

29th December 2022

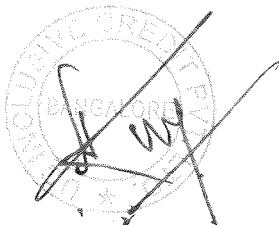
Mr. Samrat Roy  
Chief Executive Officer  
Magenta Finance Services Private Limited  
Second Floor, Plot No. 7, Local Shopping Centre, Sector B  
Pocket 1, Vasant Kunj  
New Delhi - 110070 IN

**Sanction Letter for INR 3.00 Crore (Rupees Three Crore Only) Credit Facility**

Dear Mr. Samrat Roy,

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:

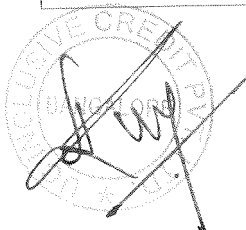
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| <b>Borrower</b>                      | Magenta Finance Services Private Limited<br>CIN: U65191DL2010PTC289124<br>RBI License No: N-14.03387  |
| <b>Registered Office Address</b>     | Second Floor, Plot No. 7, Local Shopping Centre, Sector B<br>Pocket 1, Vasant Kunj<br>New Delhi - 110070 IN   |
| <b>Legal entity of the borrower</b>  | Private Limited Company   |
| <b>Nature of business</b>            | Lending to microfinance clients under JLG model   |
| <b>Facility Amount</b>               | INR 3,00,00,000/- (Indian Rupees Three Crore Only)  |
| <b>Nature of facility</b>            | Secured debt in the form of term loan   |
| <b>Purpose / End use of facility</b> | Onward lending to microfinance clients  |
| <b>Disbursal Tranches</b>            | Loan to be disbursed in two tranches:<br>a. First Tranche of INR 2,00,00,000/- (Indian Rupees Two Crore Only) to be disbursed upon completion of Conditions Precedent to the satisfaction of the Lender<br>b. Second tranche of INR 1,00,00,000/- (Indian Rupees One Crore Only) upon compliance of all the following conditions<br>1. Satisfactory performance review of Borrower for Q3 FY 2022-23 by the Lender<br>2. On maintaining adequate loan loss provisioning in line with RBI norms for the period ended 31 <sup>st</sup> December 2022<br>3. Upon appointment of Mr. Krishnakumar Yadav as the principal trustee of Gulab Unity Trust |
| <b>Tenure</b>                        | 24 (Twenty-Four) months from the date of disbursement, including principal moratorium   |
| <b>Principal Moratorium</b>          | 3 months  |
| <b>Rate of Interest (ROI)</b>        | 16.50% (Sixteen Point Five Zero per cent) per annum (excluding applicable taxes, duties etc.)   |



For Magenta Finance Services Private Limited

*Samrat Roy*  
Authorised Signatory

|   |  |
|---|--|
| <b>Payment of interest</b>  | The interest shall be payable on 8 <sup>th</sup> of every month commencing from the month subsequent to disbursement   |
| <b>Payment of Principal</b>   | The principal shall be payable on 8 <sup>th</sup> of every month commencing from the 4 <sup>th</sup> month after disbursement  |
| <b>Processing charges</b>   | Non-refundable processing fee of 1% (One percent) of the Facility Amount, i.e., INR 3,00,000/- (Indian Rupees Three Lakh Only) and documentation charges of INR 5,000/- (Indian Rupees Five Thousand Only). All charges are excluding applicable taxes, duties etc. Processing fees shall be paid prior to disbursement.   |
| <b>Personal Guarantee</b>   | Personal Guarantees of Mr. Samrat Roy and Mr. Tribikram Nayak  |
| <b>Cash Collateral</b>  | 5.00% (Five percent) of the drawdown amount (i.e., for each tranche of disbursement) in the form of lien on Fixed Deposits, with a scheduled commercial bank, marked in favor of UCIC before availing each tranche of disbursement   |
| <b>Security</b>   | 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.   |
| <b>Sanction validity</b>  | 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   |
| <b>Other charges/ costs</b>   | 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  |
| <b>Prepayment</b>   | Prepayment of whole of the Facility Amount will be allowed only after six months from the date of first disbursement   |
| <b>Prepayment Penalty</b>   | Any prepayment will attract penalty of 2% (Two per cent) of the amount proposed to be prepaid and the receipts will be first adjusted towards any fees, penalties, overdues, or interest due on that date.   |
| <b>Default Interest/ Penalty in case any covenants are breached</b> | On failure to pay any amount payable under this Sanction Letter and/or the Facility Agreement on the Due Date, a default interest of 2% (two percent) 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.<br>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 2% (two percent) 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. |
| <b>Security Cheques</b>   | A total of 4 (four) security Cheques shall be provided for each tranche – 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.  |
| <b>Representations and Warranties</b>                               | The Borrower represents and warrants the following:<br>➤ Completeness and accuracy of financial statements and all other information furnished to the Lender;  |



