

**TERM SHEET FOR ISSUANCE (The "ISSUE") OF NON CONVERTIBLE DEBENTURES
BY WAY OF PRIVATE PLACEMENT (AGREED BETWEEN THIRUMENI FINANCE
PRIVATE LIMITED AND CALVERT SOCIAL INVESTMENT FOUNDATION)**

Security Name	12.72% Thirumeni Finance Private Limited 2019
Issuer	Thirumeni Finance Private Limited
Type of Instrument	Non-Convertible Debentures (" Debentures ")
Nature of Instrument	Secured Rated Listed Redeemable Non-Convertible Debentures
Seniority	Senior
Mode of Issue	Private placement
Eligible/Identified Investors	Calvert Social Investment Foundation, which is a Category-III foreign portfolio investor
Listing	<p>Debentures are to be listed on the WDM of Bombay Stock Exchange within a maximum period of 15 (Fifteen) calendar days from the Deemed Date of Allotment.</p> <p>In the event of the Issuer's failure to do so, to the extent that any holders of the Debentures ("Debenture Holders") are "Foreign Portfolio Investors", the Issuer shall immediately redeem any and all Debentures which are held by such Foreign Portfolio Investors.</p>
Rating of Instrument	[ICRA] BBB- (Stable) (ICRA Triple B minus)
Issue Size	Rs 204,000,000/- (Rupees Twenty Crore Forty lakh only) not to exceed equivalent of \$3mm (USD three million)
Option to retain oversubscription	N.A.
Objects of the Issue	To raise senior secured debt to the extent up to Rs. 204,000,000/- (Rupees Twenty Crore Forty lakh only)
Details of the utilization of the Proceeds	The issue proceeds will be utilized for providing debt financing for expanding the loan portfolio of the Issuer.
Coupon Rate	12.72% (Twelve Decimal Point seven two Percent) per annum payable semi-annually (net of withholding taxes).
Step Up/ Step Down Coupon Rate	N.A
Coupon Payment Frequency	Semi-annual
Coupon Type	Fixed Coupon rate
Day Count Basis	Actual / Actual
Interest on Application Money	12.72% per annum net of withholding taxes
Default Interest Rate	If, at any time, there shall be a payment default or an event of default, the Issuer agrees to pay an additional interest rate of 2% (Two Percent) per annum above the Coupon Rate (" Default Interest ") on the outstanding principal amounts of the Debentures (" Outstanding Principal Amounts ") from the date of the occurrence of the payment default or Event of Default until such payment default or Event of Default is cured or the Debentures are redeemed pursuant to such default, whichever is applicable.

Prepayment Penalty	<p>Subject to applicable law and regulation, the Issuer may redeem the Outstanding Principal Amounts, in full or in part, before the due dates with the prior written consent of the Majority Debenture Holders, which consent shall not be unreasonably withheld provided that the Issuer has given the debenture trustee ("Trustee") and the Debenture Holders at least 60 (Sixty) calendar days written notice prior to the date of the proposed prepayment. The Company shall be liable to pay prepayment penalty of 2% (Two Percent) of the Outstanding Principal Amounts to the Debenture Holders.</p> <p>In the event of an early redemption of the Debentures arising due to an Event of Default or a voluntary prepayment, any fees or costs, including breakage costs incurred by the initial subscribers to the Debentures arising out of the termination or liquidation of any swaps, guaranty or hedging arrangement (entered into by the initial subscribers to enable subscribing to this Issue), shall be borne by the Company.</p>
Coupon Reset Process	If Redemption Extension Option is exercised
Delay Penalty	In the case of a delay in the execution of Debenture Trust Deed and the Deed of Hypothecation, the Issuer shall refund the subscription with the agreed rate of interest or shall pay penalty interest of 2.0% (Two Percent) per annum over the and above the applicable Coupon Rate until such time the conditions have been complied with at the option of the Investor.
Tenor	Thirty Six months from the Deemed Date of Allotment, unless the Redemption Extension Option is exercised, in which case Sixty Months from the Deemed Date of Allotment
Redemption Extension Option	<p>On or prior to the Redemption Extension Exercise Date, the Trustee (on instructions from the Debenture Holders) and the Issuer upon mutual agreement, will have the right to extend the Tenor ("Redemption Extension Option"). To exercise the Redemption Extension Option, the Issuer shall send a notice to the Trustee and the Debenture Holders in writing at least 120 (One Hundred and Eighty) calendar days prior to the Redemption Extension Exercise Date. The Trustee/Debenture Holders shall provide consent for the Redemption Extension Option within 60 (Sixty) calendar days of receipt of the notice.</p> <p>On receipt of the consent of the Issuer, the Redemption Extension Option shall be deemed to be exercised and the Debentures will be redeemed together with all accrued Coupon amounts and additional amounts, if any, in the following manner, in accordance with the Transaction Documents: (i) 50% of the Outstanding Principal Amounts of the Debentures will be redeemed six months before the Redemption Date and the remaining 50% of the Outstanding Principal Amounts of the Debentures will be redeemed on the Redemption Date.</p>

