



**INDICATIVE TERM SHEET FOR INVESTMENT IN
SENIOR UNSECURED RATED LISTED NON-CONVERTIBLE DEBENTURES TO BE ISSUED BY
AYE FINANCE PRIVATE LIMITED**

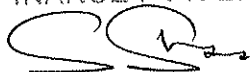
S. NO.	DESCRIPTION	PARTICULARS																				
1.	Security Name	12.19% Aye Finance Private Limited 2021																				
2.	Issuance Amount	INR 20,00,00,000 (Rupees Twenty Crores Only), subject to Due Diligence																				
3.	Issuer	Aye Finance Private Limited																				
4.	Investor(s)/Debenture Holders	Karvy Capital Limited – A/c Excel Portfolio																				
5.	Debenture Trustee/Trustee	Vistra ITCL (India) Limited																				
6.	Registrar/R&T Agent	Karvy Computershare Pvt. Ltd.																				
7.	Depository	NSDL/CDSL																				
8.	Arrangers, if any	Vivriti Capital Private Limited																				
9.	Type of Instrument	Fully paid up Rated, Listed, Senior Unsecured dematerialised non-convertible debentures																				
10.	Ranking	Each Debenture issued by the Issuer will constitute direct, senior and unsecured obligations of the Issuer. The claims of the Debenture Holders shall be akin to the claims of senior, unsecured lenders and shall rank paripassu to all senior, unsecured indebtedness of the Issuer. Each of the Debenture Holders shall inter-se rank paripassu in relation to their rights and benefits																				
11.	Issue schedule	<div>For Tranche 1</div> <table><tr><td>Issue Open Date</td><td>February 16, 2018</td></tr><tr><td>Issue Close Date</td><td>February 16, 2018</td></tr><tr><td>Pay in Date</td><td>February 16, 2018</td></tr><tr><td>Deemed Date of Allotment</td><td>February 16, 2018</td></tr><tr><td>Amount</td><td>INR 12,00,00,000</td></tr></table> <div>For Tranche 2</div> <table><tr><td>Issue Open Date</td><td>[March 13, 2018]</td></tr><tr><td>Issue Close Date</td><td>[March 13, 2018]</td></tr><tr><td>Pay in Date</td><td>[March 13, 2018]</td></tr><tr><td>Deemed Date of Allotment</td><td>[March 13, 2018]</td></tr><tr><td>Amount</td><td>INR 8,00,00,000</td></tr></table>	Issue Open Date	February 16, 2018	Issue Close Date	February 16, 2018	Pay in Date	February 16, 2018	Deemed Date of Allotment	February 16, 2018	Amount	INR 12,00,00,000	Issue Open Date	[March 13, 2018]	Issue Close Date	[March 13, 2018]	Pay in Date	[March 13, 2018]	Deemed Date of Allotment	[March 13, 2018]	Amount	INR 8,00,00,000
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Amount	INR 8,00,00,000																					
12.	Maturity / Tenor of instrument	36months from the Deemed Date of Allotment																				
13.	Principal amortisation instalment and frequency	Bullet																				
14.	Debenture Redemption Reserve	Not Applicable																				
15.	Put Option	Not Applicable																				
16.	Put Option Exercise date	Not Applicable																				
17.	Call Option	Not Applicable																				
18.	Call Option Exercise date	Not Applicable																				
19.	Mechanism for exercise of Put/Call Option	To be set out in the Transaction Documents																				
20.	Mode of issuance	Private placement																				