For Magenta Finance Services Private Limited

*Samrat Roy*  
Authorised Signatory

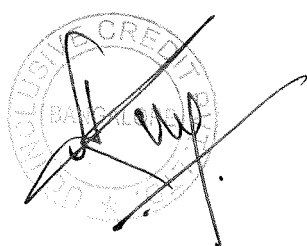
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|                         | <ul style="list-style-type: none"> <li>➤ Completeness and accuracy of financial statements and all other information furnished to the Lender;</li> <li>➤ Full disclosure to the Lender and no misleading information being furnished to the Lender;</li> <li>➤ Compliance of all regulatory conditions and statutory payments by the Borrower;</li> <li>➤ No defaults to any other lender;</li> <li>➤ No material violation of law or material agreements by any of the parties related to the transaction;</li> <li>➤ Compliance with laws and regulations and affirming that there is no conflict with any other obligation except as disclosed by the Borrower in writing;</li> <li>➤ Compliance with taxation laws in all material respects, except as disclosed by the Borrower in writing; and</li> <li>➤ Any and all other representations that are customary to transactions of such nature as contemplated herein and as mentioned in the Facility Documents.</li> </ul> |
| <b>Other conditions</b> | <ul style="list-style-type: none"> <li>➤ All other conditions mentioned in <b>Annexure I, II and III</b>;</li> <li>➤ 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;</li> <li>➤ Assets of the Company to be adequately insured</li> </ul>  |

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](mailto:compliance@ucinclusive.com).

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

Thanking you,

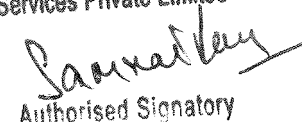
Yours sincerely  
For UC Inclusive Credit Private Limited



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Authorized Signatory

Acceptance:  
For Magenta Finance Services Private Limited  
I/We hereby accept all the terms and conditions mentioned above and overleaf.

For Magenta Finance Services Private Limited

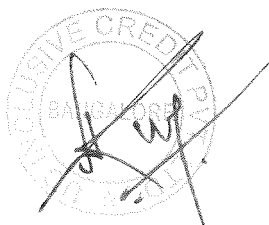


Authorised Signatory

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(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 (Thirty)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"> <li>a) Capital market investments such as subscription of shares and other such securities and purchase of debentures, preference shares etc</li> <li>b) Repayment of due of group companies</li> <li>c) Extend loans to group companies, other NBFCs or make inter corporate deposits</li> <li>d) Adjustment/ repayment of any debt, deemed bad/ doubtful of recovery</li> <li>e) Any speculative purpose</li> </ul>   |

