

16th December 2022

Mr. Ashish Kohli,
 Chief Executive Officer,
 Monedo Financial Services Private Limited,
 3rd Floor, Part A, Corporate Centre, Andheri Kurla Road, Andheri East
 Mumbai,
Maharashtra – 400059

Sanction Letter for INR 4.00 Crore (Rupees Four Crore Only) Credit Facility

Dear Mr. Ashish Kohli,

In reference to your application and subsequent discussions, **UC Inclusive Credit Private Limited** (“**Lender/UCIC**”) is pleased to share the sanction letter. Terms and conditions governing the sanction are mentioned below:

Borrower	MONEDO FINANCIAL SERVICES PRIVATE LIMITED CIN: U65100MH2017PTC294521 RBI License No: N-13.02277
Registered Office Address	3 rd Floor, Part A, Corporate Centre, Andheri Kurla Road, Andheri East, Mumbai, Maharashtra- 400059
Legal entity of the borrower	Private Limited Company
Nature of business	Registered NBFC-ND-NSI (i.e., NBFC Non-Deposit taking Non-Systemically Important. It is into the business of Point Of Sale (POS) loans (consumer durables, travel, education), health insurance funding and loans for purchasing Electric Vehicles .
Facility Amount	INR 4,00,00,000/- (Indian Rupees Four Crore Only)
Nature of facility	Secured debt in the form of term loan
Purpose / End use of facility	For onward lending to individual borrowers
Disbursal Tranches	Loan to be disbursed in a single tranche
Tenure	12 (Twelve) equated monthly instalments (EMIs)
Principal Moratorium	NA
Rate of Interest (ROI)	16.75% (Sixteen point seven five per cent) per annum (excluding applicable taxes, duties etc.)
Payment of interest	The interest shall be payable, on 8 th of every month commencing from the month subsequent to disbursement of tranche amount
Payment of Principal	The principal shall be payable on 8 th of every month commencing from the month subsequent to disbursement
Processing charges	Non-refundable processing fee of 1.00% (One Point Zero Per Cent) of the sanction amount, i.e., INR 4,00,000/- (Indian Rupees Four Lakhs Only) and documentation charges of INR 5,000/- (Indian Rupees Five Thousand only). All processing charges are excluding applicable taxes, duties etc. which shall be paid prior to the disbursement.

Personal Guarantee	Personal Guarantee of Mr. Ashish Kohli
Corporate Guarantee	NA
Cash Collateral	Nil
Wholly owned subsidiary	Monedo Housing Finance Pvt Ltd. (MHFPL)
Security	Hypothecation of book debts created out of proceeds of the Facility Amount, by way of first and exclusive charge to the extent of 110% (One hundred ten per cent) of the facility amount. Security Cover shall be met only with assets that do not have any principal, interest, additional interest, fee, or any other expected payments overdue.
Sanction validity	30 (Thirty) days from the date of issuance of this Sanction Letter or such other date as mutually decided by and acceptable to the Parties
Other charges/ costs	All charges/ costs with respect to Facility Documents in connection with the disbursement of the Facility Amount shall be borne by the Borrower, i.e., payment of stamp duty, any applicable taxes and/ or any other out of pocket expenses (including travel) borne by UCIC in connection with disbursement of the Facility Amount
Prepayment	Prepayment of whole of the Facility Amount will be allowed only after six months from the date of first disbursement
Prepayment Penalty	Any prepayment will attract penalty of 2% (Two per cent) of the amount prepaid and the receipts will be first adjusted towards any fees, penalties, overdues, or interest due on that date.
Default Interest/ Penalty in case any covenants are breached	On failure to pay any amount payable under this Sanction Letter and/or the Facility Agreement on the Due Date, a default interest of four percent (4%) per annum (exclusive of applicable taxes) on the Unpaid Sum, over and above the ROI, shall be payable by the Borrower from the date of default till the date of cure of such default. In the event of commitment of any breach of its obligations contained in the Negative Covenants and Events of Default mentioned in the Sanction letter and Facility Agreement a default interest of four percent (4%) per annum (exclusive of applicable taxes) on the entire outstanding facility amount over and above the ROI, shall be payable by the Borrower from the date of default till the date of cure of such default. All charges shall be net of any form of applicable statutory charges and taxes that shall be levied herein
Security Cheques	A total of 4 security Cheques shall be provided– 3 (three) Post-dated Cheques (PDCs) for the first 3 (three) EMIs and 1 (One) Post-dated cheque (PDC) for the entire Facility Amount. In case of transfer of dues directly to UCIC's bank account, the respective PDCs shall be returned.
Representations and Warranties	The Borrower represents and warrants the following: <ul style="list-style-type: none"> ➤ Completeness and accuracy of financial statements and all other information furnished to the Lender; ➤ Full disclosure to the Lender and no misleading information being furnished to the Lender;