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21.	Mode of payment	RTGS/NEFT
22.	Face value of Instrument	Re. 1/- (Rs. One only per Debenture)
23.	Issue price of Instrument	Re. 1 /- (Rs. One only per Debenture)
24.	Listing	<p>The NCDs are proposed to be listed on the Bombay Stock Exchange ("BSE") within 20 calendar days of the Deemed Date of Allotment</p> <p>In case of a delay by the Issuer in listing the Debentures beyond 20 (Twenty) days from the Deemed Date of Allotment the Issuer shall make payment the Debenture Holders of penal interest calculated on the face value of the Debentures at the rate of minimum of 1% (One Percent) p.a. over the Coupon Rate from the expiry of 30 (Thirty) calendar days from the Deemed Date of Allotment until the listing of the Debentures.</p> <p>In the event that the NCDs are not listed within 15 (Fifteen) days from the Deemed Date of Allotment for any reason whatsoever, then to the extent that any Debenture Holders are Foreign Institutional Investors or sub-accounts of Foreign Institutional Investors or Qualified Foreign Investors, the Issuer undertakes to immediately redeem and/or buyback any and all Debentures within 2 (two) Business Days of the expiry of the Listing Period.</p>
25.	Rating	BBB-
26.	Rating Agency	ICRA Limited
27.	Object of the issue and utilisation of the proceeds of the issue	<p>To meet business growth requirements and other general corporate purposes of the Issuer</p> <p>No part of the proceeds shall be utilized directly/indirectly towards capital markets (debt and equity), land acquisition or usages that are restricted for bank financing.</p>
28.	Coupon Rate	12.19% Coupon payable quarterly
29.	Coupon Payment Frequency	Quarterly
30.	Coupon type	Fixed
31.	Coupon reset date (if applicable)	Not Applicable
32.	Coupon step up	Not Applicable
33.	Coupon step down	Not Applicable
34.	Day count basis	Actual / Actual
35.	Interest on application money	Payable at the coupon rate specified herein subject to the provisions of the Companies Act, 2013
36.	Default interest rate	<p>(a) On the occurrence of a payment default, the Issuer will pay an additional interest rate of 2% per annum above the coupon rate on the outstanding principal amounts of the Debentures ("Outstanding Principal Amounts") from the date of the occurrence of the payment default until such payment default is cured.</p> <p>(b) On the occurrence of an event of default other than a payment default, the Issuer will pay an additional interest rate of 2% per annum</p>

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		above the coupon rate on the Outstanding Principal Amounts from the date of the occurrence of the event of default until such event of default is cured.
37.	Delay Penalty	In accordance with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
38.	Prepayment and prepayment penalty	(a) Prepayment penalty of 2% of the principal amount prepaid prior to the expiry of 6 months from the deemed date of allotment. (b) Thereafter, no prepayment penalty in case of premature redemption.
39.	Security	Not Applicable
40.	Majority Debenture Holders	Debenture Holders comprising 51% of the outstanding amounts of the Debentures
41.	Special Majority Debenture Holders	Debenture Holders comprising 75% of the outstanding amounts of the Debentures
42.	Conditions precedent to issuance	To be prescribed in the transaction documents. These will include: (a) resolution of the Issuer's board of directors and any resolution of any committee of directors authorizing the execution, delivery and performance of the transaction documents; (b) resolution of the shareholders of the Issuer under Sections 180(1)(c) of the Companies Act, 2013; (c) resolution of the shareholders of the Issuer under Section 42 of the Companies Act, 2013; (d) constitutional documents of the issuer; (e) execution, delivery and stamping of the transaction documents in a form and manner satisfactory to the Debenture Trustee; (f) rating letter and the rating rationale issued by the rating agency in relation to the Debentures; (g) receipt of consent from the Debenture Trustee to act as the Debenture Trustee for the issue of Debentures; (h) receipt of consent from the registrar to act as the registrar and transfer agent for the issue of Debentures; (i) submission of all 'know your customer' requirements to the satisfaction of the Debenture Holders; (j) the audited financial statements of the Issuer; (k) a certificate from the authorised signatories of the Issuer addressed to the Debenture Trustee in the form and manner prescribed by the Debenture Trustee, certifying <i>inter alia</i> that: (i) the Issuer has the necessary power under its constitutional documents to borrow monies by way of the issuance of the Debentures; (ii) the issuance of the Debentures will