Initial Redemption Date	The date that occurs on the expiry of a period of 36 (thirty six) months from the Deemed Date of Allotment.
Redemption Date / Redemption Extension Option Date	Unless the Redemption Extension Option is exercised, the Outstanding Principal Amounts shall be redeemed on the date that occurs on the expiry of a period of 36 (thirty six) months from the Deemed Date of Allotment. The Outstanding Principal Amounts of the Debentures will be redeemed at par together with accrued but unpaid Coupon and additional interest, if any.
Event of Default	To be prescribed in the Transaction Documents. These will include events of default that are customary for transaction of this nature, such as payment default, change of control, change in nature of business etc.
Redemption Amount	Rs. 250,000/- (Rupees Two Lakh Fifty Thousand Only) per Debenture on the Redemption Dates plus accrued Coupon if any.
Redemption Premium/ Discount	N.A
Issue Price	Rs. 500,000/- (Rupees Five Lakhs Only) per Debenture
Discount at which security is issued and the effective yield as a result of such discount	None
Put Option Date	Not applicable.
Put Option Price	Not applicable.
Call Option Date	Not applicable.
Call Option Price	Not applicable.
Put Notification Time	Not applicable.
Call Notification Time	Not applicable.
Face Value	Rs. 500,000/- (Rupees Five Lakhs Only) per Debenture
Issuance mode of the Instrument	Demat only
Trading mode of the Instrument	Demat only
Settlement mode of the Instrument	RTGS
Depositories	NSDL
Business Days	Means a day (other than a Sunday or a bank holiday) on which banks are open for general business in Bangalore, India.
Business Day Convention	If any Due Date falls on a day which is not a Business Day, the payment to be made on such Due Date shall be made on the immediately succeeding Business Day, except if such Due Date is for the payment of Principal, in which case the payment to be made on such Due Date (including accrued Coupon) shall be made on the immediately preceding Business Day
Record Date	The date which will be used for determining the Debenture Holders who shall be entitled to receive the amounts due on any Due Date, which shall be the date falling 15 (Fifteen) calendar days prior to any Due Date.