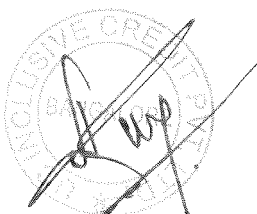


For Magenta Finance Services Private Limited

*[Signature]*  
Authorised Signatory

## ANNEXURE II

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| <b>Condition<br/>Precedent to<br/>disbursement</b> | <ul style="list-style-type: none"> <li>➤ Regulatory and Corporate approvals usual and necessary for the transaction;</li> <li>➤ Execution of all Facility documentation, in form and substance satisfactory to the Lender(s);</li> <li>➤ Payment of processing fees/ charges;</li> <li>➤ Written credit opinion to be furnished from the existing lender (s);</li> <li>➤ Copy of most recent audited accounts and auditor's report and/or the unaudited accounts signed by a Director;</li> <li>➤ Such other conditions as may be required considering the nature of transaction</li> </ul>  |
| <b>Financial<br/>Covenants</b>                     | <ul style="list-style-type: none"> <li>➤ Maintain a Capital Adequacy of at least 25% (twenty five per cent) at all times</li> <li>➤ PAR&gt;30 shall not be more than 4.0% (Four per cent) of Assets under Management (AUM) as on March 31, 2023 and thereafter, not more than 3.0% (Three per cent) as on September 30, 2023 and thereafter and shall not be more than 2.5% (Two point Five per cent) as on March 31, 2024 and thereafter. AUM includes on-balance sheet loan portfolio and off-balance sheet loan portfolio</li> <li>➤ Prior written consent before writing off more than 2.5% (Two point Five per cent) of Gross loan portfolio (GLP) in financial year FY 2022-23 and not more than 1.0% (One per cent) during any subsequent financial year. GLP means and includes the outstanding principal amounts of loans originated by the Borrower on its own balance sheet, securitized portfolio and loans originated on behalf of other entities by entering into partnership agreement(s) but not included on Borrower's own balance sheet.</li> <li>➤ Achieve AUM targets with a downward variation of not more than 20% (Twenty per cent) as per the following: <ul style="list-style-type: none"> <li>○ FY 2022-23 – INR 22.89 Crore</li> <li>○ FY 2023-24: INR 29.00 Crore</li> </ul> </li> <li>➤ Debt to tangible net worth ratio shall not exceed 3.5x at all times. (Tangible Net worth = Total net worth of company including paid-up capital and free reserves and surplus and excluding capital/valuation reserves minus a) Intangible assets such as IP rights, Patents, copyrights, and goodwill etc and b) any transfer to related party c) deferred tax asset)</li> <li>➤ Maintain Tangible Net worth of at least 2 (two) times the UCIC outstanding loan facility during the tenure of the loan</li> <li>➤ To maintain all book debts forming part of the security cover at PAR&lt;1 (One) days at all times.</li> </ul> <p>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</p> |
| <b>Reporting<br/>covenants</b>                     | <ul style="list-style-type: none"> <li>➤ Monthly operational data covering the following no later than 20 (twenty) days from the end of the month: <ul style="list-style-type: none"> <li>• 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) including BC</li> <li>• Status of charge created</li> </ul> </li> </ul>  |