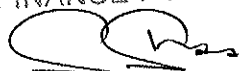
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		<p>not cause any limit binding on the issuer to be exceeded (whether regulatory or internal);</p> <p>(iii) the Issuer has obtained all necessary consents and approvals from its creditors for the issuance of the Debentures;</p> <p>(iv) no material adverse effect has occurred;</p> <p>(v) the representations and warranties contained in the transaction documents are true and correct in all material respects as on the deemed date of allotment;</p> <p>(vi) no event of default has occurred or is subsisting as at the deemed date of allotment;</p> <p>(vii) the Issuer is in compliance with the provisions of the transaction documents; and</p> <p>(l) provide such other information, documents, certificates, opinions and instruments as the Debenture Holder may reasonably request.</p>
43.	Conditions subsequent to issuance	<p>To be prescribed in the transaction documents. These will include:</p> <p>(a) ensuring that the Debentures are credited into the demat accounts of the respective Debenture Holders within 2 Business Days from the Deemed Date of Allotment;</p> <p>(b) file a copy of Form PAS-4 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 in respect of the issue of the Debentures with the relevant registrar of companies and with SEBI (if required) with the prescribed fee within 30 days from the date of the private placement offer letter and file a return of allotment of securities under Form PAS-3 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 with the relevant registrar of companies within 30 (thirty) days of the allotment of Debentures along with a list of the Debenture Holders and with the prescribed fee; and</p> <p>(c) file a copy of Form PAS-5 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 in respect of the issue of the Debentures along with a copy of the private placement offer letter with relevant registrar of companies and with SEBI (if required) within 30 (thirty) days from the date of the private placement offer letter.</p>
44.	Representations and warranties	<p>Standard representation and warranties for transactions of this nature. These will include:</p> <p>(a) Corporate existence, power and authority</p> <p>(b) Legal validity and binding nature of the transaction</p> <p>(c) Corporate and governmental authorizations</p>


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		<p>and consents</p> <p>(d) Non-contravention of existing agreements and constitutions documents and binding nature of the same</p> <p>(e) No outstanding default or material litigation</p> <p>(f) No violation of law or material agreements</p> <p>(g) No occurrence of a material adverse effect</p> <p>(h) No litigation that may have a material adverse effect on operation of business</p> <p>(i) No insolvency or insolvency proceedings</p> <p>(j) Completeness and accuracy of financial statements</p>
45.	Financial covenants	<ul style="list-style-type: none"> ▪ The capital adequacy ratio shall be maintained at a minimum of the levels stipulated by the RBI at all points in time (currently 15%). ▪ PAR 90 shall not exceed 5.00% of the Assets under Management of the Issuer. <p><i>For the purpose of this aforesaid clause, the following definitions may be relied upon:</i></p> <p><i>"PAR 90" shall mean, on the Issuer's entire assets under management at any point of time, as the case may be, the outstanding principal value of the relevant portfolio of the Issuer that has one or more instalments of principal, interest, penalty interest, fee or any other expected payments overdue for 90 days or more, includes restructured loans but excludes loans that have been written off by the Issuer.</i></p> <p><i>"Assets under Management" shall mean the loan receivables on the balance sheet of the Issuer, plus the loan receivables originated and serviced by the Issuer and securitised / assigned over time, plus the loan receivables originated and serviced by the Issuer on the balance sheet of another financial institution.</i></p>
46.	Information Covenants	<p>To be prescribed in the Transaction Documents. These will include:</p> <p>(a) Unaudited quarterly financial statements within 45 days of the close of the quarter</p> <p>(b) Shareholding Pattern within 45 days of the close of the quarter</p> <p>(c) Information on financials, operations, portfolio growth and asset quality within 45 days of the close of the quarter</p> <p>(d) Its annual audited consolidated and unconsolidated financial statements within 90 days from the close of the accounting year;</p> <p>(e) keep the Investor and the Debenture Trustee informed of the occurrence of any event likely to have material adverse effect</p> <p>(f) keep the Investor and the Debenture Trustee advised of any circumstances adversely affecting its financial position, including any action taken by any creditor</p> <p>(g) details of any litigation, arbitration or administrative proceedings</p>