	<ul style="list-style-type: none"> ➤ Compliance of all regulatory conditions and statutory payments by the Borrower; ➤ No defaults to any other lender; ➤ No material violation of law or material agreements by any of the parties related to the transaction; ➤ Compliance with laws and regulations and affirming that there is no conflict with any other obligation except as disclosed by the Borrower in writing; ➤ Compliance with taxation laws in all material respects, except as disclosed by the Borrower in writing; and ➤ Any and all other representations that are customary to transactions of such nature as contemplated herein and as mentioned in the Facility Documents.
Other conditions	<ul style="list-style-type: none"> ➤ All other conditions mentioned in Annexure I, II and III; ➤ This Sanction Letter shall form an integral part of the Facility Documents and any other documents executed between the parties in connection with the disbursement of the Facility; ➤ Assets of the Company to be adequately insured

Please sign and return this letter as a token of your acceptance of various charges, terms and conditions mentioned above and in the Annexures to the letter. The disbursement is subject to completion of legal documentation, compliance of pre-disbursement conditions and other internal approvals of the Lender. For further particulars, you may contact us on compliance@ucinclusive.com.

We look forward to a long-lasting relationship with you.

Thanking you,

Yours sincerely

For UC Inclusive Credit Private Limited

Acceptance:

For Monedo Financial Services Private Limited

I/We hereby accept all the terms and conditions mentioned above and overleaf.

.....
 Authorized Signatory

.....
 (Sign and seal)
 Authorized Signatory

ANNEXURE I

General Conditions	
1.	All documentation charges (including Stamp duty), legal charges shall be borne & paid by the Borrower.
2.	If there is any interest tax levied by the Govt. of India or any other authority under the Interest Tax Act, 1974 or under any other law, customer shall reimburse to UCIC any such tax imposed by the Govt. of India or any other authority on Interest and / or other payment required to be paid by the customer to UCIC. All rates of interest mentioned herein are exclusive of interest tax and /or any such other levies/duties.
3.	UCIC reserves the right to alter/ cancel and/ or modify the credit limit / loan/ Facility Amount sanctioned/rate of interest as it may deem fit absolutely at its discretion with prior written notice by assigning reason therefor. If the Borrower is not agreeable to the proposed modification of terms and conditions, it has the right to prepay all the outstanding dues, without any prepayment premium, within 30 days from date of issuance of letter of such modified terms and conditions by Lender.
4.	UCIC will always have the right to examine the Borrower's book of accounts and to have the Borrower's branches inspected, from time to time, by officer(s) of UCIC and/ or qualified auditors and/ or technical experts and/ or management consultants of UCIC's choice by giving at least 5 business days prior written notice to the Borrower. Cost of such inspection shall be borne by the Lender. In case of event of default, Lender can carry out such inspection without any prior notice and costs of such inspection shall be borne by the Borrower
5.	UCIC reserves the right to stop disbursement, without assigning any reason, at its sole discretion.
6.	The rate of interest stipulated shall be fixed during the tenure.
7.	The Borrower shall pay the interest, EMI, Pre-EMI (Gap Interest) as applicable and any other dues into the specified bank account of UCIC.
8.	If UCIC in its sole and absolute discretion considers that the Facility Amount should be revoked for events of default stipulated herein by the Borrower, UCIC may do so.
9.	The Borrower shall indemnify and hold harmless UCIC against any loss, costs, charges, damages and expenses or other liability (including any reasonable legal fees incurred).
10.	No part of this Sanction Letter may be circulated, quoted, or reproduced or shared (other than in normal course of business) with any other person or entity without prior written approval from UCIC.
11.	Unless specified otherwise, all covenants can be tested at any time during the currency of the Facility.
12.	<p>The loan shall not be utilized for:</p> <ul style="list-style-type: none"> a) Capital market investments such as subscription of shares and other such securities and purchase of debentures, preference shares etc b) Repayment of due of group companies c) Extend loans to group companies, other NBFCs or make inter corporate deposits d) Adjustment/ repayment of any debt, deemed bad/ doubtful of recovery e) Any speculative purpose