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|                           | <ul style="list-style-type: none"> <li>• 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</li> <li>• Number of states and districts and branches PAR (30, 60, 90 and 180) – By state, district and branch including BC</li> <li>• Employee strength by profile</li> </ul> <ul style="list-style-type: none"> <li>➤ Quarterly financial statements no later than 30 (thirty) days from the end of the quarter</li> <li>➤ Annual provisional financial statements no later than 60 (sixty) days from the end of the financial year</li> <li>➤ Annual audited financial statements no later than 120 (One hundred and twenty) days from the end of the financial year</li> <li>➤ Statement on Capital adequacy, Asset Liability, Rating Report, and Interest Rate Movement on half-yearly basis no later than 30 (thirty) days from the end of each half year</li> <li>➤ The Borrower shall intimate UCIC no later than 30 (thirty) days from the receipt of fresh funding from any other lender along with the sanction letter</li> <li>➤ The Borrower shall report to UCIC any fresh hiring or relieving of the management team (as shared in corporate profile), excluding Mr. Samrat Roy, within 10 (ten) days from such event</li> <li>➤ The Borrower shall furnish an end use certificate with respect to each tranche, from a practicing Chartered Accountant within 45 (forty five) days from the date of disbursement of each tranche</li> <li>➤ The Borrower shall furnish certificate from a practicing Chartered Accountant, within 30 (thirty) days from the end of each quarter, in respect of the hypothecated loans complying with extant RBI guidelines</li> <li>➤ 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 days from the end of the quarter</li> <li>➤ The guarantors shall furnish annual net worth statements, duly certified by a practising Chartered Accountant, within 120 (one hundred twenty) days from the end of the financial year</li> </ul> |
| <b>Negative covenants</b> | <ul style="list-style-type: none"> <li>➤ 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</li> <li>➤ The Borrower shall not induct a person identified as wilful defaulter on the Board of Directors</li> <li>➤ During the currency of the Facility, the Borrower shall not Invest by way of share capital or lend or advance to any entity other than in the normal course of business without prior written consent of the Lender</li> </ul>  |
| <b>Events of Default</b>  | <ul style="list-style-type: none"> <li>➤ Non-payment/ delay in payment of interest and/ or Principal to the Lender</li> <li>➤ Insolvency, liquidation, suspension of payment of debts, winding up, illegality, cessation of business by borrower</li> <li>➤ Breach of representation, warranty, or covenant under the documentation</li> <li>➤ Cross default</li> <li>➤ Non-payment of statutory dues for 2 (two) consecutive quarters</li> <li>➤ Bankruptcy, CDR proceedings filed with respect to the Borrower</li> <li>➤ Breach of any of the terms of the transaction documents by the Borrower</li> </ul>   |



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|                 | <ul style="list-style-type: none"> <li>➤ 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</li> <li>➤ Cessation of employment and/or directorship of Mr. Samrat Roy, and/or Mr. Tribikram Nayak, and/or Mr Raj Kumar Singh without the prior written approval of the Lender</li> <li>➤ Executive Directors and/or CXOs of the Borrower shall not take up the role of an Executive Director in any company other than Borrower</li> <li>➤ Any material risk/threat to Security or any dilution in security cover not cured within the cure period</li> </ul>   |
| Other covenants | <ul style="list-style-type: none"> <li>➤ Borrower shall comply with all guidelines laid out by the Reserve Bank of India in respect of NBFC-MFIs</li> <li>➤ The Borrower shall seek prior approval from UCIC on infusion of any external equity or equity linked funding or convertible debt</li> <li>➤ 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.</li> <li>➤ The Borrower shall seek prior consent from UCIC before issuing any corporate guarantee to any entity</li> <li>➤ 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</li> <li>➤ The Borrower shall originate the Portfolio within the Portfolio Origination Period as stipulated in <b>Annexure III</b></li> <li>➤ The charge over the security created in favor of the Lender shall be registered with the Registrar of Companies within 30 (Thirty) days from the date of execution of facility documents, in favor of the Lender and a certificate evidencing the same shall be provided to the Lender</li> <li>➤ The Borrower shall send the pool details of the Portfolio originated within the Portfolio Origination Period</li> <li>➤ 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. Costs in respect of such Discretionary Audits including but not limited to out-of-pocket expenses incurred by the Lender shall be borne by the Lender in this regard. In case such discretionary audits are necessitated due to an event of default, the costs of such audits shall be borne by the Borrower</li> <li>➤ The Borrower shall adhere to statutory compliances</li> </ul> |