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		<p>(h) notification of any potential event of default or event of default</p> <p>(i) Such other information regarding the financial condition, business and operations of the Issuer as any the Investor may request.</p> <p>1. Event Based Reports – within 5 (Five) Business Days of the event occurring</p> <p>a) Change in list of Board of Directors</p> <p>b) Change in senior management officials (any CXO or equivalent)</p> <p>c) Board approval of annual business plan</p> <p>d) Any fraud amounting to more than 1% of Gross Loan Portfolio</p> <p>e) Changes in accounting policy</p> <p>f) Material changes to IT/MIS systems</p> <p>g) Change in credit bureaus used</p> <p>h) Revision in business plan</p> <p>i) Winding up proceedings</p> <p>j) Any prepayment or notice of any prepayment of any Indebtedness of the Issuer</p>
47.	Negative Covenants	<p>To be prescribed in the transaction documents. These will include:</p> <p>(a) No change in line of business without prior consent of Special Majority Debenture Holders (to be defined in the Transaction Documents)</p> <p>(b) No change of Management Control (to be defined in the Transaction Documents) without prior consent of Special Majority Debenture Holders</p> <p>(c) No Change of Shareholding (to be defined in the Transaction Documents) without prior consent of Special Majority Debenture Holders where such change can have a material adverse effect</p> <p>(d) The Issuer shall not enter into any amalgamation, demerger, merger or reconstruction without the prior consent of the Special Majority Debenture Holders.</p> <p>(e) The Issuer shall not, without the prior written consent of Debenture Holders, amend or modify any of its constitutional documents.</p> <p>(f) Restrictions on entering into any financial obligation of a long-term nature adversely affecting the Issuer's financials</p> <p>(g) Issuer shall not change its financial year-end from 31st March (or such other date as may be approved by Debenture Holders)</p> <p>(h) The Issuer will not purchase or redeem any of its issued shares or reduce its share capital without the prior consent of the Special Majority Debenture Holders.</p>

