Such service tax, other levies/ duties or any other charges or burden of interest, if any, imposed or levied by the Government authorities (excluding income tax), shall be payable by the Company to the Fund over and above the payments to the Fund as contemplated in this Term Sheet.
26. **Events of Defaults and the Fund's Right:** Breach of any condition in the Transaction Documents, including but not limited to delay in making the Interest Payments and Principal Payments, shall be treated as an Event of Default ("EOD"). In case of an EOD, Fund shall have customary rights available to it for similar transaction which will be detailed in the Transaction Documents.

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27. **Confidentiality:** The Company and the Fund agree that the information pertaining to the transaction contemplated herein and/or any information shared between the Parties with regards to each other is confidential ("Confidential Information"). Any disclosures to third parties of the Confidential Information, save and except disclosure required pursuant to applicable law, shall require prior written consent of the other Parties. In case disclosure of any Confidential Information is required pursuant to applicable law, the Company shall promptly notify the Fund in writing so that the Fund may, together with the Company, agree on the contents of the disclosure to be made.

28. **Representation and Warranties:** Each Party represents and warrants that it has relevant authorizations for execution, delivery and performance of the transactions contemplated in this Term Sheet and that the provisions of this Term Sheet constitutes valid and binding obligations on each of the Parties.

29. **Governing Law and Dispute Resolution:** This Term Sheet shall be governed in accordance with the Indian law.

All disputes, differences and / or claims arising out of this Term Sheet or in any way touching or concerning or relating hereto, or as to constructions, interpretation thereof or otherwise in relation hereto, or as to the right and liabilities or any term, condition or provision herein mentioned ("Dispute"), shall be settled amicably between the Parties. However, if a Party gives the other Party a notice that a Dispute has arisen ("Dispute Notice") and the Parties are unable to settle the Dispute amicably within 30 (thirty) days of service of the Dispute Notice then the Dispute shall be referred to and finally be resolved by arbitration under and in accordance with the provisions of the Arbitration and Conciliation Act, 1996 or any statutory modification or re-enactment thereof for the time being in force.

The arbitration shall be conducted by a panel of 3 (three) arbitrators where each Party shall appoint one arbitrator within 30 (thirty) days of referral of the Dispute to the arbitration and the two arbitrators so appointed shall jointly appoint a third arbitrator within 15 (fifteen) days of their appointment. The seat of arbitration shall be Delhi.

The award of the arbitrator panel shall be final, conclusive and binding upon the Parties.

The arbitration proceedings shall be conducted in the English language, and the venue of the arbitration shall be Delhi.

30. **Compliance with Law:** Company and the Fund undertake they are in compliance with all necessary laws and not barred by any contractual or legal obligations to sign this Term Sheet.

31. **Binding Term Sheet:** Once executed, this Term Sheet shall constitute a binding agreement between the Parties. The Parties shall negotiate in good faith to conclude and execute

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Transaction Documents of the agreements reflected in this Term Sheet within 60 days of signing of this Term Sheet.

For Sunworld Developers Private Limited

Signed:

Name: Yogendra Kumar Gupta

Designation: Director

Date:

For IDFC SCORE Fund
(acting through its Investment Manager,
IDFC Alternatives Limited)

For IDFC Alternatives Limited

Signed:



Name: Ritesh Vora **Authorised Signatories**

Designation: Partner, Real Estate

Date: July 04, 2016