Security	The Issue shall be secured by way of a first ranking exclusive and continuing charge to be created pursuant to the deed of hypothecation to be executed between the Issuer and the Trustee ("Deed of Hypothecation") over the receivables of the Company as described therein (together the "Hypothecated Assets") which shall be 1.0 (One Decimal Point Zero) times the value of the outstanding amounts and shall be maintained at all times until all the secured obligations in relation to the Debentures are satisfied by the Company. It is clarified that the Security Cover shall be sufficient to cover the principal and coupon amounts outstanding under the Debentures at all times. The security will be created within 30 days of the Deemed Date of Allotment.
Conditions Precedent to Disbursement	<ol style="list-style-type: none"> Execution of Debenture Trustee Agreement, Deed of Hypothecation and Debenture Trust Deed (collectively, the "Transaction Documents") Such other undertaking as may be required from the Issuer.
Conditions Subsequent to Disbursement	<ol style="list-style-type: none"> Filing of the relevant documents inter alia private placement offer letter, return of allotment etc. with the jurisdictional registrar of companies (the "ROC") within the timelines specified under the rules under the Companies Act, 2013. Completion of listing of Debentures on BSE Filing of the relevant form with the ROC for the registration of charge over the Hypothecated Assets. Execution of any other documents as customary for transaction of a similar nature and size. The Issuer shall also obtain a legal opinion on the enforceability of the Transaction Documents.
Covenants	<p>Until the redemption of all outstanding Debentures:</p> <ul style="list-style-type: none"> (a) maintain a Return on Assets greater than zero; (b) maintain a Capital to Risk-Weighted Assets Ratio of greater than 15% (fifteen percent); (c) maintain Operating expense ratio: from disbursement to call option date – less than or equal to 20% and from call option date to maturity less than or equal to 15% (e) maintain a PAR Ratio greater than 90 (ninety) calendar days of not more than 3.5% (three decimal five percent); (d) maintain a PAR Plus Restructured Portfolio Ratio greater than 90 (ninety) calendar days of not more than 5% (five percent); (g) a Loan Loss Reserve that is not less than 90% of Portfolio at Risk greater than 180 (one hundred eighty) calendar days plus Restructured Portfolio Ratio;

	<p>(h) a Net Charge-Off Ratio of less than 3% (three percent) over last four quarters</p> <p>(i) an Unhedged Open Currency Position not exceeding 35% (thirty five percent) subject to applicable Law;</p> <p>Non-Financial Conditions</p> <p>(a) Prohibition against insider dealing, activities relating to political funding money laundering, terrorist financing US Patriot Act, etc</p> <p>(b) Change of control default, defined as a change in the beneficial owners representing 80% of equity interest</p> <p>(c) Providing periodic reports including audited financial statements quarterly unaudited financial statements, periodic management reports including Borrower's overall outreach and social performance</p> <p>(d) Evaluation from a recognized rating agency for financial and social rating once every 18 months</p> <p>(e) Compliance with applicable regulatory and supervisory authorities</p> <p>(f) Within 45 (forty five) days of each Quarterly Date, arrange for a telephone/video conference with the management of the Company (including the Key Employees) and the Debenture Holders to discuss the performance of the Company and such other items as may be agreed</p>
	<p>Social Covenants</p> <p>(a) where a credit bureau or a credit registry has been established and is reasonably available, the Company shall consult such credit history prior to awarding Client Loans to applicants;</p> <p>(b) where a credit bureau or a credit registry has been established and is reasonably available, the Company shall submit to such bureau or registry a credit report with respect to each Client Loan debtor which report shall include the debt outstanding and repayment performance of such debtor with respect to its Client Loan;</p> <p>(c) within a reasonable timeframe, the Company shall publicly endorse and implement the Client Protection Principles;</p> <p>(d) within 12 months after entry into this Agreement the Company shall establish and implement a verifiable process at the level of the chief operating officer (or equivalent first reporting line) or the board of directors for the purpose of (A) monitoring and evaluating the</p>

	<p>Company's compliance with the Client Protection Principles and (B) taking actions to correct any identified non-compliance therewith</p> <p>(e) report relevant social performance indicators to the mix market or other appropriate reporting authorities on an annual basis</p>
Governing Law	The Debentures and documentation will be governed by and construed in accordance with the laws of India and the parties submit to the exclusive jurisdiction of the courts in Mumbai, India.

For M/s Thirumeni Finance Private Limited

Director

Date:

Place: Bangalore

Calvert Social Investment Foundation



Songbae Lee

Senior Investment Officer

Date:

Place: Bethesda, MD