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48.	Events of Default	<p>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.</p> <p>Consequences of events of default to be prescribed in the Transaction Documents.</p> <p>Customary for financings of this nature and others appropriate in the judgment of the Debenture Holders, including but not limited to:</p> <ol style="list-style-type: none"> 1. Non-payment of any of the dues under this Issuance, with a grace period of 3 (Three) calendar days in case of delays due to technical reasons; 2. Default or trigger of event of default on any other indebtedness (cross default) 3. Misrepresentation or misleading information in any of the Transaction Documents 4. Issuer is unable or admits in writing its inability to pay its debts as they mature or suspends making payment of any of its debts, by reason of actual or anticipated financial difficulties or proceedings for taking it into liquidation have been admitted by any competent court or a moratorium or other protection from its creditors is declared or imposed in respect of any indebtedness of the Company; 5. Insolvency, winding up, liquidation 6. A receiver or liquidator, provisional liquidator, supervisor, receiver, administrative receiver, administrator, compulsory manager, trustee or other similar officer in respect of the Company or any of its assets is appointed or allowed to be appointed of all or any part of the undertaking of the Company; 7. Creditors' processes initiated against the company 8. Repudiation of Transaction Documents 9. Cessation of business 10. Any material act of fraud, embezzlement, misstatement, misappropriation or siphoning off of the Issuer / Promoter funds or revenues or any other act having a similar effect being committed by the management or an officer of the Issuer 11. The Company has taken or suffered to be taken any action for re-organisation of its capital or any rearrangement, merger or amalgamation without the prior written approval of the Debenture Holders; 12. Promoters or key management personnel of the Company being declared wilful defaulter 13. The promoter/s and/or the directors of the Company are accused of, charged with, arrested or convicted a criminal offence involving moral turpitude, dishonesty or which otherwise impinges on the integrity of the
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		<p>promoter/s and/or director, including any accusations, charges and/or convictions of any offence relating to bribery;</p> <p>14. Erosion of 50% or more of the Company's net worth</p> <p>15. All or a material part of the undertaking, assets, rights or revenues of the Company are condemned, seized, nationalised, expropriated or compulsorily acquired, or shall have assumed custody or control of the business or operations of the Company, or shall have taken any action for the dissolution of the Company, or any action that would prevent the Company, their member, or their officers from carrying on their business or operations or a substantial part thereof, by or under the authority of any Government or Government authority;</p> <p>16. Occurrence of a Material Adverse Effect as determined by the Debenture Trustee, acting solely on the instructions of the Majority Debenture Holders.</p> <p>17. Change in management control without prior written consent from the Debenture Holders</p> <p>18. Any Transaction Document once executed and delivered, ceases to be in full force or becomes unlawful, invalid and unenforceable;</p> <p>19. A petition for the reorganization, arrangement, adjustment, winding up or composition of debts of the Company is filed on the Company (voluntary or otherwise) or have been admitted or makes an assignment for the benefit of its creditors generally and such proceeding is not contested by the company for staying, quashing or dismissed within 15 (Fifteen) days</p> <p>20. Any failure by the Company to comply with any of the provisions of the Transaction Documentation in relation to the security including but not limited to the failure by the Company to provide additional or alternate security to the satisfaction of the Debenture Trustee</p> <p>21. Breach of the following covenants:</p> <p>a) Affirmative Covenants – (i) Preserve corporate status; authorisations, (ii) Payment of Stamp Duty, (iii) Handling Investor grievances, (iv) Compliance with Investor Education and Protection Fund requirements, (v) Regulatory Filings, (vi) Regulatory requirements in case of a Foreign Investor, (vii) Maintenance of Books of Account and (viii) Corporate Governance; and</p> <p>b) Negative Covenants - (i) Change of business; Role of Promoter, (ii) maintenance of Promoter stake and (iii) Dividend distribution in case of default</p> <p>c) Financial Covenants where such breach is not cured within 60 (Sixty) calendar days.</p> <p>d) Any other covenant or undertaking of the</p>
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		<p>Company in the Transaction Documentation, where such breach is not cured within 30 (Thirty) calendar days.</p> <p>Upon occurrence of any of the aforesaid event of default, the Debenture Trustee may by a notice in writing to the Company initiate actions as may be contemplated in the Transaction Documents including the following:</p> <p>(a) require the Company to mandatorily redeem the Debentures and repay the principal amount on the Debentures, along with accrued but unpaid interest, and other costs, charges and expenses incurred under or in connection with this Deed and other Transaction Documents, subject to prior approval of the RBI, if so required;</p> <p>(b) declare all or any part of the Debentures to be immediately (or on such dates as the Debenture Trustee may specify) due and payable, whereupon it shall become so due and payable subject to prior approval of the RBI, if so required.</p>
49.	Taxes and yield gross up	All payments by each Issuer under the Transaction Documentation shall be made free and clear of all present and future taxes, levies, imposts, charges, deductions and withholdings of whatsoever nature.
50.	Business Day	Means a day (other than a Sunday or a bank holiday) on which banks are open for general business in Mumbai and New Delhi, India.
51.	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. The foregoing is subject to any directions, notifications or instructions issued by the Securities and Exchange Board of India.
52.	Record date	3 Business Days before any due date.
53.	Transaction Documents	<ul style="list-style-type: none"> • Private Placement Offer Letter • Information Memorandum • Debenture Trust Deed • Debenture Trustee Agreement • Any others prescribed by the Transaction Counsel or as may be agreed between the parties. <p>All transaction documents will comply with the requirements prescribed by the RBI (if applicable), SEBI (if applicable) and under the Companies Act, 2013 for the issuance of non-convertible debentures.</p>

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DISCLAIMER:



This term sheet only summarizes the principal terms with respect to a potential investment by the Investor in non-convertible debentures proposed to be issued by the Issuer.

This term sheet is intended solely as a basis for further discussion and is not intended to be and does not constitute a legally binding obligation. No legally binding obligations will be created, implied or inferred until the Transaction Documents are executed and delivered. Without limiting the generality of the foregoing, it is the intent of the parties that until the execution of Transaction Documents, no agreement shall exist among them and there shall be no obligations whatsoever based on such things as parol evidence, extended negotiations, "handshakes," oral understandings, or course of conduct

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