ANNEXURE II

Condition Precedent to disbursement	<ul style="list-style-type: none"> ➤ Regulatory and Corporate approvals usual and necessary for the transaction; ➤ Execution of all Facility documentation, in form and substance satisfactory to the Lender(s); ➤ Payment of processing fees/ charges; ➤ Written credit opinion to be furnished from the existing lender (s); ➤ Submission of NOC from any existing stakeholder of Borrower, as required under existing documents entered into by Borrower, to facilitate disbursement ➤ Such other conditions as may be required considering the nature of transaction
Financial Covenants	<ul style="list-style-type: none"> ➤ Maintain a Capital Adequacy Ratio of at least 30% (thirty per cent) at all times ➤ PAR>30 not more than 3.00% (Three point zero per cent) of Assets under Management (AUM). AUM includes on-balance sheet loan portfolio and off-balance sheet loan portfolio ➤ Gross Non-Performing Assets (GNPA) of not more than 2.00% (Two point zero percent) of AUM ➤ Net Non-Performing Assets (NNPA) not more than 1.00% (One percent) of AUM ➤ Achieve AUM targets, with a downward variation of not more than 30% (thirty percent) , as per the following: <div style="margin-left: 40px;">FY 2022-23 – INR 70 Crore</div> <div style="margin-left: 40px;">FY 2023-24 – INR 84 Crore</div> ➤ Debt to Tangible Net Worth ratio shall not exceed 2X at all times. (Tangible Net worth = Total net worth of company including paid-up capital and free reserves and surplus minus a) Intangible assets such as IP rights, Patents, copyrights, and goodwill etc. , b) deferred tax asset and c) any transfer to related party ➤ To maintain all book debts forming part of the security cover at PAR<1 (One) days always ➤ Maintain Tangible Net worth of at least 2 times the UCIC outstanding loan facility during the tenure of the loan. ➤ Achieve consolidated profitability at PAT level from FY 2023-24 onwards ➤ Any deviation in the above covenants will be treated as an event of default and the lender at their sole discretion, reserves the right to recall the loan facility/ revisit the terms of sanction
Reporting covenants	<ul style="list-style-type: none"> ➤ Monthly operational data covering the following no later than 20 (Twenty) days from the end of the month: <ul style="list-style-type: none"> • Gross Loan Portfolio – By geography (including district wise and branch wise), by purpose of loan, by amount of loan, by PAR (30, 60, 90 and 180) • Status of charge created • Number of loans– By geography (including district wise and branch wise), by purpose of loan, by amount of loan, by PAR (30, 60, 90 and 180) including BC

	<ul style="list-style-type: none"> • Number of states and districts and branches PAR (30, 60, 90 and 180) – By state, district and branch including BC • Employee strength by profile <ul style="list-style-type: none"> ➤ Quarterly financial statements of Borrower and MHFPL (on stand-alone and consolidated basis) no later than 30 (thirty) days from the end of the quarter ➤ Annual provisional financial statements of Borrower and MHFPL (on stand-alone and consolidated basis) no later than 60 (sixty) days from the end of the financial year ➤ Annual audited financial statements of Borrower and MHFPL (on stand-alone and consolidated basis) no later than 120 (One hundred and twenty) days from the end of the financial year ➤ Statement on Capital adequacy, Asset Liability, Rating Report, and Interest Rate Movement, of Borrower and MHFPL (on stand-alone and consolidated basis), on half-yearly basis no later than 30 days from the end of each half year ➤ The Borrower shall intimate UCIC no later than 10 (ten) days from the receipt of fresh funding from any other lender along with the sanction letter ➤ The Borrower shall report to UCIC any fresh hiring or relieving of the senior management team (as shared in corporate profile), other than Mr. Ashish Kohli, within 10 (ten) days from such event ➤ The Borrower shall furnish an end use certificate, from a practicing Chartered Accountant within 45 (forty-five) days from the date of disbursement ➤ On a quarterly basis commencing from the first quarter end following the Disbursement Date, the Borrower shall provide an updated statement of the security details. This statement shall not be provided later than 30 (thirty) days from the end of the quarter ➤ The guarantors shall furnish net worth statements, duly certified by a practising Chartered Accountant, within 120 (one hundred and twenty) days from the end of the financial year
Negative covenants	<ul style="list-style-type: none"> ➤ The borrower shall not create any further charge, lien, or encumbrance over the assets of the Borrower, to be charged to UCIC, in favor of any other entity without prior written consent of the Lender ➤ The Borrower shall not induct a person identified as wilful defaulter on the Board of Directors ➤ During the currency of the Facility, the Borrower shall not Invest by way of share capital or lend or advance to any entity, without prior written consent of the Lender ➤ The borrower shall not use UCIC's funding for any related party transaction, including but not limited to Inter Corporate Deposit (ICD), without prior written approval of UCIC.
Events of Default	<ul style="list-style-type: none"> ➤ Non-payment/ delay in payment of interest and/ or Principal to the Lender ➤ Insolvency, liquidation, suspension of payment of debts, winding up, illegality, cessation of business by borrower ➤ Breach of representation, warranty, or covenant under the documentation ➤ Cross default ➤ Non-payment of statutory dues for 2 consecutive quarters ➤ Bankruptcy, CDR proceedings filed with respect to the Borrower