For Magenta Finance Services Private Limited

*Samrat Roy*  
Authorised Signatory

### ANNEXURE III

#### Terms of Portfolio Origination

|                                       |  |
|---------------------------------------|--|
| <b>End use of the Facility</b>        | The Facility to the Borrower will be utilised entirely to originate microfinance loans ("Portfolio") as mentioned in the Master Circular- 'Non-Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs) by the RBI. The Borrower will be required to originate such loans of the amount of the Facility within the Portfolio Origination Period. Each loan shall comply with the Portfolio Origination Criteria   |
| <b>Portfolio Origination Criteria</b> | <p>Loans constituting the Portfolio must be originated based on the criteria specified below:</p> <ul style="list-style-type: none"> <li>➤ The Borrower must follow RBI guidelines while extending credit to their customers</li> <li>➤ All extant 'know your customer' norms specified by the RBI must be complied with</li> <li>➤ Loans constituting the Portfolio must be in the form of loans given as income generating loans to the borrowers (beneficiaries)</li> <li>➤ Loans constituting the Portfolio shall not be provided to any individual or any other borrower, who have had a history of late payments or overdues. In case there is any delay/default in the repayment by a beneficiary, that account should be removed from the portfolio and other account/accounts of an equal or greater value should be added to the Portfolio</li> <li>➤ Loans constituting the Portfolio must be loans directly originated by the Borrower and not loans purchased from a third party</li> <li>➤ Portfolio originated must not be associated to any Co-lending, securitization, direct assignment, or any other similar arrangement</li> <li>➤ Ticket size of each individual loan within the Portfolio shall not exceed INR 60,000/- (Indian Rupees Sixty Thousand)</li> <li>➤ Principal and interest repayments of all loans to be serviced monthly by the beneficiaries</li> <li>➤ Borrower must ensure Credit checks (through CIBIL, High Mark and/or Equifax Credit Bureau or equivalent) for all individual loans originated.</li> <li>➤ Borrower must ensure storage of all physical files covering loans extended to the beneficiaries at its own premises in fireproof cabinets during the tenure of this facility</li> </ul> |
| <b>Portfolio Origination Period</b>   | <ul style="list-style-type: none"> <li>➤ 30 (Thirty) days from the date of Disbursement. A certificate from a practicing 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 favor of the Lender</li> </ul>   |



For Magenta Finance Services Private Limited

*Saurabh*  
Authorised Signatory



Dated: 29<sup>th</sup> December, 2022

Mr. Samrat Roy  
Chief Executive Officer  
Magenta Finance Services Private Limited  
Second Floor, Plot No. 7, Local Shopping Center sector B  
Pocket 1, Vasant Kunj  
**New Delhi - 110070 IN**

**Addendum to Sanction Letter for INR 3.00 Crore (Indian Rupees Three Crore Only) Credit Facility**

Dear Mr. Samrat Roy,

Please refer to our letter dated 29<sup>th</sup> December 2022 regarding the sanction of a credit facility of INR 3,00,00,000/- (Indian Rupees Three Crore only) to **Magenta Finance Services Private Limited**, (referred to as the Borrower). In continuation of the said letter and in addition to the terms and conditions stated therein, **UC Inclusive Credit Private Ltd.** (referred to as UCIC/Lender) would also like to stipulate the following as a Condition Precedent to disbursement:

**Magenta Finance Services Private Limited**, shall pay an additional sum of INR 1,20,000/- (Indian Rupees One Lakh Twenty Thousand Only), to UCIC, towards due diligence fees. The said amount is a one-time and non-refundable fee and excludes GST/applicable taxes.

**Magenta Finance Services Private Limited**, shall give personal Guarantee of Mr. Rajkumar Singh. **UC Inclusive Credit Private Ltd.** will waive the personal Guarantee of Mr. Rajkumar Singh after appointment of Mr. Krishnakumar Yadav as the Managing Trustee of Gulab Unity Trust

All other terms and conditions mentioned in our aforesaid sanction letter shall remain unchanged and this Addendum to Sanction Letter shall form a part and parcel of the Sanction Letter.

Please sign and return this letter as a token of your acceptance of the terms and conditions mentioned in this addendum to UCIC's aforementioned sanction letter.

Thanking you,  
Yours sincerely,

**For UC Inclusive Credit Private Limited**

  
.....  
Authorized Signatory

**Acceptance:**

**For Magenta Finance Services Private Limited**  
I/We hereby accept all the terms and

conditions mentioned above and  
overleaf.

**For Magenta Finance Services Private Limited**

  
.....  
(Sign and seal)

Authorized Signatory