	<ul style="list-style-type: none"> ➤ Breach of any of the terms of the transaction documents by the Borrower ➤ Change in shareholding pattern, including by way of conversion of existing unsecured loans brought in by promoters, or management control of the Borrower, without prior written approval of lender ➤ Cessation of employment and/or directorship of Mr. Ashish Kohli without prior written approval of UCIC ➤ Any material risk/threat to Security or any dilution in security cover not cured within the cure period
Other covenants	<ul style="list-style-type: none"> ➤ Borrower shall comply with all extant guidelines laid out by the Reserve Bank of India in respect of NBFCs ➤ The Borrower shall seek prior approval from UCIC in case of a merger, acquisition, amalgamation or any restructuring of the share capital, or settlement of any loan/credit. ➤ The Borrower agrees to declare dividends only out of the profits relating to that year after setting-off accumulated losses if any and after making all due and necessary provisions and provided further that there have been no defaults in payments/repayments under the Facility. In all other cases the Borrower shall seek the prior written consent of the Lender before declaring dividends ➤ The Borrower shall originate the Portfolio within the Portfolio Origination Period as stipulated in Annexure III ➤ The charge over the security created in favour of the Lender shall be registered with the Registrar of Companies within 30 (Thirty) days from the date of execution of facility documents, in favour of the Lender and a certificate evidencing the same shall be provided to the Lender ➤ The Borrower shall send the pool details of the Portfolio originated within the Portfolio Origination Period ➤ The Borrower agrees that the Lender may conduct Discretionary Audits on the Borrower on a quarterly basis or at such other frequency as the Lender may, from time to time, decide in its sole discretion. Such Discretionary Audits shall cover inter alia, collection standards, management, governance, internal systems, origination and credit appraisal standards, documentation and processes, data integrity and customer protection. In case such discretionary audits are necessitated due to an event of default, the costs of such audits, including but not limited to out-of-pocket expenses incurred by the Lender, shall be borne by the Borrower ➤ The Borrower shall adhere to applicable statutory compliances

ANNEXURE III

Terms of Portfolio Origination

End use of the Facility	The Facility to the Borrower will be utilised entirely for onward lending for personal loans, health insurance financing and electric two-wheelers.
Portfolio Origination Criteria	<p>Loans constituting the Portfolio must be originated based on the criteria specified below:</p> <ul style="list-style-type: none"> ➤ Loans constituting the Portfolio must be in the form of loans given to individuals ➤ Loans constituting the Portfolio shall be provided basis the credit policy of the borrower. In case there is any default in the repayment by a beneficiary, beyond a period of 0 (Zero) days that account should be replaced with other account/accounts having an equal or greater value. ➤ Loans constituting the Portfolio must be loans directly originated by the Borrower and not loans purchased from a third party ➤ Principal and interest repayments of all loans to be serviced monthly by the borrowers
Portfolio Origination Period	30 (thirty) days from the date of first Disbursement. A certificate from a practising Chartered Accountant to be furnished within 15 (fifteen) days from the close of the Portfolio Origination Period mentioning the amount and other details of the Portfolio originated by the Lender according to the Portfolio Origination Criteria and covered by the hypothecation charge in favour of the Lender. Further, the Borrower shall submit information in a similar format on a quarterly basis not later than 30 days from the end of the quarter.